



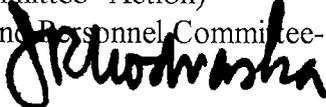
MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

7-1

April 28, 1998

To: Board of Directors (Executive Committee--Action)
 (Organization and Personnel Committee--Action)

From: General Manager 

Submitted by: Edward G. Means III
 Deputy General Manager 

Subject: Authorization to Enter into an Agreement with Joint Venture Partners Rand Corporation and Price Waterhouse LLP for Strategic Planning Consulting Services

RECOMMENDATION

It is recommended that your Board authorize the General Manager to enter into an agreement with joint venture partners Rand Corporation and Price Waterhouse LLP in an amount not-to-exceed \$600,000 for consulting services related to Phase I of the District's strategic planning process.

EXECUTIVE SUMMARY

Approval of this recommendation will allow the General Manager to enter into an agreement with joint venture partners Rand Corporation and Price Waterhouse LLP and employ the teams' mix of expertise in public policy and management consulting throughout the strategic planning process. The process will involve Metropolitan's Board, staff, member agencies, and other key stakeholders in an effort to position the agency to remain competitive in the future water utility industry.

Initially, the joint venture will assist Metropolitan in Phase I of the process, involving facilitation of Board and stakeholder input into the formulation of Metropolitan's vision and guiding principles for the future. Consulting services provided by the joint venture under this agreement shall not exceed \$600,000 for Phase I. After evaluation of Phase I, your Board intends to evaluate whether the strategic planning process should continue to completion, including development of a recommended business model and plans for implementation. The budget for the full scope of the strategic plan is estimated at \$1,500,000.

The proposed consultants were the top two finalists from the competitive proposal process under Request for Proposals (RFP) No. 293. They were asked to combine into a joint venture because it was evident to the selection panel from the selection process that neither respondent team alone could provide the range of services required to satisfy the scope of the strategic planning process.

JUSTIFICATION

Your Board has indicated that developing a strategic plan is a top priority. The Strategic Plan Steering Committee of the Board has been established to focus on and guide that effort. Outside consulting services are necessary to assist the Board and management in specialized activities, including facilitation of workshops and stakeholder input, and evaluation and selection of alternative strategic business models. The joint venture partners, Rand Corporation and Price Waterhouse LLP, each bring complimentary sets of skills and expertise to the process. The firms were selected through a competitive proposal process.

ALTERNATIVE(S) TO PROPOSED ACTION

Use Metropolitan Staff

An alternative to the proposed action would be to manage the strategic planning process using only Metropolitan staff. This alternative would require the hiring and training of personnel with the requisite experience for the duration of this project only.

No Award of Agreement

Metropolitan could re-evaluate the selection of consultants to perform this work. However, a competitive proposal process was used to select the most qualified and cost-effective consultant to perform this work. Since the RFP was widely advertised and responded to by many competent firms, reinitiating of the process would substantially increase administrative costs and likely produce similar results.

ACTIONS AND MILESTONES

- Complete first phase of the strategic planning process by January 1999.
- Complete development of the strategic plan by January 2000.

CONTRACT SUMMARY

Contract Status:	New	Type of Selection:	Competitive Proposals RFP No. 293
Contract Form:	Professional Services	Firms Receiving RFP::	Unknown
Contract Type:	Time and Materials	Proposals Submitted:	8
Evaluation Criteria:	Evaluation based on qualifications, expertise, methodology and cost-effectiveness		

MBE / WBE

The proposed Minority-Owned Business Enterprises (MBE) and Women-Owned Business Enterprises (WBE) participation levels for each respondent as submitted in their individual proposals are 13% MBE and 4% WBE for Rand Corporation, and 13% MBE and 14% WBE for Price Waterhouse LLP. The joint venture's proposed participation levels will be subject to negotiation between the joint venture partners and Metropolitan. The joint venture is committed to meeting or exceeding the anticipated MBE/WBE participation levels in RFP No. 293 of 13% MBE and 4% WBE.

DETAILED REPORT

The groundwork for the current strategic planning process was laid by the Board at its workshop in San Diego in July 1997. The focus of the workshop was on trends of change in the water industry and how Metropolitan should position itself as an organization to maintain its high standards of quality and reliability and remain competitive. As the primary supplier of potable water for Southern California, Metropolitan is facing a number of challenges that are expected to change its future services and operations.

The board has identified the need to re-examine Metropolitan's Strategic Plan of 1993 and embark on a formal process to incorporate broad stakeholder input into the formulation of a vision and guiding principles that will serve Metropolitan well into the next century. Also part of this process will be an assessment of Metropolitan's current and future operating environment, identification of opportunities for expansion or restructuring of our existing business services, evaluation of alternative strategic business models for future operations and activities, and development of strategies for implementation of the appropriate business model.

The scope of the strategic planning process requires a commitment of expertise and resources that are not currently available within Metropolitan. RFP No. 293, advertised in December 1997, was developed to secure that commitment through consulting services. Eight proposals were received in response to RFP No. 293 on January 30, 1998, and four respondents were short-listed for interviews. A first round of interviews was conducted on March 19, 1998. The selection panel identified two respondents, the Rand Corporation team and the Price Waterhouse team, as each having skills and expertise that are complimentary and, when taken together, satisfy the scope of the strategic planning process. A second interview with each team on April 20, 1998, reinforced the value of a joint venture of the two respondents.

The selection panel, with concurrence from the General Manager and Chairman of the Board, requested that the Rand Corporation and Price Waterhouse LLP combine their teams into a joint venture. It was also determined that the commitment of services for the strategic planning process initially extend no further than the first phase, including the formulation of a vision and guiding principles. The Board intends to re-evaluate progress on the overall strategic plan at the end of the first phase in January 1999.