

- **Board of Directors**  
**Water Quality and Operations Committee**

July 10, 2007 Board Meeting

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8-3

## Subject

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Authorize (1) an agreement with Johnson Controls, Inc. in an amount not to exceed \$7.8 million to provide physical security systems for Capital Investment Plan projects; and (2) an increase of \$1.56 million to Agreement No. 72671 with Johnson Controls, Inc. for routine maintenance of physical security systems **[Any discussion of specific threats or facilities to be heard in closed session. Conference with security operations manager – threat to public services or facilities; may be heard in closed session pursuant to Gov. Code Section 54957(a)]**

## Description

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### Background

Following the events of September 11, 2001, Metropolitan conducted a comprehensive security threat assessment of its facilities. In order to address the findings of the assessment, Metropolitan's Board authorized in February 2002 a program to design, procure, and install security system improvements at all Metropolitan facilities. Chief among the individual components of the program is improved physical security, including surveillance equipment and access control to facilities. In June 2003, the Board authorized an initial agreement with Johnson Controls, Inc. (JCI) for security system improvements at 72 sites throughout Metropolitan's system. JCI was recommended based on the results of a competitive evaluation; this process had the goal of identifying a firm which could provide comprehensive security system support over an extended period of time. Design and installation of the physical security systems for the original 72 sites are complete, and Metropolitan now has an integrated, enterprise-wide access control and surveillance system in place. Examples of the physical security improvements include over 250 security cameras and over 380 card readers supported by an underlying network of servers. This backbone system is remotely monitored 24 hours a day from a Security Watch Center and can also be monitored from other locations. Under a separate agreement, JCI is also performing maintenance of these systems for a five-year period. An update of the original security threat assessment is underway.

### New Master Agreement for Physical Security Systems (No funds required)

Since 2003, significant modifications have been made to many of Metropolitan's facilities, primarily related to treatment plant improvements and the Oxidation Retrofit Program. These modifications, many of which are currently underway, are significantly altering the existing facility perimeters and related security needs identified in the original security threat assessment. To most efficiently and effectively integrate the security infrastructure needs of new facilities with the security system in a standard and compatible manner, staff recommends that a new master agreement with JCI be authorized to expand the existing security system. Staff has negotiated price and terms of a master agreement with JCI for the design, procurement, and installation of security system components for new projects in Metropolitan's Capital Investment Plan (CIP). The price and terms are based on the original JCI agreement, and reflect pricing which is lower than that offered to the federal government through its General Services Administration (GSA) Pricing Schedules, which are commonly held as the benchmark of lowest available pricing.

Based on the competitive rates for service, favorable past performance and current knowledge of the existing security system, staff recommends that JCI provide services to address the security system infrastructure needs of new facilities. This contract is exempt from competitive bidding because the security system is based on JCI's proprietary engineering and Metropolitan's confidential security threat assessment needs. Thus, competitive

bidding would not produce an advantage to Metropolitan. JCI is a licensed California contractor and will comply with all applicable public work requirements.

This action authorizes a master agreement with JCI to design, procure, and install physical security systems for projects in Metropolitan's CIP. This master agreement will be on an as-needed basis for a maximum of five years, in an amount not to exceed \$7.8 million. This amount is based on the estimated cost of security improvements, as set forth in [Attachment 1](#), for over 30 planned facilities, which are budgeted within Metropolitan's CIP. Examples of work to be performed under this agreement include installation of access control and surveillance equipment such as card readers, door contacts and monitors, infrared motion detection, cameras and fence detection systems. No specific work will be guaranteed to JCI under this agreement because its service is on an as-needed basis.

No funds are required to be appropriated under this action, as all funding for security system installation work is provided under individual capital programs, when each program is authorized and funded by the Board. As shown in [Attachment 1](#), \$3,971,000 has been previously appropriated under 11 capital programs for security system related work. In addition, \$2,949,000 is budgeted under ten capital programs for planned security system related work, and these programs will be scheduled for future board actions. Also, \$880,000 is included to address potential, but not-yet-identified security work for future capital programs over the next five years. A total not-to-exceed amount of \$7.8 million is therefore recommended for the new master agreement with JCI.

Installation of the physical security systems covered under this agreement is consistent with Metropolitan's long-term strategic plan to enhance safety and security of employees, the public, and Metropolitan's infrastructure. All work will be performed as an element of individual projects which are evaluated and recommended by Metropolitan's CIP Evaluation Team.

#### **Amendment to Agreement No. 72671 with JCI for Maintenance of Physical Security Systems**

Under Agreement No. 72671, which was awarded through a competitive process, JCI is contracted to provide routine maintenance of the existing security system. The maintenance services performed by JCI have been timely and appropriate and the overall level of service has been excellent. It is recommended that Agreement No. 72671 be amended to increase the maximum amount payable by \$1,560,000 to \$2,703,344, to continue the security system maintenance costs through 2012 for the added system components.

See [Attachment 1](#) for the Estimate for Physical Security Improvements, itemized by capital program.

#### **Policy**

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Metropolitan Water District Administrative Code Section 8121(a) – Contracts over \$250,000  
Metropolitan Water District Administrative Code Section 8140(e) – Competitive Procurement  
Metropolitan Water District Administrative Code Section 9100(b) – Risk Management

#### **California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves the design, installation, and maintenance of security systems at existing public facilities involving negligible or no expansion of use and no possibility of significantly impacting the physical environment. Accordingly, the proposed action qualifies under a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines). In addition, the funding element through the authorization of agreements with JCI is not subject to CEQA because it involves other government fiscal activities, which 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 pursuant to CEQA, the proposed action qualifies under a Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines). In addition, the funding mechanism is not subject to CEQA (Section 15378(b)(4) of the State CEQA Guidelines).

CEQA determination for Options #2 and #3:

None required

## Board Options

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### Option #1

Adopt the CEQA determination and

- a. Authorize a new master agreement with Johnson Controls, Inc. for a not-to-exceed amount of \$7.8 million, to design, procure, and install physical security systems for projects in Metropolitan's CIP; and
- b. Authorize an increase of \$1.56 million to Agreement No. 72671 with Johnson Controls, Inc. for a new not-to-exceed total of \$2,703,344, for routine maintenance of physical security systems during the current five-year term.

**Fiscal Impact:** \$1.56 million of budgeted O&M funds; \$3,971,000 of previously appropriated capital funds; and \$3,829,000 of budgeted capital funds which will be appropriated separately for future capital projects, as each project is authorized by the Board.

**Business Analysis:** This option would ensure that physical security systems for new capital projects are integrated with Metropolitan's existing security system in a timely manner and at a reasonable cost.

### Option #2

Do not authorize the agreements with JCI at this time. Instead, individual agreement amendments would be negotiated with JCI for each project, and the amendments would be authorized over time in conjunction with future board authorizations of individual projects.

**Fiscal Impact:** Unknown, but anticipated to be greater than Option #1 due to lengthy project development and process duplications.

**Business Analysis:** Under this option, pricing and terms of the individual agreements may not be as favorable to Metropolitan as those negotiated in the master agreement under Option #1. In addition, this option would require increased staff time and could delay installation of necessary security systems due to the need to negotiate individual agreements on a project-by-project basis.

### Option #3

Do not authorize the agreements with JCI. Staff would undertake a competitive selection process and return to the Board at a later date with a recommended firm to design, procure, install, and maintain new physical security systems.

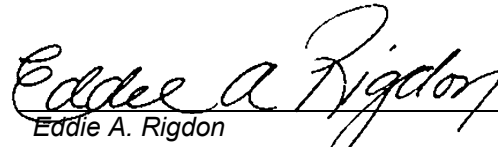
**Fiscal Impact:** Unknown, but given favorable pricing negotiated per GSA indices under Option #1, unlikely to generate significant savings. Costs could be higher than currently negotiated prices if little to no competition occurs.

**Business Analysis:** Under this option, timely implementation of new security infrastructure needs for ongoing capital projects may be delayed. If a different contractor is selected to design and install the additional improvements, there would be two separate security systems. Additional assurances that the two systems are compatible would be required. In addition, this option would lead to a greater system complexity as Metropolitan would be required to operate and maintain two separate security systems.

**Staff Recommendation**

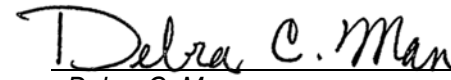
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Option #1

  
Eddie A. Rigdon  
Manager, Water System Operations

6/21/2007

Date

  
Debra C. Man  
for Jeffrey Kightlinger  
General Manager

6/21/2007

Date

**Attachment 1 – Estimate for Physical Security Improvements**

BLA #5481

### Estimate for Physical Security Improvements

#### Funds Previously Appropriated

Appropriation No.	Program Name	Amount Appropriated for Physical Security Systems
15227	Diemer Land Acquisition, Habitat Conservation Plan, and Site Grading	\$95,000.00
15295	All Facilities Security System Improvements	\$500,000.00
15346	Chlorine Containment and Handling Facilities	\$461,000.00
15363	Diemer Water Treatment Plant-Solids Handling and Water Reclamation	\$520,000.00
15365	Skinner Water Treatment Plant Improvements Program	\$450,000.00
15388	Skinner Water Treatment Plant Oxidation Retrofit Program	\$695,000.00
15389	Diemer Water Treatment Plant Oxidation Retrofit Program	\$375,000.00
15410	Skinner Water Treatment Plant Expansion No. 4	\$450,000.00
15415	All Water Treatment Plants Install Roofs for Chemical Tank Farms	\$61,000.00
15424	Mills Water Treatment Plant Capacity Upgrade	\$164,000.00
15431	Pilot Plant Testing and Equipment Storage Facility	\$200,000.00
	<b>SUBTOTAL</b>	<b>\$3,971,000.00</b>

#### Funds Not Yet Appropriated

Appropriation No.	Program Name	Amount Budgeted for Physical Security Systems
15320	Cabazon Radial Gate Facility Improvements	\$34,000.00
15334	Diamond Valley East Recreation Area	\$550,000.00
15369	Weymouth Water Treatment Plant Improvements Program	\$200,000.00
15371	Jensen Water Treatment Plant Improvements Program	\$700,000.00
15380	Diemer Water Treatment Plant Improvements Program	\$200,000.00
15389	Diemer Water Treatment Plant Oxidation Retrofit Program	\$455,000.00
15392	Weymouth Water Treatment Plant Oxidation Retrofit Program	\$260,000.00
15395	La Verne Shop Facilities Upgrade	\$200,000.00
15420	Lake Perris Flexible Storage Program	\$200,000.00
15431	Pilot Plant Testing and Equipment Storage Facility	\$150,000.00
N/A	Future Capital Projects	\$880,000.00
	<b>SUBTOTAL</b>	<b>\$3,829,000.00</b>

Total of Funds Previously Appropriated and Not Yet Appropriated

\$7,800,000.00