APPROVED
By the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

41761

**MWD**
*METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA*

FEB 13 1996

EXECUTIVE SECRETARY

7-1

January 30, 1996

To: Board of Directors (Engineering and Operations Committee--Action)
(Finance and Insurance Committee--Action)

From: General Manager

Submitted by: Lambertus H. Becker
Chief Financial Officer

Subject: Appropriation No. 716 for $216,700 and an increase in Appropriation No. 099 for operating equipment in the amount of $746,200 to finance Implementation of the District's Business Resumption Program

## RECOMMENDATIONS

That the Board of Directors authorize the General Manager to take the actions necessary to implement the District's Business Resumption Program including, but not limited to:

1) Implementation of policies and procedures identified during development of the Business Resumption Plan (BRP);

2) Implementation of operations at a Business Resumption Command Center (BRCC); and,

3) Purchase of services and equipment necessary to support and execute the Plan.

That the Board of Directors authorize Appropriation No. 716 in the amount of $216,700 and increase Appropriation No. 099 in the amount of $746,200 for the purchase of operating equipment and to finance all estimated initial implementation costs.

An additional $159,400 will be expended from the Annual Budget Appropriation (ABA) for a total implementation cost of $1,122,300. This does not require an increase in the ABA because there are contingency funds available.

| Funding Request | |
|---|---|
| **Project Name:** BUSINESS RESUMPTION PROGRAM | |

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|---|---|---|---|
| **Appropriation No.:** | 716 | **Amount:** | $216,700 |
| **Increase in Appropriation No. 099 for Operating Equipment:** | 099 | **Amount:** | $746,200 |
| **Appropriation No.:** | ABA | **Amount:** | $159,400 (to be funded from contingency) |

**Source of Funds:** Appropriation No. 716 - Pay as You Go

Appropriation No. 099 - General Fund

| | |
|---|---|
| **FY 95/96 Budget:** No ☑ Yes ☐ @ $ | **Capital Program Page No. Reference: N/A** |

**Project Justification and Type:** (check all applicable)

- ☐ Meet Water Demands
- ☐ Mandated By Law
- ☑ Asset Protection/Risk Mgt.
- ☐ Cost Avoidance
- ☐ Other

- ☐ New Facility
- ☐ Improvement
- ☐ Replacement
- ☐ Expansion

**PROJECT DESCRIPTION:**

The District operates its office facilities in an area that is at risk of being impacted by natural and man-made disasters. The unpredictability and number of recent disasters serve as reminders that business resumption planning is becoming a necessity for most businesses. Based on the results of several studies completed over the past few years, Metropolitan has developed a District-wide Business Resumption Plan (Plan) to address the recovery of critical business functions following a disaster.

Although Metropolitan has a fully operational Emergency Response Plan to address recovery of its field facilities and water distribution system, development of the Business Resumption Plan was the first step in planning for its office function recovery. These office functions support field activities which are directly related to water quality and delivery.

The development of the Plan included the participation of all District Departments and Divisions. During the initial phase of the project each Department and Division identified their business functions and then assigned levels of criticality for business resumption. To determine the priority of each function and the required recovery time, the following criteria were used:

- If this business function was not performed for 1 - 2 weeks:
  - ⇒ Would there be a negative impact on the delivery or quality of water?
  - ⇒ Would Metropolitan jeopardize the health or safety of the public and/or its employees?
  - ⇒ Is there a high probability of substantial contract penalties, civil litigation or regulatory fines?
  - ⇒ Would Metropolitan's reputation for reliable service be severely damaged?
  - ⇒ Could Emergency Operations Center activities be sustained?

- Could a policy or procedure be developed which would:
  - ⇒ Allow more time for resumption of this function?
  - ⇒ Temporarily reduce the number of employees required to support this function, following a disaster?
  - ⇒ Allow critical functions to be performed in the event mainframe, Pyramid or network connectivity has been interrupted following a disaster?

The initial phase resulted in the identification of policies and procedures, equipment needs, and other services required to resume business functions. The plan addresses network recovery time, prompt access to Engineering drawings and vital records, improved data integrity and network connectivity. Implementation is estimated to cost $1.1 million with annual recurring costs of approximately ~~$260,000~~ $419,000. Major components of the plan are described below and costs are detailed on Exhibit A:

1. **Access to Engineering Drawings.** The Engineering Division has begun a five year project to place over 250,000 drawings on the CAD/CAE Intergraph network to ensure prompt and accurate information for repairs to the distribution system. Faced with the potential of disruption of network connectivity at the Headquarters location, it has been determined that an additional Intergraph server should be installed at the Eastside Reservoir site to provide a back-up system that will provide immediate access to all engineering drawings. The estimated cost of this back-up system is $179,800.

2. **Access to Business Transaction Data.** Presently all core business transaction data processed on the Pyramid host computer, including procurement, inventory assets tracking, accounts payable, accounts receivable, general ledger, and payroll is backed up to tape and stored off-site. If network connectivity were interrupted, the files would be loaded on equipment in Northern California. In order to enable timely resumption of critical business functions, it is proposed that a Safe-site for both the Pyramid and Banyon Vines network data be installed at Lake Mathews. This allows for faster recovery, ~~eliminates the annual cost of the Pyramid disaster recovery agreement,~~ improves data integrity between systems, ~~and will~~ decreases maintenance time required for retrieval of files, and will reduce the Pyramid recovery expenses by $104,000 annually. The cost of this back-up system and associated network expansion is estimated to be $491,200.

3. **Business Resumption Command Center (BRCC).** Critical to execution of the Plan is the establishment of a BRCC. The BRCC will support the recovery of critical business functions and necessary office space. BRCC is a counterpart to the Emergency Operations Center (EOC) which supports the recovery of the water distribution system. Five major teams have been established to support the resumption effort, including: Assessment; Acquisition; Deployment; Vital Services; and, Employee Emergency Support Program (EESP). The BRCC will direct and oversee the activities associated with these teams and will be responsible for the relocation of approximately 600 employees within 30 days if a disaster occurs. Damage assessment kits, test equipment, and crisis response services will be purchased to support team activities. The cost for establishing the BRCC is estimated to be $163,100.

To assist with implementation of the BRCC and Team plans, development of annual validation exercises, and network design for centralized back-up, consultants with expertise in these areas will be employed. It is estimated that approximately $216,700 will be spent on these implementation services.

Other costs, estimated to be $71,500 will cover purchase and expenses associated with the installation of a back-up file server for Vital Records and the Help Desk. ~~, the required network expansion to support same, and contingencies.~~

**COST ASSUMPTIONS:**

The Plan has been designed to cover a worst-case disaster (total loss of the Headquarters facility) without investing large sums in pre-acquired space, equipment or services. In order to keep costs at a minimum, the recovery strategy is based on three primary factors:

**1)** maximizing District owned facilities and resources by having critical personnel share pre-identified offices, computers, telephones, etc.,

**2)** negotiating subscription services (these services guarantee rapid delivery of pre-identified furniture, equipment, etc. at a predetermined price) and crisis management assistance in the event of a disaster; and

**3)** improving the protection and recovery of Metropolitan's information assets by enhancing the integrity, reliability and recovery of the District's network.

**BENEFIT:**

A wide-spread disaster within Metropolitan's service area could seriously impede the continuation of critical business functions. A fully operational Business Resumption Plan is essential to ensure Metropolitan's ability to continue to provide its Member Agencies and the public with reliable supplies of high quality water.

**ALTERNATIVES TO PROPOSED ACTION:**

The alternative to implementing the Business Resumption Program is to maintain the status quo and continue to operate without an executable Plan. Without this program, the District faces a lengthy and potentially costly resumption of its critical business functions following a disaster. As a public agency, Metropolitan has a responsibility to the residents of Southern California; and any loss in continuity of business following a disaster due to lack of preparation would result in a loss of public confidence and could substantially increase recovery costs.

**CEQA COMPLIANCE/ENVIRONMENTAL DOCUMENTATION:**

The action proposed herein is categorically exempt from the provisions of the California Environment Quality Act (CEQA) under Sections 15301 and 15303 of the State CEQA Guidelines, since it involves minor alteration of an existing structure involving negligible or no expansion of use beyond that previously existing and the installation of small new equipment in an existing small structure.

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**EXHIBIT A**

## PROJECTED BUSINESS RESUMPTION PROGRAM COSTS

| | Implementation Amount | Annual Recurring Costs |
|---|---|---|
| **Business Resumption Command and Control (BRCC):**<br>• Command Center Implementation (BRCC Executive, Team, Acquisition Team, Assessment Team, Deployment Team, Vital Services Team and EESP); includes equipment purchase and subscription agreements.<br>• Emergency Communications Equipment (1-800 Service, Alphanumeric Pagers, Cellular Phones) | $ 163,100 | $ 63,600 |
| **Professional Services:**<br>• BRCC Implementation Support<br>• Annual plan validation exercise<br>• LAN central backup design and implementation | $ 216,700 | $ 39,000 |
| **Lake Mathews Safe Site:**<br>• Centralized Computer Safe Site @ Lake Mathews (Pyramid, LAN Backup); includes associated equipment, data links, and re-location expenses.<br>• Data Circuits to transport LAN data | $ 491,200 | $ 92,500 |
| **Back-up Intergraph System:**<br>• Intergraph four-way processor system for Drawing Document Backup @ Eastside Reservoir.<br>• Subscription of Intergraph-capable emergency replacement devices. | $ 179,800 | $ 19,800 |
| **Labor:*** | | $160,000 |
| **Other Costs:**<br>• Subscriptions (contract to guarantee 24-48 delivery) of emergency replacement office furniture, "super" LAN servers, computer workstations, printers, and plotters.<br>• Backup server for Vital Records<br>~~• Backup server for Help Desk~~ | $71,500<br>~~$ 45,000~~<br>~~$ 20,000~~ | $ 44,000<br><br><br>~~$ 0~~ |
| **Total:** | **$1,122,300*** | ~~**$258,900**~~<br>**$419,000** |

* Total includes a ~~6%~~ 10% contingency.

~~**NOTE:** Included within the above totals are approximately $160,000 for~~ Program administration and maintenance; clerical assistance; and BRCC team member participation for program review, updating and testing will be required. Labor costs are included under the existing Operations & Maintenance budget and are expected to decrease by $44,000 after year one of the program.