

- **Board of Directors**
Engineering, Operations and Real Property Committee

August 20, 2001 Board Meeting

8-5

Subject

Delegate authority to award contracts for budgeted replacement of outdated Supervisory Control and Data Acquisition equipment

Description

In March 1999, the Board authorized \$5 million for Supervisory Control and Data Acquisition (SCADA) system upgrades, which included approximately \$2.5 million for equipment replacement contracts. (The SCADA system monitors and controls many mission-critical water treatment and distribution processes.) This letter requests delegation of authority to award equipment contracts exceeding \$250,000 to replace outdated workstations, servers, communication devices and remote terminal unit processors for the SCADA system.

The equipment replacement was placed “on hold” to allow the newly appointed SCADA program manager to address contract administration and project management issues that were identified last year. Since then, the program manager has worked with operations staff to better define system requirements and has confirmed the need to move forward with the budgeted replacements.

The existing SCADA workstations, servers, communication devices and remote terminal unit processors are over six years old and have exceeded their useful life. It is difficult to obtain parts and vendor support for the equipment. The system response time has degraded as SCADA processing needs have increased and the existing equipment no longer meets performance requirements. In addition, new water quality regulations, such as the Interim Enhanced Surface Water Treatment Rule, will greatly increase the need to collect, process, and store SCADA-related data. Moreover, the existing communication devices do not provide up-to-date network security features that are needed to address issues identified in recent audit reports.

Although the SCADA servers and remote terminal units will be bid separately, staff proposes to procure the SCADA workstations and communication devices as part of the larger procurements for the Desktop/Laptop Computer Replacement project and the Telecommunication Infrastructure Upgrade program, respectively. This will reduce administrative costs associated with multiple procurement efforts, should yield better equipment pricing due to the volume purchases, and will increase the level of standardization. Costs for the SCADA portions of these procurements will be charged to the SCADA program (Appn. 15140), where the funds are currently budgeted.

The Capital Investment Plan (CIP) Evaluation Team evaluated the project as part of the CIP review process and recommended proceeding with the budgeted replacement of outdated equipment. The program is included in the CIP budget for fiscal year 2001/02. The Information Technology Review Team has also reviewed this item and concurs with the proposed equipment replacement.

Policy

Metropolitan Water District Administrative Code Section 8113: Award of Contracts

CEQA

Options #1 and #2

The proposed action is categorically exempt under the provisions of the California Environmental Quality Act (CEQA). The overall activities involve the purchasing or leasing of equipment and the minor alteration of existing public facilities, with no expansion of use and no possibility of significantly impacting the physical environment. As such, this proposed action qualifies as a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines).

The CEQA determination for both Options #1 and #2 is: Determine that pursuant to CEQA, the proposed action qualifies for a Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines).

Board Options/Fiscal Impacts

Option #1

- a. Adopt the CEQA determination; and
- b. Delegate authority to the Chief Executive Officer to award purchase contracts exceeding \$250,000 for budgeted replacement of outdated SCADA equipment.
This option has the lowest overall cost.

Fiscal Impact: \$2.5 million of budgeted CIP funds under existing Appropriation 15140.

Option #2

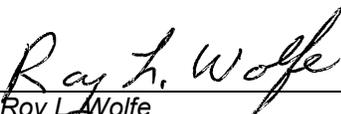
- a. Adopt the CEQA determination; and
- b. Delegate authority to the CEO to award contracts exceeding \$250,000 to lease equipment to replace outdated SCADA equipment.

Based on a recent analysis by the Audit Department on the cost of buying versus leasing equipment for the Enterprise Server Replacement project, this option would increase the overall cost of the project by about eight percent over the life expectancy of the equipment.

Fiscal Impact: \$2.7 million of budgeted CIP funds under existing Appropriation 15140.

Staff Recommendation

Option #1

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|--|----------------------------|
|  _____ Roy L. Wolfe Manager, Corporate Resources | 7/12/2001 _____ Date |
|  _____ Ronald R. Gastelum Chief Executive Officer | 7/27/2001 _____ Date |