

- **Board of Directors**

June 13, 2006 Board Meeting

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**Subject**

Approve General Manager's Business Plan for FY 2006/07

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**Description**

Metropolitan's mission is to provide its service area with adequate and reliable supplies of high quality water to meet present and future needs in an environmentally and economically responsible way. The General Manager's Business Plan and annual budget set the course of activities at Metropolitan to achieve Metropolitan's mission and the Board's policy objectives. The FY 2006/07 General Manager's Business Plan (Attachment 1) provides a reference for Metropolitan's Board of Directors, member agencies and staff regarding the strategies and initiatives that will be implemented over the next fiscal year. The budget documents the resources required to support the initiatives listed in the Business Plan.

The FY 2006/07 General Manager's Business Plan is focused on positioning Metropolitan for the future. The Business Plan establishes key initiatives and actions that will allow Metropolitan to effectively address the emerging trends affecting Metropolitan's working partnerships with member agencies and outside water interests, water supply and system reliability, workforce, and financial management and to determine how Metropolitan should conduct business in the future. The primary goals of the Business Plan are:

- **Partnerships/Working Relationships.** Strengthen Metropolitan's outreach and communications in legislative, media and public forums and establish a professional "network" to support Metropolitan's policies and business needs. This goal calls for the promotion of strong working relationships between the Board, member agencies and staff to effectively communicate and represent the region in local and statewide initiatives. In addition, Metropolitan's active participation in key technical and professional associations can help to ensure that Metropolitan's position is well represented in technical and regulatory arenas.
- **Water Supply and System Reliability.** Continue to provide a high degree of water supply and system reliability. Under this goal, Metropolitan would take a "total water management" approach to water supply and system reliability by integrating resources management, infrastructure development, system operations, treatment, environmental sustainability, and public policy decisions to determine the most cost-effective and reliable way to provide water for the region over the long-term future. Based on this total water management approach, Metropolitan can secure resources and assets required to meet its mission for the next 50 years and maximize the value and use of existing supplies, facilities and properties. Managing our source water, including Lake Mead storage, supporting the development of the Seven Basin states plan on the Colorado River and evaluating alternatives for Bay-Delta infrastructure improvements will be a focus of the coming year. The completion of the Integrated Area Studies will help establish the level of service provided to member agencies, as well as identify the Metropolitan infrastructure investments that are necessary. System Reliability is a priority; initiatives focusing on reliability include effective system maintenance with 18 scheduled shutdowns, implementing the \$561 million Capital Investment Plan (CIP) and the Treatment Plants Reliability Programs.
- **Workforce and Asset Management.** Strive to be the "best-in-class" in operations, business functions, and workforce management. Throughout the nation, businesses are facing major changes in workforce and business needs. Operating and conducting business in the most efficient and innovative manner is even more critical to maintaining performance excellence and demonstrating accountability under these new challenges. An audit of human resource services was conducted in 2005/06. The implementation of an action plan developed to address issues from the audit will be a priority over the next fiscal year. The Business Plan calls

for a comprehensive evaluation and structuring of workforce/workplace programs and business process benchmarking, establishing specific performance goals to fully meet the business and service needs of Metropolitan. Specific emphasis will be placed on streamlining the recruitment process, completing classification and compensation studies with the Association of Confidential Employees and the Supervisors Association, and initiating the classification and compensation study with the American Federation of State, County and Municipal Employees, Local 1902, which is estimated to be a two-year project.

- **Financial Management.** The hallmark of Metropolitan's success in securing water supplies and putting in place critical delivery facilities in anticipation of future demand is its strong financial standing. Metropolitan is one of the highest rated public agencies in the water industry, with AA+ ratings from Standard & Poor's and Fitch Ratings. It is important that Metropolitan continue to operate within its means and in alignment with the economic circumstances of its member agencies. Metropolitan will continue to manage its business and operations in accordance with the Board's policy objectives in the Long-Range Finance Plan and annual budget. As such, the Business Plan emphasizes prioritizing expenditures to maintain and operate existing facilities, provide critical resources under the Integrated Resources Plan, and proceed with future infrastructure improvements under the CIP. Capital investments and operating and maintenance expenditures are a necessary part of doing business now and into the future.

In order to meet these goals, the Business Plan establishes the following strategic priorities:

**Investment in infrastructure** — Evaluate Metropolitan's future needs and make investments in new facilities and repair, replace and rehabilitate existing facilities to ensure a reliable system is in place to deliver water in the future. Manage the CIP to ensure that projects are completed on time and within budget. The 2006/07 capital expenditure plan includes \$561 million of work on 340 projects that will improve and expand Metropolitan's delivery and treatment systems.

**Investment in the workforce** — Evaluate Metropolitan's future workforce needs and evaluate the current processes to ensure that the most efficient methods for training, recruiting, retaining and managing employees are in place. Compare our current methods with those of other highly regarded water and energy utilities.

**Integrated Area Studies** — Complete the Integrated Area Studies, working with the member agencies to identify cost-effective strategies for meeting future demands and delivering supplies to meet member agency needs.

**Source water quality and treatment** — Develop long-term strategies to manage source water quality improvements for the Colorado River and Bay-Delta and invest in water treatment to meet anticipated regulations.

**Management of Colorado River supplies** — Implement the Lake Mead Intentionally Created Surplus Demonstration Program by storing 50,000 acre-feet in 2006 and up to 200,000 acre-feet in 2007. Work with the other California water agencies and Seven Basin states to advance the Seven Basin states recommendation for future operation of the Colorado River with the U.S. Department of the Interior.

**Bay-Delta alternatives** — Analyze the engineering and operations impacts of each of the alternatives for the Bay-Delta to determine the alternative(s) that best meet Metropolitan's future needs. Determine those solution(s) for which Metropolitan should advocate and establish appropriate funding mechanisms for investments in long-term solution(s).

**Real property management** — Establish a strategic plan and governing policies for the management of real estate, including land surrounding Lake Mathews, Lake Skinner and Diamond Valley Lake. Evaluate requirements for future development and feasibility of purchasing right-of-way and other properties to meet future needs.

**Emergency preparedness** — Continuously improve, upgrade and test response plans to ensure continuing operations and readiness in case of emergencies. The plan includes site-by-site analysis, scenarios and tabletop exercises for use in coordination with member agencies and local officials.

**Power resource management** — Establish a strategic plan for the efficient management of power resources to manage costs and ensure reliability. Develop a long-term risk management plan for SWP and CRA.

**Asset and liability management** — Continue to manage our assets and liabilities to ensure the highest rate of return on investments and the lowest cost and/or risk on liabilities. Evaluate opportunities to utilize assets (including real property) to maximize return on investments.

**Benchmarking** — Compare Metropolitan's current operations to best-in-class benchmarks for utilities to validate current practices or determine opportunities for change. Identify innovations that can be adopted by Metropolitan to improve performance. Conduct study of best in class in key disciplines including engineering, operations, procurement and information technology.

**Water recycling** — Continue to work with member agencies and regulatory agencies and provide additional support for member agencies to develop and implement water recycling projects, including supporting legislative and regulatory changes as required.

A draft of the FY 2006/07 General Manager's Business Plan was distributed and discussed at the Budget Workshop held on May 23, 2006. Comments received following that meeting have been incorporated into the attached Business Plan.

## **Policy**

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Metropolitan Water District Administrative Code Section 6416: Annual Report of Executive Committee

### **California Environmental Quality Act (CEQA)**

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CEQA determination for Options #1 and #2:

The proposed actions are not defined as projects under CEQA (Section 15378(b) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed actions in question may have a significant effect on the environment, the proposed actions are not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed actions are not subject to CEQA pursuant to Sections 15378(b) and 15061(b)(3) of the State CEQA Guidelines.

## **Board Options**

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### **Option #1**

Adopt the CEQA determination and approve the General Manager's FY 2006/07 Business Plan.

### **Option #2**

Adopt the CEQA determination and redirect the General Manager's Business Plan to accomplish alternative policy goals.

**Staff Recommendation**

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Option #1



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Jeffrey Kightlinger  
General Manager

6/7/2006  
Date

**Attachment 1 – General Manager’s Fiscal Year 2006/07 Business Plan**

BLA # 4539



# General Manager's Business Plan

## Fiscal Year 2006/07

### Overall Leadership and Management

Carry out the mission of Metropolitan Water District

*Provide our customers with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.*

#### Partnerships/ Working Relationships

##### Board of Directors, Member Agencies and Business/Community Partners

Foster teamwork between the Board of Directors, member agencies, business and community partners and Metropolitan's workforce

- **Business of the Board of Directors**
  - Support legislative outreach efforts by Directors
  - Conduct inspection trips
  - Coordinate special events
  - Provide technical and administrative support
- **Board of Directors and Member Agencies**
  - Coordinate activities
    - Conservation, local projects, desalination and watershed management
    - Infrastructure improvements
    - Communications
  - Develop effective water policy principles
    - Legislative
    - Regulatory agencies
- **Community and Business Partners**

Develop and maintain effective working relationships with other public entities and water agencies to gain mutual and regional benefits

  - Business and Community Partners
  - Media
  - Educators
- **Technical and Professional Associations**

Participate in key technical and professional associations to ensure that Metropolitan's position is well represented in technical and regulatory arenas.

#### Water Supply and System Reliability

##### Water Supply

- Acquire sufficient water supply and demand management resources to satisfy dry year demands through 2025
  - Integrated Area Studies
  - Local resource development (groundwater, recycling and desalination)
  - Conservation strategies
  - Colorado River
  - CALFED/Bay-Delta
  - Water Transfers

##### System Reliability

- Meet all scheduled water deliveries
- Complete Integrated Area Studies
- Complete system maintenance and infrastructure replacement
- Complete Control system enhancements
- Continuously improve emergency preparedness

##### Capital Investment Plan

- Implement Capital Investment Plan according to board-approved schedule and budget
  - Inland Feeder
  - Oxidation Retrofit Program
  - Skinner Treatment Plant Expansion and Improvements
  - Perris Valley Pipeline
  - Chlorine Containment
  - Treatment Plant Reliability Program

##### Water Quality

- Develop long-term strategies to manage source water quality improvements

#### Workforce and Asset Management

##### Competent and Effective Workforce

- Improve recruitment process
- Complete classification/compensation studies with the Association of Confidential Employees and the Supervisors' Association
- Initiate classification/compensation study with AFSCME Local 1902
- Invest to improve skills and competencies for the future workforce
  - Apprenticeship Program
  - Internship Program
  - Employee/Management Development Program
- Promote equal employment opportunities

##### Real Property and Asset Management

- Develop and refine strategies for real property acquisition, development and management
- Manage leases and right-of-ways
- Manage exiting public recreation facilities
- Implement DVL Recreation Master Plan
- Manage existing public recreation facilities at Diamond Valley Lake and Lake Skinner
- Enhance safety and security of employees and infrastructure
- Implement Information Technology Strategic Plan

##### Business Processes

- Business improvements and organizational efficiency
  - Warehouse improvements
  - Fleet management improvements
- Compare Metropolitan's current operations to best-in-class benchmarks
  - Engineering
  - Procurement and technical documentation
  - Information technology
  - Maintenance management

#### Financial Management

##### Financial Clarity and Integrity

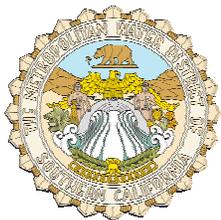
- Record and report the financial activities of Metropolitan in a timely and transparent manner
- Manage and communicate results of Metropolitan's budget to meet the Board's policies and objectives
- Ensure adequate financial controls are utilized
- Prepare 2007/08 Budget

##### Capital Market

- Use Asset/Liability management to reduce interest rate risk and capital costs
- Update capital financing plans
- Manage investor relations to ensure clear communications, accuracy of information and integrity

##### Water Rates

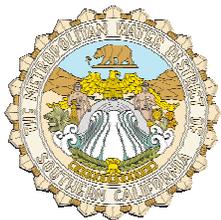
- Manage water rates and charges consistent with Long Range Finance Plan



## General Manager's Business Plan Fiscal Year 2006/07

### Partnerships and Working Relationships

1 BOARD OF DIRECTORS	Provide support to the Board of Directors in conducting the business of the Board including the coordination of a variety of administrative functions for the Board of Directors and related committees, Metropolitan staff, member agencies and the general public.	PERFORMANCE MEASURE
<b>Initiative</b>	<b>Actions</b>	<ul style="list-style-type: none"> <li>▪ Satisfaction of the Board of Directors</li> <li>▪ Information distributed in a timely manner</li> <li>▪ Coordination of committee and board meetings</li> </ul>
a. Support the business of the Board of Directors.	<ol style="list-style-type: none"> <li>1. Provide timely and thorough information to the Board.</li> <li>2. Respond to direction and policies established by the Board.</li> <li>3. Provide administrative support for the Board.</li> <li>4. Maintain sound working relationships with the Board and its committees.</li> <li>5. Strengthen relationships between the Board, management and staff.</li> <li>6. Coordinate special events.</li> </ol>	
b. Support legislative and community outreach.	<ol style="list-style-type: none"> <li>1. Support the Board of Directors in direct outreach to local, regional, state and federal legislators, for Colorado River, Bay-Delta, Lake Perris, water management, emergency preparedness, etc.</li> <li>2. Support Board members' interaction with elected officials and business/community leaders via special forums, briefings, ceremonial events, etc.</li> </ol>	
c. Conduct inspection trips.	<ol style="list-style-type: none"> <li>1. Conduct board-sponsored inspection trips.</li> </ol>	
d. Provide technical support.	<ol style="list-style-type: none"> <li>1. Utilize current technologies and appropriate media to effectively communicate with the Board.</li> <li>2. Respond to and support technical needs of the Board of Directors.</li> </ol>	



## General Manager's Business Plan Fiscal Year 2006/07

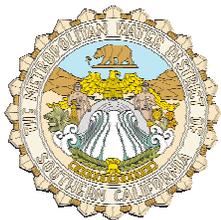
### 2 MEMBER AGENCIES

Communicate 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.

### PERFORMANCE MEASURE

- Member agency service satisfaction index  $\geq 4$  on a scale of 1-5

<i>Initiative</i>	<i>Actions</i>
<p>a. Continue to coordinate with member agencies on key resource development topics, including water quality and reliability, regional supplies, rates and charges, conservation, seawater desalination, SWP, Bay-Delta, and the Colorado River.</p>	<ol style="list-style-type: none"> <li>1. Provide effective and timely communication to Member Agency Managers on key developments related to Bay-Delta/SWP and Colorado River supply management.</li> <li>2. Facilitate Member Agency Manager's meetings or alternative processes resulting in input from member agencies on all significant issues.</li> <li>3. Work with member agencies on conservation, local projects, seawater desalination, and watershed management; obtain input on program implementation.</li> <li>4. Partner with member agencies in expediting critical infrastructure improvements, including Perris Valley Pipeline, Second Lower Feeder Extension, and Rialto Pipeline upgrades.</li> </ol>
<p>b. Coordinate system operations and construction of facility improvements to ensure reliable water service.</p>	<ol style="list-style-type: none"> <li>1. Develop and produce annual shutdown schedule in partnership with the member agencies for maintenance and CIP projects.</li> <li>2. Participate jointly with member agencies in the Integrated Area Studies to identify alternative strategies for meeting future demands and delivering IRP supplies.</li> <li>3. Continue to coordinate system operations with member agencies to maintain reliable deliveries at all times.</li> <li>4. Work with member agencies on media communications and community outreach.</li> </ol>
<p>c. Communicate with member agencies and the public through effective response mechanisms with timely information.</p>	<ol style="list-style-type: none"> <li>1. Conduct timely and effective meetings for Member Agency Managers, Water Quality Coordinators, Legislative Coordinators, Conservation Coordinators, Education Coordinators Desalination Workgroup, Information Technology, and other special workgroups.</li> <li>2. Provide information in a timely manner using appropriate mechanisms including the member agency Web site.</li> </ol>
<p>d. Maintain an emergency response plan focused on minimizing adverse impacts to member agencies in the event of any emergency.</p>	<ol style="list-style-type: none"> <li>1. Review and update Metropolitan's Emergency Response Plan to facilitate an all-hazards approach to emergencies so as to minimize adverse impacts to member agencies.</li> <li>2. Develop and test protocol for timely communication of events affecting member agencies.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

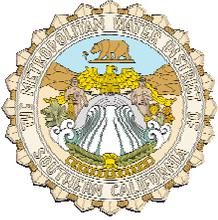
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### PERFORMANCE MEASURE

- Member agency service satisfaction index  $\geq 4$  on a scale of 1-5

<i>Initiative</i>	<i>Actions</i>
e. Work with member agencies on emerging source water quality and drinking water treatment strategies.	<ol style="list-style-type: none"> <li>Determine appropriate bromate control strategies for ozonated plants.</li> <li>Review progress on perchlorate, chromium 6, and uranium control in Colorado River water.</li> <li>Coordinate start-up of fluoridation.</li> </ol>
f. Respond to member agency requests.	<ol style="list-style-type: none"> <li>Assess timeliness and quality of responses through tracking tools.</li> </ol>
g. Work with member agencies to promote legislation and acquire funding for projects and programs in support of the IRP.	<ol style="list-style-type: none"> <li>Obtain funding for feasible projects and programs in support of the IRP.</li> <li>Coordinate legislative strategy to promote Metropolitan's federal and state policy initiatives.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

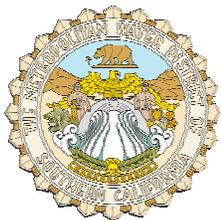
### 3 LEGISLATIVE AFFAIRS

Provide leadership and proactively address local, state, and national issues to ensure policy changes are positive and coordinated with member agencies.

### PERFORMANCE MEASURE

- Objectives met at public policy forums
- External funding appropriated = 100%
- Policy support ratio  $\geq$  60 percent

<i>Initiative</i>	<i>Actions</i>
a. Manage local, state, and federal legislative programs and relationships.	<ol style="list-style-type: none"> <li>1. Conduct issue-based presentations and site visits for briefing of legislators and stakeholders.</li> <li>2. Develop effective relationships with newly elected officials at the local, state and federal levels.</li> <li>3. Complete and file with the Legislature the annual progress report of Metropolitan's achievements in conservation, recycling and groundwater recharge (SB 60 report).</li> </ol>
b. Promote state and federal water policy and legislative actions consistent with board-adopted policies.	<ol style="list-style-type: none"> <li>1. Secure support of stakeholders and legislators for Metropolitan positions on issues of high importance (e.g., Lake Perris, Colorado River, Bay-Delta, and DVL recreation.)</li> </ol>
c. Promote efficient business practices.	<ol style="list-style-type: none"> <li>1. Evaluate legislative proposals.</li> <li>2. Inform legislators and stakeholders about effects of legislative proposals on Metropolitan's business.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

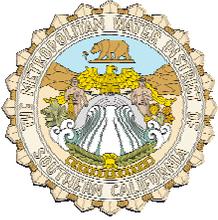
### 4 BUSINESS PARTNERS

Develop and maintain effective working relationships with other public entities, water agencies, business and community partners and the media to advance Metropolitan's mission.

### PERFORMANCE MEASURE

- Media value achieved  $\geq$  \$2 million

<i>Initiative</i>	<i>Actions</i>
<p>a. Develop and maintain effective working relationships with other public entities and water agencies to gain mutual and regional benefits.</p>	<ol style="list-style-type: none"> <li>1. Partner with other public agencies and private entities to maintain emergency preparedness and response capabilities for the service area.</li> <li>2. Continue construction contractors' forum to develop contractual and procurement approaches to competitive costs.</li> <li>3. Maintain close working relationships with other water agencies within California and other states to ensure that strategic initiatives, such as the Colorado River Quantification Settlement Agreement and Bay-Delta program, are implemented to provide mutual benefits.</li> <li>4. Maintain close working relationships with other public agencies and regulatory agencies within California to minimize negative regulatory impacts to Metropolitan and its member agencies environmental, health and safety programs.</li> <li>5. Position Metropolitan to benefit from emerging energy efficiency/water resource policies by state government and to develop a comprehensive power management strategy for Metropolitan.</li> <li>6. Strengthen relationships and partnerships with professional associations and organizations to leverage expertise and promote Metropolitan's interests.</li> </ol>
<p>b. Manage public information programs to emphasize Metropolitan's effectiveness in long-term resource planning, water quality protection, conservation and other water policy issues.</p>	<ol style="list-style-type: none"> <li>1. Communicate resource planning and management programs' results to stakeholder groups and the news media.</li> <li>2. Maintain strong partnerships with water agency, business, environmental and agricultural interests on water programs and initiatives in support of Metropolitan policies.</li> <li>3. Implement reciprocal stakeholder education and relationship-development activities between Metropolitan and business partners throughout the state.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

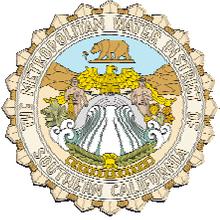
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### PERFORMANCE MEASURE

- Media value achieved  $\geq$  \$2 million

<i>Initiative</i>	<i>Actions</i>
c. Maintain an effective Business Outreach Program for regional, small businesses and veterans to ensure broad participation and competitive costs.	<ol style="list-style-type: none"> <li>1. Maintain board-approved percentage of contract dollars to Small Business Enterprise firms.</li> <li>2. Implement Expanded SBE Reciprocal Certification Program with public agency partners.</li> <li>3. Implement vendor-training program throughout region tracking SBE contract success.</li> <li>4. Implement member agency small business outreach group resulting in increased cost savings through contracting.</li> <li>5. Maintain relationships with regional construction trade associations to support the SBE goals and objectives.</li> </ol>
d. Develop and maintain relationships with the news media.	<ol style="list-style-type: none"> <li>1. Communicate Metropolitan positions and accomplishments to the news media.</li> <li>2. Provide technical information to the news media.</li> <li>3. Secure support in editorial pages for Metropolitan positions of high importance.</li> </ol>
e. Implement community relations and education programs in support of Metropolitan's stewardship responsibilities.	<ol style="list-style-type: none"> <li>1. Implement board-approved Community Partnering Program.</li> <li>2. Implement education strategic plan actions including outreach to all member agencies, launch regional network, reconstruct education Web site and revamp K-3 curriculum supplement.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

### Water Supply and System Reliability

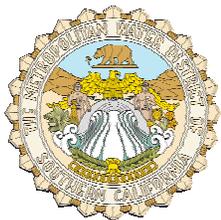
#### 5 WATER SUPPLY

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.

#### PERFORMANCE MEASURE

- Operational reserve  $\geq$  110% of estimated dry year firm demands in FY 06/07
- Planning reserve  $\geq$  110% of dry year demand through 2025

<i>Initiative</i>	<i>Actions</i>
<p>a. Plan, develop, and recommend new projects and programs consistent with the Integrated Resources Plan Update.</p>	<ol style="list-style-type: none"> <li>1. Complete the annual progress report on IRP implementation.</li> <li>2. Prepare for future IRP updates and other planning activities.</li> <li>3. Complete integrated area studies for the Riverside and Central Pool load areas. Provide analytical support for water supply strategy decisions through Water Surplus and Drought Management plan.</li> <li>4. Conduct annual/retail Metropolitan demand projection.</li> <li>5. Initiate Phase II of the System Overview Study update report on infrastructure improvements required by 2050 incorporating findings from the Integrated Area Studies.</li> <li>6. Pursue preferred action on Lake Perris as directed by the Board of Directors.</li> <li>7. Manage diverse supplies cost-effectively as outlined in the Water Surplus and Drought Management plan through systematic decision processes.</li> </ol>
<p>b. Increase development of local water resources, administer conservation contracts, and grants.</p>	<ol style="list-style-type: none"> <li>1. Administer approximately \$40 million in contractual water management incentive payments.</li> <li>2. Identify and coordinate state and federal funding opportunities.</li> <li>3. Identify new partnerships and implement new programs and strategies to meet IRP goals.</li> <li>4. Carry out regional facilitator role for seawater desalination. Review unsolicited proposals.</li> <li>5. Advance new standards and specifications for water-use efficiency.</li> <li>6. Implement California Friendly program to increase water conservation in new construction.</li> <li>7. Administer grant agreements.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

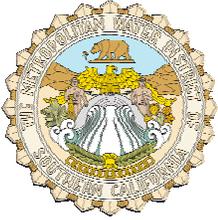
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- Operational reserve  $\geq$  110% of estimated dry year firm demands in FY 06/07
- Planning reserve  $\geq$  110% of dry year demand through 2025

<i>Initiative</i>	<i>Actions</i>
c. Implement and administer board-approved in-basin conjunctive use programs.	<ol style="list-style-type: none"> <li>1. Continue implementation of board-approved programs including eight Proposition 13 storage programs, the North Las Posas and Raymond Basin programs.</li> <li>2. Complete groundwater resource study per board action.</li> <li>3. Develop strategy to identify additional programs to meet IRP targets.</li> </ol>
d. Implement and administer the State Water Project contract to protect contract rights, ensure supply reliability, achieve cost-effectiveness, and provide high-quality water.	<ol style="list-style-type: none"> <li>1. Ensure SWP costs are accurate and reasonable and that supplies are reliable and of adequate quality.</li> <li>2. Support Metropolitan's objectives and interests in litigation related to Hyatt-Thermalito.</li> <li>3. Pursue preferred action on Lake Perris.</li> <li>4. Continue implementation of board-approved SWP storage programs, including Semitropic, Kern-Delta, Arvin-Edison, Mojave and San Bernardino.</li> <li>5. Develop strategies to amend or augment SWP storage programs to meet IRP goals.</li> <li>6. Secure Endangered Species Act assurances for SWP supplies by continuing implementation of board-approved Environment Water Account agreements and developing new EWA agreements as necessary.</li> </ol>
e. Implement and administer Colorado River apportionment and programs to protect contract rights, attain needed supplies and be cost-effective.	<ol style="list-style-type: none"> <li>1. Complete Seven Basin states plan, manage apportionment and interagency relations to provide cost-effective water supply consistent with the IRP.</li> <li>2. Administer Metropolitan's Colorado River transfer programs to optimize costs and supply benefits.</li> <li>3. Advance Metropolitan's right to bank water in Lake Mead and protect priority of apportionment.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

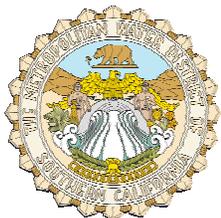
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### PERFORMANCE MEASURE

- Operational reserve  $\geq$  110% of estimated dry year firm demands in FY 06/07
- Planning reserve  $\geq$  110% of dry year demand through 2025

<i>Initiative</i>	<i>Actions</i>
f. Promote statewide Bay-Delta initiatives.	<ol style="list-style-type: none"> <li>1. Promote a decision by DWR on the South Delta Improvement Program.</li> <li>2. Promote development of a multi-species Habitat Conservation Plan for the Bay-Delta.</li> <li>3. Support a reorganization of CALFED administrative structure for improved effectiveness, efficiency, and accountability.</li> <li>4. Participate in development of statewide infrastructure proposals.</li> <li>5. Evaluate alternatives for Delta infrastructure improvements, including conveyance, working with the SWC and other interests.</li> <li>6. Ensure that financing mechanisms are consistent with the beneficiaries-pay principle and other board-adopted policy principles related to CALFED.</li> <li>7. Provide water resource and biological models to support CALFED resource decisions.</li> </ol>
g. Secure water transfers in the San Joaquin and Sacramento Valley to increase reliability and predictability of water supplies delivered from the California Aqueduct, consistent with the targets in the IRP.	<ol style="list-style-type: none"> <li>1. Assist lead agencies in completion of the Environmental Impact Statement/Environmental Impact Report for the Sacramento Valley Water Management Agreement. (Phase 8)</li> <li>2. Maintain and establish business partnerships with potential water transfer partners.</li> <li>3. Secure one-year option transfers as needed.</li> <li>4. Develop agreement principles of multi-year transfer options.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

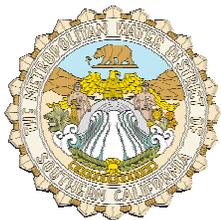
### 6 SYSTEM RELIABILITY

Maximize effectiveness of maintenance activities and implement replacement and improvement projects to ensure the delivery of water without interruption.

### PERFORMANCE MEASURE

- Unplanned outages resulting in disruption of services = 0
- Meet all scheduled water deliveries = 100%

<i>Initiative</i>	<i>Actions</i>
a. Operate the distribution system to meet water delivery schedules.	1. Meet Metropolitan's operating objectives and implement Annual Operating Plan to maintain reliable water service, coordinate supply deliveries, meet SWP/CRA blend requirements, and control costs.
b. Implement control system enhancements to improve water system monitoring/management capabilities.	1. Complete pilot implementation of a Real Time Operating System (RTOS) model according to plan. When fully implemented, the RTOS will assist WSO in evaluating alternatives for routing water when planning shutdowns and addressing emergency conditions. 2. Continue the upgrade of the Automated Meter Reader system according to plan to ensure the continued reliability of collecting meter flow readings that are used to control the water system and for water billing purposes. Complete the installation of a 31-unit pilot AMR system. 3. Implement the second phase of the Energy Management System according to plan. Phase II will expand the system so that it can be used to help schedule, manage and account for the power needed to support the Colorado River Aqueduct pumping operation.
c. Ensure reliability of water treatment, conveyance, and distribution systems through effective maintenance.	1. Perform detailed assessment of maintenance practices and program, including external review of MAXIMO and develop performance requirements and measurements to support maintenance program. 2. Maintain and service all DVL pumps. 3. Maintain 100% of the 242-mile CRA, including siphons, tunnels, closed conduits, and open channels. 4. Maintain CRA pumps and switchyards. 5. Maintain all high-voltage transmission lines. 6. Inspect and maintain unit processes for five treatment plants (Jensen, Weymouth, Diemer, Mills, and Skinner). 7. Maintain all distribution pipelines and structures, including the hydropower plants. 8. Maintain all reservoirs. 9. Accelerate coating of priority distribution system structures. 10. Increase ratio of preventative maintenance to corrective maintenance.



## General Manager's Business Plan Fiscal Year 2006/07

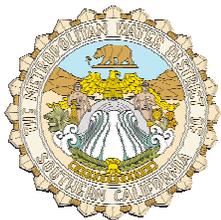
### 6 SYSTEM RELIABILITY

Maximize effectiveness of maintenance activities and implement replacement and improvement projects to ensure the delivery of water without interruption.

### PERFORMANCE MEASURE

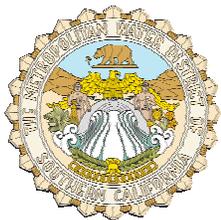
- Unplanned outages resulting in disruption of services = 0
- Meet all scheduled water deliveries = 100%

<i>Initiative</i>	<i>Actions</i>
d. Sustain ability to respond effectively to emergencies.	<ol style="list-style-type: none"> <li>1. Maintain emergency management tools, including emergency response plan, business continuity plan, and crisis communication plan.</li> <li>2. Coordinate response mechanisms and training with relevant agencies.</li> <li>3. Intensify program of emergency exercises for field Incident Command Centers and assigned Emergency Coordinators.</li> <li>4. Develop and sustain protocols to carry on essential operations with significant reductions in staffing, as may result from influenza pandemic or other adverse condition.</li> <li>5. Assess and make recommendations on SWP emergency preparedness to sustain deliveries and maintain business continuity including positioning needed material, developing needed contracts and identifying necessary procedures and actions to mitigate for the effects of emergency conditions in the Delta.</li> </ol>
e. Implement a comprehensive health and safety program.	<ol style="list-style-type: none"> <li>1. Complete comprehensive employee health and safety program assessments at all facilities to meet Metropolitan's 100% compliance goal.</li> </ol>
f. Develop and implement comprehensive strategies to manage power resources in the most cost-effective manner.	<ol style="list-style-type: none"> <li>1. Evaluate strategic options for Hoover contract renewal process and Southern California Edison service.</li> <li>2. Acquire California Energy Commission Renewable Portfolio Standard certification for Phase I small hydro generators presently under contract to DWR.</li> <li>3. Initiate process to obtain Wholesale Distribution Access Transmission service for Phase II small hydro generators presently under contract to SCE.</li> <li>4. Develop strategic white paper for Metropolitan's Colorado River Aqueduct transmission.</li> <li>5. Pursue efficiency improvements with Bureau of Reclamation and other power contractors for generating units at Hoover and Parker Dam power plants.</li> <li>6. Collaborate with SWC and DWR to minimize costs and secure reliable power portfolio.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

7 CAPITAL INVESTMENT PLAN		PERFORMANCE MEASURE
Implement board-approved Capital Investment Plan (CIP) to ensure the quality and reliability of the region's water supply and infrastructure.		<ul style="list-style-type: none"> <li>▪ Implement CIP within 95% of construction schedules</li> </ul>
<i>Initiative</i>	<i>Actions</i>	
a. Enhance effective program management, contracting and procurement practices to implement the CIP in an efficient and cost-effective manner.	<ol style="list-style-type: none"> <li>1. Conduct benchmarking with best-in-class utilities in water and power industries to improve program management, contracting, and procurement practices.</li> <li>2. Continue contractor and vendor forums.</li> <li>3. Complete agreement and administrator training.</li> </ol>	
b. Continue Inland Feeder Project tunneling activities, complete negotiations and reach settlement with the tunnel contractor.	<ol style="list-style-type: none"> <li>1. Partner with the contractor in the implementation of initiatives to accelerate tunneling activities for both Arrowhead East and Arrowhead West Tunnels of the Inland Feeder Program.</li> </ol>	
c. Continue the Oxidation Retrofit Program at Skinner, Diemer and Weymouth plants with the purpose of removing blend/plant capacity restrictions and substantially lowering disinfection by-products for compliance with Stages 1 and 2 of the United States Environmental Protection Agency Disinfectants/Disinfection By-Products Rule.	<ol style="list-style-type: none"> <li>1. Skinner: Complete equipment and influent piping deliveries and general construction activities by December 2008.</li> <li>2. Diemer: Complete construction of the Vehicle Maintenance Center, Plant Maintenance Facilities and the Phase 1 Chemical tank farm by June 2007 and commence site preparation and south slope stabilization project for future ozone contactors. Continue final design for the ozone contactors, Ozone Generation Building, and remaining facilities.</li> <li>3. Weymouth: Complete final design and start construction of the ozone contactors, Ozone Generation Building, the Phase 2 Chemical tank farm, and related facilities by June 2007.</li> <li>4. Mills: Complete final design for additional ozone contactors.</li> </ol>	
d. Complete Skinner Treatment Plant Expansion.	<ol style="list-style-type: none"> <li>1. Complete construction of 110-mgd Module No. 7, Wash Water Reclamation Plant No. 3, three new chemical tanks farms, and associated chemical feed systems to increase plant reliability and increase plant capacity to 630 mgd to meet summer 2007 Skinner-area water demands.</li> </ol>	



## General Manager's Business Plan Fiscal Year 2006/07

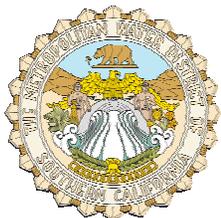
### 7 CAPITAL INVESTMENT PLAN

Implement board-approved Capital Investment Plan (CIP) to ensure the quality and reliability of the region's water supply and infrastructure.

### PERFORMANCE MEASURE

- Implement CIP within 95% of construction schedules

<i>Initiative</i>	<i>Actions</i>
<p>e. Continue the Treatment Plants Reliability Programs with the purpose of maintaining and ensuring regulatory compliance of each plant.</p>	<ol style="list-style-type: none"> <li>1. Weymouth: Complete construction of Surface Wash Header Replacement and Perimeter Improvements along Sedalia and Gladstone Avenues.</li> <li>2. Diemer: Complete construction of filter surface Wash Piping Rehabilitation and final design of Washwater Reclamation Plant No. 3, and continue construction of Washwater Tank Pumps Replacement.</li> <li>3. Jensen: Complete final design of Solids Thickeners and award construction contract.</li> <li>4. Skinner: Complete construction of Water Quality Monitoring Vaults Expansion, Filter Isolation Gate and Backwash Control Weir Covers for Modules 1-6, perimeter fencing, and Upgrade Surface Wash Valves and Actuators at Modules 4-6.</li> <li>5. Mills: Complete final design for the Modules 1 and 2 rehabilitation and chemical system upgrades. Complete alternative analysis for filter-effluent conduit modifications and upgrading solids handling upgrades.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

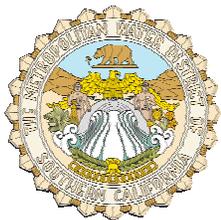
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Implement board-approved Capital Investment Plan (CIP) to ensure the quality and reliability of the region's water supply and infrastructure.

### PERFORMANCE MEASURE

- Implement CIP within 95% of construction schedules

<i>Initiative</i>	<i>Actions</i>
f. Complete projects to ensure reliability of conveyance and distribution.	<ol style="list-style-type: none"> <li>1. Initiate Intake Pumping Plant secondary containment structure by April 2007.</li> <li>2. Replace 26 cast iron blow-offs on the CRA by June 2007.</li> <li>3. Complete construction of Rialto Pipeline isolation structures to allow flexibility to isolate shutdown of Rialto Pipeline by May 2007 and award construction contract for Live Oak Pump Back system to allow limited deliveries to local treatment plants by August 2006.</li> <li>4. Complete the design and construction of the south reach of the Perris Valley Pipeline by summer 2007 to expand service to Eastern Municipal Water District with the construction of two new service connections for a total service capacity of 180 cfs.</li> <li>5. Award construction contract for Second Lower Cross Feeder by April 2007 to allow more State project water to be delivered from the Jensen plant to the Central Pool portion of Metropolitan's service area during extended shutdowns.</li> <li>6. Complete replacement of blow-off valves on San Diego Pipelines Nos. 1 and 3 by June 2007, pipe replacement and carbon fiber repair of Foothill Feeder by February 2007, and broken-back pipe repair of Rialto Feeder by March 2007.</li> <li>7. Select a consultant and initiate geological, geotechnical, and hydrogeological investigations for the next phase pipeline alignment and tunnel portions of Pipeline No. 6. Complete geotechnical assessment for CPA tunnel alignment.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

### 8 WATER QUALITY

Develop and implement comprehensive programs to ensure Metropolitan delivers water that meets or exceeds all water quality regulations and objectives.

### PERFORMANCE MEASURE

- Compliance with primary drinking water quality standards = 100%
- Total Dissolved Solids ≤ 500 mg/L

<i>Initiative</i>	<i>Actions</i>
a. Operate the treatment plants to meet scheduled water deliveries.	<ol style="list-style-type: none"> <li>1. Meet Metropolitan's treatment objectives and implement Annual Operating Plan at each treatment 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.</li> <li>2. Complete an update of Metropolitan's source water quality and treatment strategy to meet expected regulations and adapt to changing source quality and operational conditions.</li> <li>3. Achieve 100% monitoring and treatment compliance by conducting all necessary analysis for chemical, microbial and other measures.</li> </ol>
b. Pursue Proposition 50 funding opportunities to support treatment technology projects.	<ol style="list-style-type: none"> <li>1. Coordinate with the state of California to secure Proposition 50 funding for Metropolitan and/or member agencies.</li> </ol>
c. Maintain Colorado River Basin Salinity criteria and accelerate implementation of salinity control projects.	<ol style="list-style-type: none"> <li>1. Secure federal funding for Colorado River Basin Salinity control projects.</li> </ol>
d. Continue Perchlorate Action Plan, including leadership and supporting the Member Agency Perchlorate Taskforce to mitigate groundwater contamination.	<ol style="list-style-type: none"> <li>1. Obtain funding for cleanup of groundwater basins in conjunction with member agencies.</li> <li>2. Continue remediation and tracking efforts to reduce perchlorate entering the Colorado River.</li> </ol>
e. Develop and pursue source control strategies to improve water quality and minimize treatment costs.	<ol style="list-style-type: none"> <li>1. Participate in forums to promote Metropolitan's interest concerning source water issues (e.g., State Water Contractors Facilitation Work Group, Chromium 6 Consultative Work Group and Clean Water Coalition Stakeholders).</li> <li>2. Develop strategic white paper for Metropolitan's Colorado River Aqueduct transmission.</li> <li>3. Collaborate with SWC and DWR to minimize costs and obtain a secure and reliable power portfolio.</li> </ol>
f. Implement Treated Water Cross Connection Prevention Program.	<ol style="list-style-type: none"> <li>1. Complete relocation of 70 air-vacuum relief valves by summer 2007 to prevent cross connections and meet Department of Health Services water quality requirements.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

### Workforce and Asset Management

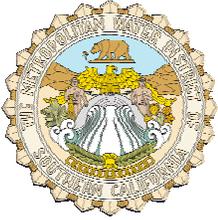
#### 9 COMPETENT AND EFFECTIVE WORKFORCE

Provide the workforce with career development and technical training opportunities and tools, including application of advanced technologies, to continually improve workforce skills, competencies, and productivity to improve services to member agencies and other customers.

#### PERFORMANCE MEASURE

- Meet milestones for human resources services = 100%
- Meet milestones for employee evaluations and training = 100%

<i>Initiative</i>	<i>Actions</i>
a. Develop Workforce Strategic Plan.	1. Develop Workforce Strategic Plan including long-term strategies for proactively identifying and meeting future labor resource requirements including an expanded apprenticeship program and a pilot internship program.
b. Develop compensation strategy.	1. Develop and obtain board approval for a compensation strategy to ensure Metropolitan sustains an effective workforce.
c. Improve human resource services.	1. Implement management response to the external audit of human resource functions and organization. 2. Prepare documentation of key HR policies and procedures. 3. Upgrade PeopleSoft system to current version of the software according to project plan.
d. Improve recruitment practices.	1. Streamline recruitment processes. 2. Establish service level agreements between HR and the operational groups within Metropolitan. 3. Establish recruitment teams to provide targeted services. 4. Develop creative recruitment methods such as job fairs to target specific candidate pools.
e. Promote equal employment opportunities.	1. Update annual Affirmative Action Plan, in cooperation with employee associations, to effectively meet organizational objectives. 2. Meet with managers to develop ways to maximize recruiting efforts.
f. Improve workforce relationships	1. Utilize multiple communication tools (speeches, videos, memos, newsletters, voicemail, teleconferences, IntraMet and meetings) to provide employees with timely, accurate, consistent information on business direction and goals. 2. Expand workforce access to HR communications (through HR Web page, HR newsletter, AskHR, SIT with HR, etc.).



## General Manager's Business Plan Fiscal Year 2006/07

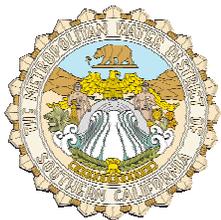
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### PERFORMANCE MEASURE

- Meet milestones for human resources services = 100%
- Meet milestones for employee evaluations and training = 100%

<i>Initiative</i>	<i>Actions</i>
g. Provide employees with the increased training to enhance skills and competencies required for them to effectively perform their job functions.	<ol style="list-style-type: none"> <li>1. Enhance and expand the apprenticeship and internship programs.</li> <li>2. Establish training plans for employees.</li> <li>3. Provide training opportunities in computer and business process training, technical skills and management development and supervisory skills.</li> <li>4. Expand use of e-learning and other training methods to reduce time away from job for training.</li> <li>5. Support and encourage the use of the Tuition Reimbursement program.</li> <li>6. Complete 100% of mandated employee training (federal, state and local regulatory).</li> <li>7. Deliver classes on the history, development and growth of Metropolitan, its member agencies, and surrounding service areas in response to past, present and future water demands.</li> </ol>
h. Continue to implement training on safe work practices to promote safety at all Metropolitan sites.	<ol style="list-style-type: none"> <li>1. Meet all Cal OSHA regulations related to workplace health and safety.</li> <li>2. Deliver all training identified as related to workplace health and safety.</li> <li>3. Complete 100% of mandated employee training (federal, state and local regulatory).</li> </ol>
i. Implement Employee Recognition program.	<ol style="list-style-type: none"> <li>1. Continue Award for Excellence program.</li> <li>2. Host service awards events.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

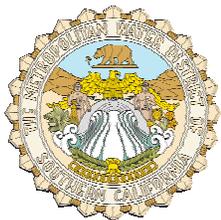
### 10 ASSET MANAGEMENT

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.

### PERFORMANCE MEASURE

- Compliance with agreement terms for invoicing and accounting of rents of leased real property = 100%
- Compliance with environmental permitting requirements = 100%

<i>Initiative</i>	<i>Actions</i>
a. Develop and refine strategies for real property acquisition, development and management.	<ol style="list-style-type: none"> <li>1. Develop and adopt policies/procedures for acquiring right-of-way property for future projects.</li> <li>2. Identify and acquire necessary right-of-ways for planned Capital Investment Plan projects and future projects identified by the System Overview Study.</li> <li>3. Finalize and adopt buffer policies and procedures to adequately protect Metropolitan facilities against encroachment.</li> <li>4. Develop right-of-way protection policies and procedures.</li> <li>5. Develop and revise leasing policy and procedures.</li> <li>6. Effectively respond to member agency requests for annexations in a timely manner.</li> <li>7. Review Metropolitan's real property to determine the best operational use or identify future revenue opportunities to offset costs.</li> <li>8. Annually review real property leases for compliance with terms and conditions.</li> <li>9. Review and report real properties for lease and surplus disposition to the Board on a quarterly basis.</li> <li>10. Review and improve internal real estate processes and procedures.</li> </ol>
b. Manage existing public recreation facilities at Diamond Valley Lake and Lake Skinner, while effectively protecting water quality.	<ol style="list-style-type: none"> <li>1. Recover concessionaire costs through visitor revenues and remain within O&amp;M budget.</li> <li>2. Ensure no adverse impact on water quality.</li> </ol>
c. Implement the Diamond Valley Lake Recreation master plan in a cost-effective manner, consistent with board-approved objectives.	<ol style="list-style-type: none"> <li>1. Continue design and construction for board-approved Diamond Valley Lake recreation facilities on schedule and within budget.</li> <li>2. Complete Exclusive Negotiating Agreement discussions with developer to draft a project agreement for the East Recreation Area and North Property by June 30, 2007.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

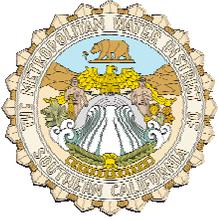
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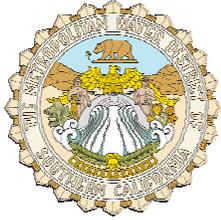
- Compliance with agreement terms for invoicing and accounting of rents of leased real property = 100%
- Compliance with environmental permitting requirements = 100%

<i>Initiative</i>	<i>Actions</i>
d. Enhance safety and security of employees, the public, and Metropolitan's infrastructure.	<ol style="list-style-type: none"> <li>1. Respond timely and appropriately to any crisis events.</li> <li>2. Investigate and incorporate technologies that provide the most cost-effective and threat-reducing benefits to Metropolitan.</li> <li>3. Investigate and incorporate additional technologies to safeguard Metropolitan's Information Technology systems and data.</li> </ol>
e. Continue to maintain high levels of reliability and availability for Metropolitan Information Technology systems.	<ol style="list-style-type: none"> <li>1. Monitor and report on reliability and availability of IT systems.</li> <li>2. Complete the first phase of the Network Upgrade project according to plan to continue to ensure a high level of reliability for Metropolitan's local area networks.</li> <li>3. Initiate upgrade of Metropolitan's Two-Way Radio System to facilitate communication among field staff working at different facilities and to provide improved communication capabilities during emergencies.</li> </ol>
f. Continue to implement the priority projects in the Information Technology Strategic Plan.	<ol style="list-style-type: none"> <li>1. Complete Phase I of the Enterprise Geographic Information System (EGIS) providing Metropolitan staff with easy access to mapping data for planning maintenance and rehabilitation work and special purpose applications such as viewing condition assessment data for the distribution system.</li> <li>2. Complete the PC replacement project that includes replacing all employee desktops and laptops with newer and more reliable models.</li> <li>3. Initiate the implementation of Fleet Management System to provide comprehensive tracking of equipment, fleet pool administration, automated preventative maintenance inspection notification and customized reporting.</li> </ol>
g. Manage liability and property claims program and risk assessment process.	<ol style="list-style-type: none"> <li>1. Minimize contract risk exposure and control claims costs.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

11 BUSINESS PROCESSES		PERFORMANCE MEASURE
Implement business process improvements to increase organizational efficiencies and manage the organization to achieve budget objectives.		<ul style="list-style-type: none"> <li>▪ Department O&amp;M costs ≤ board-approved budgets</li> </ul>
<i>Initiative</i>	<i>Actions</i>	
a. Continue to implement business improvements to increase organizational efficiency.	<ol style="list-style-type: none"> <li>1. Complete review and issue updated remaining operating policies regarding administration, ethics, contracts, procurement, asset management and workforce.</li> <li>2. Continue implementing warehouse improvements to enhance the efficient delivery of goods to maintenance personnel.</li> <li>3. Continue implementing fleet management improvements identified in the FY 2005/06 Fleet Assessment.</li> <li>4. Continue implementing the preventative maintenance program for the Los Angeles headquarters facility to ensure a safe and well-maintained working environment for Metropolitan staff and building lessees.</li> </ol>	
b. Conduct best-in-class benchmarking studies to identify industry innovations that can be adopted by Metropolitan to improve performance.	<ol style="list-style-type: none"> <li>1. Conduct best-in-class study of firms considered at industry leading edge, to identify best business practices and/or procedures that can be adopted by Engineering to enhance its performance in areas of alternative project delivery methods, engineer's cost estimating, and construction change order management.</li> <li>2. Conduct best-in-class assessments of procurement and technical documentation functions to identify external practices that can be adopted by Metropolitan to increase effectiveness and efficiency.</li> <li>3. Conduct best-in-class assessments of information technology to ensure that Metropolitan is following best practices in its application of technology.</li> <li>4. Conduct external review of maintenance practices to identify best business practices and/or procedures that can be adopted to enhance performance in maintenance management.</li> </ol>	



## General Manager's Business Plan Fiscal Year 2006/07

### Financial Management

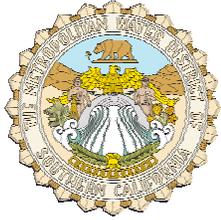
#### 12 FINANCIAL CLARITY AND INTEGRITY

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.

#### PERFORMANCE MEASURE

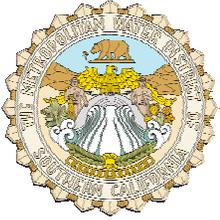
- Timely financial reporting = 100%
- Accurate financial reporting = 100%
- Significant external audit findings = 0
- Actual total costs vs. budget  $\leq$  100%

<i>Initiative</i>	<i>Actions</i>
a. Record and report the financial activities of Metropolitan in a timely and transparent manner to the Board and member agencies.	<ol style="list-style-type: none"> <li>1. Distribute financial reports in a timely manner and receive positive feedback from the Board and member agencies.</li> <li>2. Maintain excellence and transparency of financial accounting so as to receive favorable audit findings.</li> <li>3. Manage financial reporting so as to receive the Government Finance Officers Association Award of Excellence.</li> </ol>
b. Effectively manage and communicate results of Metropolitan's budget to meet the Board's policies and objectives.	<ol style="list-style-type: none"> <li>1. Monitor annual Operating &amp; Maintenance budget at the team level.</li> <li>2. Produce timely variance reports on a quarterly basis.</li> </ol>
c. Ensure adequate financial controls are utilized.	<ol style="list-style-type: none"> <li>1. Facilitate annual review of financial reports.</li> </ol>
d. Manage and refine budget and reporting processes to improve visibility of costs and improve cost control.	<ol style="list-style-type: none"> <li>1. Develop a budget consistent with GFOA guidelines so as to receive the Award of Excellence for budgeting.</li> <li>2. Initiate the implementation of a new budget management and reporting system according to plan.</li> </ol>



## General Manager's Business Plan Fiscal Year 2006/07

13 CAPITAL MARKET		PERFORMANCE MEASURE
Ensure that Metropolitan continues to have access to capital markets at cost-effective rates.		<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>Actions</i>	
a. Use Asset/Liability Management to reduce interest rate risk and capital costs consistent with board policy.	1. Manage net interest rate exposure (impact of change in interest rates on Metropolitan's investment portfolio and variable rate debt program) variability to within board-approved parameters.	
b. Update capital financing plans and work with rating agencies and investors to communicate financial needs and capabilities and ensure cost-effective access to capital markets.	1. Maintain capital finance plans current consistent with CIP and other financing requirements. 2. Monitor financial metrics to ensure adherence to financial goals and policies.	
c. Ensure that disbursements are made in accordance with Metropolitan's policies.	1. Disburse funds as business requirements dictate, within approved policy parameters.	
d. Manage investor relations to ensure clear communications, accuracy of information, and integrity.	1. Complete all transactions accurately, efficiently and within investor community expectations.	



## General Manager's Business Plan Fiscal Year 2006/07

### 14 DELIVER WATER AT AFFORDABLE RATES

Manage costs to ensure reliable, quality water service at the lowest possible rates.

### PERFORMANCE MEASURES

- Metropolitan rate increases lower than water industry rate increase index (Comparative rate index < 100%)

<i>Initiative</i>	<i>Actions</i>
a. Manage and effectively administer rates and charges to recover costs consistent with board policy.	<ol style="list-style-type: none"> <li>1. Manage consistent with Long-Range Finance Plan objectives.</li> <li>2. Ensure that revenues and reserves are sufficient to recover costs through careful forecasting, analysis, and financial management.</li> <li>3. Complete cost-of-service report for board and member agency use.</li> </ol>
b. Update Water Information System (WINS).	<ol style="list-style-type: none"> <li>1. Finalize consultant contract to complete billing system design.</li> <li>2. Develop system according to system design documents.</li> </ol>