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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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EXECUTIVE SECRETARY September 17, 1998

To: Board of Directors (Organization and Personnel Committee--Action)

From: General Manager



Submitted by: Susan K. Walker
Manager of Business Development



Subject: Business Development Program: Approval to Respond to a Request
from Conam Inspection, Inc., for Corrosion Engineering Services

RECOMMENDATION(S)

It is recommended that the Board of Directors authorize Metropolitan to provide Services for a Fee to Conam Inspection, Inc., pursuant to an \$80,000 service contract approved as to form by the General Counsel.

EXECUTIVE SUMMARY

Conam Inspection Inc., a provider of various types of materials testing services specializing in non-destructive testing services, has requested Metropolitan's services. Conam, a California based organization, wishes to tap the expertise of Metropolitan's corrosion engineering services on a periodic basis for field inspection, evaluation and testing of containment vessels. They are particularly interested in Metropolitan's expertise in Acoustic Emission Testing. Given adequate lead time, Metropolitan has several engineers who may be available to provide this service. Metropolitan's "Guiding Principles on Business Initiatives" require Board of Directors' approval for all non-member agency service requests. This opportunity has been evaluated and meets the Board-adopted criteria for Business Development. It relates to Metropolitan's core mission, unique expertise in evaluating materials performance and corrosion inspection and testing services, as well as providing additional revenue.

PROPOSAL TO PROVIDE SERVICES

- Requester:** Conam Inspection, Inc., of Signal Hill, California.
A subsidiary of Staveley NDT Technologies.
- Services Requested:** Acoustic Emission Inspection and Field Microstructure Examination Testing Services.
- Purpose:** Provide periodic inspection and testing services using the expertise of the Engineering Division's Corrosion Branch staff.
- Duration:** Twelve-month period.
- Resources Required:** Trained and certified Engineering staff on an "as available" basis to perform Acoustic Emissions and Field Microstructure Tests".
- Risk and Mitigation:** Metropolitan's work will be covered under the new Professional Services and Product Liability Insurance.
- Contract Value:** Not to Exceed \$80,000

COMPLIANCE WITH BUSINESS DEVELOPMENT POLICY AND GUIDELINES

Mission Related and Expertise: Metropolitan staff possesses experience in Acoustic Emission Inspection and Testing Services as well as Material Testing Services.

Expanded Knowledge: Metropolitan's staff will expand its expertise through testing various materials under different conditions.

Business Case: The anticipated revenue will cover all direct costs, and contribute to Metropolitan's fixed costs.