

## • **Chief Executive Officer's 2004/05 Business Plan – Second Quarter Update**

### Summary

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This report evaluates the District activities and achievements completed during the second quarter of fiscal year 2004/05 under the authority of the Chief Executive Officer (CEO). These activities and achievements are pursuant to meeting the CEO Business Plan approved by the Board of Directors on June 22, 2004, in support of Metropolitan's mission and policies. The report gauges the District's performance through the first six months of this fiscal year.

### Attachments

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**Attachment 1:** Scorecard for Chief Executive Officer

**Attachment 2:** Executive Summary of the Chief Executive Officer's Business Plan for Fiscal Year 2004/05-Second Quarter

**Attachment 3:** Detailed report of the Chief Executive Officer's Business Plan for Fiscal Year 2004/05-Second Quarter Update. Table 1 of Attachment 3 lists the page numbers where a detailed description of progress on each of the 13 strategies, or goals, can be found.

### Detailed Report

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#### Background

The Second Quarter Update evaluates the District's mid-year performance against the CEO Business Plan for fiscal year 2004/05. This evaluation compares the District's accomplishments to the performance measures included in the Scorecard for the CEO (**Attachment 1**) as established by the Board in September 2003. The Scorecard specifies performance measures for internal management (including water supply, water quality, business practices, safety, budget, staff and strategic initiatives) and for working relationships with the Board, member agencies, media and Legislature. The second quarter performance against this scorecard is highlighted in an Executive Summary (**Attachment 2**). In addition, the District's performance as of December 31, 2004 has been evaluated in a detailed report (**Attachment 3**), which documents the specific work progress and accomplishments that have been made in successfully addressing the 76 strategic initiatives in the CEO Business Plan approved by the Board on June 22, 2004.

#### Second Quarter Performance

During this quarter, significant accomplishments have been made in meeting the business objectives for water supply, water quality, finance, business practices, and public outreach. These accomplishments include:

- Favorable outlook on water supply reliability for 2005. A high degree of reliability is expected as operational supply reserves have been secured through the authorization of 125,000 acre-feet of water transfer options and increasing the amount of water in storage to 2.25 million acre-feet.
- 100 percent compliance with primary drinking water standards, despite severe storms and heavy runoff conditions.
- Good audit reviews of Metropolitan's financial reporting and business practices. There were no external audit exceptions, and no management comments, on Metropolitan's financial reporting. Internal audits were satisfactory or better for Metropolitan's major construction projects, facility maintenance, expense reimbursement, conservation education programs, and financing.
- Upgrade of Metropolitan's revenue bond ratings by Standard & Poors. Metropolitan has maintained its strong financial standing with one of the highest public bond ratings in California.

- Received six awards at the 2004 Prism Award competition for public outreach efforts, recognizing Metropolitan's outreach campaign encouraging outdoor water conservation and native and California Friendly landscaping.
- Passage of H.R. 2828, the CALFED reauthorization legislation.

Based on this performance through December, Metropolitan is well positioned to meet its mission and board objectives, and successfully implement the CEO Business Plan for fiscal year 2004/05.

## Scorecard for Chief Executive Officer

<b>Performance Rating Score:</b> Please enter your score in the space provided below. 1 = the lowest score 5 = the highest score	<b>1</b>	<b>Lowest:</b> Below Expectations
	<b>2</b>	
	<b>3</b>	<b>Average:</b> Meets Expectations
	<b>4</b>	
	<b>5</b>	<b>Highest:</b> Above Expectations

**Internal Management (60% weighting)***(Please use Page 2 for additional comments)*

<b>Attainment of Business Objectives:</b>	<b>Score</b>	<b>Comments</b>
<ul style="list-style-type: none"> <li>▪ Available water supply for coming year is 110% of forecasted firm demand or greater</li> <li>▪ No primary drinking water standard violations</li> <li>▪ No external audit exceptions</li> <li>▪ DART* safety incident rate 10% less than statewide average</li> </ul>		

<b>Performance against MWD Budget:</b>	<b>Score</b>	<b>Comments</b>
<ul style="list-style-type: none"> <li>▪ Capital projects completed during fiscal year equal to or below project budget</li> <li>▪ Department operations and maintenance costs equal to or below budget</li> </ul>		

<b>Manage staff effectively</b>	<b>Score</b>	<b>Comments</b>

<b>Effectively manage strategic initiatives</b>	<b>Score</b>	<b>Comments</b>

**Consensus Rating for Internal Management****External Relations (40% weighting)**

<b>Effectively work with Board of Directors</b>	<b>Score</b>	<b>Comments</b>

<b>Meet member agency manager's expectations</b>	<b>Score</b>	<b>Comments</b>

<b>Project positive image of MWD in the media</b>	<b>Score</b>	<b>Comments</b>

<b>Effectively manage legislative outcomes</b>	<b>Score</b>	<b>Comments</b>

**Consensus Rating for External Relations****WEIGHTED AVERAGE TOTAL RATING**

\* DART = days away, restricted, transferred

Director \_\_\_\_\_

Date \_\_\_\_\_

# CEO Business Plan Second Quarter Report Executive Summary (FY 2004/05)

## Attainment of Business Objectives

### Board Performance Measures: Water Supply

Available water supply for the coming year is  $\geq 110\%$  of forecasted firm demands

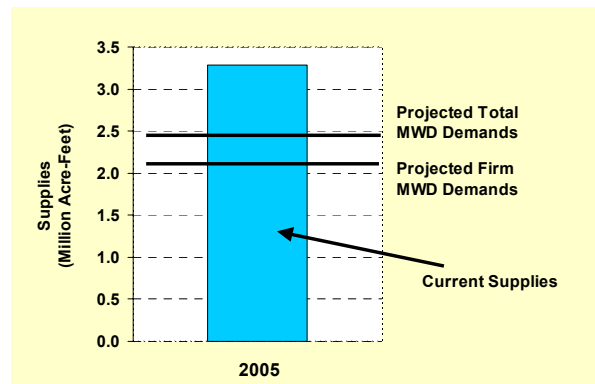
**Second Quarter Performance (as of December 31, 2004)**

Water Supply for 2005:

The outlook on water supply reliability is favorable. Supplies are currently at 155% of forecasted firm demands under dry conditions for 2005.

- Colorado River:  
60% of full annual Colorado River Aqueduct deliveries is anticipated (750,000 acre-feet) with PVID program.
- State Water Project:  
60% allocation (1.2 million acre-feet) has been established by DWR.
- Water in Storage:  
Water in storage has increased by 150,000 acre-feet in the Second Quarter to reach a total of 2.25 million acre-feet.
- Transfer Options:  
Metropolitan’s Board has approved securing options for up to 125,000 acre-feet.
- Demands on Metropolitan:  
For 2005, total and firm demands on Metropolitan are estimated to be 2.47 maf and 2.11 maf, respectively. These demand projections consider the weather, local projects and conservation programs – including California Friendly landscaping and high-efficiency clothes washer incentives.

**Available 2005 Water Supplies  
(Dry Year Conditions)**



**Conservation Programs**



**Attainment of Business Objectives**  
(Continued)

**Board Performance Measures: Water Quality**

**No primary drinking water standard violations**

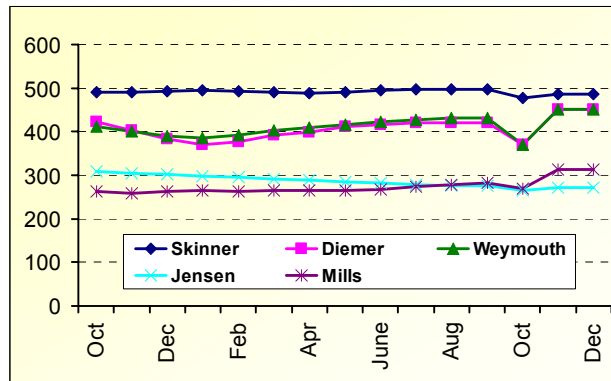
**Second Quarter Performance (as of December 31, 2004)**

Water Quality:

Despite severe storms and heavy runoff, all five treatment plants operated well and without any disruptions in service.

- No primary drinking water standard violations (100% compliance).
- Total dissolved solids  $\leq$  500 mg/L, per board-adopted policy.
- No unresolved customer complaints.
- Oxidation Retrofit Program is on schedule and within budget.

**Monthly Composite Flow-weighted TDS**  
(Jan 2004 – Dec 2004)



**Construction of ORP facilities at Jensen Treatment Plant**

**Oxidation Retrofit Program**

**Schedule Status**

	Complete	In Progress	Design
■ Mills	✓		
■ Jensen (2005)		✓	
■ Skinner (2008)			✓
■ Weymouth (2009)			✓
■ Diemer (2009)			✓

**Attainment of Business Objectives**

(Continued)

**Board Performance Measures: Business Practices**

**No external audit exceptions**

**Second Quarter Performance (as of December 31, 2004)**

External Audits:

No external audit exceptions.

Internal Audits:

17 internal audits of Metropolitan business practices and operations were completed to date (FY 2004/2005).

- 12 audits were “generally satisfactory” or higher with no major findings.
- 1 audit was less than satisfactory with findings of concern.
- 4 audits were reviewed, which do not require ratings.

Operating Policies:

40 of the 67 operating policies have been reviewed and updated for the fiscal year to date. These updated policies pertain to administration, ethics, delegation of authority, expense reimbursement, procurement, contracting and workforce.

Financial Ratings:

- Standard & Poors upgraded Metropolitan’s revenue bond rating (AA+).
- Metropolitan received the Government Finance Officers Association (GFOA) awards for the FY 2003/04 annual financial report and FY 2004/05 budget.

**Internal Audit Status**

Audit	Satisfactory or Better	Less Than Satisfactory	Staff Response Provided
Drafts and P-Card			
Cellular Phones, Pagers and Desktops/Laptops			
Health, Safety and Environmental Compliance			
District Housing			
Protector del Agua Program			
Union Station Facility Maintenance			
Employee and Director Expense			
Metropolitan’s Budget Process			
Major Construction Projects			
Hayfield GW Storage Consulting Agreements			Being Prepared For 3 <sup>rd</sup> Qtr
Weymouth Facility Maintenance			Being Prepared For 3 <sup>rd</sup> Qtr
Property Leases			Being Prepared For 3 <sup>rd</sup> Qtr
Skinner Facility Maintenance			Being Prepared For 3 <sup>rd</sup> Qtr
Laboratory Information Management System	Review, Not Rated		
Maintenance Management Upgrade (MAXIMO)	Review, Not Rated		
Obligation Bonds, 2004 Series A	Review, Not Rated		
Water Revenue Bonds, 2003 Series	Review, Not Rated		

**Attainment of Business Objectives**

(Continued)

**Board Performance Measures: Safety**

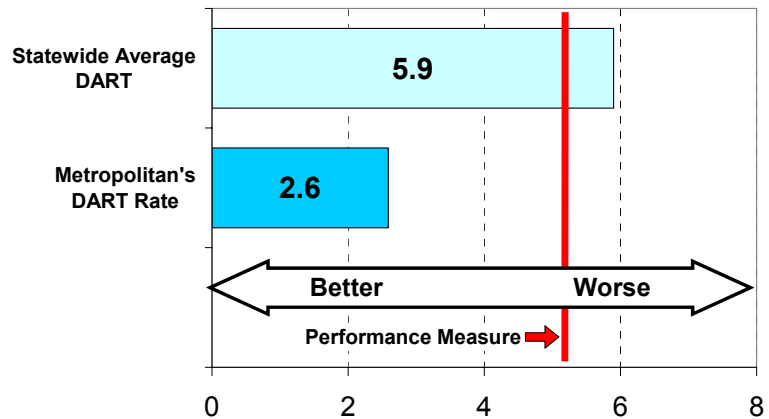
**DART Safety incident rate 10% less than statewide average**

Second Quarter Performance (as of December 31, 2004)

DART

Metropolitan's DART (Days Away, Restricted, and Transferred) rate is 2.6, which is 56% less (better) than the statewide annual average of 5.9.

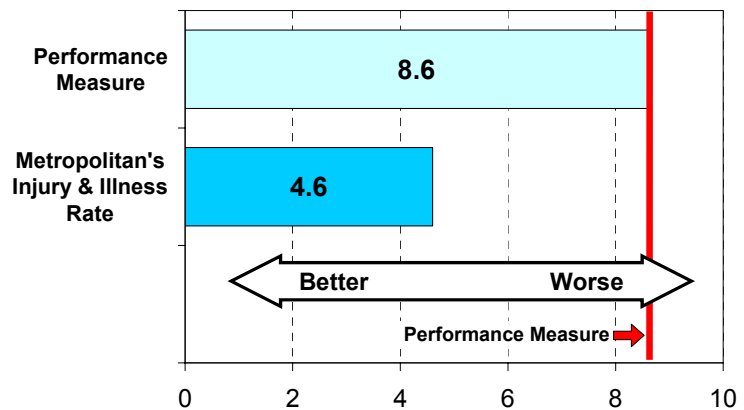
**DART Rate Performance**  
(Days Away, Restricted, and Transferred)



Injury & Illness

Metropolitan's Injury and Illness Incidence rate is 4.6, which is 59% less (better) than the target of 8.6.

**Injury & Illness Rate Performance**



**Performance Against Metropolitan Budget**

**Board Performance Measures: Capital Projects, O&M**

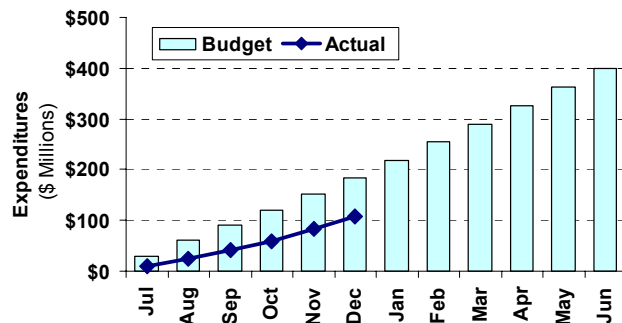
- Capital projects completed during fiscal year equal to or below project budget
- Departmental operations and maintenance costs equal to or below budget

**Second Quarter Performance (as of December 31, 2004)**

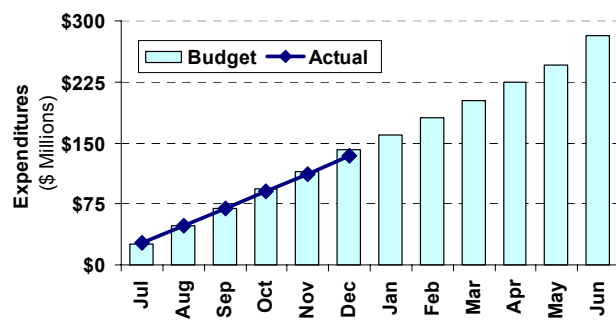
Capital

- Total budgeted dollars for the first two quarters of FY 2004/05 are about \$180M. We have spent about \$105M for an approximate \$75M variance.
- Although the majority of capital work (379 projects) will be completed on schedule, a few large construction projects have experienced unanticipated delays:
  - The Inland Feeder Arrowhead Tunnels contract has had ongoing issues with groundwater and grouting, and is the only construction contract out of a total of 30 that is behind schedule;
  - The San Diego 6 North Reach contract award was delayed several months pending bid review; and
  - The Skinner Expansion No. 4 was delayed due to re-bid of the Site Preparation contract. Updated completion dates for these projects are currently under review.
- The final design for the Diemer plant Solids Handling and ORP projects have been delayed in order to complete and implement the results of the value engineering study of site stability issues.

**Cumulative Capital Expenditures**  
(Second Quarter 2004/05)



**Cumulative O&M Expenditures**  
(Second Quarter 2004/05)



O&M

Expenditures are 95% of budget through the Second Quarter of FY 2004/05. This is due primarily to the timing of invoice payments for materials and supplies and lower expenditures than expected for some professional services.



## Effective Management

### Board Performance Measures: Workforce and Strategic Initiatives

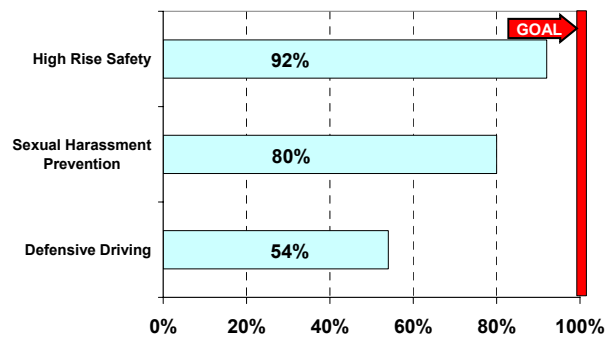
#### Manage staff effectively

Second Quarter Performance (as of December 31, 2004)

##### Workforce:

- 98% of performance evaluations were completed on time.
- 80% of mandatory training has been completed by the midpoint of FY 2004/05.
- Human Resources Services
  - 18 job audits were completed to date for FY 2004/05.
  - 58 recruitments were completed to date for FY 2004/05.
  - 97% of grievances were responded to within MOU timeframe.
  - Job classification studies are proceeding on schedule and are being reviewed and addressed with appropriate bargaining units.

**Mandated Training Completion Rates**



##### Strategic Initiatives:

Implementation of the 76 strategic initiatives in the FY 2004/05 CEO Business Plan is proceeding. At mid-year, progress on these initiatives is generally on schedule and within budget.

**Classification / Compensation Studies**

Group	Completed	In Progress	Scheduled to Start
ACE	✓ *		
AFSCME			*
MAPA	✓ *		
Supervisors			✓
WAM	✓		

\* In discussion with bargaining units

**Board Of Directors**

**Effective Relations**

**Effectively work with Board of Directors**

**Second Quarter Performance (as of December 31, 2004)**

- Maintained open communication and accessibility for Directors to CEO and Executive staff.
- Continued to work toward improving response time for information requests from Directors.
- Assisted with the ongoing development of the Ethics program.
- Provided ongoing support for Committee Chairs and Vice Chairs, maintaining the high level of effectiveness of Board Committees.
- Supported the election process for the Chairman of the Board and the Secretary of the Board.
- Supported the transition of the Chairman of the Board.
- Supported the newly elected Chairman of the Board’s restructuring of the Board’s committees and committee assignments.
- Supported the Board’s search for a Chief Executive Officer/General Manager.
- Coordinated progress on recommendations from the State Auditor and drafted the final report on status to the State Auditor.
- Supported the Board in implementing elements of the Diamond Valley Lake and Lake Skinner recreation plans.
- Continued to coordinate with Information Technology staff to effectively use available technology to support board activities.
- Coordinated special events for the Board of Directors including the dedication of the Langdon “Don” Owens Dam at Diamond Valley Lake and the Annual Recognition Dinner.
- Co-hosted an event with the Los Angeles Chamber of Commerce and the Building Industry Association of Southern California on the passage of CALFED legislation with Senator Diane Feinstein as a guest speaker.
- Conducted 29 Director-sponsored inspection trips year-to-date with approximately 980 participants.



**Langdon “Don” Owen Dedication  
October 30, 2004**



**Annual Board of Directors  
Recognition Event  
December 13, 2004**

## External Relations

### Member Agency Services

#### Meet member agency managers' expectations

#### Second Quarter Performance (as of December 31, 2004)

##### Member Agency Services

- Funding from omnibus federal appropriations bill supports IRP and member agency water management in several areas:
  - Water conservation – \$1.1 million (\$700,000 for the U.S. Bureau of Reclamation (USBR) grants for Metropolitan's water conservation management programs; \$200,000 for USBR industrial recirculation project; approximately \$300,000 for investigation of water management reservoirs along All-American Canal);
  - Desalination – \$6.5 million for research and development;
  - CALFED – \$7.5 million in several categories; and
  - Water quality protection – over \$20 million for Colorado River Basin salinity control projects; nearly \$4 million for Moab area cleanup; and \$700,000 for perchlorate cleanup.
- Developed on-line solicitation of goods and services available to member agencies to reduce cost of procurement.
- Continued coordination on demand and supply projections for urban water management plans.
- Continued coordination of scheduled system shutdowns. In the Second Quarter, 11 pre-shutdown meetings were held with member agencies and two shutdowns were completed.

### Media Relations

#### Project a positive image of Metropolitan in the media

#### Second Quarter Performance (as of December 31, 2004)

##### Media Relations:

- Press releases (12 this quarter) and proactive contact with news reporters emphasized board actions to increase conservation and water recycling and fund local resource projects. News media coverage of stories on water transfer options, federal perchlorate legislation, and management transition was also a priority; staff produced a Straight from the Tap garden makeover feature with active public responses; added resources and information on the bewaterwise.com Web site; and wrote and distributed public newsletters conveying key board actions and policies.

**Legislative Activities and Water Policy Effectiveness**

- **Effectively manage legislative outcomes**

**Second Quarter Performance (as of December 31, 2004)**

Legislative Activities

- Metropolitan achieved a major goal with Congress' enactment of H.R. 2828 to reauthorize CALFED. Other federal legislative highlights included funding for perchlorate cleanup and increased funding for regional water use efficiency programs.
- Key congressional and state legislative staff acquired first-hand knowledge of Metropolitan's facilities and water policy priorities through site visits and in-depth briefings provided this quarter.

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

### Table of Contents

Strategy/Goal	Page
<b>1.0 Ensure Adequate Water Supply</b>	<b>2</b>
<b>2.0 Enhance System Reliability</b>	<b>13</b>
<b>3.0 Ensure Water Quality Excellence</b>	<b>19</b>
<b>4.0 Deliver Water at Affordable Rates</b>	<b>22</b>
<b>5.0 Promote Water Policy Effectiveness</b>	<b>24</b>
<b>6.0 Provide Quality Member Agency Services</b>	<b>28</b>
<b>7.0 Ensure Financial Clarity and Integrity</b>	<b>32</b>
<b>8.0 Strengthen Capital Market Access</b>	<b>34</b>
<b>9.0 Increase Efficiency, Effectiveness, and Productivity</b>	<b>35</b>
<b>10.0 Effectively Manage and Protect Assets</b>	<b>40</b>
<b>11.0 Improve Quality of Work Environment</b>	<b>44</b>
<b>12.0 Enhance Culture of Safety and Wellness</b>	<b>47</b>
<b>13.0 Enhance Workforce Competencies</b>	<b>48</b>

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>1 ENSURE ADEQUATE WATER SUPPLY</b>		Acquire sufficient water supply and demand management resources to satisfy dry year demands through 2025, or as otherwise established by further Integrated Resources Plan updates.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>• Operational reserve <math>\geq</math> 110% of estimated dry year firm demands in FY '04/05</li> <li>• Planning reserve <math>\geq</math> 110% of dry year demand through 2025.</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
1.1 Develop and recommend projects for the Board's consideration, consistent with the Integrated Resources Plan.	<p>Issued the IRP update following the completion of the public outreach process.</p> <p>Implemented planned programs for a diverse portfolio (conservation, local resources, groundwater conjunctive use, seawater desalination, water transfers, storage, State Water Project deliveries and Colorado River deliveries) on schedule and within budget.</p> <p>Issued an updated System Overview Study as a planning guideline for infrastructure improvements.</p> <p>Completed area studies of the treatment and distribution needs in the Central Pool, Riverside, West Valley, and South Orange County service areas.</p> <p>Drafted the Regional Urban Water Management Plan.</p>	<p><u>Integrated Resources Plan (IRP) Update</u></p> <ul style="list-style-type: none"> <li>• Published final IRP Update report, following Board approval in July 2004.</li> <li>• Annual update report scheduled for July 2005.</li> <li>• Developed an outreach strategy with External Affairs to communicate with editorial boards and to shape messages in conservation program.</li> </ul> <p><u>System Overview and Area Studies</u></p> <ul style="list-style-type: none"> <li>• Continued analysis of sensitivity cases that consider various peaking factors, local supplies and demands from each case to determine potential delivery requirements through 2005 and the possible ranges in timing for construction of facilities.</li> <li>• Completed analysis on facility sites and construction estimates to assess future Capital Investment Program and rate scenarios.</li> <li>• Continued work on the Riverside, Central Pool, Rialto and West Valley area studies. Staff is analyzing treatment and conveyance facility configurations in support of System Overview Study efforts.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
1.2 Implement and administer local resource and conservation programs through new avenues emphasizing landscape strategies and new technologies (e.g., native plants, high efficiency washers, etc.), consistent with targets from the updated IRP.	<p>Executed agreements for new LRP projects. Completed review of existing LRP and negotiated release of unused contract yield. Assessed timing and need for future RFP for local resource projects.</p> <p>Implemented comprehensive California Friendly and landscape heritage program promoted by developers, nurseries, and home improvement retailers, including advertising and public outreach campaigns. Water-efficiency objectives are advanced for new home construction in Southern California.</p> <p>Prepared, in conjunction with member agencies, the implementation plan for the Conservation Credits Program.</p>	<p><u>Local Resource Programs (LRP)</u></p> <p>Continued to implement and administer LRP and conservation programs to offset 1.275 million acre-feet of water by 2010 under the IRP Update, key activities include:</p> <ul style="list-style-type: none"> <li>• Secured termination/reduction of MWD financial commitment to LRP projects in response to Audit Department review of program performance and effectiveness. Project agreements totaling about 2,700 acre-feet per year were terminated. Secured reductions in Metropolitan's financial commitment of 1,300 acre-feet per year. Completed one of four financial audits initiated for LRP Projects.</li> <li>• Continued to implement and administered incentive agreements to offset 292,000 acre-feet of imported water demand by 2020 with LRP production.</li> <li>• Obtained board approval of rate structure integrity language to be effective April 15, 2005 for inclusion in future Local Resources, Conservation and Seawater Desalination program agreements. An opportunity for member agencies to present alternative language will be provided at the March Board meeting.</li> </ul> <p><u>Conservation</u></p> <ul style="list-style-type: none"> <li>• Executed five-year vendor agreement for Commercial, Industrial and Institutional regional program to provide rebate administration and marketing services. Selected five vendors to provide PDA class instruction and related consulting services.</li> <li>• Executed and amended a rebate agreement with KB Homes to install water-efficient landscapes in all 79 homes of its "Valdemosa" development in Temecula pursuant to Metropolitan's California Friendly landscape specifications. Met with Livable Places (a non-profit developer of multi-family projects) to review eligibility to Metropolitan's model home program.</li> <li>• Drafted conservation strategy document in coordination with member agencies to be completed next quarter. It provides 5-year plan with update process. Submitted biennial report on Metropolitan's conservation to California Urban Water Conservation Council.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
		<ul style="list-style-type: none"> <li>• Issued Synthetic Turf Program RFP seeking proposals for installation of public and municipal lands using USBR grant funds.</li> <li>• Received \$25,000 grant from Water for the West to develop on-line training modules for two residential classes.</li> <li>• Obtained board approval of annexation policy revisions to MWD Administrative Code on water use efficiency guidelines.</li> <li>• Received board approval to increase High Efficiency Clothes Washer (HECW) incentive to \$60 and provide bridge funding for HECW program through December 2005 at \$110/unit.</li> </ul> <p><u>California Friendly Outdoor Conservation Program</u></p> <ul style="list-style-type: none"> <li>• Third phase of fall conservation advertising and outreach concluded in November achieving nearly 100 million media impressions. Campaign focused on seasonal adjustment of irrigation and use of native and California Friendly plants.</li> <li>• Native plants sales partnerships completed with Armstrong, including customer-training programs at local stores. "Teach the teacher" courses conducted with Home Depot so store employees can conduct clinics on proper irrigation techniques.</li> <li>• The "California Friendly" Model Home Program was unveiled at the 2004 Building Industry Show at the Anaheim Convention Center by Metropolitan and its member agencies. More than 15,000 homebuilders and developers attended the show conducted by the Building Industry Association of Southern California. Metropolitan staff hosted homebuilders and developers for a special educational seminar on November 5 called "Building Value Through Water Use Efficiency."</li> </ul>	



# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
1.3 Implement and administer board-approved in-basin conjunctive use programs.	<p>Executed agreements with the two remaining projects of the Prop. 13 RFP and awardees of the 2003/04 RFP. Proceeded to implement the Prop. 13 and North Las Posas programs on schedule and within budget.</p> <p>Reached agreement with Raymond Basin parties on updated conjunctive use project concept.</p>	<p><u>Conjunctive Use Programs</u></p> <ul style="list-style-type: none"> <li>Continued work with member agencies and partners to implement five agreements using Prop. 13 funds for storage in Chino (IEUA and TVMWD), Orange County (MWDOC), Live Oak (TVMWD), Central Basin (Long Beach and CBMWD), and Monks Hill/Raymond (Foothill MWD) basins. Annual operating plans have been developed for each of these agreements.</li> <li>Dry-year conjunctive use storage in these basins and North Las Posas Basin totals over 102,400 acre-feet as of December 31, 2004.</li> <li>Expect to execute three additional agreements with Compton, Long Beach and TVMWD in the next quarter.</li> <li>Redirected focus of the Raymond Basin program and reached tentative agreement on a program project description that would be within Metropolitan's budget. Program description to be presented to the Raymond Basin Management Board in January 2005.</li> </ul>	
1.4 Implement Seawater Desalination Program consistent with board-approved principles and policies.	Assisted member agencies in obtaining outside funding for approved member agency projects. Executed member agency research agreements, and MWD seawater desalination water incentive agreements.	<p><u>Seawater Desalination Program</u></p> <ul style="list-style-type: none"> <li>Executed \$50,000 research funding agreement with Central Basin MWD.</li> <li>Continued discussions with member agencies to finalize uniform seawater desalination agreement terms.</li> <li>Participated in development of US Desalination Coalition strategic initiatives.</li> <li>CEO provided testimony in support of desalination at a hearing of the Assembly Select Committee on Water Management, Storage, Conservation and Supply. The focus of the hearing was "Seawater Desalination—Ensuring Reliability Through Diversity."</li> <li>Federal appropriations bill includes \$6.5 million for desalination research and development.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>1 ENSURE ADEQUATE WATER SUPPLY</b>		Acquire sufficient water supply and demand management resources to satisfy dry year demands through 2025, or as otherwise established by further Integrated Resources Plan updates.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>Operational reserve <math>\geq</math> 110% of estimated dry year firm demands in FY '04/05</li> <li>Planning reserve <math>\geq</math> 110% of dry year demand through 2025.</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
1.5 Implement and administer board-approved water supply and conservation programs to increase reliable Colorado River supplies.	Implemented adopted strategy for off-aqueduct storage, water transfer programs, and cooperative land management programs according to schedule.	<p><u>Hayfield Storage Program &amp; Chuckwalla Storage Feasibility Program</u></p> <ul style="list-style-type: none"> <li>Reported to Board on the program schedule and actions. Programs will be put on hold for two years and revisited at that time due to reduced water supply on the Colorado River.</li> </ul> <p><u>Palo Verde Program</u></p> <ul style="list-style-type: none"> <li>Sufficient landowner applications were received to implement the full supply yield of 111,000 acre-feet per year. Began processing the applications to create landowner agreements. Initial fallowing is anticipated to start next quarter and full fallowing at mid-year. It is expected that 86,000 acre-feet of saved water would be available to Metropolitan during calendar year 2005.</li> </ul> <p><u>Desert and Coachella Exchange</u></p> <ul style="list-style-type: none"> <li>Executed agreement with Desert and Coachella, establishing operating criteria for the existing SWP/CRA exchange agreement through 2009. Agreement also established an Operating Committee that will meet on a regular basis to improve coordination among the three agencies. Consistent with the Quantification Settlement Agreement (QSA), executed the agreement amending the SWP contract transfer of 100,000 acre-feet of MWD's Table A amounts to Desert and Coachella.</li> </ul> <p><u>IID I Program</u></p> <ul style="list-style-type: none"> <li>Secured 104,000 acre-feet from conservation program with Imperial Irrigation District.</li> </ul> <p><u>Execute Storage and Recovery Agreement with Southern Nevada Water Authority</u></p> <ul style="list-style-type: none"> <li>Received board approval and executed Interstate Storage and Recovery Agreement with Southern Nevada Water Authority, providing Metropolitan access to an additional 10,000 acre-feet of Colorado River water in 2004 to be repaid in future years.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>1 ENSURE ADEQUATE WATER SUPPLY</b>		Acquire sufficient water supply and demand management resources to satisfy dry year demands through 2025, or as otherwise established by further Integrated Resources Plan updates.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>• Operational reserve <math>\geq</math> 110% of estimated dry year firm demands in FY '04/05</li> <li>• Planning reserve <math>\geq</math> 110% of dry year demand through 2025.</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
1.6 Obtain long-term federal/state lower Colorado River environmental and endangered species acts compliance for river water and power operations.	Continued implementation of the Lower Colorado River Multi-Species Habitat Conservation Program.	Continue to meet and coordinate with participating agencies with a February 2005 target for Lower Colorado River Multi-Species Habitat Conservation Program agreement.	
1.7 Secure improved Colorado River management to make more effective use of water.	Implemented interstate measures to reduce river system losses, increase supply yield and water delivery efficiencies, terminate illegal diverters, and manage droughts and water shortages.	<u>Colorado River Drought Management Plan</u> <ul style="list-style-type: none"> <li>• Participated in an interstate effort to develop interim shortage criteria for the Colorado River system with the goal of protecting Metropolitan's water and power resources from the Colorado River.</li> </ul>	
1.8 Manage and monitor Colorado River water supplies available to Metropolitan.	Took full delivery of Colorado River water that Metropolitan is legally entitled to divert.	<ul style="list-style-type: none"> <li>• Monitored water use by California's agricultural entities during the last three months of the calendar year to ensure unused agricultural water was provided to Metropolitan. As a result, Metropolitan delivered over 752,000 acre-feet of Colorado River water during 2004. Monitored and ensured agricultural users only received credit for verifiable conservation when under use occurred. In response, the Colorado River Aqueduct remained full for the last two months of the calendar year.</li> <li>• Participated in an interstate effort to develop interim shortage criteria for Colorado River system with the goal of protecting Metropolitan's water and power resources from the Colorado River.</li> <li>• Available Colorado River water included Metropolitan's approved water order, unused California agriculture supply, and the Southern Nevada Water Authority deliveries.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>1 ENSURE ADEQUATE WATER SUPPLY</b>		Acquire sufficient water supply and demand management resources to satisfy dry year demands through 2025, or as otherwise established by further Integrated Resources Plan updates.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>• Operational reserve <math>\geq</math> 110% of estimated dry year firm demands in FY '04/05</li> <li>• Planning reserve <math>\geq</math> 110% of dry year demand through 2025.</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
1.9 Secure water transfers in the San Joaquin and Sacramento valleys to increase reliability and predictability of water supplies delivered from the California Aqueduct, consistent with targets in the IRP.	<p>Completed environmental documentation for the Sacramento Valley Water Management Agreement.</p> <p>Secured agreements for new and expanded cost-effective banking/transfer programs in the San Joaquin and Sacramento valleys, as needed.</p>	<p><u>Water Transfer Options</u></p> <ul style="list-style-type: none"> <li>• Secured board approval to pursue 125,000 acre-feet of transfer option supplies.</li> <li>• Provided initial fees to SWC JPA to purchase 125,000 acre-feet of options. Completed negotiations with Glen Colusa Irrigation District. Continued negotiations with other sellers. Completed administrative draft EIR/EIS for options with two water districts. Currently developing mitigation and monitoring programs for air quality and groundwater impacts.</li> </ul> <p><u>Water Transfer/Exchanges</u></p> <ul style="list-style-type: none"> <li>• Secured board approval to pursue 125,000 acre-feet of transfer supplies.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
1.10 Support CALFED programs consistent with board-approved policy principles.	CALFED reauthorization and appropriations secured.	<p><u>CALFED Programs/Reauthorization</u></p> <ul style="list-style-type: none"> <li>• On October 25, 2004, the President signed the California Bay-Delta Authorization Act. The legislation, HR 2828, which was approved by the Congress in October 2004, authorizes \$395 million over six years to improve statewide water supplies and flood control, enhance source water quality, and restore the Sacramento-San Joaquin Delta ecosystem.</li> </ul> <p><u>8,500 cfs capacity at Banks Pumping Plant</u></p> <ul style="list-style-type: none"> <li>• Supported an initiative to achieve 8,500 cfs capacity at Banks pumping plant by working with San Joaquin agricultural interests on reducing salinity on the lower San Joaquin River and ensuring water quality standards are met. A preliminary report was delivered in December 2004; final due February 2005.</li> <li>• Developed a salinity management model for the San Joaquin River to enhance understanding and assist in developing solutions to the water quality issues.</li> </ul> <p><u>Proposition 50 Grant Funding</u></p> <ul style="list-style-type: none"> <li>• Obtained Proposition 50 grant funding of \$250,000 for development of a CALFED Regional Water Quality Plan.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
1.11 Work with Department of Water Resources and other agencies to implement Delta Improvement Package of 2004.	Obtained stakeholders agreements on the operations of 8,500 cfs pumping capability at the Banks pumping plant, financing of the long-term Environmental Water Account, and implementation scheduled for other components of the package.	<p><u>CALFED Financing</u></p> <ul style="list-style-type: none"> <li>• Developed recommendations and obtained support for the CALFED Finance Plan Framework from the California Bay-Delta Authority Board and the Bay-Delta Advisory Council.</li> </ul> <p><u>Environmental Water Account</u></p> <ul style="list-style-type: none"> <li>• Obtained support from the CALFED fish agencies and the state and federal project agencies to extend the Environmental Water Account program for another three years – until December 31, 2007. As a result of the extension of the EWA, and other CALFED accomplishments, the CALFED fish agencies extended programmatic regulatory assurances to CALFED for another three years.</li> </ul> <p><u>Biological Opinions</u></p> <ul style="list-style-type: none"> <li>• Obtained support from the US Fish and Wildlife Service and National Oceanic and Atmospheric Administration Fisheries for non-jeopardy Biological Opinions for Central Valley salmon and Delta smelt, respectively. These opinions will assist in moving forward with the implementation of increased capacity at the State Water Project Delta Pumping Plant.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
1.12 Meet compliance requirements of current laws pertaining to water resources and reliability.	<p><i>Report on Metropolitan's Water Supplies</i> completed and communicated to stakeholders by May 31, 2005.</p> <p><i>Report on Achievements in Conservation, Recycling and Groundwater Recharge</i> completed and submitted to Legislature on or before February 1, 2005.</p> <p>Regional Urban Water Management Plan drafted and coordinated with member agencies.</p>	<p>Completed the draft report and held a public hearing with participation by local organizations that have benefited from Metropolitan conservation programs.</p> <p><u>RUMP Report</u></p> <ul style="list-style-type: none"> <li>• Staff has now met with 12 member agencies to review data on demographics, local supplies and retail demands.</li> <li>• Staff is completing the first draft of the 2005 report.</li> </ul>	
1.13 Implement comprehensive plan to eliminate obstacles at Lake Perris that reduce access to stored water.	Completed grant-funded studies with recommended solutions to water quality problems. Obtained stakeholder support for proposed actions.	Reached a tentative agreement with Department of Water Resources and Department of Parks and Recreation to designate Metropolitan as the Lead Agency for environmental process for projects to increase access to stored water. Issuance of the Notice of Preparation was delayed until the end of January 2005.	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
1.14 Administer the State Water Project Contract to ensure an adequate supply of cost-effective, high-quality supplies through the California Aqueduct.	<p>SWP costs are closely monitored and, to the extent feasible, controlled. Water supply reliability maintained and improved. California Aqueduct water quality protected and improved.</p> <p>Participated and supported settlement discussions on FERC relicensing, consistent with objectives for reliable and cost-effective power.</p>	<ul style="list-style-type: none"> <li>• Maintained coalition with Southern California SWP contractors in an effort to influence DWR to preserve current allocation of energy benefits and avoid cost increase.</li> <li>• Prompted DWR to fill vacancies and hire consultants to manage its post-SCE contract (2005) energy-trading environment, which will create considerably greater administrative demands on DWR.</li> <li>• Reached closure with other stakeholder contractors regarding a recommended schedule for Phase II East Branch Enlargement and communicated the schedule to DWR.</li> <li>• Delivered 1.6 million acre-feet of SWP and approximately 200,000 acre-feet of non-SWP water through the California Aqueduct and carried over 112,000 acre-feet in storage delivery in 2005.</li> <li>• Completed audit of 2005 SWP statement of charges, which resulted in \$19 million in reduced costs in 2005 and future years.</li> </ul>	



# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>2 ENHANCE SYSTEM RELIABILITY</b>		Maximize effectiveness of maintenance activities and implement replacement and improvement projects to ensure the delivery of water without interruption.	
		<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>● No unplanned outages resulting in disruption of services</li> <li>● Meet all scheduled water deliveries = 100%</li> </ul>	
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
2.1 Implement board-approved Capital Investment Plan (CIP).	95 percent compliance to construction schedules.	<p>In the first half of the fiscal year, 64 programs were budgeted to be underway at a projected expenditure of approximately \$187 million. Actual costs were approximately \$107 million. A significant portion of the variance is associated with reduced levels of progress on the Arrowhead Tunnels. With the exception of the Inland Feeder and Skinner Expansion No. 4 programs (described below), all construction contracts remained on schedule.</p> <p>Construction contracts completed in the current quarter included Skinner Solids Handling Facilities, Diamond Valley Lake North Hills Trails, Rialto Feeder Carbon Fiber Repair, and Diemer Northwest Hill Grading.</p> <p><u>Highlights</u></p> <ul style="list-style-type: none"> <li>● Inland Feeder San Bernardino tie-in – Contractor completed all work and a Notice of Completion was filed in June 2004 for construction of the SBVMWD connection to the Highland Pipeline. Testing of the pumps was also completed and eight pumps are operational.</li> <li>● Central Pool Augmentation – Tunnel analysis was conducted for the CPA and an alternative alignment evaluation is underway.</li> <li>● San Diego No. 6 – Obtained right-of-way permits, environmental permits and awarded a construction contract for the North Reach and Service Connection EM-21.</li> <li>● Inland Feeder – Revised completion to 2008 primarily because of differing site conditions. Tunneling on the Arrowhead East Tunnel has resumed under</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

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<b>2 ENHANCE SYSTEM RELIABILITY</b>		Maximize effectiveness of maintenance activities and implement replacement and improvement projects to ensure the delivery of water without interruption.	
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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
		Metropolitan's direction regarding means and methods. <ul style="list-style-type: none"> <li>● Skinner Expansion No. 4 – Key site preparation has been completed to allow construction to proceed. Initiation of site preparation was delayed one month due to re-bid when bidder failed to meet published specifications.</li> </ul>	
2.2 Operate the distribution system to meet water delivery schedules.	Met District operating objectives and implemented Annual Operating Plan to maintain reliable water service, coordinate supply deliveries, meet SWP/CRA blend requirements, and control costs.	<ul style="list-style-type: none"> <li>● WSO continues to operate the system in accordance with the Annual Operating Plan, meeting all scheduled deliveries. There were no unplanned outages resulting in a disruption of services. Blends at the treatment plants have been managed to optimize State project water deliveries. Operations Planning staff, with consultant assistance, updated load forecasting program using data supplied from member agencies.</li> <li>● There were no unplanned outages resulting in disruption of service during the quarter.</li> </ul>	
2.3 Implement the Water System Control Master Plan to increase automation efficiency and improve system monitoring and management.	Met Phase 1A milestones of Water Systems Control Master Plan.	<u>On schedule and within budget</u> <ul style="list-style-type: none"> <li>● Control System Enhancement Program – Completed SCADA server setup and configuration for Weymouth Oxidation Demonstration Program.</li> <li>● Treatment Plants Control and Equipment Upgrade Program – Completed system wide assessment of the treatment process and prepared final report for the Treatment Plants Control and Equipment Upgrade and Chemical Feed Systems.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>2 ENHANCE SYSTEM RELIABILITY</b>		Maximize effectiveness of maintenance activities and implement replacement and improvement projects to ensure the delivery of water without interruption.	
		<b>STRATEGIC MEASURE WITH TARGET</b>	
		<ul style="list-style-type: none"> <li>● No unplanned outages resulting in disruption of services</li> <li>● Meet all scheduled water deliveries = 100%</li> </ul>	
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
2.4 Implement maintenance management improvements.	<p>Preventive maintenance to corrective maintenance ratio improves to 60 percent / 40 percent.</p> <p>All DVL pumps serviced and maintained.</p> <p>All CRA pumps and switchyards serviced and maintained.</p> <p>All high-voltage transmission lines serviced.</p> <p>All distribution pipelines serviced and maintained, including the hydropower plants.</p> <p>All reservoirs serviced and maintained.</p>	<ul style="list-style-type: none"> <li>● Several planned improvements have been initiated to enhance and modernize maintenance management in WSO. The new web-based version of MAXIMO has been installed; the system is now working in a stable, operable fashion. As a result of standardized definitions of maintenance activities, WSO management has noticed a marked improvement in maintenance data quality. The monthly maintenance management report has been updated with more precise management information associated with enhancing productivity, planning, and asset management across the system.</li> <li>● The preventive to corrective maintenance ratio improved to 47/53 (estimate), up from 44/56 the previous quarter.</li> <li>● All necessary maintenance was performed in the areas identified under "success measures" maintaining our high level of reliability system-wide.</li> </ul>	
2.5 Implement Colorado River Aqueduct maintenance plan.	<p>100 percent of 242 miles of CRA, including siphons, tunnels, closed conduit, and open channel serviced and maintained.</p> <p>Planned repairs and improvements to CRA facilities performed according to schedule.</p> <p>CRA Pumping Plant Reliability Program projects proceed according to schedule and budget.</p>	<p><u>On schedule and within budget</u></p> <ul style="list-style-type: none"> <li>● CRA Conveyance Reliability Program – Awarded construction contract for CRA rehabilitation to be performed during 2005 shutdown including repair of canal lining, siphon seals, blow-offs and providing Iron Mountain tunnel monitoring. Continued construction and fabrication of the CRA Head Gates and Switchyards. Continued a study to evaluate existing transformers and reliability improvement alternatives.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

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		<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>● No unplanned outages resulting in disruption of services</li> <li>● Meet all scheduled water deliveries = 100%</li> </ul>	
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
2.6 Implement Conveyance and Distribution System Rehabilitation Program.	Complete CIP projects according to schedule and within budget.	<u>On schedule and within budget</u> <ul style="list-style-type: none"> <li>● San Diego Pipeline No. 6 Repair – completed final design and the Board awarded a construction contract. Fabrication of pipe sections will be completed in January 2005 and damaged pipe sections will be replaced during the February 2005 shutdown. The repair will improve system reliability.</li> <li>● Will complete structure modifications of final 10 valve structures along the West Valley Feeder No. 1 during the January 2005 shutdown to complete this project. The project involves the rehabilitation of a total of 26 obsolete valve structures to increase reliability and decrease ongoing maintenance costs. Additional work scheduled.</li> </ul>	
2.7 Maintain all unit processes at the water treatment plants including chemical feed systems, ozonation, rapid mix, flocculation, sedimentation, and filtration.	Inspected, serviced, and maintained unit processes for five filtration plants (Jensen, Weymouth, Diemer, Mills, and Skinner).	Continued to adhere to best practices and vendor guidelines for inspecting, servicing and maintaining equipment and components at all five filtration plants.	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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			<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>● No unplanned outages resulting in disruption of services</li> <li>● Meet all scheduled water deliveries = 100%</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
2.8 Implement Filtration Plant Improvements Programs.	Performed planned repairs and improvements to facilities performed according to CIP plan and budget.	<u>On schedule and within budget</u> <ul style="list-style-type: none"> <li>● Diemer Filtration Plant – Completed design for Solids Handling Facilities and currently advertising for construction.</li> <li>● Mills Filtration Plant – Advertised and awarded construction contract for the Filter Media Replacement.</li> <li>● Jensen Filtration Plant – Completed 75 percent construction of the Permanent Ferric Chloride facility. Also advertised and awarded a construction contract for the Filter Media Replacement.</li> <li>● Skinner Filtration Plant - Completed a construction contract for the Solids Handling Facilities. Expansion of water quality monitoring galleries will be packaged as part of the Skinner Expansion.</li> <li>● Weymouth Filtration Plant - Completed construction for the Basin 4 flocculator sedimentation rehabilitation. Awarded a construction contract for solids handling.</li> </ul>	
2.9 Implement Chlorine Containment and Handling Facilities Project.	Completed projects according to schedule and budget.	Completed construction of the new chlorine facilities at Weymouth and completed preliminary design at Mills. Final design at Skinner is 98 percent complete and final design at Jensen is 50 percent complete. Projects are on schedule and within budget.	
2.10 Implement system shutdowns for CIP and maintenance work.	Coordinated shutdowns with member agencies to minimize delays in CIP and maintenance work.	Continued quarterly meetings on CIP activities/projects as well as long-term shutdowns. In addition, extensive shutdown planning schedule and details identified, presented, and discussed at joint planning session held with the agencies affected (Also see 6.2). Operations Planning has prepared operational studies including recommended actions to ensure reliability while maintenance projects are underway.	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
2.11 Be prepared for emergencies.	Updated emergency management programs, including emergency response plan and business continuity plan. Coordinated response mechanisms and training with relevant agencies.	<ul style="list-style-type: none"> <li>● Developed tabletop response exercise for Metropolitan's management and now scheduled for third quarter of FY. Participated in Terrorism Early Warning Group exercises and training sessions at Union Station.</li> <li>● JCI continued rough installation of conduits and cables for the security cameras and access control devices at the Irvine Regulating Structure, Corona Power Plant, Lake Mathews, Mills filtration plant, Pleasant Peak Communication Site, Lake Skinner, Etiwanda, Detention Peak Communication Site, Jensen filtration plant, Diemer filtration plant, and Weymouth Filtration Plant. Reviewed contractor's final design submittal.</li> <li>● Updated Emergency Response Organization (ERO) and confidential contact information and distributed it to key personnel.</li> <li>● Reviewed business impact analysis and risk assessment as part of developing the business continuity (BC) plan. Developed outline for the new BC plan and started drafting chapters.</li> <li>● Staff continued participating in joint exercises with MTA, Riverside County Sheriff, and local fire departments. Also conducted monthly emergency communications radio tests with all member agencies.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>3 ENSURE WATER QUALITY EXCELLENCE</b>		Develop and implement comprehensive programs to ensure Metropolitan delivers water that meets or exceeds all water quality regulations and objectives.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>• Compliance with primary drinking water quality standards = 100%</li> <li>• Total Dissolved Solids ≤ 500 mg/L</li> <li>• Unresolved customer complaints ≤ 6</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
3.1 Operate the filtration plants to meet scheduled water deliveries.	<p>Met District treatment objectives and implemented Annual Operating Plan at each filtration plant (Jensen, Weymouth, Diemer, Mills and Skinner) to comply with water quality standards, maximize plant efficiencies, complete operational start-up of ozone at Jensen, adjust to source quality, and control costs.</p> <p>Completed an update of Metropolitan's water treatment strategy to meet expected regulations and adapt to changing source quality and operational conditions.</p>	<ul style="list-style-type: none"> <li>• Treatment facilities have been successfully operated according to the Annual Operating Plan.</li> <li>• Interim treatment strategies continued for varying SPW blends, while ensuring compliance with all drinking water regulations.</li> <li>• Continued to implement filter influent chlorination at Weymouth and Diemer treatment plants to increase blend of SPW.</li> <li>• Maintained 100 percent compliance with drinking water quality regulations.</li> <li>• Maintained total dissolved solids less than 500 mg/L throughout system.</li> <li>• No unresolved customer complaints.</li> </ul>	
3.2 Pursue Proposition 50 funding opportunities to support treatment technology projects.	Coordinated with the State to obtain Prop. 50 funding for Metropolitan and/or member agencies.	Metropolitan assisted member agencies in the preparation of a regional program for Proposition 50 funding. Regional program represented capital expenditures of over \$700 million and would result in an annual reduction of surplus Colorado River water use by 160,000 acre-feet.	
3.3 Maintain Colorado River Basin Salinity criteria and accelerate implementation of salinity control projects.	Secured federal funding for Colorado River Basin Salinity control projects.	Federal appropriations included \$10,615,000 for Colorado River Basin Salinity Control Project (CRSBSCP), Title I; \$9,314,00 for CRSBSCP, Title II; and \$450,000 for the Colorado Water Quality Improvement Program.	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>3 ENSURE WATER QUALITY EXCELLENCE</b>		Develop and implement comprehensive programs to ensure Metropolitan delivers water that meets or exceeds all water quality regulations and objectives.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>• Compliance with primary drinking water quality standards = 100%</li> <li>• Total Dissolved Solids ≤ 500 mg/L</li> <li>• Unresolved customer complaints ≤ 6</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
3.4 Continue Perchlorate Action Plan, including leadership and supporting the Member Agency Perchlorate Taskforce to mitigate groundwater contamination.	<p>Managed Metropolitan's interest on issues and developments related to perchlorate.</p> <p>Working with member agencies, obtained state and federal funding for cleanup of groundwater basins.</p> <p>Continued remediation and tracking efforts to reduce perchlorate entering the Colorado River.</p>	<ul style="list-style-type: none"> <li>• Assisted member agencies preparation of regional Proposition 50 package to mitigate regional perchlorate contamination. Eight projects in the regional package addressed perchlorate contamination. Staff continued to monitor perchlorate cleanup in Henderson and assisted with perchlorate monitoring in the Las Vegas wash.</li> <li>• Federal appropriations included two grants to Metropolitan: \$500,000 from EPA for a study of the effectiveness of biological treatment for the removal of perchlorate from groundwater; and \$200,000 under the State and Tribal Assistance Grants Program for the city of Ontario's final design for wellhead treatment for perchlorate and nitrate.</li> <li>• Consistent with Metropolitan's funding objectives, Senator Feinstein announced that she will introduce a bill in 2005 to address impacts of perchlorate contamination on communities' water supplies.</li> </ul>	
3.5 Support Moab clean-up efforts, including securing support for federal funding.	Federal funding secured.	Federal appropriations included nearly \$4 million for uranium tailings clean-up near Moab water quality. Staff preparing comments to draft Environmental Impact Statement for Moab clean-up project.	
3.6 Improve SWP water quality through water exchanges with Friant users and use of Central Valley groundwater storage programs.	Completed draft agreements and initiated feasibility studies on projects with Friant entities. Completed technical analysis on using Central Valley storage programs to improve SWP water quality.	<ul style="list-style-type: none"> <li>• Supported initiation of the Salinity Reduction Study through the Southern California Salinity Coalition.</li> <li>• Supported implementation of DWR's pump-in policy by affecting Semitropic Pump-in Proposal, limiting potential degradation to aqueduct water quality.</li> </ul> <p><u>Water Management/Quality Program</u></p> <ul style="list-style-type: none"> <li>• Prepared information board letter on a water management pilot project with the Lower Tule River Irrigation District, a Friant water user.</li> </ul>	



## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>3 ENSURE WATER QUALITY EXCELLENCE</b>		Develop and implement comprehensive programs to ensure Metropolitan delivers water that meets or exceeds all water quality regulations and objectives.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>• Compliance with primary drinking water quality standards = 100%</li> <li>• Total Dissolved Solids ≤ 500 mg/L</li> <li>• Unresolved customer complaints ≤ 6</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
3.7 Continue implementation of Oxidation Retrofit Program.	Completed construction and initiated start-up of Jensen ozone facilities on schedule with trained personnel.	<p>On schedule and within budget:</p> <ul style="list-style-type: none"> <li>• Jensen Oxidation Retrofit Program – Installed all ozone equipment including generators, liquid oxygen tanks, vaporizers and power supply units.</li> <li>• Skinner Oxidation Retrofit Program – Completed final design for the general construction package.</li> <li>• Diemer Oxidation Retrofit Program – Final Design is 20 percent complete with a majority of activities focused on initial site preparation and chemical tank farms. Specifically, construction bids will be opened January 26, 2005, for the vehicle maintenance center. Completed 70 percent design of the plant maintenance facility.</li> <li>• Weymouth Oxidation Retrofit Program – Proceeding with preliminary design and completed draft environmental impact report.</li> <li>• Mills Oxidation Retrofit Program – Preparing board letter to initiate preliminary design of contactors #3 and #4.</li> </ul>	
3.8 Implement Treated Water Cross Connection Prevention Program.	Completed critical milestones according to the CIP plan and budget.	Completed revised scope, saving approximately \$14 million and received board approval for the budget and the number of sites to be relocated above surface. Final design has commenced. The program is on schedule and within budget.	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>4 DELIVER WATER AT AFFORDABLE RATES</b>			<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>MWD rate increases lower than water industry rate increase index (Comparative rate index &lt; 100%)</li> </ul>
Manage costs to ensure reliable, quality water service at the lowest possible rates.			
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
4.1 Manage rates and charges to recover costs consistent with board policy.	Finalized the Long Range Financial Plan for financing operating expenditures and capital programs.  Revenues were sufficient to recover costs.	<ul style="list-style-type: none"> <li>Board approval of Long Range Finance Plan.</li> <li>Tax rate adopted by Board.</li> <li>Draft report on growth charge alternatives to be completed in April.</li> </ul>	
4.2 Complete cost-of-service analysis for 2006 rates.	Technical report for board and member agency use completed by December 2004.	CEO's recommendation on rates and charges issued for committee and board consideration in January.	
4.3 Effectively manage Metropolitan's CRA energy sales, purchases and exchanges.	Metropolitan's energy transactions will remain within 10 percent of energy market price indices.	Continued sales of surplus CRA (non-Hoover) and DVL power to DWR, allowing DWR to reduce their exposure to energy price volatility. Utilized daily energy exchange transactions with DWR and Southern California Edison to balance annual CRA energy requirements. Energy transactions are within one percent of market indices.	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>4 DELIVER WATER AT AFFORDABLE RATES</b>		Manage costs to ensure reliable, quality water service at the lowest possible rates.	<p><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>MWD rate increases lower than water industry rate increase index (Comparative rate index &lt; 100%)</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
4.4 Maintain an effective Business Outreach Program for regional and small businesses.	<p>Maintained board-approved percent of contract dollars to SBE firms.</p> <p>Implemented Expanded SBE Reciprocal Certification Program with public agency partners.</p> <p>Implemented vendor-training program throughout region tracking SBE contract success.</p> <p>Implemented member agency small business outreach group resulting in increased cost savings through contracting.</p>	<ul style="list-style-type: none"> <li>The Regional/Small Business Program continues to exceed the board-approved goal of 18 percent with utilization at 37 percent. Additionally, local businesses constitute 85 percent of contracting dollars.</li> <li>During the first half of fiscal year 2005, Metropolitan signed a memorandum of understanding with the Los Angeles Community College District to advance the reciprocal certification program. Plans are under way to sign an MOU with the Port of Long Beach and the Small Business Administration in the third quarter of fiscal year 2005.</li> <li>Metropolitan implemented the vendor-training program, commencing in Orange County in September 2004. More than 30 small businesses participated in a two-day workshop that resulted in three of those companies successfully competing for Metropolitan contracts.</li> <li>A Member Agency Contracting Forum was kicked off in fiscal year 2005 with 14 agencies participating. Metropolitan's electronic bidding, registration and small business certification system was offered to member agencies at a reduced rate with opportunities for cooperative bidding and expanded advertising on contracts. Beginning in third-quarter of fiscal year 2005, three agencies will be members of Metropolitan's electronic bidding system.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>5 PROMOTE WATER POLICY EFFECTIVENESS</b>		Provide leadership and proactively address local, statewide and national issues to ensure water policy changes are positive and coordinated with member agencies.	<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>• Objectives met at MWD-sponsored public policy forums</li> <li>• Timeliness of communications and meetings with legislators and staff</li> <li>• Timeliness of legislative position letters</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
5.1 Manage public information programs to emphasize Metropolitan's effectiveness in long-term resource planning, water quality protection, conservation and other water policy issues.	<p>Resource planning and management programs results communicated to stakeholder groups and the news media.</p> <p>Maintained strong partnerships with water agency, business, environmental and agricultural interests on water programs and initiatives in support of Metropolitan policies.</p> <p>Developed a reciprocal stakeholder education program between Metropolitan and its business partners throughout the state.</p>	<ul style="list-style-type: none"> <li>• Publicized/announced World Water Forum grant program for local college students to research and develop water use efficiency technologies. Promoted efforts for federal waiver of state laws to set higher High Efficiency Clothes Washers standards.</li> <li>• Introduced Metropolitan's Model Home conservation program in partnership with member agencies and promoted the value of water efficiency in new construction at the Building Association's annual conference in Anaheim.</li> <li>• Provided training for Home Depot employees in support of outdoor water conservation campaign and California Friendly landscapes.</li> </ul> <p><u>SB 60</u></p> <ul style="list-style-type: none"> <li>• Held a public hearing during the December WPQ&amp;R Committee meeting to discuss Metropolitan's achievements in conservation, recycling and groundwater recovery pursuant to sections 130.5 and 130.7 of the MWD Act. Also finalized draft (SB 60) report; Every Drop Saved Now Is There For Tomorrow: Achievements in Conservation, Recycling, and Groundwater Recharge, Annual Report to the California State Legislation, February 2005 (of which two copies of the final report were delivered to the California Legislature before February 1, 2005.)</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>5 PROMOTE WATER POLICY EFFECTIVENESS</b>		Provide leadership and proactively address local, statewide and national issues to ensure water policy changes are positive and coordinated with member agencies.	
		<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>• Objectives met at MWD-sponsored public policy forums</li> <li>• Timeliness of communications and meetings with legislators and staff</li> <li>• Timeliness of legislative position letters</li> </ul>	
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
5.2 Manage public information programs to emphasize Metropolitan's effectiveness in long-term resource planning, water quality protection, conservation and other water policy issues.	<p>Resource planning and management programs results communicated to stakeholder groups and the news media.</p> <p>Maintained strong partnerships with water agency, business, environmental and agricultural interests on water programs and initiatives in support of Metropolitan policies.</p> <p>Developed a reciprocal stakeholder education program between Metropolitan and its business partners throughout the state.</p>	<p><u>Bay-Delta Outreach</u></p> <ul style="list-style-type: none"> <li>• Provided four briefings this quarter, raising to 45 for the total to date since efforts began in January 2004.</li> <li>• Facilitated public input and board review of the inspection trip program as a method of public information and education.</li> <li>• Press releases (12 issued this quarter) and other media relations efforts emphasized board actions to increase conservation and water recycling and the ability to fund future local resource projects; radio interviews on the need for outdoor water conservation; water transfer option agreements; and Senator Feinstein's announcement on perchlorate legislation.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>5 PROMOTE WATER POLICY EFFECTIVENESS</b>		Provide leadership and proactively address local, statewide and national issues to ensure water policy changes are positive and coordinated with member agencies.	<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>• Objectives met at MWD-sponsored public policy forums</li> <li>• Timeliness of communications and meetings with legislators and staff</li> <li>• Timeliness of legislative position letters</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
5.3 Effectively manage federal, state and local legislative programs and relationships.	Conducted issue-based presentations and site visits for briefing of legislators and stakeholders.	<ul style="list-style-type: none"> <li>• On November 8-9, congressional staff from the U.S. Senate Energy and Environment and Public Works committees, along with staff from Congressman Doolittle's office visited Metropolitan. The staff received briefings on the outdoor water conservation campaign, met with the Palo Verde Irrigation District board of trustees and participated in roundtable discussions at the Water Conservation Gardens at Cuyamaca College.</li> <li>• On November 9, staff attended a legislative aide event hosted by the United Chambers of Commerce of the San Fernando Valley. As a sponsor, MWD emceed the program and honored the 52 aides who attended for all their efforts and support throughout the year.</li> <li>• On November 15-17, MWD staff led a state legislative staff tour of key Southern California water facilities, including Hoover Dam, Gene Camp, Copper Basin and Diamond Valley Lake. Tour participants included key legislative budget, policy and fiscal committee staff, staff from incoming Assembly Water, Parks and Wildlife Committee Chair Lois Wolk's office, and legislative affairs staff from the Resources Agency and the Department of Water Resources.</li> <li>• On December 17, the District sponsored "Celebrating a Stronger Water Future," attended by 300 guests. Congresswoman Lucille Roybal-Allard introduced special guest U.S. Senator Dianne Feinstein. The theme of the event was the successful reauthorization of CALFED.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>5 PROMOTE WATER POLICY EFFECTIVENESS</b>		Provide leadership and proactively address local, statewide and national issues to ensure water policy changes are positive and coordinated with member agencies.	<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>• Objectives met at MWD-sponsored public policy forums</li> <li>• Timeliness of communications and meetings with legislators and staff</li> <li>• Timeliness of legislative position letters</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
5.4 Promote state and federal water policy principles consistent with board-adopted policies.	Recognition in new laws and administrative actions that water is public resource, reasonable and beneficial use standards should be enforced, beneficiaries should pay for water and use of public infrastructure.	<ul style="list-style-type: none"> <li>• Staff met with Member Agency Legislative Coordinators to discuss potential legislative proposals for the upcoming 2005/06 legislative session – including measures pertaining to water conservation, infrastructure safety, and special district reform.</li> <li>• Conducted review and analysis of the Governor's California Performance Review Report and assisted in coordination of Metropolitan and State Water Contractors' responses.</li> <li>• Staff supported efforts to obtain letters from the business community and water industry to the President urging him to sign H.R. 2828 to reauthorize CALFED. Staff assisted business and water organizations that wrote to President Bush urging him to sign H.R. 2828, reauthorizing CALFED.</li> <li>• Analyzed efforts by the Central Arizona Project to be relieved of its junior priority status, and the impact of such a proposal on Metropolitan and California.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>6 PROVIDE QUALITY MEMBER AGENCY SERVICES</b>		Listen and work with Metropolitan's member agencies to assist in coordination and delivery of common water policy themes and actions to assure that Metropolitan is addressing those issues that are most important to its member agencies.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>Member Agency Service Level Satisfaction Index</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
6.1 Continue to improve coordination with member agencies on key issues, including water quality, water reliability, desalination, and the Colorado River.	Coordinated Metropolitan's draft 2005 Regional Urban Water Management Plan with the member agencies' urban water management plans, and integrated resource elements with ongoing efforts to promote understanding of the status of the IRP.	<p><u>Regional Urban Water Management Plan (RUWMP)</u></p> <ul style="list-style-type: none"> <li>Coordinated with member agencies to refine data on demographics and local supplies.</li> <li>Completed outline and initial analysis for first draft report.</li> </ul>	
6.2 Develop and produce annual shutdown schedule in partnership with the member agencies.	<p>Met objectives outlined in the shutdown reports.</p> <p>Revised board-approved policy and administrative procedures assuring member agencies abilities to sustain 7-day outages during planned shutdowns.</p>	<p><u>Shutdowns</u></p> <ul style="list-style-type: none"> <li>Annual shutdown schedule published and disseminated to member agencies in September.</li> <li>During the second quarter, 11 pre-shutdown meetings were held and two shutdowns were completed.</li> <li>Proposed Administrative Code language on agencies' ability to withstand seven-day outages was approved by the Board in November.</li> </ul>	



## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>6 PROVIDE QUALITY MEMBER AGENCY SERVICES</b>		Listen and work with Metropolitan's member agencies to assist in coordination and delivery of common water policy themes and actions to assure that Metropolitan is addressing those issues that are most important to its member agencies.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>Member Agency Service Level Satisfaction Index</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
6.3 Continue to improve communication with member agencies and the public through effective response mechanisms and timely information.	Conducted timely and effective meetings for the Member Agency Managers, Rapid Response Coordinators, Water Quality Coordinators, Legislative Coordinators, and Desalination Workgroup.	<ul style="list-style-type: none"> <li>Initiated more frequent reports and maintained regular reports to member agency managers on operational and water quality issues.</li> <li>Member agency water quality manager meetings occurred bimonthly with expanded topics. Attendance exceeding expectations, with over 100 attendees at each meeting.</li> <li>Assistance and operating support to member agencies is ongoing. Staff continues to respond effectively to member agency requests for assistance.</li> <li>Provided progress updates on member agency desalination projects and efforts. Provided updates on Tampa Bay Desalination Project to Desalination Subcommittee.</li> <li>Completed a member agency task force meeting process with elements of a strategy to control cost and derive maximum value from Metropolitan's SWP assets.</li> <li>The posting of information is ongoing with input from the member agencies. The Media Services Section is addressing the request to implement on-line ordering of brochures.</li> <li>Maintained good relations and communication with environmental groups through Southern California Water Dialogue meeting on funding water quality improvements and CALFED issues; and from participation in POWER's California Water Policy 14 conference.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>6 PROVIDE QUALITY MEMBER AGENCY SERVICES</b>		Listen and work with Metropolitan's member agencies to assist in coordination and delivery of common water policy themes and actions to assure that Metropolitan is addressing those issues that are most important to its member agencies.	<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>Member Agency Service Level Satisfaction Index</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
6.4 Work with Member Agencies on local groundwater contamination.	<p>Maintained local supply yield.</p> <p>In cooperation with city of Pasadena, Foothill MWD, Upper San Gabriel Valley MWD and Three Valleys MWD, complete review of San Gabriel Valley groundwater quality.</p> <p>Implemented member agency Perchlorate Task Force recommendations.</p>	Continued to assist member agencies with groundwater contamination issues. Provided system delivery information to San Gabriel Basin Watermaster.	
6.5 Implement a tool to assess timely responsiveness to member agency written requests through tracking tools.	Implemented responsiveness tracking system program.	<ul style="list-style-type: none"> <li>Eight meetings were surveyed this quarter. Of these, we have received 98 completed survey cards, which represents a 40 percent response rate. The rating scale is 1 through 5 with 1 being poor and 5 being excellent. The results have been very good with 85 percent of respondents rating various staff and interactions highly.</li> <li>Responsiveness is gauged through survey of member agency meetings and member agency Web site users. Survey implemented at eight meetings with member agencies this quarter (with approximately 40 percent response rate). Overall responses were positive on value of the meetings, workgroups and forums; suggestions were made for providing both sides of issues, streamlining presentations, and recycling cans and bottles. Staff received high marks (3-5) in the areas of organizing and facilitating, quality of information provided, and answering questions.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>6 PROVIDE QUALITY MEMBER AGENCY SERVICES</b>		Listen and work with Metropolitan's member agencies to assist in coordination and delivery of common water policy themes and actions to assure that Metropolitan is addressing those issues that are most important to its member agencies.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>Member Agency Service Level Satisfaction Index</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
6.6 Assist the member agencies to obtain funds and legislation in support of the IRP and member agency water management plans.	Obtained funding.	Funding from omnibus federal appropriations bill supports IRP and member agency water management in several areas: <ul style="list-style-type: none"> <li><u>Water conservation</u> – \$1.1 million (\$700,000 for U.S. Bureau of Reclamation (USBR) grants for water conservation management programs, \$200,000 for USBR industrial recirculation project and approximately \$300,000 for investigation of water management reservoirs along All-American Canal);</li> <li><u>Desalination</u> – \$6.5 million for research and development;</li> <li><u>CALFED</u> – \$7.5 million in several categories; and</li> <li><u>Water quality protection</u> – over \$20 million for Colorado River Basin salinity control projects, nearly \$4 million for Moab area clean up, and \$700,000 for perchlorate clean up research and project design.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>7 ENSURE FINANCIAL CLARITY AND INTEGRITY</b>		Assure member agencies, rating agencies, the Legislature and the public that Metropolitan is effectively managing the public's finances through consistent, clear, and timely financial policies and reporting.	<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>• Timely financial reporting = 100%</li> <li>• Financial reporting accuracy = 100%</li> <li>• Significant external audit findings = 0</li> <li>• Actual cost vs. budget ≤ 100%</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
7.1 Provide accurate, timely and transparent standard financial reports to the Board and member agencies.	Financial reports are distributed and positive feedback from Board and member agencies is received.  Favorable audit findings received.  GFOA Award of Excellence received for financial reporting.	<ul style="list-style-type: none"> <li>• All financial statements issued timely.</li> <li>• FY 2003/04 audit completed with no findings.</li> <li>• Received Government Finance Officers Association (GFOA) award for FY 2002/03 annual financial report.</li> </ul>	
7.2 Effectively communicate and manage Metropolitan's budget to meet the Board's policies and objectives.	Annual budget monitored at the team level. Timely variance reports produced on a quarterly basis.	Cost vs. budget information available on time for September, October, and November.	
7.3 Ensure adequate financial controls are utilized.	Annual review of financial reports by the Budget, Finance, and Investment Committee.  No "surprises" as evidenced by having no significant audit exceptions.	<ul style="list-style-type: none"> <li>• Annual report published and distributed to Board.</li> <li>• On target – no exceptions.</li> </ul>	
7.4 Manage organizations to achieve budgets.	Departmental costs equal to or below board-approved budgets.	Total departmental costs are 95 percent of the budget through December.	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>7 ENSURE FINANCIAL CLARITY AND INTEGRITY</b>		Assure member agencies, rating agencies, the Legislature and the public that Metropolitan is effectively managing the public's finances through consistent, clear, and timely financial policies and reporting.	<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>• Timely financial reporting = 100%</li> <li>• Financial reporting accuracy = 100%</li> <li>• Significant external audit findings = 0</li> <li>• Actual cost vs. budget ≤ 100%</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
7.5 Refine budget and reporting processes to improve visibility of costs and improve cost control.	Business planning function is integrated with the annual budget process and performance measures.  GFOA Award of Excellence received for budgeting.	<ul style="list-style-type: none"> <li>▪ Revision of business plans and review of performance measures are integrated within budget process.</li> <li>▪ Received Distinguished Budget Award from the GFOA for 2004/05 budget document.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>8 STRENGTHEN CAPITAL MARKET ACCESS</b>		Ensure that Metropolitan continues to have access to capital markets at cost effective rates.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>• Credit ratings <math>\geq</math> "AA"</li> <li>• Revenue Bond coverage <math>\geq</math> 2.0</li> <li>• Fixed charge coverage <math>\geq</math> 1.2</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
8.1 Continue to fund asset replacements and rehabilitation through revenues as defined in the existing Pay-As-You-Go policy.	Percent of R&R funded within PAYG policy.	Board approved Replacement and Refurbishment funding at \$95 million per year and the establishment of a Repair and Replacement Fund.	
8.2 Update capital financing plans to ensure cost-effective access to capital markets.	Maintained AA long-term bond ratings, or better.	<ul style="list-style-type: none"> <li>• Update to Long Range Finance Plan was approved by Board. Worked with credit rating agencies to answer questions and address issues to maintain credit ratings for \$300M new money issue 2003 Series B3 and B4 revenue bonds.</li> <li>• Upgraded Water Revenue Bonds to AA+.</li> </ul>	
8.3 Ensure that disbursements are made in accordance with Metropolitan's policies.	Disbursements are made as business requirements dictate, within approved policy parameters.	Disbursements made in timely manner in compliance with policy requirements.	
8.4 Manage investor relations to ensure accuracy and integrity.	All transactions completed accurately and within investor community expectations.	<ul style="list-style-type: none"> <li>• Completed without exceptions.</li> <li>• Metropolitan disclosure related to upcoming bond refunding transaction was completed.</li> </ul>	
8.5 Continue to implement financial Asset/Liability Management to manage interest rate risk consistent with board policy.	Net interest rate exposure (impact of change in interest rates on Metropolitan's investment portfolio and variable rate debt program) variability managed within board-approved parameters.	<ul style="list-style-type: none"> <li>• Long Range Finance Plan policy updated.</li> <li>• Net interest exposure managed within board-approved parameters and reported to BF&amp;I on a monthly basis.</li> <li>• Bond refunding transaction was structured to address debt service payment spiking.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>9 INCREASE EFFICIENCY, EFFECTIVENESS, AND PRODUCTIVITY</b>		Improve employee productivity and morale through enhanced communications and process improvements, including application of advanced technologies.	
			<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>• Meet milestones for business services = 100%</li> <li>• Meet milestones for human resources services = 100%</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
9.1 Rollout web-based business services.	Implemented self-service HR modules (such as eRecruit Manager) according to HR Improvement Plan.  Implemented Enterprise Geographic Information System according to plan.  Implemented new version of MAXIMO (computerized maintenance management system).	<ul style="list-style-type: none"> <li>• Completed benefits open enrollment process electronically using new PeopleSoft self-service software. 92 percent of employees used the on-line system to make changes in Benefits options. Eliminated the need for Temporary staffing to support open enrollment. Recruit Workforce module is currently being reconfigured and will be completed by the end of February 2005. Self-service recruitment modules will be rolled out by the end of March 2005. Deferred compensation information was added to assist with 2005 contribution changes. Additional changes to the Benefits Web site will be completed in March 2005.</li> <li>• Completed PeopleSoft self-service upgrade allowing employees to view and update personal information on-line including changes in home address, beneficiaries, 401(k) contribution and W-4 status. Also rolled out ePay and eComp, on-line system allowing staff to view paycheck and salary history.</li> <li>• Successfully implemented electronic self-service Benefits Open Enrollment process using new PeopleSoft functionality. This eliminated the need for temporary HR labor that had been historically required to support this effort.</li> <li>• Implemented three web-based, self-service “quick map” applications to support the general mapping needs of Water System Operations, Engineering, and External Affairs. QuickMaps are simple but powerful interactive maps that are customized to meet specific mapping needs within MWD's business units.</li> <li>• Completed upgrade of the maintenance management software.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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<b>9 INCREASE EFFICIENCY, EFFECTIVENESS, AND PRODUCTIVITY</b>		Improve employee productivity and morale through enhanced communications and process improvements, including application of advanced technologies.	
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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
9.2 Improve efficiency of human resources services, and enhance person-to-person quality customer service responsiveness.	Completed recruitments within 90 days.  Provided effective feedback for internal candidates to recruitment process.  Completed job audits within 12 months, in accordance with the MOUs.  Responded to grievances within time requirements specified in the MOUs for bargaining units.	<ul style="list-style-type: none"> <li>• 58 recruitments completed year-to-date.</li> <li>• Providing feedback on application package, performance in interview, and applicable testing to all internal candidates upon request.</li> <li>• 67 job audits for the year-to-date were completed.</li> <li>• 98 percent of grievances filed year-to-date were responded to within the MOU timeframes.</li> </ul>	
9.3 Continue to implement business improvements to increase organizational efficiency.	Updated Administrative Code and operating policies and procedures related to procurement and contracting processes, purchasing, reimbursements, use/operation of Metropolitan assets, human resources, and ethics to increase efficiency and effectiveness.  Recommendations for warehouse and procurement improvements developed and implemented.	<u>Contracting</u> <ul style="list-style-type: none"> <li>• Completed full implementation of e-bid to allow on-line advertising of RFPs and RFBs and electronic submission of associated bids. Benefits of the new system: (1) Vendors can now self-register onto the MWD bidders' list. The self-registration allows them to be automatically notified when a solicitation in their area of interest is posted. (2) Bid results are automatically posted on Bid Net. (3) Bid results are automatically tabulated by Bid Net to identify apparent low bidders. (4) The elimination of the need to advertise in external publications and mail out hardcopy RFBs is expected to save several thousand dollars a month. (5) Increased competition through Bid Net has the potential to generate savings in the cost of commodities and services.</li> </ul>	



# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
		<ul style="list-style-type: none"> <li>• Completed on-line catalog of surplus furniture, office equipment, and other materials for efficient redeployment.</li> <li>• Completed District “Contracting Procedures Manual” and updated operating policy G-05, “Procurement of Goods and Services”.</li> <li>• Completed recommendations for warehouse improvements, developed project plan and timeline, and wrote drafts of five key warehouse procedures.</li> <li>• Implemented inventory management expediting program. Now storekeepers have a single point of contact for outstanding inventory orders.</li> </ul> <p><u>Operating Policies and Procedures</u></p> <ul style="list-style-type: none"> <li>• Completed review of District Operating Policies and finalized revision of a number of key policies, e.g., A-01 Policy Documentation Authority; A-02 Delegation of Command, Authority and Responsibility; B-11 Use and Retention of Electronic Mail; C-03 Reimbursable Expenses; C-04 Business Travel; C-07 Time Recording; C-15 District-Funded Sponsorship Requests; C-21 Accounting and Administration of Federally-Funded Grants; E-01 Security and Protection of Infrastructure; H-03 Ethics; and H-10 Recruitment.</li> <li>• Issued new Gasoline Credit Card Procedures.</li> </ul> <p><u>Fleet:</u> Revised Pool Fleet car checkout procedure to improve management of District fleet. New procedure eliminated the need to lease vehicles for peak use days at the Union Station facility. Assessment of current fleet management operations and associated recommendations are in progress.</p>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
		<u>Telecommunications:</u> <ul style="list-style-type: none"> <li>• Continued implementing recommendations resulting from the Telecommunications Cost Review that are projected to save \$279K the first year and \$415K annually thereafter. As a result of the review, MWD is now piggybacking onto CALNET, a state umbrella contract that allows utilities like MWD, to realize better pricing over regular tariff-based phone company charges.</li> <li>• Switched to “pooled minutes” system for cell-phones with estimated annual savings of \$110K when fully implemented.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
9.4 Implement the Information Technology Strategic Plan.	<p>Prioritized ITSP initiatives implemented according to approved plans and budget.</p> <p>Met IT strategy goals per IT Guidance Committee recommendations.</p>	<p><u>Project Accounting/Grants Management</u></p> <ul style="list-style-type: none"> <li>• Completed analysis phase of the project. This application will give project and grant managers improved visibility over charges and credits that impact their programs and allow them to proactively monitor both actual and committed costs. Currently, Grant Managers use stand-alone tools to track and report grant information. The implementation of Oracle Project Accounting and Grant Management is the foundation for creating a single, integrated corporate reporting system that will provide staff with the timely information required to successfully manage their projects.</li> </ul> <p><u>Email Upgrade</u></p> <ul style="list-style-type: none"> <li>• Completed software upgrade to Outlook 2003. The upgrade is vendor supported unlike the former version of Outlook that was at the end of its life cycle and the new version meets the District's business disaster recovery requirements. This implementation will allow a dramatic reduction in the number of servers required from 14 to 4.</li> </ul> <p><u>Electronic Document Management System Upgrade</u></p> <ul style="list-style-type: none"> <li>• Completed upgrade of 12-year-old DOS-based Cuadra Star records management database used to track all Metropolitan off-site storage, engineering drawings, legal citations affecting records at MWD, and items in the District's reference and research center.</li> </ul> <p><u>Information Technology Strategic Plan</u></p> <ul style="list-style-type: none"> <li>• The status of the ITSP was reported to the Asset, Real Estate and Infrastructure Policy Committee of the Board in November 2004.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>								
<b>10 EFFECTIVELY MANAGE AND PROTECT ASSETS</b>		Maintain and improve all of Metropolitan's real property assets and facilities in a condition needed to support future demands, operational challenges, and business needs.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>O&amp;M costs managed within budget</li> </ul>								
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>									
10.1 Manage support of public recreational facilities while effectively protecting water quality.	<p>High quality recreational experience delivered within budget.</p> <p>No adverse impact on water quality.</p>	<p>During the months of October through December, the DVL marina usage was:</p> <table style="margin-left: 40px;"> <tr> <td>Parking/Entrance</td> <td style="text-align: right;">3,899</td> </tr> <tr> <td>Private Boat Launches</td> <td style="text-align: right;">1,494</td> </tr> <tr> <td>Boat Rentals</td> <td style="text-align: right;">720</td> </tr> <tr> <td>Fishing Access Permits</td> <td style="text-align: right;">8,999</td> </tr> </table> <ul style="list-style-type: none"> <li>The generated income for the three months totaled \$131,701, which includes fees collected from the marina usage and store sales. Expenses, including fish plant costs, totaled \$254,570. These expenses do not include O&amp;M costs.</li> <li>A total of 12,000 pounds of trout were planted in the lake.</li> <li>Positive news media coverage about fishing, the visitor center exhibit, and construction activities were highlighted in local and county newspapers and on the ESPN Web site.</li> <li>Continue to meet regularly with the city of Hemet.</li> </ul>		Parking/Entrance	3,899	Private Boat Launches	1,494	Boat Rentals	720	Fishing Access Permits	8,999
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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
10.2 Implement DVL recreation master plan.	<p>Continued design and construction of various elements within the East Recreation Area, East Marina and Trails Program.</p> <p>Develop and implement a DVL-area business plan while accounting for regular operational phases of the lake.</p> <p>Development of CEQA documentation to support the approved master plan for East Recreation Area and McSweeny Ranch Property east of Metropolitan's DVL.</p>	<ul style="list-style-type: none"> <li>Construction was awarded for extension of the East Marina Boat Ramp. In the month of November, Metropolitan directed the contractor to reduce the scope of work by approximately 50 percent because of the availability of additional water for storage. Through December, as the lake elevations began to rise, the contractor was able to place the width of six traffic lanes on the west side of the boat ramp, a length of approximately 474 feet; and on the east side of the ramp, the width of five traffic lanes, a length of approximately 555 feet. The contractor began storage of the unused material, and demobilizing equipment from the jobsite.</li> <li>Design was completed for the Valley-Wide Site Grading and the Searl Parkway Improvements Phase I Projects were concluded and awarded a construction contract by December.</li> <li>Field investigations of the Diamond Valley Lakeshore Trail and the Diamond Valley Lake/Lake Skinner Trail were conducted to develop recommendations for the above-mentioned trails. A consultant's report is expected next quarter.</li> <li>An RFP for the East Recreation Lake design was advertised on Metropolitan's Web site and responses are due next quarter.</li> <li>The Department of Health Services (DHS) granted Metropolitan approval to add up to 50 dry boat storage spaces in the marina area.</li> <li>Surplus properties have been identified and an RFQ will be developed for expertise regarding potential development options and entitlements.</li> <li>An RFQ was developed to solicit services from an environmental firm to address the need to initiate CEQA documentation for the master plan and advertisement is planned during the next quarter.</li> <li>Initiated regular progress updates to national, state, and local elected officials interested in the recreation program. Provided on-site inspection for staff of key state legislative committees and administrative agencies.</li> </ul>	

# Chief Executive Officer's Business Plan – Fiscal Year 2004/05

## Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
10.3 Review real property assets for appropriate use.	Managed Metropolitan's assets for operational requirements (coordinate the management and utilization of our real properties to serve our requirements and to realize other available benefits.)	<ul style="list-style-type: none"> <li>Board action was taken regarding the surplus of Ormond Beach property.</li> <li>Completed disposition strategy for Arrow Highway.</li> <li>Implemented standardized Procedures to Request Use of District-Owned Lands and a new Property Use Request Information/Tracing Sheet that are consistent with the Surplus Property Disposition Plan.</li> <li>Continued to manage 254 active parcel leases.</li> <li>Completed an appraisal and recommended disposition options for the Arroyo Seco property.</li> </ul>	
10.4 Enhance safety and security of employees, the public and Metropolitan's infrastructure.	<p>Timely and adequate response to any crisis events.</p> <p>Complete critical milestones according to the CIP schedule and budget.</p> <p>Investigated and incorporated those technologies that provide most cost-effective and threat reducing benefits to Metropolitan with public safety and security represented at all levels.</p>	<ul style="list-style-type: none"> <li>Completed site security visits to all critical infrastructure components identified in the vulnerability assessment Metropolitan submitted to EPA. Maintained uniform progress with JCI to stay within schedule and budget for electronic security enhancements at all those sites.</li> <li>Began installation of equipment to link the security controls between Weymouth and Eagle Rock.</li> <li>Started pilot test for the feasibility of integrating the security systems District-wide.</li> <li>Completed factory acceptance test for the proposed new security system.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
10.5 Manage an effective Emergency Management Program	<p>Updated emergency management program in response to the internal audit and the Business Impact Analysis, including emergency response and business continuity plans.</p> <p>Completion of the Business Systems &amp; Data Recovery Project according to schedule and budget.</p>	<p>Continued to make progress in collaborative efforts within and beyond WSO. Recruited and filled unexpected vacancy for Emergency Response Manager within WSO. Participated in recruitment and selection of candidate to replace Business Systems Data Recovery Manager, another unanticipated vacancy.</p> <p>(See also 2.11.2 regarding the updated Emergency Response Organization (ERO) efforts.)</p>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>11 IMPROVE THE QUALITY OF THE WORK ENVIRONMENT</b>		Provide the workforce with the training and tools necessary to improve processes and services to member agencies and other customers.	<b>STRATEGIC MEASURE WITH TARGET</b> <ul style="list-style-type: none"> <li>• Maintain competitive workforce compensation</li> <li>• Labor and employment goals achieved = 100%</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
11.1 Support the Labor Management Committee (LMC) to promote and strengthen Metropolitan's mission.	Improved work environment through resolving workforce issues.	Discussions continued in the LMC on Staffing Plans, Capital Projects, Attrition Rates, and Classification/Compensation studies.	
11.2 Conduct classification/compensation studies.	Implemented MAPA study recommendations.  Completed Association of Confidential Employees and Supervisors' Association studies.  Conducted initial phases of ASFCME Local 1902's study.	<ul style="list-style-type: none"> <li>• Finalized and submitted 188 job descriptions for 77 classifications. To date, 46 job descriptions have been approved by MAPA.</li> <li>• Classification and compensation study completed for all ACE employees by December 04. Implementation scheduled for March 2005.</li> <li>• RFP for consultants to conduct the study for Supervisors' Association has been posted and submittals are being evaluated.</li> <li>• In the process of preparing job descriptions and finalizing classification specifications for O&amp;M Tech series, in collaboration with AFSCME 1902.</li> </ul>	



## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
11.3 Promote equal employment opportunities.	<p>Prepared an updated EEO Plan, in cooperation with employee associations, to effectively meet organizational objectives.</p> <p>Prepare annual AAP that is compliant with all legal and business requirements.</p> <p>100 percent of employees complete mandatory Sexual Harassment Prevention Training.</p>	<ul style="list-style-type: none"> <li>• Efforts are ongoing in working with employee associations to revise/update EEO Plan.</li> <li>• Affirmative Action Plan (AAP) has been finalized and CEO has signed summary AAP.</li> <li>• Procedures have been developed for EEO participation in the recruitment process and are currently under review by employee associations, Executive Management, and Bargaining Units for input. Partnering with Business Outreach to identify additional recruitment sources and implement recruitment outreach activities that will attract qualified women and minorities.</li> <li>• Completion rate is 80 percent year-to-date for the Sexual Harassment Prevention training. New mandatory Workplace Harassment Prevention course is being developed for employee participation.</li> </ul>	
11.4 Improve administration of HR policies.	<p>Prepared documentation of key HR policies and procedures.</p> <ol style="list-style-type: none"> <li>1. Recruitment/Staffing</li> <li>2. Classification/Pay Administration</li> <li>3. Tuition Reimbursement</li> <li>4. Performance Evaluations</li> </ol>	<ul style="list-style-type: none"> <li>• New Recruitment Operating Policy (H-10) finalized. Procedures are being reviewed by the Bargaining Units.</li> <li>• Other policies are being reviewed and appropriately revised to ensure consistency and compliance with Administrative Code and applicable MOUs. To date, the following policies have cleared the bargaining unit review process: Disability Management (E-11), Rehiring Retired MWD employees (H-02), Violence in the Workplace (H-04), Affirmative Action/EEO (H-07), Training (J-01), and Jury Duty (J-07)</li> <li>• Employee Relations Manual was distributed to all managers and mandatory training session began on December 7, 2004.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
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<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
11.5 Provide employees with avenues for understanding Metropolitan's mission, planning and operations.	Employee evaluations received of employee inspections trips, Lunch Money Series, the People Interactive magazine, and the ethics hotline.	<ul style="list-style-type: none"> <li>• Staff conducted two Employee Inspection Trips and received an overall guest approval assessment of 85 percent "to a great extent" level of satisfaction.</li> <li>• Published and distributed to employees two on-line and one printed <i>People Interactive</i>.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>12 ENHANCE CULTURE OF SAFETY AND WELLNESS</b>		Emphasize safe work practices that ensure the health and safety of the workforce.	
			<b>STRATEGIC MEASURE WITH TARGET</b>
			<ul style="list-style-type: none"> <li>• DART incident (days away, restricted, and transferred) ≤ 5.9</li> <li>• Injury Illness Rate &lt; 8.56</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
12.1 Continue to implement HSE audit recommendations in a timely manner.	Outstanding HSE audit findings addressed and closed.	Staff responded to the General Auditor's recommendations on the HSE programs. 100 percent of the open HSE audit findings were closed. Staff is developing a 2005 Audit Program Plan consistent with the General Auditor's recommendations.	
12.2 Continue to implement training on safe work practices to promote safety at all Metropolitan sites.	All Cal OSHA regulations related to work place health and safety met.  Delivered all training identified as related to workplace health and safety.	<ul style="list-style-type: none"> <li>• All Cal OSHA regulations and requirements were met.</li> <li>• Year-to-date, 83 percent of employees attended mandated Safety training during the current fiscal year. Updated the high rise safety video and safety manual for Union Station. Provided annual mandatory High Rise Safety training to Union Station facility occupants and conducted the annual evacuation exercise in December 2004.</li> </ul>	
12.3 Efficiently manage liability and property claims program and risk assessment process.	Risk management programs are completed within expected timelines.	All risk assessments, settlement offers for property claims, and workers' compensation claims managed within performance targets.	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
<b>13 ENHANCE WORKFORCE COMPETENCIES</b>		Provide training, tools, and career development opportunities to continually improve workforce skills and competencies.	<p style="text-align: center;"><b>STRATEGIC MEASURE WITH TARGET</b></p> <ul style="list-style-type: none"> <li>• Meet milestones for employee evaluations and training = 100%</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
13.1 Provide ongoing, effective feedback and complete performance evaluations in a timely manner.	<p>All evaluations completed on time with quality control audits by HR as necessary.</p> <p>Implemented new performance evaluation form to improve performance management of individual employees and teams.</p> <p>Continued performance management training of all managers.</p>	<ul style="list-style-type: none"> <li>• Monthly monitoring by HR and reports distributed to all managers to track completion. 98.7 percent of evaluations completed on time year-to-date at the end of the second quarter.</li> <li>• Performance Management training developed for managers on how to conduct performance discussions during annual evaluations as well as throughout the year. Program will be offered during Q3 and integrated into the STAR new manager program.</li> </ul>	

## Chief Executive Officer's Business Plan – Fiscal Year 2004/05 Second Quarter Detail Report

<i>Customer</i>	<i>Financial</i>	<i>Business Processes</i>	<i>Learning and Growth</i>
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			<ul style="list-style-type: none"> <li>• Meet milestones for employee evaluations and training = 100%</li> </ul>
<i>Initiative</i>	<i>Success Measure</i>	<i>Second Quarter Status</i>	
13.2 Provide employees with the increased training required for them to effectively perform their job functions and support the implementation of Metropolitan's objectives.	<p>Enhance and expand the apprenticeship program as planned.</p> <p>100 percent of employees completed mandated training.</p> <p>Provided appropriate technical training.</p>	<ul style="list-style-type: none"> <li>• 17 of the 21 new apprentice candidates entered Metropolitan's Apprenticeship Program this quarter. The third training period was completed for the current apprentice class of 13 employees.</li> <li>• 86 percent of employees completed mandated training year-to-date. Implemented proactive notification of upcoming re-training requirements for mandatory safety and technical training classes.</li> <li>• 97 courses were delivered in Technical and Safety topics, including new classes in High Voltage Electrical Switching and Hydroelectric power plant operations.</li> <li>• Deployed new on-line QuickClips training via the IntraMet to support the Electronic Document Management System (EDMS), Enterprise Geographic Information System (EGIS), Email Retention, and Outlook 2003 upgrades. Deployed on-line certified Defensive Driver class to expand training delivery alternatives for customers.</li> <li>• Reviewing curriculum and alternate delivery methodologies for streamlining Contract Administration Academy and EEO/Workplace Harassment classes. On-line employee development tips to reinforce curriculum content will be made available on the IntraMet in Q3.</li> </ul>	
13.3 Improve new employee transition into the organization.	Re-instituted new employee orientation program.	Proposal to re-institute new employee orientation program with various options are being developed for review by Executive Management for implementation during Q4.	