

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

7-2

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

OCT - 8 1996

Juan P. ...
for EXECUTIVE SECRETARY

September 10, 1996

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

From: General Manager

Submitted by: Jay W. Malinowski
Chief of Operations

Subject: Approve Appropriation No. 690, in the amount of \$1,000,000, for Installing an Access Control and Surveillance System for Metropolitan's Facilities

RECOMMENDATION

It is recommended that your Board approve Appropriation No. 690, in the amount of \$1,000,000 from the Pay-As-You-Go fund, to cover a District-wide Access Control and Surveillance System as part of the security system improvements at all facilities.

EXECUTIVE SUMMARY

Approval of this recommendation will authorize the General Manager to implement the initial step for improving security at Metropolitan's facilities. The proposed access cards will double as employee identification badges and provide the backbone access control system to regulate entry into Metropolitan's facilities and integrate into expanded future access control additions to any facility. Approval of this recommendation will also authorize the General Manager to purchase and install security equipment in the new headquarters facility.

CAPITAL FUNDING REQUEST

Project Name:	All Facilities - Security Systems Improvements		
Appropriation No.:	690	Funding Request No.:	Initial
		Amount:	\$1,000,000
Source of Funds:	Pay-As-You-Go		
FY 96-97 Budget:	No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/>	@ \$1,323,000
		Capital Program:	5-0413-63
		Page No. Reference:	73

Project Justification and Type: (check all applicable)

- | | | |
|--|---------------------------------------|--------------------------------------|
| <input type="checkbox"/> Meet Water Demands | <input type="checkbox"/> New Facility | <input type="checkbox"/> Replacement |
| <input type="checkbox"/> Mandated By Law | <input type="checkbox"/> Improvement | <input type="checkbox"/> Expansion |
| <input checked="" type="checkbox"/> Asset Protection/Risk Mgt. | | |
| <input checked="" type="checkbox"/> Cost Avoidance | | |
| <input type="checkbox"/> Other | | |

PROJECT DESCRIPTION

Metropolitan undertook a study for improving security at its facilities both because of cost-savings concerns and the need for comprehensive security improvements. A pilot security installation at its Henry J. Mills Filtration Plant has proven successful and Metropolitan's plans are to implement the system at additional facilities as appropriate over the next few years. Under this plan, Metropolitan would lease rather than purchase security system additions as part of the O&M budget as such systems are constantly changing and their cost becomes more competitive.

This first step in improving security at all facilities is proposed to control entry into Metropolitan's facilities via magnetic-strip access cards that double as employee identification badges and that will integrate into any future, expanded security program. This initial phase also includes security equipment designed for the new headquarters building.

Class: -- 3

BENEFIT

The proposed system will provide a means for adjusting security measures to safeguard people and property while supplying audit trails that contribute to investigations of missing or damaged property. By improving the ability to detect intruders and deny access to persons no longer authorized to enter a given area, the system will deter vandalism, theft, and personal threats posed by vagrants, criminals, and others.

The proposed access control and identification system will also allow Metropolitan to reduce the number of security guards at the new headquarters facility by eleven persons, saving an estimated \$327,360 in annual contract security guard fees. Additionally, it will allow Metropolitan to better utilize the guards stationed at its remote facilities.

PROJECT PLAN:	Initial project phase: procure access control system/access cards and headquarters security equipment				
PHASE	ESTIMATED COST	% COMPLETE	COST THRU FY 1997	FY 1998	FY 1999
Advertise/Award	\$ 4,000	0%	\$ 4,000		
Procurement	\$927,500	0%	\$286,500	\$191,000	\$450,000
Implementation	\$ 38,500	0%	\$ 9,700	\$ 7,800	\$ 22,000
Acceptance Testing	\$ 30,000	0%	\$ 6,000	\$ 4,000	\$ 19,000
TOTAL	\$1,000,000	0%	\$306,200	\$202,800	\$491,000

ALTERNATIVES TO PROPOSED ACTION

Option 1 - PURCHASE ACCESS CONTROL EQUIPMENT; LEASE ADDITIONAL SECURITY EQUIPMENT AS NECESSARY: Purchase magnetic-strip access cards to control entry into District facilities and that will double as employee identification badges and integrate into any future, expanded security program and purchase security equipment identified for the new headquarters facility. Lease security system additions as part of the O&M budget as such systems are constantly changing and their cost becomes more competitive. Leasing also assures greater vendor responsiveness on maintenance issues and mandating interoperability with any District-wide access control system than would be realized under Option 3 below. RESULT - Cost effective

Option 2 - DO NOTHING: Continue to expand contract guard coverage as needs dictate, including heavy reliance on staffing guard posts. Estimated financial impact would be to incur an additional burden, conservatively, of \$327,360 per year for the new headquarters facility and \$89,280 per 24-hour guard post for other facilities. (See Attachments 1 & 2) RESULT - Labor intensive

Option 3 - DO EVERYTHING: Purchase site-specific security enhancements such as surveillance cameras and intrusion detection and monitoring capabilities, adding to system functionality and increasing total cost. Risk committing to purchase and maintenance of rapidly changing surveillance and monitoring equipment that is consistently dropping in price and size. Estimated financial impact: \$3,000,000 for total system acquisition. RESULT - Capital intensive; risks over-expenditure on aging technology and high maintenance costs.

Option 4 - DECENTRALIZE ACCESS CONTROL: Allow each facility to customize its security system. Requires management and cross functional support staff to carry multiple access cards at all times, increasing risk of loss. Significantly delays system updates to incorporate terminations and hiring actions. Compounds data entry and duplicates effort for managing system inputs and updates. Requires addition of at least one full-time employee per major facility for data

entry and tracking of updates, necessitating separate, tailored instruction for each employee. Estimated financial impact: \$1.5-2 million (triple or quadruple cost of one system for entire organization).

RESULT - Costly; high probability for incompatible systems and inability to incorporate into future expanded access control at Metropolitan's facilities.

CEQA COMPLIANCE / ENVIRONMENTAL DOCUMENTATION

The proposed action is exempt from the provisions of the California Environmental Quality Act because it does not have the potential to cause a significant effect on the environment.

FINANCIAL ANALYSISEvaluation Period: 5 years**A. Projected Costs (Capital and O&M):**

	THRU FY 96-97	THRU FY 97-98	THRU FY 98-99	THRU FY 99-2000	THRU FY 2000-01	<u>TOTAL</u>
Labor/Additives	\$ 19,700	\$ 11,800	\$ 41,000	\$ 0	\$ 0	\$72,500
Professional Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other	\$286,500	\$191,000	\$450,000	\$ 0	\$ 0	\$927,500
Contingency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
TOTAL	\$306,200	\$202,800	\$491,000	\$ 0	\$ 0	\$1,000,000

B. Projected Savings:

	THRU FY 96-97	THRU FY 97-98	THRU FY 98-99	THRU FY 99-2000	THRU FY 2000-01	<u>TOTAL</u>
Labor/Additives	\$	\$	\$	\$	\$	\$ 0
Professional Services						\$ 0
Other			\$327,360	\$327,360	\$327,360	\$ 0
TOTAL	\$ 0	\$ 0	\$327,360	\$327,360	\$327,360	

C. Difference (B-A)	-\$306,200	-\$202,800	-\$163,640	\$327,360	\$327,360	
----------------------------	------------	------------	------------	-----------	-----------	--

D. Cumulative Difference	-\$306,200	-\$509,000	-\$627,640	-\$300,280	\$ 27,080	
---------------------------------	------------	------------	------------	------------	-----------	--

Payback Period: 5 Years

Estimated Life of Project: 10 Years

Assumptions: Cost savings will be realized once headquarters building is occupied (estimated November 1998) with need for eleven fewer guards than would be required without the access control system.

Financial Statement
(Program No. 5-0413-63)

The breakdown of the total estimated cost for procurement and installation of access control equipment for all District facilities and security equipment for the new headquarters facility is as shown below:

	<u>Cost Estimate</u>
Labor:	
Advertise/Award	\$ 4,000
Implementation	38,500
Acceptance Testing	30,000
Subtotal Labor	\$ 72,500
Card readers	\$ 382,500
Magnetic strip access cards	20,000
Data Entry terminals, host system	75,000
Entry-control and surveillance equipment for new headquarters facility	450,000
Subtotal Equipment	\$ 927,500
Total	\$ 1,000,000
Source of Funds: Pay-as-you-go Fund	
Project Expenditures of Funds:	
Through: Fiscal Year 1996-97	\$ 306,200
Fiscal Year 1997-98	202,800
Fiscal Year 1998-99	491,000
Total	\$1,000,000