

# General Manager’s Business Plan Semiannual Status Report

This report highlights the activities and achievements of the Office of the General Manager for the first half of Fiscal Year 2007/08. These activities and achievements are aligned with meeting the goals of the General Manager’s Business Plan approved by the Board of Directors on June 12, 2007, in support of Metropolitan’s mission and policies. Accomplished Metropolitan’s mission with the following areas of focus: **Reliability**-Delivered 2.2 million acre-feet to meet all firm demands for calendar year 2007 under record dry conditions in Southern California and the Colorado River, and with no unplanned shutdowns. **Quality**-Met all health-related drinking water quality regulations and objectives. **Environmental Stewardship**-Adopted system operations in accordance with Delta smelt prescriptive action, quagga mussel control efforts, and successfully completed environmental review for Capital Investment Plan projects. **Cost**-Implemented Operations and Maintenance and Capital Investment Plan approved budgets and rates that have been maintained below inflation rate.

## Awards and Recognition

### Financial Reporting and Budgeting Excellence

Received Awards of Excellence from the Government Finance Officers Association for Fiscal Year 2007 financial reporting and

for the Fiscal Year 2007/08 budget. Completed the annual audit with no significant issues or audit exceptions and received generally satisfactory internal audit reports.



### Energy Star Award



In recognition of its optimized energy performance, Metropolitan received the 2007 Energy Star Award for its Union Station facility from the Environmental Protection Agency. Staff successfully optimized energy

consumption at the headquarters facility by identifying and implementing many energy efficiency programs to make this facility one of only 68 buildings in Los Angeles to receive the 2007 EPA Energy Star Award.

The Metropolitan Water District of Southern California

**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.

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**Awards and Recognition continued....**

**Government Office Building of the Year Award for Union Station**

Received the Government Office Building of the Year Award for the Union Station facility from the Building

Owners and Managers Association of Greater Los Angeles for dedication to design, operation and management of a quality government work environment.

**Credit Rating**

Metropolitan has maintained its long-term credit rating on revenue bond debt at AAA from Standard and Poor's even as Metropolitan continued to face ongoing challenges including uncertain water supply conditions and the federal

ruling on Delta smelt. Metropolitan's continued prudent financial management, strong reserves, manageable capital program, and the essential service provided have been cited by the rating agencies as reasons for the strong credit rating.



LEED Award. Director Anthony Fellow and Chief Executive Officer of the House of Representatives Daniel Beard

**LEED Award for Washington, DC Office**

The U.S. Green Building Council awarded Metropolitan's new Washington, D.C. office a Gold certification rating for

commercial interiors under the Leadership in Energy and Environmental Design (LEED®) Green Building Rating System.

**Achievement of Excellence in Procurement**

Metropolitan was awarded the 2007 National Achievement of Excellence in Procurement by the National Purchasing

Institute, which was established to recognize organizational excellence in public procurement. Specifically, it recognizes organizations which have demonstrated excellence by obtaining a high score based

on standardized criteria including performance in innovation, professionalism, productivity, e-procurement, and leadership attributes of the procurement organization.



**Excellence in Architecture Citation Award - for the Jensen Ozone Building**

The Ozone Generation Building at the Jensen water treatment plant was the recipient of the National Organization of Minority Architect's

**Excellence in Architecture Citation Award** in 2007.

This award is given to designs demonstrating high levels of quality in design, resolution of the program or idea, innovation, thoughtfulness, and technique. The Jensen plant ozone system became fully

operational on July 1, 2005.



## Awards and Recognition continued....

### Control Microsystems 2007 Innovators Award for Innovation and Excellence in SCADA Applications

The Control Microsystems Innovators Award is given to the engineering team that

displays the highest level of excellence and innovation in solving complex Supervisory Control Aqueduct Data Acquisition applications using Control Microsystems technology. Metropolitan was the recipient of this award for its unique work in

developing a secure, state-of-the-art system for use in their resource management program including the distribution of fresh water over a wide area of Southern California.



### International Right-of-Way Association Award for Employer of the Year

This award recognizes Metropolitan's efforts in the areas of education and professional development in the right-of-way profession.



## NEW INITIATIVES

### Sustainability

**Progress:** The comprehensive Business Process Sustainability Program was presented to the Board and announced to all employees in December 2007. Program activities included the following:

- Developed draft "green" procurement guidelines.
- Replaced Metropolitan personal computers with energy star models that are 70 percent more energy efficient and monitors that are 50 percent more energy efficient.
- Replaced Styrofoam cups with paper products in the Union Station facility cafeteria.
- Installed four microturbines at the Weymouth treatment plant to offset power during high peak usage.
- Began small scale pilots of web conferencing.
- Initiated efforts to retrofit plumbing at all field facilities to install water efficient fixtures.
- Developed and implemented an electronic waste (computers, cell phones, etc.) sustainability disposal procedure.



Metropolitan's Sustainability Logo

## Sustainability continued.....

- Convened a Science Review Panel chaired by climatologist, Dr. William Patzert of Jet Propulsion Laboratory to discuss the potential impacts of emerging trends including climate change on water supply, watersheds, ecosystems, and economic development in California.

Additional programs:

- The final technical Integrated Area Study report that identifies and evaluates alternative approaches to meeting future water demands was presented to the Board in December 2007.
- In the area of regional water conservation, Metropolitan

issued requests for proposal for the new competitive Enhanced Conservation Program and initiated the review process. The ECP provides grants for programs that lead to new approaches to Southern California water conservation. Staff also continued to administer incentive agreements for recycled water, recovered groundwater production, and conservation.

- In the area of water quality, staff continued to be engaged in activities focused on the development of source water and treatment strategies.

## Energy Management

**Progress:** Metropolitan achieved the following major milestones during this period:

- Completed initial inventory of solar, hydro, and wind power opportunities at Metropolitan facilities.
- Completed energy efficiency audits at all water treatment plants.
- Completed Metropolitan's greenhouse gas emissions inventory for Calendar Year 2005 and 2006. These inventories have been certified and are filed with the California Climate Action Registry.
- Obtained Board approval for final design of 1 MW solar power facility at the Skinner plant and qualified for performance-based incentives rebates of up to \$5 million total.

**Potential Issue(s):** Individual actions are proceeding; however, Board adoption of updated Energy Policy Principles and Climate Change Policy Principles are required to address long-term efforts in this area.

**Action(s):** Policy Principles in these areas will be submitted to the Board for consideration by the fourth quarter of this fiscal year.



Solar Panel

## Communications Technology

**Progress:** As a part of fully utilizing communications technology advances for enterprise efficiency and effectiveness, staff initiated development of a new web portal for the Board of Directors. This new portal provides a central point of entry for the Board into Metropolitan for more effective communication. Other efforts include the following:

- Board Room Technology Upgrade - Issued Request For Proposals for design and implementation services.
- Videoconferencing Upgrade - Completed upgrade of videoconferencing equipment at the Washington D.C. facility and Chairman of the Board's conference room. (As of print time, this conference room was completed January 2008.)
- Telephone Upgrade - Prepared board letter requesting authorization to upgrade to a Voice Over Internet Protocol based telephone technology, which will provide a modern, cost-effective phone system to serve Metropolitan's current and future communication needs. (As of print time, this authorization was approved in February 2008.)
- Conducted pilot tests on voice-to-text and web conferencing technologies.
- Evaluated new technologies for potential application at Metropolitan with site visits to Google on "software-as-a-service" business model and Cisco and Microsoft on collaboration technologies like advanced videoconferencing.

**Potential Issue(s):** Delay in the start of design for the new two-way radio is due to ongoing negotiations with the vendor on the acquisition of licenses.

**Action(s):** Staff is seeking other available licenses as an alternative.



Board of Directors  
Web Portal Menu Services

## Rehabilitation and Replacement

**Progress:** The current Fiscal Year 2007/08 budget for infrastructure reliability is \$126 million, a large portion of which is dedicated to rehabilitation and replacement (R&R) projects. During this period, the infrastructure reliability Capital Investment Plan categorizations were revised to better differentiate R&R projects from facility upgrade projects such as solids handling facilities, maintenance buildings, etc. This will enable more accurate tracking of expenditures in the R&R category and improved planning and budgeting. A high level of investment and focus on infrastructure reliability projects continued as nearly \$40 million were expended on infrastructure projects, with about 70 percent spent at Metropolitan's five treatment plants and the remainder primarily on the Colorado River Aqueduct and the conveyance and distribution system. Specific R&R projects underway included:

- Continued final design for the replacement of floating covers at the Orange County, Palos Verdes, and Skinner reservoirs.
- Completed replacement of the cathodic protection system on the Lakeview Pipeline.



Damaged Orange County Reservoir Liner

## Rehabilitation and Replacement *continued....*

Specific R&R projects underway included:

- Completed replacement of two 96-inch diameter prestressed concrete cylinder pipe sections on San Diego Pipeline No. 5.
  - Completed replacement of filter surface wash piping and washwater tank pumps at the Diemer plant.
  - Completed fabrication of 36 replacement flocculators at the Weymouth plant.
  - Awarded a contract and started work on the rehabilitation of slide gates at the San Jacinto Control Structure and replacement of discharge valves at the Whitewater River along the Colorado River Aqueduct.
  - Initiated several out-of-budget projects as part of the Quagga Mussel Control Program.
  - Continued design on the replacement or rehabilitation of numerous electrical facilities, valves and actuators, and outdated controls and instrumentation at the treatment plants.
- Designed repairs and replacement of fire damaged facilities in Orange County and the Skinner Service Area.

**Potential Issue(s):** Constrained access to implement major rehabilitation and replacement work due to other active construction projects and/or shutdown opportunities has limited the amount of work that can be accomplished at one time. Also, developing designs for construction in and around operating facilities is taking longer than originally planned, thereby delaying expenditures. Additionally, unplanned high priority emergency projects such as the quagga mussel control work and response to fire damage have resulted in delays to design completion on other projects.

**Action(s):** The design and construction work will continue. Capital work has been reprioritized with high impact R&R work moving ahead of other projects.

## CORE INITIATIVES

### Water Supply



Storage of Intentionally Created Surplus  
in Lake Mead.

**Progress:** Metropolitan engaged in the following activities to ensure water supply reliability for the near- and long-term future in accordance with the Integrated Resources Plan:

- Obtained Board approval on \$25 million amendment to the Commercial, Industrial and Institutional Program (approximately 225,000 acre-feet). Staff also initiated the public sector water-use efficiency program (40,000 acre-feet) and launched the Enhanced Conservation Program.
- Completed comprehensive Groundwater Assessment Study identifying the current status and use of groundwater basins in the region.
- Developed contract amendments for improving Metropolitan groundwater banking programs in the San Joaquin Valley utilizing Proposition 13 funds.
- Completed State Water Project 2008 Statement of Charges Audit with the Board authorizing corresponding payments to California Department of Water Resources.

## Water Supply continued.....

- Developed 2008 water supply strategy to manage record dry conditions and federal court decision on the Delta smelt.
- Bay Delta Conservation Plan participants approved a Points of Agreement that identifies an isolated conveyance facility with multiple points of diversion as the most promising approach for achieving habitat conservation and water supply and quality goals.
- Palo Verde Irrigation District inspection confirmed favorable fallowed land water savings of 66,000 acre-feet in 2007/08.
- Completed agreements related to Colorado River storage operations, shortage sharing, delivery agreements, and the

agreement for funding and construction of the Lower Colorado River Drop 2 Reservoir Storage Project.

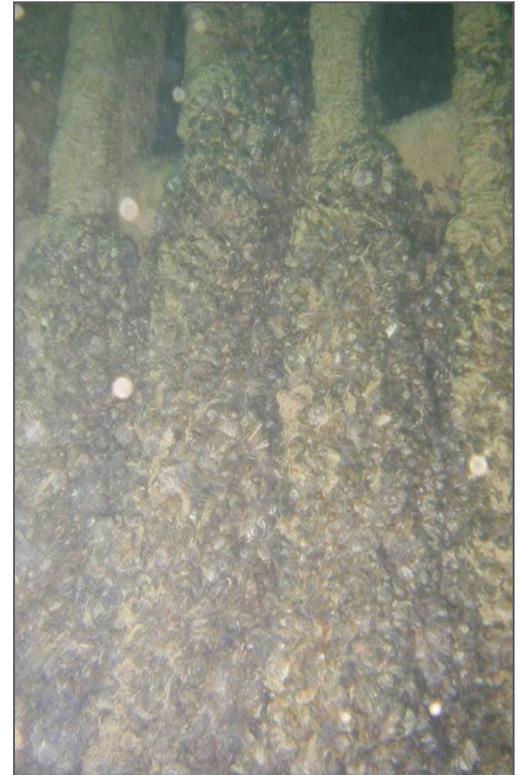
**Potential Issue(s):** The State Water Project supply is constrained due to the federal court remedy for Delta smelt. This has increased the water supply challenges for Calendar Year 2008.

**Action(s):** Staff is working on the long-term Delta solution. In the near-term, staff is pursuing water transfers and initiating other water surplus and drought management actions to mitigate potential deficits in supplies for the CY 2008.

## System Reliability

**Progress:** Metropolitan continued to operate and maintain its conveyance, treatment and distribution facilities and meet all operational demands of its member agencies. Activities in support of this effort included the following:

- Responded to "Fire Storm 2007" and manually operated water delivery structures for both San Diego and Orange County. Collaborated with Engineering to rebuild water delivery structures damaged by the fires.
- Conducted a three-day shutdown of the Colorado River Aqueduct in October 2007 to assess the effectiveness of chlorination at Copper Basin for quagga mussel control. Staff is evaluating a chlorination plan to kill established mussels within the CRA and will continue to evaluate control measures as part of the Quagga Mussel Control Plan.
- Continued to improve security of employees, the public and Metropolitan's infrastructure. This included development of master agreements for security system integration during new construction and security system maintenance. Also, staff developed and tested new chlorine security monitoring protocols during extended operation involving out-of-state transport and delivery while local area supplier was closed. Staff continues to represent Metropolitan's interest with the California Utilities Emergency Association and the Office of Emergency Services and work with both agencies and others to plan and develop a major emergency exercise as part of the state's annual Golden Guardian 2008 emergency exercise scheduled for November 2008.
- Continued to conduct environmental, health and safety program site assessments through the Environmental, Health and Safety Facility Tactical Assessment and Compliance Program. EHS is working with Metropolitan's facility safety committees to redesign and update the Injury and Illness Prevention Program by the third quarter of this fiscal year.



Quagga mussels at intake trash rack.

## System Reliability continued...

Activity in support of this effort included the following:

- Met regulatory training requirements with 81 percent completed.

**Potential Issue(s):** Lacking full quagga mussel control, staff continues to establish control measures to evaluate the effectiveness of chlorination and the spread of quagga mussels and their larva.

**Action(s):** Continue implementation of Phase II Quagga Mussel Control Program and scheduled shutdowns to monitor and control quagga population growth. Conduct expert workshop.

## Water Quality

**Progress:** Staff met 100 percent compliance goal for monitoring and treatment by conducting all necessary chemical and microbial analyses, and continued to work closely with water treatment managers to optimize water treatment plant processes. Some of the key activities included in this effort are as follows:

- Modified and started fluoride chemical feed systems at all five treatment plants to comply with the state's mandate to enhance dental health. Ozone construction continues at the Skinner plant and training of staff began with a one-day workshop and formation of core team.
- Continued to conduct applied research for the optimization of treatment plant processes to meet associated drinking water regulations prior to ozone implementation at the blend plants. Continued to optimize chemical feeds, filter performance, and solids handling to meet changing source water quality conditions.
- Continued to protect source water quality.
- Participated in two Monitoring and Modeling Technical Advisory Team meetings with the Clean Water Coalition to assess potential water quality impacts associated with proposed Systems Conveyance and Operations Plan. Continued to participate in the Chromium 6 Consultative Work Group.
- Collaborated with Grand County Council to track progress of mill tailings cleanup.
- Participated in the State Water Contractors' Facilitation Work Group meetings to evaluate the Semitropic pump-in program and reviewed the Westland pump-in proposal.

**Potential Issue(s):** Taste and odor issues and algal blooms during the warmer months of the year and other emerging source water quality issues and concerns are areas of focus for Metropolitan.

**Action(s):** Staff will continue to identify treatment technologies and operational strategies to ensure regulatory compliance in addition to participating in technical meetings to expand source water quality monitoring.



Water Quality staff conducting WQ analysis

## Capital Investment Plan (CIP)

**Progress:** Managing the implementation of over 400 capital projects in various stages of study, design, construction or installation with capital expenditures of \$202 million through December 2007. Metropolitan met key CIP milestones for the following major projects:

- Inland Feeder: Achieved record mining rate for Arrowhead tunnels with 96 percent mining completed at Arrowhead East Tunnel and hole-through anticipated for March 2008; and 77 percent mining completed at Arrowhead West Tunnel.
- Skinner Expansion No. 4: Completed construction of the chemical systems modifications in November 2007.
- Mills Oxidation Retrofit Program: Obtained Board approval for the procurement contract for the Mills Ozone Reliability Program.
- Perris Valley Pipeline: Initiated construction of the North Reach Perris Valley Pipeline project.
- Fluoridation: Completed construction at all five treatment plants.
- Human Resources application: Completed system upgrades with Peoplesoft version 8.9.
- Inventory Warehouse application: Obtained Board approval to implement bar coding technology at Metropolitan's warehouses to improve efficiency.

**Potential Issues:** Two areas of focus are the ORP and information technology. For Weymouth ORP, high priority R&R projects necessitated rescheduling the on-line date for ozone implementation at the plant. In the area of information technology, delays on the mobile technology project are due to unanticipated vendor software upgrades required for interface with Metropolitan's Maximo system.

**Action(s):** Staff will reassess scope and schedule, and stage the Weymouth ozone facilities for completion by 2014. For the information technology project, staff is currently performing the required software upgrade with minor delays in schedule, but on track with the overall budget.



North Reach Perris Valley Pipeline

## Board of Directors

**Progress:** Continued to provide a high level of support to the Board including timely information to the Board, reporting and support on committee and Board meetings, conducting informative inspection trips of Metropolitan facilities, and providing ongoing technical support.



Board of Directors  
Inspection Trip to Diemer Plant

## Member Agencies

**Progress:** In support of a regional conservation message, Metropolitan worked with member agencies and others to promote water conservation through the "Time to Get Serious" advertising campaign, which ran from August 6, 2007 through December 14, 2007. Other activities included the following:

- Coordinated three monthly Member Agency Managers' meetings. Completed daily Web site updates. Coordinated outreach for the Perris Valley Pipeline and conducted outreach for the cities of Brea, Carson, Claremont and Rancho Cucamonga. Overall performance rating for external requests and meetings: 89 percent rating of 4 or better on a scale of 1 to 5 (high satisfaction).
- Coordinated public and media outreach for Metropolitan's programs related to conservation education/advertising and fluoridation. Scheduled and hosted Member Agency Public Information Officers meetings to develop and consider various water-saving messages and conservation programs. Also, coordinated with affected member agencies in developing and distributing news release regarding traffic detours for Perris Valley Pipeline construction.

- Continued communication and coordination with member agencies regarding system operations planning and updates. Scheduled shutdowns for 2007–2008 for pipeline repairs and inspections are progressing as planned.



Conservation Advertisement

## Business Partners

**Progress:** Staff conducted or participated in numerous briefings, tours and speaking engagements for several business, community, civic, environmental education and other organizations. Staff also supported various associations in their legislative trips to Sacramento. In the area of business outreach, ongoing efforts resulted in Metropolitan exceeding its overall goal of 18 percent and achieving 21 percent of contract dollars going to small business enterprises, thereby resulting in \$75 million going directly into the Southern California economy. Additional activities included the following:

- Co-sponsored a sustainable landscaping seminar with landscape architects and watershed protection organization to promote water conservation.
- Hosted media briefings (e.g., radio, television, print, etc.) on water supply conditions and Metropolitan's plans to meet the region's water needs in 2008.
- Conducted the World Water Forum kick-off event with several partners such as the American Society of Civil Engineers that resulted in 40 proposals received from colleges.

- Held the Environmental Education Summit promoting conservation curriculum in collaboration with several organizations such as TreePeople/California Regional Environmental Education Community Region II, Sanitation Districts of Los Angeles County, Los Angeles and San Bernardino County Offices of Education, Los Angeles Unified School District, and other organizations.
- Further expanded Solar Cup 2008 competition with participation at 43 high school teams.



Solar Cup Competition

## Legislative Affairs

**Progress:** Staff managed the ongoing analysis and monitoring of various legislative proposals covering the areas of water resource, water quality, tax credit bond financing for new local water supply projects, climate management, energy, habitat conservation, and mitigation of quagga mussels and other invasive species.

Other external affairs activities included:

- Staff participated through testimony in several legislative hearings at the state and federal levels. Hearings were held on various matters, including the Bureau of Reclamation's Reuse and Recycling Program (Title XVI), chemical security in drinking water, the Sacramento-San Joaquin Delta and other water supply issues.
- Co-sponsored AB 1420 (Laird): Water Demand Measurement Measures: Grants and Loans and AB 1481 (De La Torre): Waste Discharge: Recycled Water.
- Conducted six community leader breakfast briefings with the following hosting legislators: Senator Lou Correa, Assemblymembers Anthony Portantino, Kevin Jeffries, John Benoit, Julia Brownley, Bob Huff and Paul Krekorian.

- Worked on several fronts to secure or promote funding for various Metropolitan programs, including the federal Omnibus Appropriation Bill, a state water bond and legislation to deliver Proposition 84 state funds.
- Legislative strategy for 2008 was approved by the General Manager and reviewed with the Member Agency legislative coordinators and general managers. It was presented to the Communications and Legislation Committee for review and discussion in November and December and is scheduled to be presented for Board approval in January. (As of printing, the Legislative Strategy was approved in January 2008.)



General Manager Jeffrey Kightlinger and Assemblymember Paul Krekorian

## Competent and Effective Workforce

**Progress:** The majority of Human Resources initiatives are on track and within budget, in concurrence with the implementation of the Strategic HR Plan presented to the Board and Executive Management. Other activities included the following:

- MyHR self-service portal was successfully implemented. This program allows employees to access and change personal information, benefits enrollment and payroll deductions.
- Delivered on-line learning modules for Workplace Harassment Prevention and continuing to develop e-learning modules for Contract Academy and Oracle training.
- Workplace Violence Prevention training was delivered to all managers.



## Competent and Effective Workforce continued....

- Management coaching and support was delivered for various initiatives in Corporate Resources Group and Water System Operations.
- A Service Awards Luncheon was held in November 2007.
- The Health-Benefits Advisory Committee held several meetings to review benchmark data. CalPERS representatives affirmed that Metropolitan's health benefits program is sound and healthy.
- Collaborated with WSD on meeting regulatory workplace, health, and safety training requirements with 81 percent complete through the second quarter.

**Potential Issue(s):** Development of the Affirmative Action Plan is held up awaiting determination on whether Metropolitan qualifies as a federal contractor. Recognition Program roll-out is also delayed to prepare for inclusion in the deployment of Leadership and Manager Development initiatives.

**Action(s):** All delayed items will be on track to be completed by the end of the fiscal year and calendar year, respectively.

## Real Property Management

**Progress:** Several steps have been taken to improve and streamline processes and services of the Real Property Development and Management Group. These included the following:

- Developed a new comprehensive database to better track and manage all real property transactions.
- Established a "Speed Team" to review all new property-use requests and to expedite services and transactions for those wanting to lease or use Metropolitan property.
- Continued work by staff on policy principles in anticipation of a future Board workshop on real property.
- Reviewed property holdings, with an eye toward improvement of tracking and identification of potential property uses in the future. The Group intends to conduct a review of the property use approval process in order to reduce decision making time further.

**Potential Issue(s):** The Board of Directors Workshop on real property has been delayed. Elements beyond Metropolitan's control, such as the downward trend in the economy, particularly the real estate market, have also slowed development efforts.

**Action(s):** Staff will schedule a Board workshop to revisit real property and development strategies and policies.

The new Visitor Center at Diamond Valley Lake has been opened replacing the Center for Water Education. Staff quickly transitioned the CWE to the new Visitor Center by remodeling several aspects of key exhibits, and rearranging programmatic and public information elements. The opening weekend witnessed high patronage--several hundred people-- to the new center and the level of visitation has remained strong over the last several months, with over 2,200 visitors per month.

Recreation staff started the development of a new boat inspection program to augment Metropolitan's other efforts to reduce the infiltration of the quagga mussel into the water system. Once developed, the inspection program will be implemented at DVL and Lake Skinner.



Visitor at Diamond Valley Lake

## Financial Clarity and Integrity, Capital Market, and Water Rates

**Progress:** Staff continued to accurately and efficiently manage, record, and report Metropolitan's financial activities in a timely manner, ensuring sufficient financial controls to protect Metropolitan's assets. This is evidenced by continuing to receive favorable audit findings and the Government Finance Officers Association Award of Excellence for FY 2006/07 financial reporting and the FY 2007/08 budget. Other activities included the following:

- Restructured the budget process to run concurrently with the process for developing rates and charges to better align planned expenditures with revenues.

- Completed the cost-of-service report.
- Completed the revenue requirements and Board-approved 2009 rates and charges.

Metropolitan also continued to maintain its Standard & Poor's long-term bond rating of AAA, the Fitch rating of AA+, and Moody's rating of Aa2; met all liquidity requirements; and managed its investment portfolio in compliance with its investment policy and the California Government Code. Total returns exceeded the Board-approved benchmarks by 1.13 percent generating \$9.04 million in additional interest income.



## Business Processes

**Progress:** Initiated the studies and activities for business process improvements to increase organizational efficiencies and manage the organization to achieve budget objectives:

- Best-in-Class Engineering Benchmarking Program - Conducted three full-day workshops, which included engineering staff and highly regarded engineering consultants, who are known to have worked with "leading-edge" companies, to identify best business practices that can be adopted by engineering to enhance performance in areas of alternative project delivery methods, engineer's cost estimating, and construction change order management. Consequently, began implementation of ten recommendations included in the Best-in Class Benchmarking report, with the remaining business process recommendations to be reviewed for feasibility.
- Information Technology Business Case Analysis - Continued to meet with the Chief Financial Officer's office to evaluate business cases for IT projects and document existing processes for further development of future business model and approach.
- PC Replacement Program - Completed installation of over 1,700 laptops and desktops throughout Metropolitan to augment workforce productivity with remaining PCs with

special requirements to be addressed in the third quarter of the fiscal year.

**Potential Issue(s):** Completion of PC Replacement Program was delayed three months due to special PC requirements for selected business units as various applications (Graphics, CAD, Board Letter Application and SCADA Control Tech) are not currently compatible with the new Microsoft Vista operation system.

**Action(s):** PC Replacement issues will be resolved by March 2008.

## Unanticipated/Significant Events

Metropolitan successfully met all water demands during the emergencies stemming from the October 2007 firestorms that impacted various facilities, including the OC-71 Service Connection, OC-88 Pumping Plant, and other plants in the area.

The Metropolitan Water  
District of Southern  
California

[www.mwdh2o.com](http://www.mwdh2o.com)

## Key Upcoming Activities/Events

- Complete hole-through of Arrowhead East Tunnel at Inland Feeder in March 2008.
- Launch Spring Green Fair in May to feature workshops and exhibits on environmentally sensitive products for office, home, and garden.
- Secure agreements on Central Valley water transfers and obtain approval for Raymond Basin Conjunctive Use Program.
- Advance final proposal of shortage Allocation Plan for Board adoption with implementation plan.
- Complete start up of chlorine containment facilities at Skinner and Mills water treatment plants.
- Conduct inspection of quagga mussels in the Colorado River Aqueduct and dry out portions of the aqueduct to eradicate these clams during the March shutdown.
- Conduct interagency shutdown in coordination with Los Angeles Department of Water and Power on its Los Angeles aqueduct filtration plant, which will place an increase in treated water demand on the Jensen plant.
- Complete site preparation work and advertise Diemer ozone facilities contract in March.
- Conduct multi-agency benchmarking workshop in Spring 2008.
- Complete Central Pool Augmentation assessment of tunnel feasibility and cost estimate in Spring 2008.
- Conduct Multi-Agency Quagga Mussel Workshop in April.
- Award construction contract for the south reach of Perris Valley Pipeline in May.

### About Metropolitan

The Metropolitan Water District of Southern California is a consortium of 26 cities and water districts that provides drinking water to nearly 18 million people in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino, and Ventura counties.

### Statement of Values

In pursuit of "Excellence" as responsible stewards, Metropolitan is committed to the following values:

- Integrity
- Stewardship
- Open Communication
- Diversity
- Leadership
- Teamwork

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