



- Capital Investment Plan - Quarterly Report for the period ending June 2009

Summary

This report provides a summary of accomplishments, fiscal year expenditures to date, and variance explanations for all Capital Investment Plan (CIP) programs. This report also identifies any relocation/protection agreements executed under the General Manager's authority. During the fourth quarter of fiscal year 2008/09, seven Board actions appropriated a total of \$14.8 million, and two construction contracts were awarded. Through June 2009, 65 programs encompassing over 400 projects were underway. Actual fiscal year capital expenditures through June 2009 for these programs totaled \$368.9 million, compared to a budget of \$469 million.

During the period from April 2009 through June 2009, over \$61 million in construction contract payments were made, reflecting progress on the Diemer and Skinner Oxidation Retrofit Programs (ORP's), the solar power generation facility at the Skinner Plant, the Perris Valley Pipeline, and the Inland Feeder Arrowhead Tunnels. Five construction contracts were completed during the same period.

At the end of the fourth quarter, 17 construction contracts were underway with a total value of approximately \$885.9 million. Four contracts are 99 percent complete and will be completed with authorized time extensions.

No new relocation/protection agreements were executed under the General Manager's authority during the period.

More detailed information regarding accomplishments and budget variances is included in the following pages. Performance measures for construction inspection and design costs as a percentage of construction costs are tabulated for all projects on which construction or design, respectively, were completed during the fiscal year. Cumulative actual expenditures in each reporting category along with the total capital budget are shown in Figure 1.

Attachments

Not applicable.

Detailed Report

Highlights of progress and major milestones on selected programs are presented below, grouped by reporting category. Variance explanations are provided for categories where actual expenditures differ from the budget by more than 10 percent. The programs are categorized as follows:


Supply and Delivery Reliability – Programs to provide new water supplies and/or major delivery facilities, including service connections.


Infrastructure Reliability – Programs to upgrade, refurbish, replace, or repair existing facilities and equipment, including pipeline relocations and protection.

Cost/Efficiency/Productivity – Programs to upgrade, replace, or provide new facilities, software applications and technology that will provide economic savings that outweigh project costs through enhanced business and operating processes.

Water Quality – Programs to ensure Metropolitan meets all applicable water quality regulations and codes.


Stewardship – Programs to ensure the protection, safety, and security of Metropolitan's employees, visitors, and all real and intellectual properties and assets; and to provide for prudent and cost effective use and management of Metropolitan's assets in compliance with all applicable regulations and codes.

<p>Supply and Delivery Reliability</p>	<p align="center">Through 4th Quarter Budget: \$180.5M Expended: \$143.2M</p>
<ul style="list-style-type: none"> • In April 2009, the Arrowhead Tunnels contractor completed installation of the final liner pipe in both the east and west tunnels, and grouting behind the liner was completed in early July. Both tunnels were projected to be ready for service by late September 2009. Final grading, landscaping, cleanup and demobilization will continue through December 2009. In accordance with Final Environmental Impact Report provisions, groundwater and environmental monitoring will continue into 2012. • The contractor for the Perris Valley Pipeline North Reach has completed all work and is now demobilizing from the site. The contractor finished more than 200 days beyond the contract completion date and staff is in the process of resolving several claims submitted by the contractor. The contractor for the Perris Valley Pipeline South Reach continued pipe installation. The total length installed through June is 8,975 feet (56 percent of total length) and completion is planned for January 2010. • A final workshop was held in January to rank various alignments for the remaining portions of the San Diego Pipeline No. 6 project. Additional analyses are underway to update the on-line date. The results will be presented to Metropolitan’s Board at its December 2009 meeting. 	<div style="text-align: center;">  <p>Inland Feeder – Arrowhead West Tunnel Installation of pipe at Waterman Canyon Portal</p> </div> <p>The fiscal year variance between budgeted and expended dollars is primarily due to three factors: 1) reassessment of the timing for land acquisition for a future Riverside Treatment Plant; 2) the successful bid for the South Reach of the Perris Valley Pipeline, which is currently under construction, was well below the budgeted amount; and 3) advertisement of the construction contract for the Mills Modules 1 and 2 Rehabilitation and Chemical Systems Upgrades has been rescheduled pending review of projected demands in that portion of the service area.</p>


<p>Infrastructure Reliability</p>	<p style="text-align: center;">Through 4th Quarter Budget: \$131.6M Expended: \$77.6M</p>
<ul style="list-style-type: none"> • Activity continued at the Weymouth plant to maintain reliability and improve operating efficiency. Design of the Electrical Upgrade project is approximately 92 percent complete and a construction contract is scheduled to be awarded by November 2009. A construction contract was awarded in August 2009 for the Inlet Conduit Relocation project. Construction of the Coagulant Tank Farm Modifications is 48 percent complete and is scheduled to be completed by December 2010. • The Diemer North Access Road was advertised for bids in July 2009, and a construction contract is scheduled to be awarded in October 2009. • Construction continued on the Colorado River Aqueduct Rehabilitation (CRA) Program Phase 6, which is approximately 50% complete. The Desert Water/Coachella Valley Service connection work, including replacement of valves and construction of perimeter fencing, was completed and accepted in July 2009. Fabrication work is currently in progress for the San Jacinto Diversion Structure gate actuator systems. Rehabilitation of the slide gates at San Jacinto is scheduled to be completed during the October 2009 CRA shutdown. 	<div style="text-align: center;">  </div> <p style="text-align: center;">Weymouth Coagulant Tank Farm Modifications New chemical feed piping trench</p> <p>There are over 250 projects in this category, with variances ranging from \$6 million below to \$4 million over the estimated expenditures for the fiscal year. Over half of the infrastructure projects have fiscal year variances of less than \$100,000. The largest fiscal year overage, which is \$3.8 million for the Weymouth Incoming Electrical Service project, is due to the rescheduling of the Weymouth ORP, which extended the electrical service delivery schedule from completion in FY 2007/08 to beyond FY 2008/09.</p> <p>The net fiscal year variance between budgeted and expended dollars is primarily due to the Skinner Modules Nos. 5 and 6 Filter Surface Washwater Piping project, and the Skinner Electrical Building Upgrade project. Both projects are being implemented via a pilot phase, thereby reducing initial expenditures and extending the overall schedule.</p>

<p>Cost/Efficiency/Productivity</p>	<p align="center">Through 4th Quarter Budget: \$8.4M Expended: \$5.0M</p>
<ul style="list-style-type: none"> • The Integrated Budget Management System (IBMS) provides a single integrated system by replacing five separate, existing budgeting systems. The IBMS was used to produce the O&M and capital budgets for fiscal year 2009/10. The system will be used by budget coordinators to develop the fiscal year 2010/11 O&M and capital budgets. Staff continues to work on system improvements. • Upgrade of Metropolitan’s Water Information System (WINS), which is 12 years old, will ensure timely, accurate and auditable invoicing and accounting of all billing system transactions critical to Metropolitan’s core business functions. Phase One of the project was successfully completed and the new billing system was implemented. All water sales invoices since March 2009 were generated using the new system. 	<div data-bbox="821 344 1466 695" data-label="Image"> </div> <p align="center">Initial screen to access the IBMS</p> <p>The fiscal year variance between budgeted and expended dollars is primarily due to prolonged study and scope development phases for the CAD Management System Replacement and E-Discovery Storage Management System Upgrade projects. The CAD Management System will replace the current, obsolete application for storing and managing all engineering drawings with a system that is fully integrated with the CAD system used to create the drawings. The E-Discovery project will enable Metropolitan to comply with new legal requirements for storage and retrieval of electronically stored information. These projects were authorized to proceed by the Board in September 2009. Additionally, the material and labor costs for the video conferencing upgrade project were much lower than anticipated, and installation was significantly easier by utilizing “plug and play” technology, which used existing network jacks already in place for the computer network.</p>

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Water Quality	<p style="text-align: center;">Through 4th Quarter Budget: \$114.1M Expended: \$110.9M</p>
<ul style="list-style-type: none"> • Construction of ozone facilities at the Diemer Water Treatment Plant is approximately 26 percent complete and is scheduled to be completed by mid-2012. Fabrication of ozone equipment is complete. The three LOX tanks were delivered and installed on August 19, 2009. • The Distribution System - Treated Water Cross Connection Prevention Program will relocate air release and vacuum valves on treated-water feeders from subsurface vaults to above-ground configurations to eliminate potential cross connections at approximately 300 sites. Phase I construction (74 sites) was completed in March 2008. Phase II construction (87 sites) is approximately 70 percent complete and is scheduled to be completed by October 2009. Final design is complete for Phase III (75 sites) and permit acquisition activities were scheduled to be completed by September 2009. Phase IV (65 sites) final design is complete and scheduled to advertise construction in March 2010. 	<div style="text-align: center;">  <p>Mills Water Treatment Plant – Ozone Capacity Upgrade Completed Ozone Contactors 3 and 4</p> </div> <ul style="list-style-type: none"> • The construction of two new ozone contactors at the Mills Plant to upgrade the plant’s ozonation system capacity to 326 mgd was completed in September 2009 and start-up testing is underway. Fabrication of additional ozone equipment under a separate procurement is approximately 75 percent complete and is scheduled to be completed by December 2009.

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<p>Stewardship:</p>	<p style="text-align: center;">Through 4th Quarter Budget: \$34.4M Expended: \$32.2M</p>
<ul style="list-style-type: none"> • By the end of Fiscal Year 2008/09, chlorine containment facilities at all five of Metropolitan’s water treatment plants were operational. Preliminary design of containment facilities at the Chemical Unloading Facility (CUF) are underway and will be completed by February 2010. • The CRA Real Property Boundary Survey project was authorized in 2003 to accurately locate and set visible boundary markers for all of Metropolitan’s CRA property, to identify encroachments, and to record precise boundary mapping with local county agencies. Work to date includes: 388 field surveys in process or completed encompassing over 139,000 acres of fee and easement; more than 11,600 boundary markers recovered or set; and over 1600 map sheets filed with Los Angeles, Orange, Riverside and San Bernardino Counties. The project is over 80 percent complete. 	<div style="text-align: center;">  </div> <p style="text-align: center;">Skinner Water Treatment Plant Solar Power Generation Facility Solar Tracking Array</p> <ul style="list-style-type: none"> • In May, a ceremony was held to dedicate the new solar power generation facility at the Skinner Water Treatment Plant. The new 1-megawatt solar power system will generate 2.4 million kilowatt-hours of clean, renewable energy per year, which is 25 percent of the power used by the plant and is equal to the power used by 250 homes. Other solar facilities are under consideration at the Mills, Jensen, and Weymouth plants.

Corporate Resources Capital Project Performance Measures FY 2008/09 Through 4th Quarter	
<p>Achieved target for cost of construction inspection as a percentage of construction cost, for projects:</p> <ul style="list-style-type: none"> • greater than \$3 million; target 9% - 12% • less than \$3 million; target 9% - 15% 	<p>Met Target Met Target</p>
<p>Achieved target for cost of final design as a percentage of construction cost, for projects:</p> <ul style="list-style-type: none"> • greater than \$3 million; target 9% - 12% • less than \$3 million; target 9% - 15% 	<p>Met Target Met Target</p>

Figure 1
Cumulative Capital Budget vs. Actual Expenditures
FY2008/09

