



CIP Quarterly Report for the period ending June 2010

Summary

This report provides a summary of accomplishments, fiscal year expenditures to date, and variance explanations for all Capital Investment Plan (CIP) programs. During fiscal year 2009/10, 52 Board actions appropriated a total of \$194.4 million, and 24 construction contracts were awarded. Through June 2010, 64 programs encompassing over 400 projects were underway. Actual fiscal year capital expenditures through June 2010 for these programs totaled \$290 million, compared to a budget of \$412 million.

During the period from July 2009 through June 2010, \$132.7 million in construction contract payments were made, reflecting progress on the Diemer and Weymouth Oxidation Retrofit Programs (ORP's), the Perris Valley Pipeline, Inland Feeder Arrowhead Tunnels, and the Electrical Upgrades at the Weymouth and Diemer treatment plants. Twenty-one construction contracts were completed during the fiscal year.

At the end of the fourth quarter, 23 construction contracts were underway with a total value of approximately \$500.3 million. Two contracts are 99 percent complete and will be concluded with authorized time extensions.

More detailed information regarding accomplishments and budget variances is included in the following pages. Cumulative actual expenditures along with the total capital budget in each reporting category 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: \$103.6M Expended: \$67.9M</p>
<ul style="list-style-type: none"> • All construction contracts have been completed on the Inland Feeder Program. In late November 2009, the Arrowhead Tunnels contractor fully demobilized from the project and the Notice of Completion was recorded. Total construction costs for the tunnels were \$14 million under budget. In accordance with the project’s Environmental Impact Report and the US Forest Service Special Use Permit, environmental monitoring and mitigation activities will continue along the Arrowhead Tunnels alignment until at least 2012. • The Perris Valley Pipeline South Reach construction contractor encountered substantial groundwater conditions near Van Buren Blvd. and the Interstate 215 Freeway. Staff assessed options to complete the remaining work, and determined that deletion of this tunnel from the current contract was the best option. This work will be completed under a separate tunnel contract. Staff is negotiating a credit for the tunnel deletion with the South Reach contractor. The remaining pipeline construction is 60 percent complete and is scheduled to be completed by late 2010. <p>Field geotechnical investigations for the tunnel contract have been completed. The technical feasibility and comparative costs for various tunneling methods are now being evaluated. Design is 50 percent complete and is scheduled to be completed by October 2010.</p>	<div style="text-align: center;">  <p>Inland Feeder deliveries to the Diamond Valley Lake (DVL) Inlet/Outlet Tower</p> </div> <div style="text-align: center;">  <p>Perris Valley Pipeline South Reach Excavation of pipe trench at March Field Air Museum</p> </div> <p>The fiscal year variance between budgeted and expended dollars is primarily due to three factors: 1) the Arrowhead Tunnels were completed 14 months ahead of the contract schedule, and within the Board-authorized budget; 2) reassessment of the timing and deferral of land acquisition for the future Riverside Treatment Plant; and 3) expenditures on the Hayfield Groundwater Storage Project were limited by reducing the initial groundwater pumping capacity.</p>

<p>Infrastructure Reliability</p>	<p align="center">Through 4th Quarter Budget: \$166.6M Expended: \$103.9M</p>
<ul style="list-style-type: none"> • At the Diemer plant, Southern California Edison (SCE) commenced construction of the Diemer Power Supply Upgrade to 66kV. SCE is expected to be completed in late 2010. Construction of the Diemer North Access Road is approximately 46 percent complete and is scheduled to be completed in spring 2011. Construction progress was temporarily affected by the discovery of endangered species nests (Least Bell's Vireo) near several work areas. The contractor relocated construction activities away from the impacted areas, and will resume that work at a later date. • Construction of the Jensen Solids Thickeners Nos. 5 and 6 was completed. The project added two new solids thickeners and a washwater recirculation pipeline. • At the Weymouth plant, construction of the Coagulant Tank Farm Modifications is 75 percent complete and is scheduled to be completed by December 2010. Construction of the polymer tank farm has been completed, and is currently in operation. Construction of the Weymouth Electrical Upgrades is 10 percent complete and is scheduled to be completed by September 2012. The Rapid Mix and Fire/Domestic Water Systems Upgrade construction is 33 percent complete and is scheduled to be completed by March 2011. Fabrication of the inlet valves for the Upper Feeder Junction Structure at the Weymouth Plant is 12 percent complete and the valves are scheduled to be delivered by November 2010. Construction of the Junction Structure seismic upgrades is 4 percent complete and is scheduled to be completed by April 2011. 	<div style="text-align: center;">  <p>Weymouth Inlet Conduit Relocation and Rapid Mix Systems Electrical Ductbank</p>  <p>Diemer Treatment Plant North Access Road</p> </div> <p>There are over 200 projects budgeted under the Infrastructure Reliability category. One project, the Weymouth Electrical Upgrades, had a variance of \$17 million below the estimated expenditures for the fiscal year. This variance was due to the work being rescheduled to accommodate planned construction/shutdowns at the Weymouth plant, and due to receiving a favorable construction bid. Over half of the infrastructure projects have fiscal year variances of less than \$100,000. The urgent repairs to the Allen McColloch Pipeline resulted in an unplanned expenditure of approximately \$3 million.</p>

Cost/Efficiency/Productivity	<p align="center">Through 4th Quarter Budget: \$5.4M Expended: \$3.1M</p>
<ul style="list-style-type: none"> • In September 2009, the Board authorized the E-Discovery project which will enable Metropolitan to comply with new legal requirements for storage and retrieval of electronically stored information. To date, the software license has been purchased and system design is complete. The hardware was received in March 2010. System development, software configuration and preliminary testing are planned to continue through June. The initial rollout of e-Discovery for the email management system is scheduled for the first quarter of fiscal year 2010/11. • The design phase and server software installations for the Computer-Aided Design (CAD) Management System were completed. 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. Final preparations are currently underway to begin a pilot phase for using the CAD Management System with selected design staff. The pilot is scheduled to be completed in January 2011. 	 <p>The fiscal year variance between budget and expended dollars is primarily due to projects that were deferred to focus on the highest priority efforts. The deferred projects included Water Planning Application and the Ozone Optimization Pilot projects.</p>

<p>Water Quality</p>	<p align="center">Through 4th Quarter Budget: \$106M Expended: \$101M</p>
<ul style="list-style-type: none"> • Construction of ozone facilities at the Diemer plant is approximately 50 percent complete and is scheduled to be completed in mid-2012. Fabrication of ozone equipment is complete. Major activities continue on the Ozone Generator Building, liquid oxygen tank farm and electrical support facilities. The contractor is also preparing for the project’s second full plant shutdown, which is scheduled for the first quarter of 2011. One of the significant activities during this shutdown will be energizing the new SCE 66kV substation. • The Weymouth ORP consists of multiple, staged construction contracts. Final design of the Ozone Generation Building and ozone contactors is 65 percent complete and is scheduled to be completed in early 2011. Construction of the Weymouth Inlet Conduit Relocation project, which is required to support the Weymouth ORP, is 38 percent complete and is scheduled to be completed in April 2011. • Construction of two new ozone contactors at the Mills plant is complete and the contactors are in full operation. Fabrication of additional ozone equipment is complete. Installation and testing of the additional ozone equipment under a separate contract is scheduled to be completed by September 2011. <p>The fiscal year variance between budgeted and expended dollars is primarily due to contractor progress payments for the Diemer ORP that were less than the budget estimates. The project remains on schedule and within budget.</p>	 <p align="center">Diemer Treatment Plant – Liquid Oxygen Tank Farm</p>  <p align="center">Weymouth Treatment Plant – Excavation and shoring for the Inlet Conduit Relocation</p>

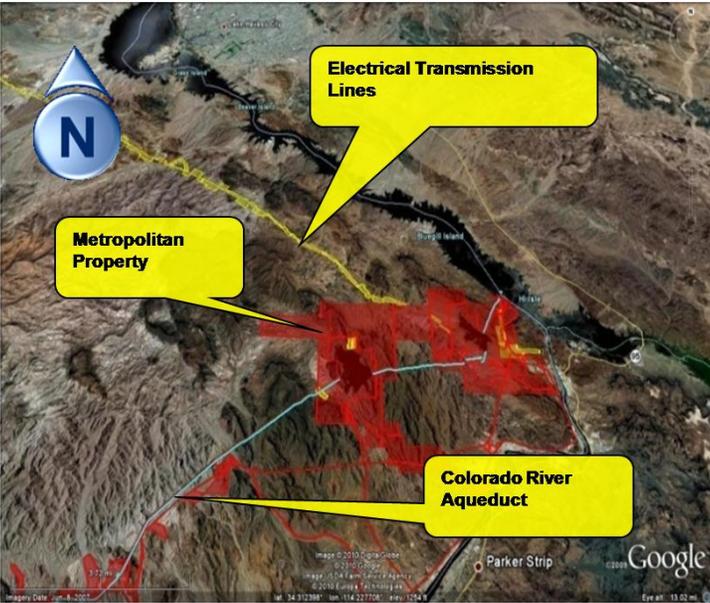
<p>Stewardship:</p>	<p align="center">Through 4th Quarter Budget: \$30.4M Expended: \$14.3M</p>
<p>The Colorado River Aqueduct (CRA) Real Property Boundary Survey project was authorized in 2003 to accurately locate and set visible boundary markers for all of Metropolitan’s CRA properties, to identify encroachments, and to record precise boundary mapping with local county agencies. The program is 85 percent complete and is on schedule to be completed in fiscal year 2011/12.</p> <p>Accomplishments to date include:</p> <ul style="list-style-type: none"> • Critical area boundary maps, control surveys, structure locations, encroachment documentation, and purchase of title reports have been completed for all desert parcels comprising approximately 130,000 acres; • Approximately 10,500 boundary markers and 6,000 facility markers have been set to identify property corners and alignments of pipelines; • Assessor parcel numbers have been assigned to all Metropolitan properties in San Bernardino and Riverside Counties; • Title insurance has been received, filed and indexed for all fee parcels purchased from the federal government; • Data and graphics for 6,370 parcels have been updated and made available to internal staff through geographic information systems. • Construction of the Diamond Valley Lake Boat Ramp Extension was completed in November 2009. The project extended the boat ramp to its ultimate build-out level, which is just above the lake bottom in the vicinity of the marina. Boating activities on the lake have resumed. 	 <p align="center">CRA in relationship to Metropolitan property holdings in the Gene Camp/Copper Basin area</p>  <p align="center">Completed DVL boat ramp extension</p> <p>The fiscal year variance between budgeted and expended dollars is primarily due to: 1) the contractor’s work for the Skinner Solar Energy project was completed and the invoices were submitted and paid ahead of schedule in fiscal year 2008/09; 2) the Yorba Linda Power Plant turbine replacement was rescheduled due to insufficient responses from turbine manufacturers. Staff has solicited comments from the turbine manufacturers and is preparing an alternative delivery methodology; and 3) the project to install carbon dioxide fire suppression systems at the hydroelectric power plants has been changed to a lower-cost alternative.</p>

Figure 1
Cumulative Capital Budget vs. Actual Expenditures
FY2009/10

