

- **Board of Directors**
Asset and Real Property Committee

February 14, 2006 Board Meeting

8-1

Subject

Appropriate \$3.34 million to complete Phase One of the IT Network Upgrade project as part of the Information Technology Strategic Plan; and authorize a procurement contract with MTM Technologies, Inc., in an amount not to exceed \$1.416 million (Approp. 15376)

Description

As part of a comprehensive effort to ensure continued reliability of the Information Technology infrastructure used to run the core business applications that support Metropolitan's water and business operations, the IT Strategic Plan recommended necessary replacements and upgrades for key infrastructure components.

The objective of Phase One of the IT Network Upgrade project is to increase the capacity of Metropolitan's local area network and to replace end-of-service-life network equipment at the field facilities and Headquarters. The network equipment controls the flow of data throughout the buildings at all Metropolitan facilities for water operation-related systems such as SCADA, maintenance management (Maximo), water billing (WINS) and the security cameras. This equipment also controls business systems such as email, Computer Assisted Design, Geographical Information System, Oracle financials, timekeeping and Peoplesoft human resources/payroll. The existing network equipment was put into operation at the field sites and Headquarters in 1998. Industry best practices and benchmarks for these types of devices indicate they have a useful service life of approximately five years. In addition, the vendor no longer manufactures much of the equipment and replacement parts are difficult to obtain. Further, the existing equipment is becoming a bottleneck in the overall Metropolitan network and making it difficult to handle increased traffic loads required for the new systems (e.g., Enterprise GIS, Project Accounting, Power Management, etc.) being implemented as part of the IT Strategic Plan. Replacing the network equipment will improve performance and reliability. In addition to replacing network equipment, the network management software used to efficiently and effectively monitor and manage Metropolitan's telephone and data network traffic will be upgraded.

Phase Two of the IT Network Upgrade project is scheduled to commence during fiscal year 2006/07 to upgrade the wide-area network by increasing the capacity of communications between facilities and to improve dependability by adding alternate routes to each site in the event that primary network paths are out of service.

This action appropriates \$3.34 million in budgeted funds to upgrade hardware and software to ensure future reliability of Metropolitan's IT network. This action also authorizes a procurement contract with MTM Technologies, Inc., in an amount not to exceed \$1.416 million to provide the needed IT network components and software.

MTM Technologies, Inc. was selected through a competitive process (Request For Bid 146171) and was the lowest-priced bid of the 17 responses received. Metropolitan staff will install, test and implement the new components.

This project has been evaluated and recommended by Metropolitan's Capital Investment Plan Evaluation Team and funds have been included within the fiscal year 2005/06 capital budget. See [Attachment 1](#) for the Financial Statement.

Policy

Metropolitan Water District Administrative Code Section 5108: Appropriations

Metropolitan Water District Administrative Code Section 8121(a): Award of Contracts over \$250,000

Metropolitan Water District Administrative Code Section 8141: Competitive Sealed Bidding

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action includes the rehabilitation and replacement of existing equipment where older components are replaced by new components with the same purpose and capacity. Accordingly, the proposed action qualifies under a Class 2 Categorical Exemption (Section 15302 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under a Categorical Exemption (Class 2, Section 15302 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Appropriate \$3.34 million in budgeted funds; and
- b. Authorize a procurement contract with MTM Technologies, Inc. in an amount not to exceed \$1.416 million to replace IT network hardware and upgrade the network management software.

Fiscal Impact: \$3.34 million of budgeted funds under Approp. 15376

Option #2

Do not perform work as described and do not replace Metropolitan's network equipment.

Fiscal Impact: Deferral of project will result in increased security risk and higher ongoing support costs.

Staff Recommendation

Option #1


 Roy L. Wolfe
 Manager, Corporate Resources

1/11/2006

Date


 Debra C. Man
 Interim CEO/General Manager

1/17/2006

Date

Attachment 1 – Financial Statement

BLA #4000

Financial Statement

A breakdown of Board Action No. 4 for Appropriation No. 15376 is as follows:

	Previous Total Appropriated Amount (Apr. 2004)	Current Board Action No. 4 (Jan. 2006)	New Total Appropriated Amount
Labor	\$ 3,265,680	\$ 785,000	\$ 4,050,680
Materials and Supplies	4,343,550	2,253,000	6,596,550
Incidental Expenses	85,000	-	85,000
Professional/Technical Services	2,371,200	-	2,371,200
Contracts	245,000	-	245,000
Remaining Budget	1,003,570	302,000	1,305,570
Total	\$ 11,314,000	\$ 3,340,000	\$ 14,654,000

Funding Request

Program Name:	ITSP Infrastructure Program		
Source of Funds:	Revenue Bonds, Replacement and Refurbishment or General Funds		
Appropriation No.:	15376	Board Action No.:	4
Requested Amount:	\$ 3,340,000	Capital Program No.:	15376-I
Total Appropriated Amount:	\$ 14,654,000	Capital Program Page No.:	E-36
Total Program Estimate:	\$ 38,800,000	Program Goal:	Reliability & Efficiency