

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

April 30, 1993

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

From: General Manager

Subject: Change in Scope for Appropriation No. 634 for Upgrading
Information Systems and Increase in the Amount of \$200,000

Report

In February of last year, your Board appropriated funds to commence work on the design phase of a multi-year plan to implement new information systems to address the District's current and future needs. The capital appropriation authorized by this Board action was \$5,563,583.

Work began on the program in late March 1992. The scope of work authorized for the major consultants, IBM and Deloitte & Touche, will be completed in April 1993. The actual cost of this work will be approximately \$200,000 less than the original funding (See Attachment A).

As a result of the work completed by the consultants, staff is preparing a proposal recommending the implementation of the packages selected. This analysis will result in a Board letter to request funding for Phase One implementation, probably in August. Funds for this transition work were originally budgeted in various operations and maintenance work orders within the Information Systems Division and other divisions for fiscal year 1992-93. However, the Auditor has raised questions as to the appropriate accounting for this transition work as between capital and operation and maintenance budgets. The Auditor believes that substantially all transition work consisting of: final benefits and cost assessment for Board presentation; technology assessment and design and selection of hardware vendor; preparation of an RFP for consulting/contract services for Phase One; vendor negotiations with chosen software vendors; and general administration and status reporting should be included as an integral part of the Phase Zero scoping project in order to conform to established accounting policies.

Accordingly, staff is proposing that the cost of the additional work be included under Appropriation No. 634 and is requesting authorization to change the scope of this appropriation such that the remaining appropriated funds, currently estimated at \$202,035, be used for this purpose and that an increase in the amount of \$200,000 be appropriated. Costs charged to the existing capital appropriation will be offset by equivalent decreases in operations and maintenance work orders.

Board Committee Assignments

This letter is referred for action to:

The Engineering and Operations Committee because it has jurisdiction over the contracting programs and the ordering of equipment or materials and selection of consultants to be used pursuant to Administrative Code Section 2431(b)(h); and

The Finance and Insurance Committee because it has jurisdiction over appropriations pursuant to Administrative Code Section 24441(d).


Recommendations

ENGINEERING AND OPERATIONS COMMITTEE FOR ACTION

It is recommended that the scope of work authorized under Appropriation No. 634 include activities related to technology assessment, benefits and cost assessment, and the preparation of Requests for Proposal and that the Appropriation be increased by \$200,000 to a total of \$5,763,583.

FINANCE AND INSURANCE COMMITTEE FOR ACTION

It is recommended that the Board authorize an increase to Appropriation No. 634 by \$200,000 to \$5,763,583 to include activities related to technology assessment, benefit and cost assessment, and the preparation of Requests for Proposal for the Phase One work.


for General Manager

DS:sm
Attachment

INFORMATION SYSTEMS STRATEGIC PLAN

PHASE 0

As of April 16, 1992

ORIGINAL APPROPRIATION	\$ 5,563,583
Labor to date	413,551
Software	76,185
Professional Services	4,071,751
Interest Expense	100,030
Interest Reserve	510,031
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SUBTOTAL:	\$ 392,035
Outstanding Expenses	190,000
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Current Balance Available	\$ 202,035 =====