

- Executive Committee

June 24, 2008 Committee Meeting

7c

Subject

General Manager's Business Plan for Fiscal Year 2008/09

Description

This is the proposed General Manager's Business Plan, which outlines the priorities, strategies and actions to be implemented over the next fiscal year. The implementation of these strategies and actions, as supported by Metropolitan's annual budget, are intended to ensure meeting Metropolitan's mission 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. For Fiscal Year (FY) 2008/09, Metropolitan will continue to work on core business activities, which include managing water supply, maintaining system reliability, achieving milestones on capital investment plan projects, maintaining water quality, supporting Metropolitan's Board of Directors, external affairs, workforce effectiveness, real property management, business processes, and financial management. Key areas of focus for this fiscal year include five strategic priorities, as identified below:

- *Water Supply Reliability*
- *Bay-Delta Solutions*
- *Financial Strength and Capabilities*
- *Sustainability*
- *High Performance Workplace*

Water Supply Reliability

FY 2008/09 promises to be a challenging year for water supply reliability. Metropolitan and the member agencies will be faced with determining how available water supplies and increasing demands must be managed from 2009 through 2013 under court-imposed reductions to address environmental problems, such as the declining population of Delta smelt fish and other species, and the possible continuation of critically dry hydrology in the southwestern United States. Metropolitan staff is developing, through a coordinated effort with our member agencies, a Five-Year Water Supply Plan that will include performance measures such as acceptable levels of risk, a package of actions and implementation plans, and the communication and outreach strategy required to support this plan. Metropolitan will also focus on strengthening and updating its Integrated Resources Plan by enhancing the diversity and adaptability of its resources management to meet emerging water supply issues, including climate change, over the next decades. Metropolitan will also continue to develop and expand the resource options that have proven to serve the region well during previous droughts and emergencies, such as conservation, local resources projects, and groundwater storage in concert with our existing State Water Project (SWP) and Colorado River deliveries.

Bay-Delta Solutions

This past year, California has received significantly reduced water supplies from the Sacramento-San Joaquin Delta due to court-imposed reductions to address the declining Delta smelt fish population as well as other fish. Because cutbacks will almost certainly continue, identifying near- and long-term Bay-Delta Solutions is a key area of focus for FY 2008/09 for Metropolitan to ensure a greater degree of reliability to protect Metropolitan's SWP investments.

Metropolitan is committed to working within a framework of actions with the goal of building a sustainable Delta and reducing conflicts between water supply conveyance and the environment. This framework includes developing near- and long-term Delta measures. Near-term Delta measures must be compatible with a long-term

Delta solution, improve water supply reliability, facilitate protection of fish species and ecosystem recovery, and improve water quality.

Financial Strength and Capabilities

Metropolitan must have a long-term strategic focus on financial stability and management in order to accomplish its mission. The Long Range Finance Plan will provide a strategic framework to ensure revenues are adequate to maintain a reliable supply of water and provide sufficient reserves to withstand potential uncertainties of water supplies and national financial market conditions.

Water rates are the primary source of revenue for Metropolitan. Metropolitan will carefully manage the rate-setting process to maximize cost certainty and minimize cost increases for our member agencies. To that end, it will be important to communicate the potential rate impacts of Metropolitan's 5-Year Reliability Plan and manage the rate cycle to ensure full cost recovery in FY 2010/11 consistent with Board policies and objectives.

Equally important to our financial stability is the prudent and efficient management of Metropolitan resources. With inflationary pressures increasing, creative efforts at cost containment and budget control will become even more important. Minimizing State Water Contract cost increases by influencing DWR's strategic financial decisions will be of particular importance, given the magnitude of our contract commitment. On a tactical level, we will implement the Integrated Budget Management System to more effectively develop our annual budget, starting with the FY 2009/10 budget. Planning processes will continue with the goal of moving Metropolitan to Programmatic Budgeting in FY 2010/11, better aligning the budget and rate setting process with the General Manager's business plan and integrating performance management and measurement into the budget process.

Sustainability

Metropolitan is faced with many challenges to ensure the long-term viability and sustainability of Southern California's water supply serving over 18 million people. The challenges include the potential impacts of changing climate, increased urbanization, endangered species, increased environmental regulation and litigation, increasing competition for water, and population pressures. Metropolitan is committed to addressing these issues and ensuring long-term, high quality water supply in a manner that promotes our commitment to sustainability and reduces our environmental footprint. Our legacy to the future is ensuring that we meet the complex needs of the present without compromising the ability of future generations to meet their needs.

We must incorporate sustainability into both our strategic planning and our day-to-day business processes occurring at all levels. This includes reducing our dependency on non-renewable resources; increasing our production and use of renewable energy to offset green house gases; maximizing the efficient use, reuse, and recycling of materials; buying green whenever possible; incorporating sustainable features and practices into design and construction; and managing our facilities in ways that continue to reduce our environmental footprint.

The Business Plan for FY 2008/09 outlines a wide range of business process sustainability initiatives and actions that will be completed by many different parts of the organization.

High Performance Workplace

Metropolitan staff must develop the capabilities to meet future water resource management and system operations needs, take advantage of new technologies while keeping pace with changing workplace demographics, new business requirements and increased pressures for cost-containment. To address these challenges, we must demonstrate higher levels of adaptability, innovation, speed, productivity and business results. Metropolitan seeks to establish itself as a compelling workplace that attracts and retains talented employees capable and committed to working in a high performance organization.

This requires that Metropolitan ensure its Human Resource practices are strategically aligned to our business goals, that our employees are empowered and committed to make a difference, and that employees continually develop their skills and talents to deliver value, as well as continually improve their level of performance.

Metropolitan will continue to proactively invest in its employees to best prepare for a changing future and continue to enhance organizational knowledge transfer and peer-to-peer networking. Metropolitan will expand

workforce and succession planning, conduct leadership forums for managers, develop strategies for continuous learning, and present opportunities to showcase technical expertise and competence. Management excellence will be a key Metropolitan competency.

The initiatives and actions presented in **Attachment 1** provide the direction for achieving Metropolitan's core business activities and the five strategic priorities.

Policy

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

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

Board Options

Option #1

Adopt the CEQA determination and approve the General Manager's Business Plan FY 2008/09.

Option #2

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

Staff Recommendation

Option #1


Jeffrey Kightlinger
General Manager

6/19/2008
Date

Attachment 1 – General Manager's Business Plan Initiatives and Actions

BLA #6129

**General Manager's Business Plan
Fiscal Year 2008/09**

Overall Leadership and Management

Carry out the mission of The Metropolitan Water District of Southern California

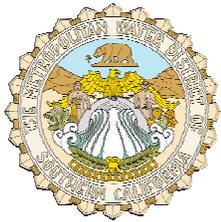
Provide our customers with adequate and reliable supplies of high quality water to meet present and future needs in an environmentally and economically responsible way

Strategic Priorities
<p>Water Supply Reliability</p> <ul style="list-style-type: none"> Complete a Five-Year Water Supply Plan to reliably manage water supplies and demands within the region for the period from 2009 through 2013 under continued dry conditions and court-ordered SWP deliveries due to Delta smelt crisis. Update the IRP. Identify adaptive strategies to address climate change impacts on water supply and quality. Promote Southern California water conservation to achieve up to 200,000 acre-feet of annual water savings by 2013. Promote regional water recycling, groundwater recovery, and locally-based projects to develop up to 200,000 acre-feet of new water supplies over the next five years.
<p>Bay-Delta Solutions</p> <ul style="list-style-type: none"> Develop near-term Delta measures, compatible with a long-term Delta solution, to improve water supply reliability, water quality, and facilitate protection of fish species. Develop long-term Delta measures implementing conveyance, source quality, and fish species conservation improvements. Support operations of SWP and CVP facilities per Governor's Emergency Proclamation. Ensure emergency preparedness.
<p>Financial Strength and Capabilities</p> <ul style="list-style-type: none"> Long Range Finance Plan Rates Cost Containment and Budget Control
<p>Sustainability</p> <ul style="list-style-type: none"> Continue to decrease consumption of non-renewable energy and fuels. Continue reducing life cycle environmental impacts of our facilities. Continue to decrease consumption of non-renewable, non-recyclable material and encourage sustainable procurement. Identify and implement renewable energy projects. Develop and implement power resource management strategies to minimize risks and support the state's greenhouse gas reduction goals. Implement operational changes to decrease treatment process energy requirements. Continue increasing recycling of waste. Continue District employee awareness campaign to promote sustainable practices at home and work.
<p>High Performance Workplace</p> <ul style="list-style-type: none"> Implement the StrategicHR Plan. Ensure a high performance culture throughout Metropolitan. Ensure excellence in Human Resources Practices. Improve core HR processes and services. Ensure disciplined and proactive HR professionalism. Ensure effective management support. Develop Win-Win partnerships with Labor.

Core Business
<p>Board of Directors</p> <ul style="list-style-type: none"> Support the business of the Board of Directors. Support legislative and community outreach. Conduct Inspection trips.
<p>Member Agencies</p> <ul style="list-style-type: none"> Coordinate and communicate day-to-day efforts: <ul style="list-style-type: none"> Operations and maintenance Source water quality protection and water treatment Infrastructure replacement, refurbishment, and development Emergency management Media communications and community outreach Work with member agencies to promote consistent public communications and legislative strategies.
<p>Legislative and Community Relations</p> <ul style="list-style-type: none"> Continue to develop and implement local, state, and federal water policy and legislative strategies consistent with Board-adopted policies. Strengthen Metropolitan's leadership and outreach efforts, including ensuring consistent and positive message through multi-media efforts. Continue to develop and implement public outreach and advertising campaign focusing on extraordinary conservation efforts. Continue to develop and manage public information programs to convey Metropolitan's role in long-term resource planning, water quality protection, conservation and other water policy issues.
<p>Water Supply</p> <ul style="list-style-type: none"> Implement the IRP to meet regional targets for resources development and demand management in 2010 through 2035. Implement Board-approved policy for managing SWP. Develop and implement Colorado River supplies in accordance with California and multi-state agreements. Initiate the System Overview Study in conjunction with the Integrated Resource Plan and Integrated Area Study.

Core Business
<p>System Reliability</p> <ul style="list-style-type: none"> Manage system operations. Emergency management Environmental, Health and Safety
<p>Capital Investment Plan</p> <ul style="list-style-type: none"> Identify and implement high priority projects to replace or rehabilitate equipment and facilities to ensure reliability of Metropolitan's conveyance, storage, treatment distribution, and technology infrastructure. Assess and update long-term funding needs for R&R projects. Implement key capital projects of the Quagga Mussels Control Program. Complete Inland Feeder with a projected online date of 2010. Continue Oxidation Retrofit Program (ORP) at various plants to comply with U.S. Environmental Protection Agency Disinfectants/Disinfection By-Products Rule. Maintain reliability and improve the operating efficiency of water treatment plants to meet treated water demands. Complete major projects to ensure reliability of the conveyance and distribution system to meet increasing demands and comply with regulatory requirements Implement IT Strategic Plan initiatives to improve reliability, security, and efficiency.
<p>Water Quality</p> <ul style="list-style-type: none"> Protect source water quality. Effectively manage water treatment.
<p>Workforce Effectiveness</p> <ul style="list-style-type: none"> Acquire talent. Manage total compensation. Provide proactive employee relations. Foster learning and development. Manage succession. Set high performance standards. Manage risk. Design Human Resources Information Systems (HRIS).

Core Business
<p>Real Property Management</p> <ul style="list-style-type: none"> Develop policies, strategies, and actions that enable sustainability in all aspects of real property including development, appraisal, acquisition and annexation while concurrently improving the planning, management, and administration of internal real property activities Refine and implement strategies to identify and acquire right-of-ways and adjacent properties that are necessary to implement future water infrastructure projects and other real property goals. Manage public recreation facilities at Diamond Valley Lake and Lake Skinner through best management and sustainable practices to effectively protect water quality. Develop the basic recreational infrastructure at DVL utilizing the principles of environmental sustainability and fiscal responsibility. Manage the Diamond Valley Lake Visitor Center in a sustainable manner. Through sustainable practices, maintain, operate and manage the Union Station headquarters facility by effectively anticipating and responding to the needs of Metropolitan staff, tenants, visitors and customers.
<p>Business Processes</p> <ul style="list-style-type: none"> Continue benchmarking assessments and implement appropriate recommendations. Update the IT Strategic Plan to increase long-term reliability, while improving Metropolitan's overall efficiency and effectiveness. Continue to implement business improvements to increase organizational efficiency. Continue to apply communications and collaboration technologies for business efficiencies and/or productivity enhancements. Maintain an effective Business Outreach Program for regional, small businesses and veterans to ensure broad participation and competitive costs.
<p>Financial Management</p> <ul style="list-style-type: none"> Record and report the financial activities of Metropolitan in a timely and transparent manner to the Board and member agencies. Effectively manage and communicate results of Metropolitan's budget to meet the Board's policies and objectives. Ensure adequate financial controls are utilized. 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. Manage investor relations to ensure clear communications, accuracy of information, and integrity. Manage and effectively administer rates and charges to recover costs consistent with Board policy.



General Manager's Business Plan Fiscal Year 2008/09

Strategic Priorities

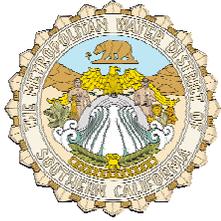
1. WATER SUPPLY RELIABILITY

Ensure water supply reliability by incorporating emerging trends and challenges, including climate change, in the near-term through adaptive strategies and in the long-term through updating the IRP.

PERFORMANCE MEASURES

- **Five-Year Initiative:** Complete Five-Year Water Supply Plan.
- **IRP:** Complete an updated IRP to ensure water supply reliability over the next 20 years from FY 2008/09.
- **Climate Change:** Incorporate climate change impacts in water supply planning scenarios.

<i>Initiative</i>	<i>Actions</i>
<p>a. Complete a Five-Year Water Supply Plan to reliably manage water supplies and demands within the region for the period from 2009 through 2013 under continued dry conditions and court-ordered SWP deliveries due to Delta smelt crisis.</p>	<ol style="list-style-type: none"> 1. Develop a preferred strategy to: <ol style="list-style-type: none"> a. Establish performance objectives such as: <ol style="list-style-type: none"> i. Acceptable reliability ii. Acceptable use of storage iii. Acceptable impact on rates b. Determine the necessary actions and implementation plans to meet performance objectives including: <ol style="list-style-type: none"> i. Demand management ii. Local supply augmentation iii. Near-term Delta improvements iv. Water transfers and exchanges 2. Develop and implement the communication and outreach strategy to support the Five-Year Water Supply Plan.



General Manager's Business Plan Fiscal Year 2008/09

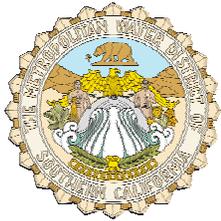
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<i>Initiative</i>	<i>Actions</i>
b. Update the Integrated Resource Plan (IRP).	1. Update IRP to develop new and diverse approaches to improve supply reliability with 2035 target. <ol style="list-style-type: none"> a. Identify approaches to maximize cost-effective local development. b. Encourage and facilitate recycling, groundwater storage, and water transfer programs. c. Explore water supply and energy relationships and opportunities to increase efficiencies. d. Increase storage capacity. e. Develop and implement the communication and outreach strategy to support the IRP. f. Establish a participatory process for updating the IRP including stakeholder forums, member agency work groups, and board workshops.



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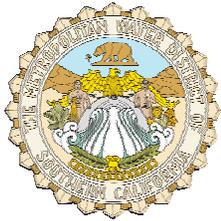
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<i>Initiative</i>	<i>Actions</i>
<p>c. Identify adaptive strategies to address climate change impacts on water supply and quality.</p>	<ol style="list-style-type: none"> 1. Develop operational flexibility options to mitigate potential climate change impacts such as lower flows, water temperature, modified habitat, increased contaminant load, and salinity changes. 2. Review, monitor and evaluate water quality technologies that may have potential to handle source water changes attributable to climate change. 3. Continue to partner with the Water Utility Climate Alliance to collaborate and exchange information on climate change impacts strategies. 4. Quantify and incorporate current research into planning and policies. <ul style="list-style-type: none"> • Continue to monitor assessments of potential regional and local impacts of climate change processes using reports by the National Oceanic and Atmospheric Administration, National Center for Atmospheric Research, Department of Water Resources (DWR), Water Research Foundation, and Environmental Protection Agency. • Develop a resource analysis methodology by the end of fiscal year (FY) 2008/2009 to incorporate climate change uncertainty into water supply and demand forecasts. • Evaluate multiple decision support methods currently available to determine the most robust, no-regrets, reasonable and economically viable combination of techniques available for future use in resource management strategy. • Support state and federal legislative and funding efforts for climate change research and mitigation strategies.



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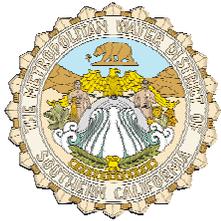
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<i>Initiative</i>	<i>Actions</i>
<p>d. Promote Southern California water conservation to achieve up to 200,000 acre-feet of annual water savings by 2013.</p>	<ol style="list-style-type: none"> 1. Accelerate Metropolitan’s advertising and outreach campaigns to support the governor’s call for emergency action and Metropolitan’s Board of Director’s Water Supply Alert Resolution calling for extraordinary conservation to reduce demands throughout Metropolitan’s service area to reduce the risk of water shortage. 2. In conjunction with member agencies, develop and deliver regional messages through expanded media outlets and channels. 3. Support the member agencies and retail water purveyors in implementing ordinances to gain water use efficiencies on a sustainable basis. 4. Manage the single-point-of-contact Region-wide Residential Conservation Program to provide conservation rebates to commercial, industrial, institutional and residential water customers. Regional marketing will ensure consistency and greater access to all incentives at a reduced overhead cost. 5. Adopt rebates for new conservation devices or programs identified in conjunction with member agencies.
<p>e. Promote regional water recycling, groundwater recovery, and other locally-based projects to develop up to 200,000 acre-feet of new water supplies over the next five years.</p>	<ol style="list-style-type: none"> 1. Assess feasibility of implementing 33 local projects identified as being in advanced planning and development through the Integrated Area Studies within the next five years. 2. Collaborate with member agencies to identify additional local projects that can be accelerated for implementation within the next five years. 3. Assist member agencies to accelerate implementing local projects through the environmental review, design, and construction phases to increase available water supply.



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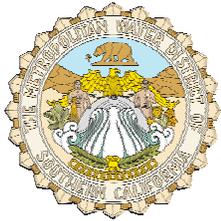
2. BAY-DELTA SOLUTIONS

Ensure near- and long-term reliability of the Delta for fisheries and water supply to protect our SWP investments.

PERFORMANCE MEASURES

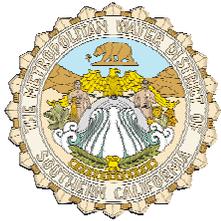
- Complete the biological opinions for Operations Control and Plan (OCAP) to gain acceptable operational flexibility for SWP.
- Continued progress in meeting milestones on the near- and long-term Delta solutions.

Initiative	Actions
a. Develop near-term Delta measures, compatible with a long-term Delta solution, to improve water supply reliability, water quality, and facilitate protection of fish species.	<ol style="list-style-type: none"> 1. Work with DWR and State Water Contractors to develop and implement measures that protect fish species and reduce supply impacts such as habitat and hatchery projects, physical and operational actions by 2010. 2. Complete Biological opinions for Delta smelt and salmon, which will govern operations until completion of a Bay Delta Conservation Plan, by March 2009 that take into account measures identified to increase fish protection with reduced water supply costs.
b. Develop long-term Delta measures implementing conveyance, source quality, and fish species conservation improvements.	<ol style="list-style-type: none"> 1. Support DWR's efforts to implement the Dual Conveyance Approach including technical and legal analyses. 2. Complete Bay Delta Conservation Plan, which is a long-term plan that identifies and implements ecologically friendly ways to move fresh water through and/or around the Delta as well as providing a basis for permits of projects covered by this Plan, by 2010. <ol style="list-style-type: none"> a. Support DWR in developing Draft Plan and draft EIR/EIS by December 2009 3. Develop a communication, legislative, and outreach strategy to support this initiative.
c. Support operations of State Water Project (SWP) and Central Valley Project facilities per the Governor's Emergency Proclamation.	<ol style="list-style-type: none"> 1. Minimize impacts of San Joaquin Valley groundwater transfers through the California Aqueduct. 2. Protect Metropolitan's SWP and transfer supplies.
d. Ensure emergency preparedness.	<ol style="list-style-type: none"> 1. Work with DWR to stockpile a diverse mix of material and equipment ready to respond to a major seismic event, flood, or other catastrophic event by December 2009. 2. Work with DWR to dry-run operational scenario drills and develop emergency protocol manuals in the event of a major catastrophic event.



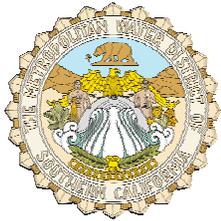
General Manager's Business Plan Fiscal Year 2008/09

3. FINANCIAL STRENGTH AND CAPABILITIES		PERFORMANCE MEASURE
Ensure Metropolitan has cost-effective access to capital markets and ability to finance ongoing future needs.		<ul style="list-style-type: none"> ▪ Maintain or enhance Metropolitan's current bond rating with "AA" or better. ▪ Complete the Long Range Finance Plan.
<i>Initiative</i>	<i>Actions</i>	
a. Long Range Finance Plan	<ol style="list-style-type: none"> 1. Develop ten-year rate forecast and identify key risk factors that could drive rates higher. 2. Review the Interim Agricultural Water Program and bring a recommendation on the future of the program to the Board in calendar year 2008. 3. Work with member agencies and Board to develop comprehensive debt policy. 4. Review Metropolitan's reserve policy and update as necessary to reflect current water supply and financial market conditions. 	
b. Rates	<ol style="list-style-type: none"> 1. Manage increases to Metropolitan's base rates and Water Supply Surcharge for the 2010 rate cycle, accounting for the challenges of water supply constraints that may lead to lower water sales and higher supply costs. 2. Develop Water Supply Surcharge for 2010 rate cycle to recover total projected transfer costs. 3. Analyze and communicate the potential rate impacts of Metropolitan's Five-Year Reliability Plan. 4. Manage 2010 rates and changes consistent with Board objective of full cost recovery in FY 2010/2011. 5. 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. 	



General Manager's Business Plan Fiscal Year 2008/09

3. FINANCIAL STRENGTH AND CAPABILITIES		Ensure Metropolitan has cost-effective access to capital markets and ability to finance ongoing future needs.	PERFORMANCE MEASURE <ul style="list-style-type: none"> ▪ Maintain or enhance Metropolitan's current bond rating with "AA" or better. ▪ Complete the Long Range Finance Plan.
<i>Initiative</i>	<i>Actions</i>		
c. Cost Containment and Budget Control	<ol style="list-style-type: none"> 1. Monitor and enforce Metropolitan's combined annual Operating and Capital budgets and ensure compliance with Board policies and objectives. 2. Enhance monitoring of the annual Operating budget by incorporating appropriate and regular management reviews and variance explanations down to the team level. 3. Initiate budget performance plans that create incentives for managers to find new revenue sources or eliminate non-value added costs and accountability for over-budget expenditures. 4. Minimize State Water Contract cost increases by influencing DWR's strategic financial decisions. 5. Implement the Integrated Budget Management System for the FY 2009/2010 budget. 6. Complete implementation plan to move Metropolitan to Programmatic Budgeting in FY 2010/2011 to better align the budget and rate-setting process with the General Manager's business plan and integrate performance management and measurement into the budget process. 7. Continue to support Information Technology Business Case Analyses to identify IT projects that deliver demonstrable savings and then to perform post-implementation results analyses. 8. Develop a budget consistent with GFOA guidelines and receive the Award of Excellence for budgeting. 		



General Manager's Business Plan Fiscal Year 2008/09

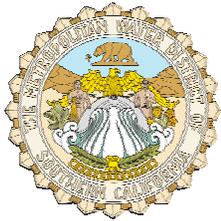
4. SUSTAINABILITY

Work towards incorporating sustainable business practices in Metropolitan's day-to-day activities.

PERFORMANCE MEASURE

- Meet 90% of sustainability targets set for FY2008/2009.

<i>Initiative</i>	<i>Actions</i>
<p>a. Continue to decrease consumption of non-renewable energy and fuels.</p>	<ol style="list-style-type: none"> 1. Continue to measure and report on Metropolitan's carbon footprint, including preparation, auditing, and certification of the 2007 carbon footprint; and reporting emissions to the California Climate Action Registry. 2. Increase high-fuel-efficient vehicles in Metropolitan's sedan fleet to 30% by purchasing 11 additional hybrid vehicles. 3. Reduce IT technician travel to remote sites by 50% (31,000 miles per year) and reduce gasoline consumption by 2,500 gallons per year by completing the remote network monitoring project that will enable employees to diagnose and correct problems in field telecommunications, microwave, and networking equipment from Union Station. 4. Develop long-term Metropolitan rideshare strategy that balances maximum employee participation and cost efficiency. 5. Complete videoconferencing equipment project to reduce vehicle travel by 20% for units requiring heavy field coordination and reduce transportation costs by \$30,000 per year. 6. Initiate webcasting to enhance communication with all employees and decrease travel between Metropolitan locations.



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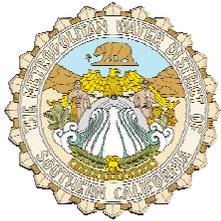
4. SUSTAINABILITY

Work towards incorporating sustainable business practices in Metropolitan’s day-to-day activities.

PERFORMANCE MEASURE

- Meet 90% of sustainability targets set for FY2008/2009.

<i>Initiative</i>	<i>Actions</i>
<p>b. Continue reducing the life cycle environmental impacts of our facilities.</p>	<ol style="list-style-type: none"> 1. In 2009, achieve 25% reduction in water use at Metropolitan’s field facilities by installing 300 water efficient devices at 17 Metropolitan’s field facilities. 2. Submit application for LEED certification for Union Station facility. 3. Reduce Union Station data center power and air conditioning load by 25% by continuing to consolidate servers. 4. Develop overall energy management program and selected supporting CIP projects for treatment plants considering recommendations arising from the field facility energy audits completed in collaboration with Southern California Edison and the Los Angeles Department of Water and Power. 5. Develop overall sustainable landscaping program for Metropolitan field facilities including prioritizing and scheduling implementation. 6. Complete “green” landscaping project at Metropolitan’s La Verne facility flagpole area. Combination of new hardscape and California-friendly planting will result in a 35% reduction in water used annually. 7. Complete Union Station headquarters landscaping project to incorporate California-friendly plants and install water efficient irrigation system that will result in a 35% water reduction.
<p>c. Continue to decrease consumption of non-renewable, non-recyclable material and encourage sustainable procurement.</p>	<ol style="list-style-type: none"> 1. Reduce the amount of office paper used by Metropolitan by 50% (saving \$46,000) over baseline level established in 2007. 2. Complete pilot that will leverage technology to convert operations and maintenance manuals into web-based form. Product will greatly enhance timely dissemination of accurate technical information to the field and save over 13,500 sheets of paper per operating manual. 3. Standardize the purchase of heavy construction equipment to specific brands to greatly reduce the variety and number of consumable replacement parts and supplies.



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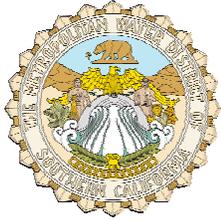
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PERFORMANCE MEASURE

- Meet 90% of sustainability targets set for FY2008/2009.

<i>Initiative</i>	<i>Actions</i>
<p>d. Identify and implement renewable energy projects.</p>	<ol style="list-style-type: none"> 1. Award construction contract for one megawatt Skinner solar energy project and complete all construction. Solar generation will indirectly reduce carbon emissions by 2.5 million lbs. annually. 2. Complete final design for Weymouth solar energy project. 3. Commence final design of Yorba Linda power plant modifications that will support the future energy demands of the Diemer Oxidation Retrofit Program with renewable power. 4. Complete detailed studies for expansion of five hydroelectric plant sites. 5. Evaluate alternative solar power development strategies. 6. Continue to evaluate wind power potential at additional Colorado River Aqueduct sites. 7. Propose capital initiatives to perform design for high potential solar and wind power sites.
<p>e. Develop and implement power resource management strategies to minimize risks and support the state's greenhouse gas reduction goals.</p>	<ol style="list-style-type: none"> 1. Conduct assessment of energy management strategies for the SWP. This will include: <ol style="list-style-type: none"> a. Development of a long-term SWP Strategic Energy Plan b. DWR's participation with the Northern California Power Agency in development of a new natural gas-fired power plant in northern California c. Development of a SWP strategy for reducing greenhouse gas emissions 2. Complete energy management strategy to address AB32, renewable energy, market price volatility, contract negotiations and litigation risks. 3. Evaluate existing contracts for the sale of energy from Metropolitan's Phase I, Etiwanda and Diamond Valley Lake hydro-generators and negotiate new contracts, if appropriate. 4. Review strategies and develop policy on how to respond to requests to use Colorado River Aqueduct electrical transmission system. 5. Maintain Metropolitan's compliance with all new federally mandated electric reliability standards. 6. Participation Agreement signed between DWR and other participants in a new natural-gas-fueled power generator. 7. Update and expand policy principles related to energy.



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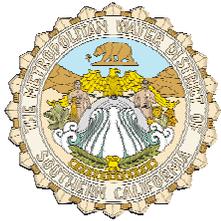
4. SUSTAINABILITY

Work towards incorporating sustainable business practices in Metropolitan's day-to-day activities.

PERFORMANCE MEASURE

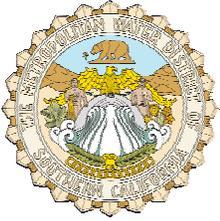
- Meet 90% of sustainability targets set for FY2008/2009.

Initiative	Actions
f. Implement operational changes to decrease treatment process energy requirements.	1. Optimize ozone production, develop a benchmarking process to monitor and reduce (where practical) the electricity consumption of the ozonation process.
g. Continue increasing recycling of waste.	1. Implement an integrated approach for recycling at all major field facilities to increase recycling of paper, glass, aluminum and plastic by 10%.
h. Continue Metropolitan employee awareness campaign to promote sustainable practices at home and work.	1. Continue <i>Our Legacy</i> E-Newsletter series that is disseminated to all employees on a biweekly basis. The series focuses on raising awareness about sustainability issues and encouraging positive behavior change. 2. Coordinate the 2 nd annual Spring Green Fair for Metropolitan staff, member agencies and the surrounding community.



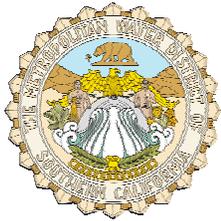
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5. HIGH PERFORMANCE WORKPLACE		PERFORMANCE MEASURES
Ensure Metropolitan is a high performance workplace that is prepared for the future with talented and engaged employees delivering value, excellent leadership practices and cost-effective processes.		<ul style="list-style-type: none"> ▪ Completion of labor negotiations ▪ HR Customer Satisfaction Assessment
<i>Initiative</i>	<i>Actions</i>	
a. Implement the StrategicHR Plan.	<ol style="list-style-type: none"> 1. Publish HR Vision and Strategy. 2. Utilize High Performance Workplace framework throughout Metropolitan. 3. Implement comprehensive employee communications throughout Metropolitan. 4. Define and incorporate Core Competencies, Leadership Principles and Management Responsibilities. 	
b. Ensure a high performance culture throughout Metropolitan.	<ol style="list-style-type: none"> 1. Align HR efforts to Metropolitan business needs. 2. Conduct High Performance Climate Survey and include employee feedback in assessment of management excellence. 3. Implement Workforce Planning and Succession Management tools to close any critical talent gaps and ensure readiness to meet future staffing requirements. 4. Establish and support a company-wide Continuous Improvement Strategy. 	
c. Ensure excellence in Human Resources Practices.	<ol style="list-style-type: none"> 1. Deploy HR Customer Service Plan to improve HR customer responsiveness. 2. Establish an HR Customer Satisfaction baseline. 3. Raise HR caliber, professionalism and customer focus. 4. Continue to introduce new processes that reflect best practice, a performance-based orientation and a common philosophy and culture. 	
d. Improve core HR processes and services.	<ol style="list-style-type: none"> 1. Streamline key HR processes. 2. Commit to and maintain process standards for key HR processes. 	
e. Ensure disciplined and proactive HR professionalism.	<ol style="list-style-type: none"> 1. Publish HR Operating Values. 2. Reorganize HR to improve effectiveness and support changing needs. 3. Improve Regulatory and Legal Compliance of HR practices. 4. Conduct Insurance Risk Assessment. 5. Revise and deploy HR Metrics and Dashboard. 	



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5. HIGH PERFORMANCE WORKPLACE		PERFORMANCE MEASURES	
Ensure Metropolitan is a high performance workplace that is prepared for the future with talented and engaged employees delivering value, excellent leadership practices and cost-effective processes.		<ul style="list-style-type: none"> ▪ Completion of labor negotiations ▪ HR Customer Satisfaction Assessment 	
<i>Initiative</i>	<i>Actions</i>		
f. Ensure effective management support	<ol style="list-style-type: none"> 1. Implement HR Generalist structure to enhance customer support. 2. Optimize the availability of management tools to enhance people management. 3. Conduct Management Forums to ensure all managers are on the same page. 4. Continuously improve the quality of our management development, practices, systems/processes and organization structures. 		
g. Develop Win-Win partnerships with Labor.	<ol style="list-style-type: none"> 1. Foster positive Union relations. 2. Launch Interest-Based Bargaining strategy and deliver training. 3. Successfully complete negotiations before end of current contract in June 2009. 		



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Core Business

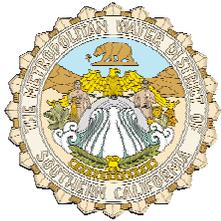
1 BOARD OF DIRECTORS

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 MEASURES

- Satisfaction of the Board of Directors
- Information distributed in a timely manner
- Coordination of committee and board meetings

<i>Initiative</i>	<i>Actions</i>
a. Support the business of the Board of Directors.	<ol style="list-style-type: none"> 1. Provide timely and thorough information to the Board. 2. Respond to direction and policies established by the Board. 3. Support Board of Directors' Governance priorities. 4. Track and monitor the progress of the Board and Committees' affirmed goals and objectives. 5. Provide administrative support for the Board. 6. Maintain sound working relationships with the Board and its committees. 7. Strengthen relationships between the Board, management and staff. 8. Coordinate special events.
b. Support legislative and community outreach.	<ol style="list-style-type: none"> 1. Support the Board of Directors in direct outreach to local, regional, state and federal legislators on key issues of importance to Metropolitan, including Bay-Delta, Colorado River, IRP and conservation. 2. Support Board members' communication and working relationships with elected officials, other government leaders, and business and community leaders.
c. Conduct inspection trips.	<ol style="list-style-type: none"> 1. Conduct Board-sponsored inspection trips. 2. Enhance inspection trip program. 3. Increase coordination with member agencies.



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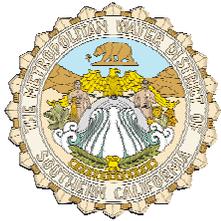
2 MEMBER AGENCIES

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

<i>Initiative</i>	<i>Actions</i>
<p>a. Coordinate and communicate day-to-day efforts to maintain and improve: operations and maintenance; source water quality protection and water treatment; infrastructure replacement, refurbishment and development; emergency management; and media communications and community outreach.</p>	<ol style="list-style-type: none"> 1. Plan and schedule shutdowns, including communication and outreach efforts, and minimize impacts to member agencies. 2. Coordinate system operations to maintain reliable deliveries at all times. 3. Develop and produce annual shutdown schedule in partnership with the member agencies for routine maintenance and implementation of CIP projects. 4. Continue to coordinate member agency input on source water quality protection actions and water treatment process improvements. 5. Conduct effective meetings between WSO staff and member agencies geared to effective operations and assistance including member agency water quality managers meetings, as well as ad hoc meetings on operations planning.
<p>b. Work with member agencies to promote consistent public communications and legislative strategies.</p>	<ol style="list-style-type: none"> 1. Obtain funding for feasible projects and programs in support of the IRP, Integrated Area Study Recommendations and Emergency Management improvements. 2. Coordinate legislative strategy to promote Metropolitan's federal and state policy initiatives. 3. Launch outreach efforts with member agencies, local government, community and other stakeholders related to Board-adopted Water Alert Resolution.



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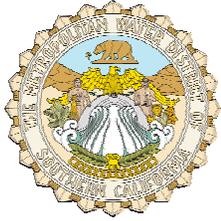
3 LEGISLATIVE AND COMMUNITY RELATIONS

At the Board's direction, develop federal and state legislative strategies consistent with Board-adopted policy principles.

PERFORMANCE MEASURES

- Implement legislative strategy.
- Increase public and media awareness.
- Increase education outreach.

<i>Initiative</i>	<i>Actions</i>
<p>a. Continue to develop and implement local, state, and federal water policy and legislative strategies consistent with Board-adopted policies.</p>	<ol style="list-style-type: none"> 1. Analyze legislative proposals and provide recommendations to Executive Management and Board of Directors. 2. Inform legislators and stakeholders about effects of legislative proposals on Metropolitan. 3. Conduct briefings, presentations and site visits for legislators, other government leaders and stakeholders regarding Colorado River, Bay-Delta, water supply and management, emergency preparedness and other key issues and projects. 4. Secure support of legislators and stakeholders for Metropolitan's positions on issues of high importance. 5. Strengthen communication between Metropolitan Directors and elected officials.
<p>b. Strengthen Metropolitan's leadership and outreach efforts, including ensuring consistent and positive message through multi-media efforts.</p>	<ol style="list-style-type: none"> 1. Implement Community Partnering Program. 2. Implement education programs including outreach to all member agencies, education community, and others. 3. Develop and maintain relationships with the news media. 4. Provide technical information to the news media. 5. Secure support in editorial pages for Metropolitan's positions of high importance.
<p>c. Continue to develop and implement public outreach and advertising campaign focusing on extraordinary conservation efforts.</p>	<ol style="list-style-type: none"> 1. Develop and implement FY 2008/2009 education and advertising campaign. 2. Implement Landscape Training Program. 3. Ongoing promotion of California-Friendly programs.



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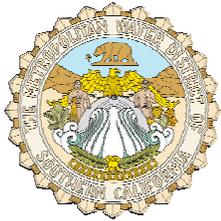
3 LEGISLATIVE AND COMMUNITY RELATIONS

At the Board's direction, develop federal and state legislative strategies consistent with Board-adopted policy principles.

PERFORMANCE MEASURES

- Implement legislative strategy.
- Increase public and media awareness.
- Increase education outreach.

<i>Initiative</i>	<i>Actions</i>
<p>d. Continue to develop and manage public information programs to convey Metropolitan's role in long-term resource planning, water quality protection, conservation and other water policy issues.</p>	<ol style="list-style-type: none"> 1. Communicate resource planning and management programs' results to stakeholder groups and the news media. 2. Maintain strong partnerships with water agency, business, environmental and agricultural interests on water programs and initiatives in support of Metropolitan's policies. 3. Implement reciprocal stakeholder education and relationship-development activities between Metropolitan and business partners throughout the state. 4. Strengthen relationships and partnerships with business, community and other stakeholder organizations to promote and support Metropolitan's interests.



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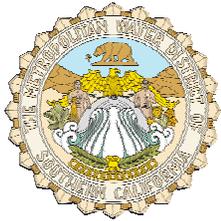
4 WATER SUPPLY

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 MEASURES

- Identify projects and programs that are eligible for development to meet IRP targets.
- Identify projects and programs for development to maintain supply reliability and system capacity.

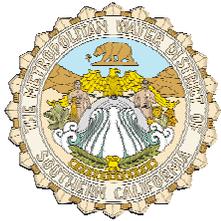
<i>Initiative</i>	<i>Actions</i>
<p>a. Implement the IRP to meet regional targets for resources development and demand management in 2010 through 2035.</p>	<ol style="list-style-type: none"> 1. Develop policy guidelines, financing, and programs to implement resource projects and demand management initiatives, including: <ul style="list-style-type: none"> • Indoor and outdoor conservation • Water recycling • Groundwater conjunctive use programs • Brackish and seawater desalination • Water transfers and exchanges • State Water Project supplies • Colorado River supplies 2. Manage supply portfolio as outlined in the Water Surplus and Drought Management (WSDM) Plan.
<p>b. Implement Board-approved policy for managing SWP.</p>	<ol style="list-style-type: none"> 1. Ensure reliable SWP water deliveries consistent with needs outlined in the IRP and WSDM plans. 2. Develop transfer and exchange programs to increase SWP deliveries.
<p>c. Develop and implement Colorado River supplies in accordance with California and multi-state agreements.</p>	<ol style="list-style-type: none"> 1. Ensure full cost-effective benefits from existing Colorado River programs. 2. Develop programs to improve Colorado River system supplies.
<p>d. Initiate the System Overview Study in conjunction with the Integrated Resource Plan and Integrated Area Study.</p>	<ol style="list-style-type: none"> 1. Complete annual update of the Integrated Area Study technical analyses and report. 2. Develop recommendation on project portfolio for Riverside and San Diego area. 3. Develop policy on the introduction of local water into Metropolitan’s system. 4. Revise service connection agreement template to address need for member agencies to accommodate 7-20 day outage on conveyance facilities.



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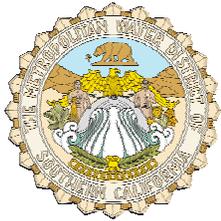
5 SYSTEM RELIABILITY	Operate and maintain the system in an effective and efficient manner to ensure reliable delivery of water supplies.	PERFORMANCE MEASURES
		<ul style="list-style-type: none"> ▪ Unplanned outages resulting in disruption of services = 0 ▪ Meet all scheduled water deliveries = 100%

Initiative	Actions
a. Manage system operations.	<ol style="list-style-type: none"> 1. Ensure system capability to deliver and treat supplies from the SWP, CRA, 10 Metropolitan reservoirs, (including DVL), and 15 groundwater storage programs in Central and Southern California to meet regional water demands: <ol style="list-style-type: none"> a. Schedule and deliver full SWP and CRA allocated to Metropolitan b. Deliver up to 190,000 acre-feet of water from Semitropic, Arvin-Edison, Mojave, Kern Delta and San Bernardino programs through the SWP system c. Call 40,000 acre-feet of return deliveries from 10 groundwater conjunctive use and 2 supplemental Metropolitan member agency storage programs d. Deliver up to 200,000 acre-feet of water transfers and exchanges through the SWP and CRA systems e. Manage source quality of deliveries from supply sources 2. Perform maintenance activities to ensure reliable and effective water and power operations. <ol style="list-style-type: none"> a. Implement inspection, servicing, and repair program established for: <ol style="list-style-type: none"> i. 242 miles of CRA ii. Over 830 miles of distribution system tunnels and pipelines iii. 5 treatment plants iv. 16 hydropower plants v. 10 reservoirs vi. Over 120,000 pieces of equipment b. Provide pipe and valve fabrication for urgent repairs of distribution facilities for Metropolitan, member agencies, and DWR. c. Complete 20 planned major shutdowns and repairs in coordination with member agencies. 3. Work with Member Agencies to implement and monitor the 30% reduction in the Interim Agricultural Water Program that began on January 1, 2008.



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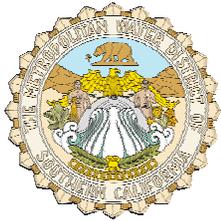
5 SYSTEM RELIABILITY		PERFORMANCE MEASURES
Operate and maintain the system in an effective and efficient manner to ensure reliable delivery of water supplies.		<ul style="list-style-type: none"> ▪ Unplanned outages resulting in disruption of services = 0 ▪ Meet all scheduled water deliveries = 100%
<i>Initiative</i>	<i>Actions</i>	
b. Emergency management	<ol style="list-style-type: none"> 1. Participate in the state-wide “Golden Guardian” emergency preparedness and training exercise sponsored by the California Office of Emergency Services, and the State Office of Homeland Security. 2. Perform all final acceptance testing for installed and operational access control system. 3. Optimize use of Security Watch Center as 24-hour facility for response to security and crisis events. 4. Complete focused training on emergency response and management. 5. Maintain emergency readiness capabilities, including update of emergency telephone lists and emergency response plan. 6. Obtain radio frequency license to upgrade the two-way radio system. 7. Conduct regular exercises to ensure the ability to recover critical IT systems during an emergency. 8. Establish Incident Command Center at Union Station headquarters. 	
c. Environmental, Health and Safety (EHS)	<ol style="list-style-type: none"> 1. Address health and safety issues identified through the tactical and compliance assessment. 2. Deploy EHS Tactical support team to upgrade compliance levels at Metropolitan facilities. 3. Monitor comprehensive employee health and safety program assessments to ensure Metropolitan’s 100% compliance. 4. Deliver EHS training to employees and meet all regulatory compliance requirements in a timely manner. 	



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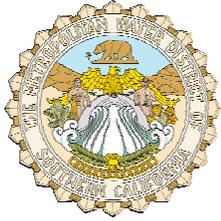
6 CAPITAL INVESTMENT PLAN		Implement Board-approved Capital Investment Plan (CIP) to ensure the quality and reliability of the region's water supply and infrastructure.	PERFORMANCE MEASURES
<i>Initiative</i>	<i>Actions</i>		
a. Identify and implement high priority projects to replace or rehabilitate equipment and facilities to ensure reliability of Metropolitan's conveyance, storage, treatment distribution, and technology infrastructure.	<ul style="list-style-type: none"> 1. Complete design for Rehabilitation and Replacement (R&R) projects planned for the fiscal year, including: <ul style="list-style-type: none"> a. Weymouth site power system replacement and upgrades b. Skinner Modules 5, 6, and WWRP No. 2 solids collection equipment replacement c. CRA dam sluiceways and outlet gates rehabilitation 2. Complete construction for R&R projects planned for the fiscal year, including: <ul style="list-style-type: none"> a. Weymouth filter rehabilitation b. Lake Skinner East Bypass Screening Structure replacement 		
b. Assess and update long-term funding needs for R&R projects.	<ul style="list-style-type: none"> 1. Identify R&R expenditure plans and funding in the Long Range Finance Plan. 		
c. Implement key capital projects of the Quagga Mussels Control Program.	<ul style="list-style-type: none"> 1. Complete construction of the Lake Mathews Interim Chlorination System. 2. Complete final design and construction for the new chlorine injection point at Lake Skinner Outlet Conduit. 3. Continue to identify and pursue federal and state funding opportunities and legislative solutions. 4. Continue to develop and implement community outreach efforts. 		
d. Complete Inland Feeder with a projected online date of 2010.	<ul style="list-style-type: none"> 1. Complete mining of Arrowhead West Tunnel (AWT) to ensure completion of Inland Feeder on time and within budget. 2. Complete fabrication of all remaining final pipe liner for AWT. 3. Complete installation of final pipe liner in Arrowhead East Tunnel (AET). 4. Conduct sale of salvaged equipment for AWT and AET mining equipment and appurtenances. 		
e. Continue the Oxidation Retrofit Program (ORP) at various plants to comply with U.S. Environmental Protection Agency Disinfectants/Disinfection By-Products Rule.	<ul style="list-style-type: none"> 1. <i>Diemer ORP</i> - Award construction contract and begin construction of the Diemer ORP facilities, while also continuing with fabrication of ozone equipment. 2. <i>Skinner ORP</i> - Complete construction activities for the new ORP facility and the incoming 33 kV electrical service. 		

- Implement CIP within 95% of construction schedules



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6 CAPITAL INVESTMENT PLAN		PERFORMANCE MEASURES
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"> ▪ Implement CIP within 95% of construction schedules
Initiative	Actions	
<p>f. Maintain reliability and improve the operating efficiency of water treatment plants to meet treated water demands.</p>	<ol style="list-style-type: none"> 1. <i>Weymouth Water Treatment Plant</i> - Award construction contract and begin construction of the Chemical Tank Farm Improvements. 2. <i>Jensen Water Treatment Plant</i> - Award construction contract and begin construction of two new solids thickeners. 3. <i>Skinner Water Treatment Plant</i> - Complete final design for the electrical building and ground fault protection system upgrade. 4. <i>Diemer Water Treatment Plant</i> - Complete preliminary design of the upgrade of the existing power system; and complete final design, award construction contract and begin construction for the new Diemer North Access Road. 5. <i>Mills Water Treatment Plant Capacity Upgrade</i> - Award construction contract and begin construction for the Chemical System Capacity Upgrades and Modules 1 and 2 rehabilitation project; and complete preliminary design and begin final design of the new solids handling and wash water reclamation plant facilities. 	
<p>g. Complete major projects to ensure reliability of the conveyance and distribution system to meet increasing demands and comply with regulatory requirements.</p>	<ol style="list-style-type: none"> 1. <i>Perris Valley Pipeline</i> - Complete construction of the North Reach, with service to Service Connection EM-23; and issue the Notice to Proceed and commence construction of the South Reach. 2. <i>San Diego Pipeline No. 6</i> - Complete the alternative alignment feasibility study; and proceed with the preliminary design and environmental documentation for the remaining portions upon Board approval. 3. <i>Cross Connection Prevention Program</i> - Complete the relocation of approximately 75 air release and vacuum valves from underground vaults under Phase II of the program. 	



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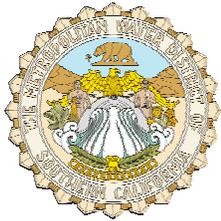
6 CAPITAL INVESTMENT PLAN

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

PERFORMANCE MEASURES

- Implement CIP within 95% of construction schedules

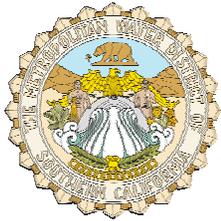
<i>Initiative</i>	<i>Actions</i>
<p>h. Implement IT Strategic Plan initiatives to improve reliability, security, and efficiency.</p>	<ol style="list-style-type: none"> 1. Develop interface between Maximo Maintenance System and Oracle inventory module to automate the requisitioning of maintenance materials needed for completing work orders. 2. Complete the deployment of the materials interface and mobile technology project to support collection of timekeeping and work order data, and information about the field-based assets by WSO craft employees at a remote location. 3. Complete Phase One of the IT Network Upgrade project to increase the capacity of Metropolitan's local area networks (LANs) and to replace end-of-life network equipment at Union Station and the field facilities. 4. Complete Phase Two of the Information Security Remediation Initiative to secure the computing environment against cyber threats associated with newly evolving technologies. 5. Complete implementation of upgrade to Water Billing System, which will be used to invoice member agencies for water sales transactions and provide self-service web access for member agency billing inquiries, transactions and information requests.



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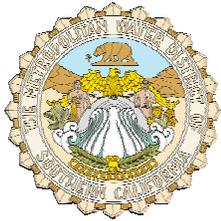
7 WATER QUALITY	Develop and implement comprehensive programs to ensure Metropolitan delivers water that meets or exceeds all water quality regulations and objectives.	PERFORMANCE MEASURES
		<ul style="list-style-type: none"> ▪ Compliance with primary drinking water quality standards = 100% ▪ Total Dissolved Solids ≤ 500 mg/L

Initiative	Actions
a. Protect source water quality.	<ol style="list-style-type: none"> 1. Clean-up and advocate protection efforts concerning Moab, perchlorate, and Topock Chromium 6. 2. Expand source water monitoring for pharmaceuticals and personal care products by increasing the monitoring frequency from quarterly samples and participating in joint studies with the National Water Research Institute and Orange County Water District. 3. Track and monitor water quality in Sacramento – San Joaquin Delta. 4. Pursue Proposition 50 funding opportunities to support alternative treatment technology projects as well as quagga mussel control. 5. Continue investigation of the impacts of the Wanger Court Decision and other Delta solutions on Delta and SWP drinking water quality using DWR’s enhanced forecasting capabilities.
b. Effectively manage water treatment.	<ol style="list-style-type: none"> 1. Conduct water quality monitoring, regulatory reporting, and treatment optimization to ensure 100% compliance with primary drinking water standards. 2. Collect over 425,000 water quality samples for microbiological and chemical analyses resulting in over 435,000 test results. 3. Conduct water quality applied research in the areas of disinfection by-products, quantification of endocrine disruptors and pharmaceuticals and personal care products, detection of cryptosporidium in filtered water, early detection of cyanobacterial toxins, and inactivation of pathogens and viruses by ultra-violet treatment. 4. Complete start-up of chlorine containment facilities at Skinner and Mills water treatment plants. 5. Work with member agencies and industry experts to develop long-term drinking water treatment strategies. 6. Evaluate and implement interim strategies prior to completion of ozone at Diemer and Weymouth plants. 7. Revise chemical responder program to increase employee training and clarify chemical response procedures to stay current with increasingly complex regulations. 8. Manage salinity within constraints of water quality performance and source water availability. 9. Adjust treatment strategies as blend changes during winter and spring months.



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8 WORKFORCE EFFECTIVENESS		PERFORMANCE MEASURES
Provide the workforce with career development, training opportunities and tools, including application of advanced technologies, to continually improve workforce skills, competencies and productivity to deliver outstanding customer service.		<ul style="list-style-type: none"> ▪ Meet milestones for Human Resources services = 100% ▪ Successful delivery of StrategicHR milestones
<i>Initiative</i>	<i>Actions</i>	
a. Acquire talent.	<ol style="list-style-type: none"> 1. Develop Workforce Planning Framework to proactively identify and fill future labor resource requirements. 2. Reduce time-to-fill vacant position. 3. Establish recruitment strategies for difficult-to-fill positions. 4. Promote equal employment opportunities and update Affirmative Action Plan to meet Federal Contractor requirements. 5. Complete Classification studies for all bargaining units to ensure up-to-date job descriptions that support recruitment efforts. 6. Research and implement creative solutions to improve recruitment process efficiency and effectiveness. 	
b. Manage total compensation.	<ol style="list-style-type: none"> 1. Obtain Board approval for a Total Compensation strategy that ensures Metropolitan can sustain a talented workforce. 2. Implement enhanced Executive/Unrepresented Compensation Plan. 3. Develop and enhance recognition and reward practices to encourage desired performance. 4. Recommend cost containment opportunities for Benefits administration. 	
c. Provide proactive employee relations.	<ol style="list-style-type: none"> 1. Improve timely communication of new HR practices, MOU changes and recommended management practices to managers. 2. Accelerate the effective resolution of employee grievances. 3. Recommend Bargaining Unit realignment. 	



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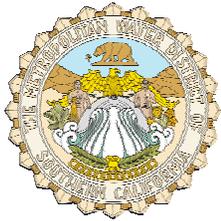
8 WORKFORCE EFFECTIVENESS

Provide the workforce with career development, training opportunities and tools, including application of advanced technologies, to continually improve workforce skills, competencies and productivity to deliver outstanding customer service.

PERFORMANCE MEASURES

- Meet milestones for Human Resources services = 100%
- Successful delivery of StrategicHR milestones

<i>Initiative</i>	<i>Actions</i>
d. Foster learning and development.	<ol style="list-style-type: none"> 1. Establish Training Plans for all employees. 2. Deliver Leadership/Management Development training to foster management excellence, financial responsibility and people management as core competencies for managers. 3. Continue to invest in learning and development opportunities in computer, business, collaboration and productivity-related training. 4. Expand use of e-learning and other programs to reduce time away from the job. 5. Develop curriculum to foster business and financial understanding of Metropolitan current and future business issues.
e. Manage succession.	<ol style="list-style-type: none"> 1. Develop a succession management framework to ensure Metropolitan capability to fill future position openings. 2. Develop Workplace Plan to identify potential skill and talent gaps for critical Metropolitan positions. 3. Invest in the development and growth of internal staff to fill future skill gaps and job openings. 4. Expand support of internship, mentoring and other innovative programs that broaden readiness to fill future positions.
f. Set high performance standards.	<ol style="list-style-type: none"> 1. Implement a new High Performance Management System where competent work performance is the standard expectation.
g. Manage risk.	<ol style="list-style-type: none"> 1. Minimize contract risk exposure and control claims costs.
h. Design Human Resources Information Systems (HRIS).	<ol style="list-style-type: none"> 1. Optimize Human Resources Information Systems to reduce costs, support administrative simplification and provide value-added reporting to customers. 2. Ensure HR Data Integrity. 3. Deploy HR Portal to provide ease of access to appropriate HR information. 4. Expand MyHR Self-Service to enhance, simplify and speed up HR transactions.



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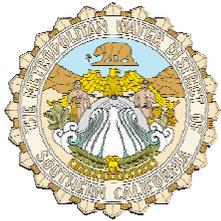
9 REAL PROPERTY MANAGEMENT

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 MEASURES

- 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>
<p>a. Develop policies, strategies, and actions that enable sustainability in all aspects of real property including development, appraisal, acquisition and annexation while concurrently improving the planning, management, and administration of internal real property activities.</p>	<ol style="list-style-type: none"> 1. Continually evaluate real property holdings for future operational uses, surplus, or other disposition. 2. Facilitate appropriate future third-party uses of Metropolitan's real property by completing a comprehensive prioritized use plan by June 30, 2009. 3. Develop strategic real property and right-of-way protection procedures and process improvements that foster sustainable land management approaches while protecting the water system infrastructure. 4. By June 30, 2009, design and implement a new real property management tracking system to include a process that monitors progress of land use requests and transactions, and in the future monitors leaseholders level of compliance with lease terms. 5. Through the cooperation of other Groups and Teams, streamline and improve administrative controls to improve customer service and satisfaction; shorten cycle times; and, reduce process steps for approval of external property use requests and other transactions.
<p>b. Refine and implement strategies to identify and acquire right-of-ways and adjacent properties that are necessary to implement future water infrastructure projects and other real property goals.</p>	<ol style="list-style-type: none"> 1. Evaluate real property holdings and right-of-way needs on an ongoing basis for future operational or other specific mission related purposes. 2. Continue to work closely with WSO and CRG to acquire required properties in a timely fashion for approved projects. 3. Provide timely and effective responses to member agencies requests for annexations.
<p>c. Manage public recreation facilities at Diamond Valley Lake and Lake Skinner through best management and sustainable practices to effectively protect water quality.</p>	<ol style="list-style-type: none"> 1. Provide safe and enjoyable public recreation activities, while attempting to recover concessionaire costs through visitor revenues and remaining within O&M budget. 2. Ensure no adverse impact on water quality. 3. Continue to effectively manage the boat inspection program at both DVL and Lake Skinner to eliminate the transportation of quagga mussels.



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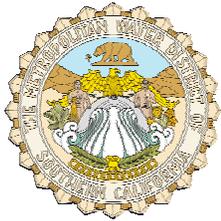
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PERFORMANCE MEASURES

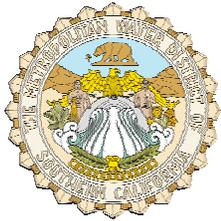
- Compliance with agreement terms for invoicing and accounting of rents of leased real property = 100%
- Compliance with environmental permitting requirements = 100%

<i>Initiative</i>	<i>Actions</i>
d. Develop the basic recreational infrastructure at DVL utilizing the principles of environmental sustainability and fiscal responsibility.	<ol style="list-style-type: none"> 1. Refine the plan for the East Recreation Area at DVL, obtain Board concurrence with the approach, and identify partners, including the City of Hemet for plan implementation. 2. Work with the City of Hemet to secure entitlements for development of the East Recreation Area and North Property.
e. Manage the Diamond Valley Lake Visitor Center in a sustainable manner.	<ol style="list-style-type: none"> 1. Continue to merge the Visitor Center into Metropolitan's real property holdings, and maintain the building consistent with Metropolitan and LEED standards in a cost effective manner. 2. Identify and pursue possible partners, uses, and funding for the Visitor Center in order to develop and implement educational program(s) that embody sustainability principles and further Metropolitan's educational goals.
f. Through sustainable practices, maintain, operate and manage the Union Station headquarters facility by effectively anticipating and responding to the needs of Metropolitan staff, tenants, visitors and customers.	<ol style="list-style-type: none"> 1. Operate headquarters in an energy efficient and sustainable manner without diminishing the quality of work being accomplished or the comfort of staff, tenants or visitors. 2. Design and implement projects of remodeling, renovation, maintenance and landscaping for optimal energy and water conservation, lowest life-cycle operating costs, and in concert with the principles of effective and sustainable facility management. 3. Closely monitor contract for cafeteria services to ensure high levels of service, food safety and quality. Monitoring and management to include recycling/trash management. 4. Continue to manage film production operations in an unobtrusive manner, protecting Metropolitan assets and generating sufficient revenues to protect internal costs of such operations.



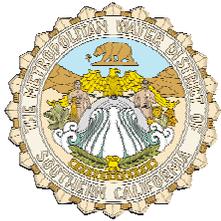
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10 BUSINESS PROCESSES		PERFORMANCE MEASURE
Implement business process improvements to increase organizational efficiencies and manage the organization to achieve budget objectives.		<ul style="list-style-type: none"> ▪ Department O&M costs ≤ Board-approved budgets
<i>Initiative</i>	<i>Actions</i>	
a. Continue benchmarking assessments and implement appropriate recommendations.	<ol style="list-style-type: none"> 1. Continue implementation of engineering recommendations included in the Best-in-Class Benchmarking Report to further enhance Metropolitan's performance in areas of alternative project delivery methods, engineer's cost estimating, and construction change order management. 2. Establish revised engineering metrics for design and inspection based on project complexity. 3. Continue to conduct annual multi-agency performance benchmarking workshops to identify project-planning Best Management Practices. 4. Initiate quarterly Technical Managers' Member Agency Meetings to share and exchange common technical related issues among agencies. 	
b. Update the IT Strategic Plan to increase long-term reliability, while improving Metropolitan's overall efficiency and effectiveness.	<ol style="list-style-type: none"> 1. Update IT Strategic Plan to guide the investment and deployment of information technology at Metropolitan by June 2009. 	
c. Continue to implement business improvements to increase organizational efficiency.	<ol style="list-style-type: none"> 1. Complete documentation and assessment of internal controls over financial reporting and implement identified process improvements. 2. Establish Fleet Management and Maintenance processes and standards, including continuing to improve purchasing procedures, implement quality assurance procedures for fleet parts and materials, and update customer satisfaction survey. 	
d. Continue to apply communications and collaboration technologies for business efficiencies and/or productivity enhancements.	<ol style="list-style-type: none"> 1. Complete the Union Station Headquarters Technology Upgrade. 2. Continue to identify and assess new communications and collaboration technologies that enhance productivity and streamline business processes. 3. Continue to issue e-newsletters to enhance communication with staff and customers. 	



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10 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"> ▪ Department O&M costs ≤ Board-approved budgets
<i>Initiative</i>	<i>Actions</i>	
<p>e. Maintain an effective Business Outreach Program for regional, small businesses and veterans to ensure broad participation and competitive costs.</p>	<ol style="list-style-type: none"> 1. Promote best business practices to include sustainability and business development strategies to achieve Board-approved percentages. 2. Promote a streamlined and uniform SBE Certification Program with public agency partners to increase access to government opportunities. 3. Broaden the Vendor Development Program throughout the region to cultivate a qualified and competent pool of bidders. 4. Collaborate and partner with member agencies to educate business constituents and support Metropolitan and Member Agency mission. 5. Enhance relationships with regional construction trade and professional associations to address reliability and aging infrastructure concerns. 6. Develop effective working relationships through implementing an Internal Business Outreach Awareness Campaign. 7. Develop and implement a Contract Compliance Accountability Program (CCAP) to ensure vendors and staff meet Board-approved SBE/DVBE policy. 	



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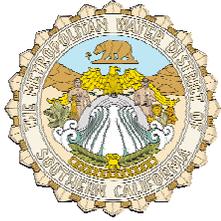
11 FINANCIAL MANAGEMENT

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 MEASURES

- Debt Service Coverage \geq 2.0
- Fixed Charge Ratio \geq 1.2
- Significant external audit findings = 0

<i>Initiatives</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"> 1. Distribute financial reports in a timely manner and receive positive feedback from the Board and member agencies. 2. Maintain excellence and transparency of financial accounting. 3. Manage financial reporting and receive the Government Finance Officers Association Award (GFOA) of Excellence.
b. Effectively manage and communicate results of Metropolitan's budget to meet the Board's policies and objectives.	<ol style="list-style-type: none"> 1. Monitor annual Operating budget at the team level. 2. Produce timely variance reports on a quarterly basis. 3. Monitor and enforce Metropolitan's combined annual Operating and Capital budgets and ensure compliance with Board policies and objectives. 4. Enhance monitoring of the annual Operating budget by incorporating appropriate and regular management reviews and variance explanations down to the team level.
c. Ensure adequate financial controls are utilized.	<ol style="list-style-type: none"> 1. Complete documentation and assessment of internal controls over financial reporting and convey to the Board the effectiveness of such control system. 2. Facilitate annual review of financial reports. 3. Receive favorable audit findings
d. 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.	<ol style="list-style-type: none"> 1. Maintain long-term bond ratings of "AA" or better. 2. Maintain capital finance plans consistent with CIP and other financing requirements. 3. Monitor financial metrics to ensure adherence to financial goals and policies. 4. Work with member agencies and Board to update Long-Range Financial Plan and develop comprehensive debt policy.
e. Manage investor relations to ensure clear communications, accuracy of information, and integrity.	<ol style="list-style-type: none"> 1. Complete all transactions accurately, efficiently and within investor community expectations.



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PERFORMANCE MEASURES

- Debt Service Coverage \geq 2.0
- Fixed Charge Ratio \geq 1.2
- Significant external audit findings = 0

Initiatives	Actions
f. Manage and effectively administer rates and charges to recover costs consistent with Board policy.	<ol style="list-style-type: none"> 1. Update Long Range Finance Plan forecast. 2. Determine the financial impacts of OPEB funding obligations and formulate appropriate financing alternatives for Board consideration. 3. Ensure that revenues and reserves are sufficient to recover costs through long-term forecasting, analysis, and financial management. 4. Complete cost-of-service report and rate analysis for Board and member agency use. Manage base rate increases to 10% or less for 2010 rate cycle (not including Water Supply Surcharge). 5. Develop Water Supply Surcharge for 2010 rate cycle to recover total projected transfer costs.