



CIP Quarterly Report for the period ending March 2011

Summary

This report provides a summary of accomplishments, fiscal year expenditures to date, and variance explanations for all Capital Investment Plan (CIP) programs. During the third quarter of fiscal year 2010/11, 11 Board actions appropriated a total of \$25.7 million, and 7 construction contracts were awarded. Through March 2011, 55 programs encompassing over 300 projects were underway. Actual fiscal year capital expenditures through March 2011 for these programs totaled \$172.1 million, compared to a budget of \$192.9 million.

During the period from July 2010 through March 2011, \$97.5 million in construction contract payments were made, reflecting progress on the Diemer Oxidation Retrofit Program (ORP); the inlet conduit relocation, domestic and fire water improvements, and the Upper Feeder Junction Structure upgrade at the Weymouth plant; and the electrical system upgrades at the Weymouth and Diemer plants. Four construction contracts were completed during the same period.

At the end of the third quarter, 29 construction contracts were underway with a total value of approximately \$503.8 million. Four contracts are 99 percent complete, with punch list work remaining.

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 or treatment facility expansions, including service connections.


Infrastructure Reliability – Programs to upgrade, refurbish or replace, existing facilities and equipment, including pipeline relocations and protection; and to ensure the protection, safety, and security of Metropolitan's employees, visitors, and all real and intellectual properties and assets.

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.

Regulatory – Programs to ensure Metropolitan's operations and processes are in full compliance with all applicable regulations and codes other than water quality regulations.

<p>Supply and Delivery Reliability</p> <ul style="list-style-type: none"> • Perris Valley Pipeline 	<p style="text-align: center;">Through 3rd Quarter</p> <p style="text-align: center;">Budget: \$7.8M Expended: \$12.8M</p> <p>Variance explanation:</p> <p>The fiscal year variance between budgeted and expended dollars is primarily due to the unbudgeted settlement payment to the contractor for the Perris Valley Pipeline North Reach.</p>
<ul style="list-style-type: none"> • Perris Valley Pipeline: <p>North Reach: Special counsel, with support from Metropolitan’s legal and engineering staff, is addressing a lawsuit from a local business alleging that it was impacted by the construction work.</p> <p>South Reach: Two tunnel segments have been deleted from the contract due to unanticipated groundwater conditions near Van Buren Blvd. and the Interstate 215 Freeway. The remaining pipeline construction is nearly complete and is now expected to be completed by summer 2011.</p> <p>Tunnels: The tunnel segments removed from the South Reach will be completed under a separate contract. This portion of work has been deferred until fiscal year 2017/18 under the proposed CIP budget.</p>	 <p style="text-align: center;">Perris Valley Pipeline - South Reach Placement of concrete for air vent piping encasement</p>

<p>Infrastructure Reliability</p> <ul style="list-style-type: none"> • Diemer North Access Road • Weymouth Treatment Plant • Colorado River Aqueduct Access Covers and Water Tank Safety Improvements • Box Springs Feeder Refurbishment • Diemer Electrical Upgrades 	<p style="text-align: center;">Through 3rd Quarter Budget: \$102.4M Expended: \$83.7M</p> <p>Variance explanation:</p> <p>The fiscal year variance between budgeted and expended dollars is primarily due to contractor progress payments for the CRA Fault Current Protection Upgrades and the Diemer Fire and Potable Water Pump Station projects, which were less than the budget estimates. In addition, progress on the Diemer North Access Road construction was temporarily delayed due to heavy rainfall.</p>
<ul style="list-style-type: none"> • Diemer North Access Road construction is approximately 68 percent complete and is scheduled for completion in mid-July 2011. The bridge over Carbon Canyon Creek was completed while construction continued on upper reaches of the road. The subsequent construction package, North Slope Erosion Control, was awarded by Metropolitan’s Board in March 2011. With the beginning of the bird nesting season in March, Metropolitan met with the US Fish & Wildlife Service to update the agency on future construction activities. Environmental monitoring is being provided in accordance with the Environmental Impact Report. 	 <p style="text-align: center;">Diemer North Access Road Installation of the Carbon Canyon Creek Bridge</p>

Infrastructure Reliability

- **Weymouth Treatment Plant:**
Construction of the Weymouth Electrical Upgrades is 54 percent complete and is scheduled to be completed by mid-2012. Construction of the Rapid Mix and Fire/Domestic Water Systems is 90 percent complete and is scheduled to be completed by June 2011. Construction of the Junction Structure Seismic Upgrades project is 85 percent complete and is scheduled to be completed by May 2011.



**Weymouth Treatment Plant
Testing and start-up of the new rapid mix system**

- Construction of the Colorado River Aqueduct (CRA) Access Cover Replacements and Water Tank Safety Improvements project is approximately 69 percent complete and is scheduled to be completed by June 2011. The transition and manhole covers have been delivered and installation has commenced along the aqueduct.



**CRA Access Covers and Water Tank Improvements
New landings and stairs at one of the circulation water tanks**

Infrastructure Reliability

- Repair of broken-back sections of the Box Springs Feeder was completed in March 2011. Environmental mitigation activities continue in Sycamore Canyon.







Box Springs Feeder Refurbishment - Phase 3
Shored excavation at one of the replacement sections

- The Diemer Electrical Upgrades – Phase I project is 90 percent complete. This project will improve the reliability of the electrical power system at the Diemer Plant. Construction of the new switchgear and emergency generator buildings was completed and tested by February 2011. Remaining activities are scheduled to complete by August 2011.



Diemer Treatment Plant
New electrical switchgear

<p>Cost/Efficiency/Productivity</p> <ul style="list-style-type: none"> • Materials Interface and Mobile Technology • Computer-Aided Design Document Management System 	<p style="text-align: center;">Through 3rd Quarter Budget: \$1.7M Expended: \$2.1M</p> <p>Variance explanation: The fiscal year variance between budgeted and expended dollars is primarily due to a schedule revision to the Exchange 2007 Upgrade project; a late invoice received for the Inventory Bar-Coding project; and the final purchase of additional hand-held units for the Mobile Technology project. Further, additional effort was expended to solicit proposals for development options on Metropolitan-owned property at Diamond Valley Lake. All projects remain within budget.</p>
<ul style="list-style-type: none"> • In support of Water System Operation's Mobile Technology initiative to streamline maintenance management operations, the Materials Interface and Mobile Technology project was established to deploy hand-held units for field maintenance workers to use with the goal of improving the quality and completeness of maintenance data by capturing information in the field as part of the actual work process. This mobile computing capability allows staff to enter timekeeping and work order data, and key information about field assets. <p>During the period, staff initiated the procurement of all remaining handheld units. Upon receipt of the units, the Materials Interface and Mobile Technology project will be completed.</p>	 <p style="text-align: center;">Data input at field location</p>
<ul style="list-style-type: none"> • The Computer-Aided Design (CAD) Document Management System will replace an obsolete application for storing and managing engineering drawings with a system that is fully integrated with the CAD system used by Metropolitan staff to create design drawings. Rollout of the system began in November 2010. The system has been successfully implemented and the primary scope of the project is completed. 	

<p>Water Quality</p> <ul style="list-style-type: none"> • Diemer Oxidation Retrofit Program • Weymouth Oxidation Retrofit Program • Cross Connection Prevention Program 	<p align="center">Through 3rd Quarter Budget: \$74.0M Expended: \$71.0M</p>
<ul style="list-style-type: none"> • Diemer Oxidation Retrofit Program: Construction of ozone facilities at the Diemer plant is approximately 66 percent complete and is scheduled to be completed in mid-2012. Fabrication of ozone equipment is complete. Connection to the new SCE 66kV substation was completed during a scheduled 7-day shutdown which commenced in late February. 	 <p align="center">Diemer Treatment Plant Installation of potable and fire water piping</p>
<ul style="list-style-type: none"> • Weymouth Oxidation Retrofit Program: Final design of the main ORP construction contract is 92 percent complete and is scheduled to be completed in mid-2011. Construction of the Weymouth Inlet Conduit Relocation project, which is required to support the Weymouth ORP, is 94 percent complete and is scheduled to be completed in June 2011. 	 <p align="center">Weymouth Treatment Plant Shoring and excavation of existing Inlet Conduit</p>


Board Report (CIP Quarterly Report for the period ending March 2011)

- The Cross Connection Prevention Program was initiated to address 300 sites where air release/vacuum valves located in underground vaults create a potential cross connection. A total of 12 construction contracts are being utilized to relocate the valves to above-ground enclosures. Phases I and II have been completed, covering a combined total of 153 sites.

A total of 68 sites are currently being modified under Phase III. This work is approximately 70 percent complete. Phase IV, which addresses the remaining 79 sites, commenced construction in March 2011 and is scheduled to be completed in June 2012.



Backfill of a completed installation in Temecula

<p>Regulatory</p> <ul style="list-style-type: none"> • Chemical Unloading Facility Chlorine Containment 	<p style="text-align: center;">Through 3rd Quarter</p> <p style="text-align: center;">Budget: \$2.5M Expended: \$1.3M</p> <p>Variance explanation:</p> <p>The fiscal year variance between budgeted and expended dollars is primarily due to the longer-than-anticipated evaluation of options for the Jensen Tank Farm Chemical Containment upgrade in conjunction with the design of the new tank farm roof. The evaluation has been completed and final design is proceeding.</p>
<ul style="list-style-type: none"> • Chemical Unloading Facility (CUF) – Chlorine Containment: <p>The CUF facilities will include a new chlorine storage building to house two 90-ton liquid chlorine railcars and four 19-ton cargo trailers; a new control building; a new maintenance, electrical/air compressor and chlorine process building; and a chlorine neutralization system to treat an accidental chlorine release. The chlorine containment facility will also include a recompressor system for use during transloading operations and routine trailer maintenance. Final design has commenced and is scheduled to be completed by late 2012.</p>	 <p style="text-align: center;">Existing Chemical Unloading Facility</p>

Capital Program for Projects Costing Less Than \$250,000 for FY 2010/11 (Minor Cap 10/11)

The Minor Cap program is authorized every fiscal year to enable staff to expedite smaller, unscheduled capital projects that invariably arise during the year. Because many of these projects require rapid response to address unanticipated failures, urgent safety or regulatory compliance concerns, or to take advantage of shutdown opportunities, the Minor Cap program authorizes the General Manager to execute projects that meet the criteria during the fiscal year without seeking additional Board approval.

The following Minor Cap projects were authorized during the third quarter of FY 2010/11:

- Lake Mathews Fire Water Line – A new permanent water line is required to provide fire water suppression to Lake Mathews during plant shutdowns.
- Weymouth Chlorine Containment Building UPS Replacement – An existing uninterruptible power source (UPS) at the Weymouth chlorine containment building needs to be replaced.
- Lakeview Pipeline/Inland Feeder Pressure Control Structure (PCS) Above-Ground Storage Tank for Diesel Fuel – An above-ground storage tank will be installed for an emergency generator that supports the Lakeview PCS.
- Jensen Washwater Tank Pumps Soft Start Retrofit – Soft motor starters will be installed for 7 washwater tank pumps.
- Skinner Replacement of Module 4 Differential Pressure Cells –Eighteen differential pressure cells with their manifolds and tubing will be replaced at Skinner Module 4.

The following table provides the overall status for the FY 2010/11 Minor Cap program.

Minor Cap Program FY 2010/11	Total Estimate
11 Projects Authorized	\$2,003,800
Unallocated Funds	\$1,193,200
Remaining Budget	\$ 303,000
Total Program	\$3,500,000

Figure 1
Cumulative Capital Budget vs. Actual Expenditures
FY2010/11

