

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

August 20, 2001 Board Meeting

8-6

Subject

Delegate authority to award a budgeted professional services contract for the Information Technology Strategic Plan

Description

The Information Technology Strategic Plan (ITSP) will articulate technical strategies to support Metropolitan's business needs over the next three to five years. It will provide a comprehensive roadmap for future information technology (IT) efforts, including a prioritized list of initiatives and strategies to maximize the benefits of Metropolitan's IT expenditures. The ITSP effort will also establish a process to update the plan on an ongoing basis in response to business changes.

Metropolitan's last major IT strategic assessment occurred in 1992, followed by a smaller strategic plan update in 1994. Since that time, there have been changes in the IT industry and Metropolitan's business needs. Therefore, there is a need to develop a new IT strategic plan to guide future technology investment.

Experienced outside consultants are needed to assist in this effort to help ensure the resulting plan is consistent with industry best practices and considers all new technology options. Given the magnitude and importance of investment in IT at Metropolitan, coupled with the rapid rate of change in technology, it is important to draw from both internal and external resources in formulating a high-quality IT strategic plan. Consultants bring a broad knowledge of emerging technology and industry best practices, which compliments staff's detailed knowledge of Metropolitan's IT environment, initiatives and business plans. Staff will be heavily involved in the effort, providing information to the consultants, participating in the formulation of plans, reviewing and commenting on draft deliverables, and overseeing the consultant's work. This will enable staff to take ownership of the plan and lead the implementation effort.

Accordingly, a Request for Proposals (RFP) was sent to approximately fifty prospective bidders. Responses to the RFP were evaluated against predetermined criteria. Staff is now finalizing the selection and will negotiate contract terms with the successful respondent.

In order to expedite completion of the ITSP, this letter requests delegation of authority to enable the Chief Executive Officer to award a contract, not to exceed \$400,000, for the budgeted professional services immediately after negotiations are complete and the contract is finalized. The ITSP effort will take four to six months. Expedited completion of the ITSP will enable staff to incorporate approved recommendations into the proposed budget for next fiscal year 2002/03.

The Information Technology Review Team has reviewed this item and concurs with the scope of work. Funds are included in the fiscal year 2001/02 Operations & Maintenance (O&M) budget for the ITSP professional services.

Policy

Metropolitan Water District Administrative Code Section 8113: Award of Contracts over \$250,000

CEQA

The proposed action is not defined as a project under the California Environmental Quality Act (CEQA) because it involves continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves government fiscal activities that do not involve

any commitment to any specific project that may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA per Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

Board Options/Fiscal Impacts

Option #1

- a. Adopt the CEQA determination; and
- b. Delegate authority to award a professional services contract exceeding \$250,000 for the ITSP. This option provides negotiating leverage to achieve the best pricing and contract terms. It also expedites completion of the ITSP by enabling the CEO to award the contract immediately after negotiations are complete and the contract is finalized.

Fiscal Impact: \$400,000 of budgeted O&M expenditures.

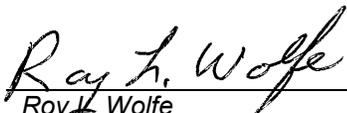
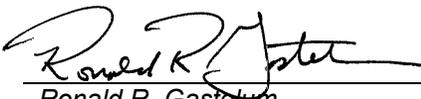
Option #2

- a. Adopt the CEQA determination; and
- b. Obtain Board approval to award the contract after the consultant selection is finalized. This option limits negotiating leverage. It also delays completion of the ITSP which may inhibit staff's ability to adequately factor results of the ITSP into the fiscal year 2002/03 budgeting process.

Fiscal Impact: \$400,000 of budgeted O&M expenditures.

Staff Recommendation

Option #1

 Roy L. Wolfe Manager, Corporate Resources	8/2/2001 Date
 Ronald R. Gastelum Chief Executive Officer	8/3/2001 Date