



### ***Engineering, Operations and Technology Committee Meeting***

2/9/2026 Committee Meeting

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#### **Subject**

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Asset Management Program Update

#### **Executive Summary**

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This board informational item provides an update on Metropolitan’s asset management program and outlines the challenge Metropolitan faces in optimally balancing affordability with the capital investment required to refurbish or replace its aging infrastructure and manage risks to reliable water deliveries. As part of this effort, staff has identified several industry benchmarks that indicate Metropolitan should increase investment in refurbishment and replacement (R&R). Metropolitan is experiencing an increased frequency of operational disruptions due to aging infrastructure. To address these risks, staff is developing a best-in-class risk framework, supported by analytical models that forecast capital investment needs and better align R&R investments with operational risk reduction. Staff is also updating Metropolitan’s Strategic Asset Management Plan to prioritize key improvement areas, strengthen asset management practices, and refine long-term capital investment planning.

#### **Fiscal Impact**

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Not applicable

#### **Applicable Policy**

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Not applicable

#### **Related Board Action(s)/Future Action(s)**

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March 2025 – Annual Asset Management Program Update

June 2025 – Special Joint Board of Directors and Executive Committee, and Workshop on the Engineering, Operations, and Technology Committee

#### **Details and Background**

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##### **Background**

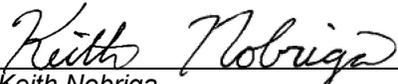
To reliably deliver water to nearly 19 million people in Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties, Metropolitan owns and operates a complex and diverse infrastructure portfolio including an aqueduct, siphons, pumping plants, water treatment plants, dams, reservoirs, pipelines, hydroelectric plants, service connections, and other water distribution system appurtenances. The estimated asset replacement value of Metropolitan’s water delivery infrastructure is approximately \$46 billion.

A core challenge is to strike a careful balance of achieving 100 percent reliability of water deliveries, minimizing operational risk, and keeping up with investment needs to replace and refurbish aging infrastructure in an economically and environmentally responsible manner. In recent years, Metropolitan’s capital investments for R&R of aging infrastructure have been well below the ranges of several industry metrics from the American Water Works Association and other asset management organizations for aging infrastructure.

Currently, the forecasted capital investment needs to manage risk exceed the funding levels outlined in the 10--year financial plan. At the planned spending levels, progress on key R&R projects will occur more slowly, which will result in reduced operational flexibility and reliability, increased costs due to urgent repairs, and increased workload on field staff for unplanned corrective maintenance. For example, failure of a floating cover at Garvey Reservoir in March 2025 forced the reservoir to be taken out of service, resulting in continued reduced operational flexibility and impacting potential drought response actions, as detailed in the December 2025 board action. Another example is the failure of multiple pieces of key equipment along the Colorado River Aqueduct including the Unit 5 discharge valve at Iron Mountain Pumping Plant in 2023, Unit 9 pump at Eagle Mountain Pumping Plant in 2024, and a transformer bushing at Hinds Pumping Plant in March 2025, each of which resulted in extensive reactive repairs or refurbishment to maintain eight pump reliability on the Colorado River Aqueduct.

Over the past several years, Metropolitan has developed a robust risk management framework to better understand risks associated with aging infrastructure, supported by analytical models that forecast the level of investment needed to mitigate those risks. Through this effort, staff have identified over 500 R&R capital projects necessary to address reliability concerns and safety hazards. As presented in June 2025 at the Special Joint Board of Directors workshop, multiple signposts (e.g., industry benchmarks, asset portfolio value, and risk model forecasts) indicate that a sustained increase in capital investment over the next 10 years is needed to implement priority Capital Investment Plan projects. These investments will ultimately reduce Metropolitan's risk exposure and support the continued reliability of its critical systems.

Metropolitan's long-term goal is to advance a comprehensive asset management approach that provides the Board with data-backed condition assessments and long-term forecasts to optimize reliability, quality, safety, and risk at best value. Current budget and staffing constraints offer an opportunity to strengthen business processes, close key data gaps, and further refine asset investment planning. Staff have completed a maturity assessment of Metropolitan's asset management practices using international standards and are currently conducting an international benchmark survey of peer water utilities. The findings of these efforts will inform updates to Metropolitan's Strategic Asset Management Plan, prioritize key initiatives needed to enhance asset management practices by 2030, and ultimately provide a more refined forecast of Metropolitan's long-term capital investment needs.

  
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Keith Nobriga  
Group Manager, Integrated Operations  
Planning & Support Services

2/3/2026

Date

  
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Shivaji Deshmukh  
General Manager

2/3/2026

Date