



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

9-6

May 26, 1998

To: Board of Directors (Budget and Finance Committee--Information)
From: *for* General Manager Edmund G. Meyer III
Subject: Responses to Questions Raised at Home Committee Reviews of the 1998-99
Budget and Capital Improvement Program Board Workshop

RECOMMENDATION

For information only.

EXECUTIVE SUMMARY

During the review of the 1998-99 departmental/divisional budgets by the Home Committees and the Board Workshop on the Capital Improvement Program, a number of requests and recommendations were made. Most were answered during the meetings, but there were six which still required responses. This report summarizes the proposed action by management based on the requests and recommendations of the Board.

DETAILED REPORT

During the review of the 1998-99 departmental/divisional budgets by the Home Committees and the Board Workshop on the Capital Improvement Program, a number of requests and recommendations were made. This report summarizes the proposed action by management based on the requests and recommendations of the Board.

1. It was recommended that a lease versus purchase analysis be performed for procuring computer equipment.

Staff has received one leasing proposal. However, the assumptions included in the proposal do not reflect Metropolitan's current computing standards/requirements. Staff will continue to explore leasing opportunities to determine the most cost-effective manner in which to procure computer equipment.

2. It was requested that a copy of the MWD/IID water conservation construction completion agreement be provided.

Attached is a memo from the Chief of Planning and Resources to the Board of Directors transmitting the letters of understanding between the General Managers on the completion of the construction under the MWD-IID Conservation Agreement (Attachment A).

3. It was recommended by the Committee on Communications and Legislation that the Communications Division's budget be increased by \$1.25 million.

Attached is a letter from the Chairman of the Committee on Communications and Legislation outlining the request for increasing the Communications Division's budget (Attachment B).

4. It was requested that more detail on the "other" category be provided.

Costs that are included in the "other" category include items such as material and supplies, utility charges, travel expense, rents and leases, training and seminar costs, taxes and permits, outside repair and maintenance contracts, conservation credits, advertising, communication expense, and petty cash charges.

5. It was requested that the amount of recycling performed by Metropolitan be quantified.

A presentation on recycling is scheduled to be presented to the Special Committee on Water Quality, Environmental Compliance, and Desalination at its June meeting.

6. It was requested that detailed information on the cost and types of permits and taxes contained in the Environmental Compliance Division's budget be provided.

Description	Amount
Local Air District Permit Renewals	\$77,300
Board of Equalization Hazardous Waste Generator and Waste Reporting Surcharge Fees	24,500
Local Health and Fire Miscellaneous Environmental Fees	15,200
Regional Water Quality Control Board NPDES and Waste Discharge Requirements Permits	10,200
Local Building and Safety and California Department of Industrial Safety Pressure Vessels and Elevator Permits	10,000
Board of Equalization Underground Storage Tank Hazardous Substance Tax	9,100
USEPA Verification and Manifest Fee Return	8,100
Local Health and Fire Department Underground Storage Tanks Operating Permits	7,300
Los Angeles City Fire Department Risk Management Plan	3,200
Sanitation District Industrial Waste Permit	2,000
State Water Resources Control Board Stormwater Permits	1,300
Total	\$168,200

MF/mb

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Attachments



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: April 15, 1998
To: Board of Directors
From: Debra C. Man, Chief of Planning and Resources
Subject: Completion of Construction Under the MWD-IID Conservation Agreement

In response to a request during the budget presentation at the April 14, 1998 Water Planning and Resources Committee meeting, attached for your information is the letter of understanding between the General Managers on the completion of the construction under the MWD-IID Conservation Agreement.

This matter was unable to be resolved initially at the Program Coordinating Committee level and was referred to the General Managers of the two agencies for resolution in accordance with the terms of the agreement.

A handwritten signature in cursive script that reads "Debra C. Man". The signature is fluid and matches the typed name below it.

Debra C. Man

RSW:cny

Attachment

IMPERIAL IRRIGATION DISTRICT
P.O. Box 937
Imperial, CA 92251

**METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**
P.O. Box 54153, Terminal Annex
Los Angeles, CA 90054

February 25, 1998

Joseph B. Summers, Chairman
Program Coordinating Committee
P.O. Box 937
Imperial, CA 92251

Dear Joe:

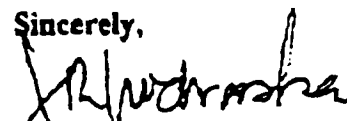
This is in reply to your letter dated January 19, 1998, requesting our guidance on a possible extension of the construction period past December 31, 1997.


We understand that the extended construction period would be used to implement improvements to the Singh Reservoir, including a new pump structure together with pumps and appurtenances. We further understand that the purpose of these improvements is to enhance the effectiveness of the automation components and 12-hour run components of the program.

We understand that this work would likely be completed during the spring of 1998. Accordingly, we agree that these Singh Reservoir works should be completed as quickly as possible. We further agree that the associated construction completion date will constitute the end of construction under the 1988 agreement and that the 35 year operation and maintenance period will commence on that date or July 1, 1998, whichever is later.

Our agencies are very appreciative of the work of the Program Coordinating Committee which has resulted in bringing the program to this final stage.

Sincerely,


JOHN R. WODRASKA, General Manager
The Metropolitan Water District
of Southern California


MICHAEL J. CLINTON, General Manager
Imperial Irrigation District

cc: Members of the PCC
Mike King, IID



MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Office of the General Manager

February 25, 1998

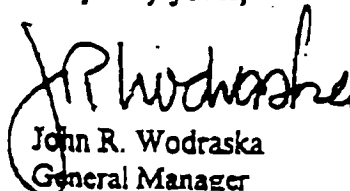
Mr. Michael J. Clinton
General Manager
Imperial Irrigation District
P.O. Box 937
Imperial, California 92251

Dear Mr. Clinton:

IID/MWD Water Conservation Program
Singh Reservoir Facility

In accordance with our recent discussions and agreement among our Board members on the Singh Reservoir Facility. I have modified your January 28, 1998 letter attached to your January 30, 1998 letter on the subject facility to include the six-month minimum time extension. If you are in concurrence, please sign in the space provided and forward the executed letter to Mr. Summers so that work on the facility can move forward and the construction be completed for the conservation program in a timely manner.

Very truly yours,


John R. Wodraska
General Manager

RWS:ec

Enclosure

cc w/attachment: Members of PCC

Attachment B to 9-6

Finance and Business Services
May 26, 1998
Page 1 of 4

Date: April 24, 1998
To: Chairman, Budget and Finance Committee
From: Chairman, Committee on Communications and Legislation
Subject: Modification to Fiscal Year 1998-1999 Communications Budget

RECOMMENDATION

The Committee on Communications and Legislation recommends the Communications Division Budget for Fiscal Year 1998-1999 be increased by \$1,250,000.

EXECUTIVE SUMMARY

On April 21, 1998, the Committee on Communications and Legislation met to receive and discuss the budget proposal for the Communications Division for Fiscal Year 1998-1999. Based on comments and in response to questions expressed by the members of the committee, the committee voted to recommend an increase in the Fiscal Year 1998-1999 Communications Division budget by \$1,250,000. The proposed increase would be allocated as follows:

• Communications Strategic Message Plan and Implementation Program	250,000
• Manpower/Human Resources (Internal and External)	300,000
• Upgraded Facilities Inspection Trips	250,000
• Travel, Overtime, Expenses for Speakers Bureau, etc.	<u>200,000</u>
	Subtotal \$1,000,000
Unspecified Contingency	<u>250,000</u>
	Total Increase \$1,250,000

In direct response to questions by the committee members, staff indicated that the Fiscal Year 1998-1999 budget included increases in the legislative areas of the Communications Division. However to comply with the General Manager's directive to submit a "flat" budget, other activity areas either had to be reduced or remain at existing levels, and new activities could not be undertaken. In discussion with committee members during the presentation, it was apparent

that there are additional performance expectations for the strategic communications and community outreach areas. As a result, an increase in the Division's budget is proposed in order to enhance the level of activities, programs and effectiveness of the communications and community outreach areas, similar to those increases reflected in the legislative areas.

DETAILED REPORT

In August of 1997 the Board authorized the General Manager to create the Division of Communications headed by the Chief of Communications. This organizational change was based on identified increased Board of Directors' expectations in performance and effectiveness in both internal and external communications and legislative activities. As a result of this organizational change, the resulting staff included a combination of existing personnel from the Public Affairs and Legislative Affairs units, some recommended and implemented promotions, transfer of other personnel from the Office of the General Manager, Office of the General Counsel and the Divisions of Planning and Resources, Finance and Business Services, and Engineering, and the appointment of an Interim Chief.

In preparing the Fiscal Year 1998-1999 budget, emphasis was placed on maintaining recent enhancements of external resources providing assistance to the legislative affairs portion of the Division's activities and focus. Additionally, in the Legislative Unit, promotions and a new position were also provided in the budget to balance the internal resources needed to fully maximize the benefits of the added external resources. As a result, the legislative portion of the budget is considered adequate to address the significant expectations shared by the Board of Directors.

The other two work units in the Division include the traditional Public Affairs group which includes media relations, publications and educational programs, and the newly created Community Affairs group which includes ongoing community outreach and special programs such as the Bay-Delta outreach group transferred from Planning and Resources. Some additional expectations were identified by committee members for these other working units, including:

- Upgrading the level of inspection trips for Board of Directors and key opinion makers; expanding those trips to feature special focus trips for the Bay-Delta and Colorado River and California Plan issues.
- Allocating additional funds for the Speakers Bureau to allow trained personnel from other Metropolitan work areas to continue to perform speaking engagements within their own communities and have the expenditures charged appropriately to the Communications Division.
- Developing enhanced community outreach programs to communicate better with all interests in Metropolitan's diverse service area.

- Developing a specific outreach effort targeted at “business opinion leaders,” such as corporate Chief Operating Officers, who have substantial business operations within Metropolitan’s service area. Objectives would include not only education in water policy issues, and how these conditions affect companies’ “bottom lines,” but also ally development.
- Developing a Communications Strategic Message Plan and implementation program to ensure effective, coordinated and strategic communications throughout Metropolitan, with its member agencies, and the public.
- Providing funds for external and temporary staffing necessary to implement the strategic communications plan.
- Providing unspecified contingency for new or currently unanticipated legislative and communications issues which may emerge, or increased levels of activity required for anticipated activities.

The communications assistance programs which are anticipated during the Fiscal Year 1998-1999 in the communications portion of the Division include:

- Bay-Delta and CALFED outreach
- California Plan outreach and its importance to the entire service area
- Metropolitan Strategic Plan, including Rate Structure and Governance issues

The Communications staff in Public Affairs and Community Affairs will provide direct assistance for the other divisions in Metropolitan engaged in these important resource management issues. The ability of Metropolitan to continue to provide adequate water supplies at the least possible cost and meet its operational goals depends in part on our ability to communicate the Board’s policies and programs effectively to appropriate, diverse audiences. The proposed increases in the budget, the Committee on Communications and Legislation has identified, will ensure Metropolitan’s effectiveness in meeting these goals and will help meet the expectations of the committee members.

As a result, on behalf of the Committee on Communications and Legislation, a proposal to increase the Fiscal Year 1998-1999 Communications Division budget by \$1,250,000 is recommended to the Budget and Finance Committee for approval.

In addition to the budget increase recommendation for Fiscal Year 1998-1999, the three-year projection for the Communications Division budget would be expected to increase by approximately \$750,000 for the second year and \$500,000 for the third year, from the amounts currently included in the budget documents.

Further comments from members of the committee were related to the use of the term “other” in the generalized budget charts located on page B-05-11. Following the same budget presentation templates used by the other divisions in Metropolitan, the Communications budget was organized into Salaries & Additives, Professional Services, and Other. The “Other” classification includes all supplies and materials, travel and expenses, promotional and educational products and similar non-staff salary expenses. These classifications mirror exactly the groupings used by the other divisions and reflect the same kinds of expenses that may be incurred by others throughout Metropolitan.

Phillip J. Pace, Chairman
Committee on Communications
and Legislation

ADD:ng