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## OFFICE OF THE GENERAL MANAGER

The Office of the General Manager manages and administers all Metropolitan activities except those functions specifically delegated by statutes and Board order to the General Counsel, General Auditor, or Ethics Officer.

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### PROGRAMS

The Office of the General Manager provides overall leadership and management of Metropolitan's mission. This includes the management of all matters pertaining to the business of the Board and research on actions and policies of the Board by staff for directors, member agencies, and the public.

The General Manager's Business Plan outlines the strategic priorities that this office will focus on for the period covered by the biennial budget.

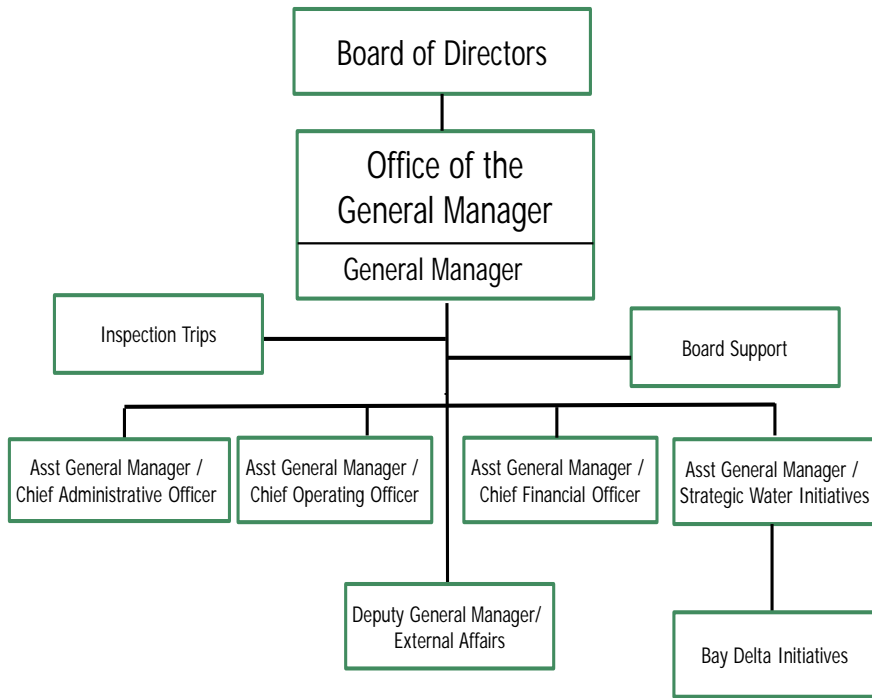
The Office of the General Manager accomplishes its mission through the following programs or sections:

**Office of the General Manager** is responsible for the management and administration of Metropolitan's activities including the management of all matters pertaining to the business of the Board and research on actions and policies of the Board by staff for directors, member agencies, and the public.

**Bay Delta Initiatives** organization was created in recognition of the increased importance of the Bay Delta to Southern California's long-term reliability goals and opportunities available to advance the long-term needs of the Bay Delta. This organization spearheads efforts necessary to ensure a stable water supply from key sources in an environmentally responsible manner.

**Board of Directors** provides policy and direction as the governing body of the Metropolitan Water District. The Board Support Team provides administrative support to the business of the Board.

**Inspection Trip Team** conducts field inspection trips to Metropolitan and related facilities for the purpose of providing business and community leaders with firsthand knowledge of Metropolitan's operations.



## GOALS AND OBJECTIVES

For FY 2016/17 and FY 2017/18, the General Manager's Business Plan outlines five strategic priorities to support Metropolitan's mission.

### Strategic Priority #1: Complete the Bay Delta Conservation Plan/California WaterFix (BDCP/CA WaterFix) Environmental Impact Report/Statement

During Fiscal Year 2016/17, the goal will be to complete the environmental documentation and necessary financing agreements so that Metropolitan's Board of Directors can make a sound business decision on participation in and implementation of the BDCP/CA WaterFix.

Interim steps in this process that will be completed during this time period include organizing and developing procedures and structures to handle the mechanics and logistics of managing a mega-construction project including but not limited to: establishing and staffing a construction office; developing appropriate specifications for equipment procurement, design and construction; establishing procedures for land acquisition and habitat development; creating approaches for interim and long-term project financing; and preparing all necessary permitting documentation.

In addition, staff will continue near-term efforts to provide greater reliability of State Water Project supplies. These actions include identifying and pursuing early-action habitat projects that satisfy current permit obligations that will also be compatible with the BDCP/CA WaterFix. Staff will also pursue implementation of new management techniques for species in the Delta including development of new models for species life cycles, turbidity monitoring and other approaches all designed to lead to better management of water supplies while enhancing protection for endangered species.

Finally, staff will continue implementation of the Delta Flood Emergency Preparedness, Response Recovery Plan in the event of a catastrophic interruption of water supplies due to earthquake or flood damage.

### Strategic Priority #2: Develop Water Supplies and Manage Water Reserves

Staff will work closely with the Board to manage Metropolitan's water supply reserves in the face of the unprecedented drought conditions in California and throughout the Southwest. Should El Niño conditions create more supply, staff is prepared to maximize storage opportunities. The actions will include implementation of storage withdrawals, coordination of deliveries with the member agencies, close monitoring of drought conditions and possible allocation actions as part of the Water Surplus and Drought Management (WSDM) plan, and targeted outreach on conversation efforts. The past year's successful implementation of the Water Supply Allocation Plan (WSAP) will be reviewed and a determination will be made on what actions to take for FY2016/17.

### Strategic Priority #3: Embark on Strategic Review of Metropolitan's Mission and Programs

Periodically the Board has reviewed its policies and mission to ensure they fit with the times. Many significant policy issues have arisen from the historic drought conditions and were discussed in the 2015 Integrated Resources Plan (IRP) update. Fiscal Year 2016/17 presents an opportune time for Metropolitan to look in the mirror and determine if changes to policies should be made as we make critical decisions on broader California water policy matters.

### Strategic Priority #4: Educate the Public and Stakeholders on Critical Water Supply Conditions and Critical Water Management Decisions.

The coming two years will be a cross road for California water. The current drought gripping California has caused unprecedented water conditions for much of California and led to dramatic response at the state and

federal level. These conditions are likely to continue at least through 2017 if not beyond, complicated by the strong El Niño conditions and flooding predictions. Additionally, indications are that key decisions may occur on a Bay Delta plan, a potential water bond, significant legislative proposals for statewide action and key Colorado River milestones. It will be essential to fully engage the public and key stakeholders in Metropolitan's service area and statewide on the importance of these issues, as decisions made over the next two years will impact California water for decades.

#### Strategic Priority #5: Employee Development

The proposed budget calls for Metropolitan to cease its managed attrition that has shrunk Metropolitan from 2,400 full-time employee positions to a current workforce of approximately 1,750. Recruitment activity will be expanded to fully replace all retirements and actually add some positions to bring the work force to approximately 1,800 positions over the next two years. Increase employee cross-training and employee development efforts will be needed to meet the challenge of increased retirements brought about by an aging workforce.

For FY 2016/17 and FY 2017/18, the General Manager's Business Plan outlines five strategic priorities to support Metropolitan's mission:

#### Strategic Priority #1: Complete the Bay Delta Conservation Plan/California WaterFix and the associated Environmental Impact Report/Statement

During Fiscal Year 2016/17, the goal will be to complete the environmental documentation and necessary financing agreements so that Metropolitan's Board of Directors can make a sound business decision on participation in and implementation of a **BDCP/CA WaterFix**.

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Interim steps in this process that will be completed during this time period include organizing and developing procedures and structures to handle the mechanics and logistics of managing a mega construction project including but not limited to: establishing and staffing a construction office; developing appropriate specifications for equipment procurement, design and construction; establishing procedures for land acquisition and habitat development; creating approaches for interim and long-term project financing; and preparing all necessary permitting documentation.

In addition, staff will continue near-term efforts to provide greater reliability of State Water Project supplies. These actions include identifying and pursuing early action habitat projects that satisfy current permit obligations that will also be compatible with the BDCP/CA WaterFix. Staff will also pursue implementation of new management techniques for species in the Delta including development of new models for species life cycles, turbidity monitoring and other approaches all designed to lead to better management of water supplies while enhancing protection for endangered species.

Finally, staff will work on implementation of the Delta Flood Emergency Preparedness, Response Recovery Plan in the event of a catastrophic interruption of water supplies due to earthquake or flood damage.

#### Strategic Priority #2: Develop Water Supplies and Manager Water Reserves

Staff will work closely with the Board to manage Metropolitan's water supply reserves in the face of the unprecedented drought conditions in California and throughout the Southwest. The actions will include implementation of storage withdrawals, coordination of deliveries with the member agencies, close monitoring of drought conditions and possible allocation actions as part of the Water Surplus and Drought Management plan, and targeted outreach on conversation efforts.

#### Strategic Priority #3: Educate the Public and Stakeholders on Critical Water Supply Conditions and Critical Water Management Decisions:

The coming two years will be momentous years for the water industry in California. The current drought gripping California has caused unprecedented water conditions for much of California and led to dramatic response at the state and federal level. These conditions are likely to continue. Additionally, indications are that key decisions may occur on a Bay Delta plan, a potential water bond, significant legislative proposals for statewide action and key Colorado River milestones. It will be essential to fully engage the public and key stakeholders in Metropolitan's service area and statewide on the importance of these issues, as decisions made over the next two years will be felt for a generation.

#### Strategic Priority #4: Employee Development

The proposed budget calls for Metropolitan to cease its managed attrition that has shrunk Metropolitan from 2,400 full-time employee positions to a current workforce of approximately 1,750. Recruitment activity will be expanded to fully replace all retirements and actually add some positions to bring the work force to 1,830 positions over the next two years. Increase employee cross training and employee development efforts will be needed to meet the challenge of increased retirements brought about by an aging workforce.

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#### Strategic Priority #5: Local Projects and Integrated Resources Plan Updates

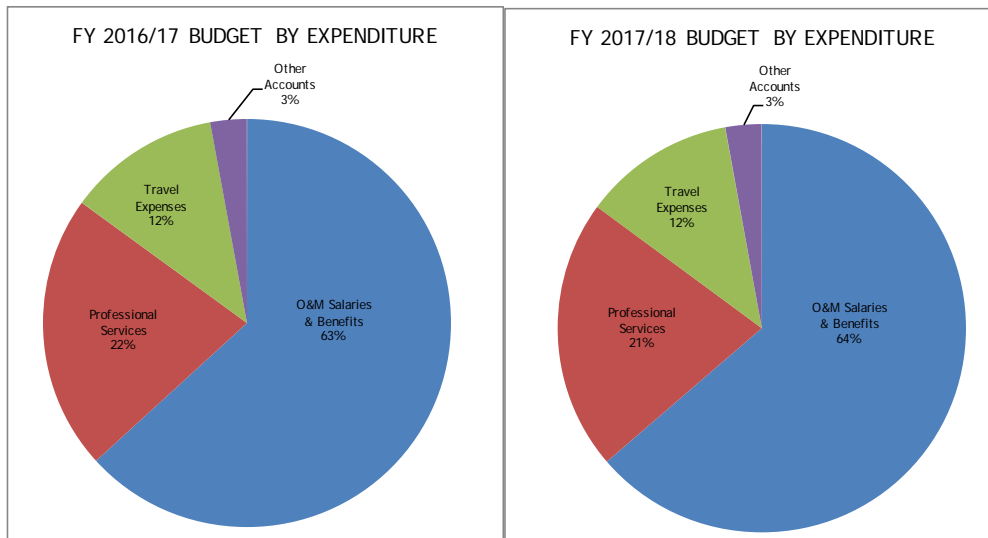
Staff intends to review its Local Resources Program and conservation rebate programs during this drought period to review what new actions might be appropriate, learn from this experience as to how to improve our programs and work with the public and member agencies on expanding conservation efforts. Metropolitan's IRP was adopted in 2010 and updated in 2015 along with the state required Regional Urban Water Management Plan. Next phase will be releasing the second part of the Water Tomorrow plan in 2016.

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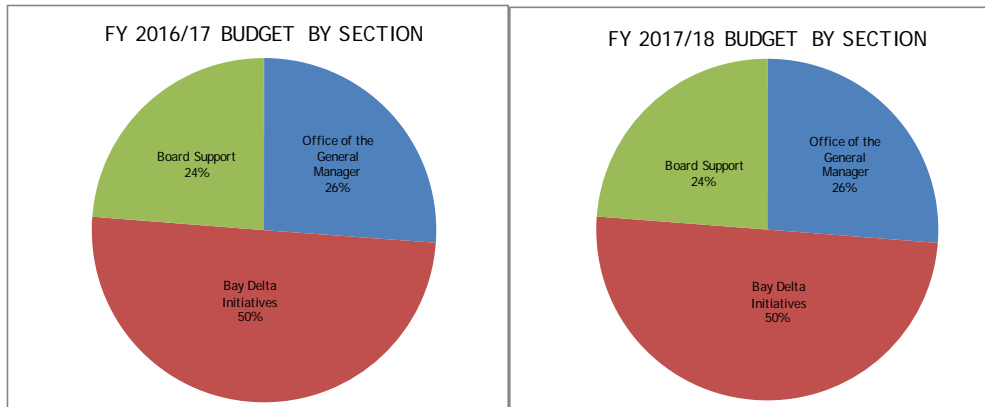
## O&M Financial Summary

	2014/15 Actual	2015/16 Budget	2016/17 Proposed	Change from 2015/16	2017/18 Proposed	Change from 2016/17
Total Salaries and Benefits	9,451,200	10,197,900	9,839,100	(358,800)	9,973,100	134,000
Direct Charges to Capital	—	—	—	—	—	—
<b>Total Salaries and Benefits</b>	<b>9,451,200</b>	<b>10,197,900</b>	<b>9,839,100</b>	<b>(358,800)</b>	<b>9,973,100</b>	<b>134,000</b>
% Change		7.9%		(3.5%)		1.4%
Professional Services	4,171,100	3,666,100	3,391,700	(274,400)	3,353,600	(38,100)
Travel Expenses	1,529,200	1,654,200	1,883,900	229,700	1,882,900	(1,000)
Other Accounts	470,200	344,500	448,700	104,200	449,500	800
<b>Total O&amp;M</b>	<b>15,621,700</b>	<b>15,862,700</b>	<b>15,563,400</b>	<b>(299,300)</b>	<b>15,659,100</b>	<b>95,700</b>
% Change		1.5%		(1.9%)		0.6%

Note - Totals may not foot due to rounding.



## O&M BUDGET BY SECTION



	2015/16 Budget	2016/17 Proposed	Change from 2015/16	2017/18 Proposed	Change from 2016/17	Pers. 15/16	Pers. 16/17	Pers. 17/18
Bay Delta Initiatives	8,126,390	7,791,754	(334,636)	7,826,794	35,040	19	19	19
Board of Directors	3,506,226	3,697,543	191,317	3,723,933	26,390	10	10	10
Office of GM Section	4,230,099	4,074,082	(156,017)	4,108,366	34,284	13	12	12
<b>Total O&amp;M</b>	<b>15,862,715</b>	<b>15,563,378</b>	<b>(299,337)</b>	<b>15,659,093</b>	<b>95,715</b>	<b>42</b>	<b>41</b>	<b>41</b>

Note - Totals may not foot due to rounding.

## Personnel Summary

		2014/15 Actual	2015/16 Budget	2016/17 Proposed	Change from 2015/16	2017/18 Proposed	Change from 2016/17
<b>Regular</b>	<b>Total</b>	<b>37</b>	<b>41</b>	<b>40</b>	<b>(1)</b>	<b>40</b>	<b>—</b>
	O&M	36.5	41	40	-1	40	0
	Capital	0	0	0	0	0	0
<b>Temporary</b>	<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>(0)</b>	<b>1</b>	<b>—</b>
	O&M	0.46	0.6	0.5	-0.1	0.5	0
	Capital	0	0	0	0	0	0
<b>Total Personnel</b>	<b>Total</b>	<b>37</b>	<b>42</b>	<b>41</b>	<b>(1)</b>	<b>41</b>	<b>—</b>
	O&M	<b>36.96</b>	<b>41.6</b>	<b>40.5</b>	<b>-1.1</b>	<b>40.5</b>	<b>0</b>
	Capital	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note - Totals may not foot due to rounding.

## SIGNIFICANT BUDGET ISSUES

The Office of the General Manager's biennial budget is \$15.6 million in FY 2016/17 and \$15.7 million in FY 2017/18 or a decrease of 1.9% and an increase of 0.6%, respectively from the prior budget years. ~~Some factors affecting these changes:~~ The main factors affecting these changes:

Salaries and Benefits costs ~~are impacted by merit increases for qualified employees and an increase in retirement-related benefits costs~~ were reduced as a result of the elimination of one regular position.

~~Travel costs which include inspection trips were increased to respond to and promote key initiatives, notably those related to the Bay Delta and Colorado River supplies.~~

~~Additional travel costs to respond to and promote key initiatives, notably those related to the Bay Delta and Colorado River supplies.  
Modifying types of Inspection Trips.  
Offsetting these increases was a reduction in professional services mainly related to drought-related science projects funded in FY 2014/15 that are now nearing completion.~~

The following are the significant changes by budget year.

### FY 2016/17

#### Personnel-related issues

~~Bay-Delta Initiatives — No change in the number of staff. The labor budget includes the two positions filled in November 2015 and one remaining position vacated in October 2015. The vacant position will be filled when needed. Total personnel count was reduced by one from the FY 2015/16 budget with the elimination of a position.~~

#### Professional Services

~~Bay-Delta Initiatives — Decrease in Professional Services~~The budget ~~decrease~~ is mainly due to the exclusion of funding for State & Federal Contractors Water Agency drought-related science projects that were funded in FY ~~2014/2014/15~~ but are now nearing completion. Other Bay-Delta-related projects undertaken by Engineering in FY ~~2014/2014/15~~ and FY ~~2015/16~~ ~~2015/16~~ that were funded through BDI are also not included in the budget for FY ~~2016/17~~ ~~2016/17~~.

~~Contract with Pete Silva (Colorado River) continues – \$200K/year.~~

~~Contract with Ed Smith (PVID/IID) – \$100K/year.~~

#### Other

~~Bay-Delta Initiatives — Increase in travel costs is due to a demand for more travel by staff to attend important meetings, conferences, and workshops, especially those that are related to science. The addition of two new staff members also results in an increase in travel expenses.~~

### FY 2017/18

#### Personnel-related issues



~~Total personnel count remains flat with FY 2016/17. Salaries and Benefits reflect merit increases for qualified employees and an increase in retirement-related benefits. The increase in labor costs reflects merit increases for qualified staff and other increases related to staff benefits.~~

#### Professional Services

~~Contract with Pete Silva (Colorado River) continues – \$200K/year.~~

~~Contract with Ed Smith (PVID/IID) – \$100K/year.~~

~~Bay-Delta Initiatives – The decrease in Professional Services-The budget decrease ifrom the FY2016/17 budget is due to the completion of some projects that are not anticipated to continue this year.~~

#### Other

~~Bay-Delta Initiatives – The slight decrease in travel is due to conference-related travel that is only scheduled every two years.~~