



- Board of Directors  
*Organization, Personnel and Technology*

10/11/2011 Board Meeting

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**7-3**

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## **Subject**

Appropriate \$949,000 for an Environmental and Safety Management Information System as part of the Information Technology Strategic Plan; and authorize an agreement with Trinity Consultants for \$475,000 (Approp. 15411)

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## **Description**

This action authorizes an agreement for the purchase and implementation of an Environmental and Safety Management Information System (EMIS). The EMIS will assist staff in facilitating compliance with environmental and safety (ES) laws, regulations, and policies. The EMIS will replace Metropolitan's existing multiple ES systems consisting of stand-alone databases, spreadsheets and 14-year-old applications. It will also provide a comprehensive and integrated approach to managing regulatory obligations including tracking of compliance, corrective actions, schedules, task management, and reporting of performance metrics and trends across the organization. This project was identified as a high priority in the Information Technology Strategic Plan (ITSP).

## **Timing and Urgency**

The number, types, and complexity of ES regulations have increased dramatically and the existing ES systems lack the depth and capacity needed to efficiently manage Metropolitan's requirements. These systems lack integration with each other as well as other enterprise applications, such as the Oracle Financials and PeopleSoft Human Resources systems. Given the rapid growth in the number and complexity of ES regulations, the existing collection of stand-alone databases, spreadsheets, and older applications are no longer effective in facilitating the management of regulatory obligations. An integrated EMIS is needed at this time to provide a single comprehensive view of all environmental and safety issues across numerous worksites. The comprehensive EMIS will help reduce the probability and severity of risks from noncompliance and avoid potential fines and penalties.

## **Background**

Metropolitan manages a regulatory environment that is experiencing an increased number of highly complex and detailed regulations, permits, and reporting requirements. The Safety and Environmental Services Section (SES) in the Water System Operations Group handles over 800 permits for equipment and processes in the areas of air quality, wastewater, hazardous materials and waste, fuel and chemical storage tanks, and safety requirements. SES staff manages these permits under the purview of numerous regulatory agencies, including South Coast Air Quality Management District, California Air Resources Board, State Water Resources Control Board, regional water quality control boards, Department of Toxic Substances Control, and California Occupational Safety and Health Administration. Each permit has specific renewal requirements including fees that, if not processed by specified due dates, can result in substantial penalties. The permit requirements often include provisions (recordkeeping, monitoring, reporting, inspection records, and adherence to specific operating and equipment conditions) that must be implemented and routinely tracked by staff. In addition, when Metropolitan modifies equipment or operational processes, a new or amended permit must often be obtained.

The number of new and amended regulations, mandatory reporting and inspection requirements has more than doubled over the last decade. SES staff currently manages over 3,000 compliance related deliverables including compliance reports, regulatory plans and permits. Additionally, many regulatory agencies now require electronic reporting of required compliance documents.

Regulatory agencies aggressively enforce permits and compliance requirements which can result in more notices to comply, citations, or violations, along with higher financial penalties. Regulations mandate more frequent reporting and development of compliance plans, which require meticulous recordkeeping and tracking of the status and completion of compliance deliverables. In addition, internal metrics and benchmarks are needed to better understand Metropolitan's ES risks and to assess trends regarding the environmental impacts of its operations and the safety of the workforce.

The recently updated ITSP assessed the current ES systems and recommended implementation of a comprehensive EMIS system. Without an integrated system, there is no ability to view all compliance requirements. Temporary fixes have been applied to the existing applications to extend their use; however, these interim fixes do not fulfill long term regulatory requirements and do not minimize compliance risks.

In addition, a Metropolitan internal audit report identified deficiencies in the current systems for tracking of permits/fees and compliance obligations, the lack of corrective action tracking for audits and inspections, and the limited functionality for management reporting, performance indicators, and benchmarking.

### **Environmental and Safety Management Information System (\$949,000)**

Staff gathered a comprehensive set of business requirements and validated them with peer agencies and industry experts. Metropolitan conducted an extensive Request for Proposals (RFP No. 972) process where staff evaluated respondent's ability to meet the ES requirements in a cost-effective manner. Respondents were allowed to propose a solution where the EMIS software runs in Metropolitan's data center or in the "cloud" where the software provider operates the system in their data center and Metropolitan gains access via the internet. After careful evaluation of all proposals, staff selected a cloud-based system from Enviance Software because it provides the best functionality to meet the ES requirements and was at a lower cost than other solutions proposed. The Enviance system provides the tools for SES staff to manage compliance schedules, deadlines, and corrective actions. The system expands performance metrics and identifies trends through reports, dashboards, and key performance indicators. The evaluation team also required Enviance to provide extensive information regarding security, data integrity and disaster recovery and visited the Enviance data center to confirm compliance with their stated policies since this is a cloud-based solution. The Enviance application is in use at numerous companies and utilities, including Southern California Edison, Pacific Gas and Electric, and LA World Airports. The software license is \$236,000 for three years.

Proper configuration of the Enviance system and adoption of ES best practices are essential to the success of the EMIS project. Trinity Consultants were selected because of their extensive experience implementing Enviance and their knowledge of the ES regulatory environment. The scope includes analysis and design, application configuration, testing, and implementation. The cost for these services is \$475,000. For this agreement, Metropolitan has established a Small Business Enterprise participation goal of 5 percent.

### **Summary**

This action appropriates \$949,000 and authorizes the purchase of software licenses and implementation of the EMIS. The project has been evaluated and recommended by Metropolitan's CIP Evaluation Team and funds have been included in the fiscal year 2011/12 capital budget. See [Attachment 1](#) for the Financial Statement. The appropriated funds include \$475,000 for the professional services agreement to configure and implement the system; \$236,000 for the software licenses; \$152,000 for Metropolitan labor for design review, testing, integration with existing Metropolitan applications, and project management; and \$86,000 for remaining budget.

This project is consistent with Metropolitan's mission statement of providing its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally responsible way, and with the Water System Operations Group's objectives in the General Manager's Business Plan to prepare for future regulations and to fully comply with safety and environmental regulations.

## Policy

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Metropolitan Water District Administrative Code Section 5108: Appropriations

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

## California Environmental Quality Act (CEQA)

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CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which 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 pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

## Board Options

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### Option #1

Adopt the CEQA determination and

- a. Appropriate \$949,000; and
- b. Authorize entering into an agreement with Trinity Consultants for \$475,000.

**Fiscal Impact:** \$949,000 of budgeted capital funds under Approp. 15411, and approximately \$79,000 for annual software license and maintenance fees beginning in 2015.

**Business Analysis:** The comprehensive EMIS will help to reduce the probability and severity of risks from noncompliance, and avoid potential fines and penalties.

### Option #2

Do not implement the EMIS System.

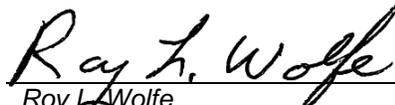
**Fiscal Impact:** No additional expenditure of budgeted capital funds. Additional expenditure of O&M funds to implement improvements of the existing systems over time as budgets permit.

**Business Analysis:** This option will make complying with new environmental and safety regulatory requirements increasingly more difficult and could impact operational activities.

## Staff Recommendation

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Option #1

  
 Roy J. Wolfe  
 Manager, Business Technology

9/29/2011  
 Date

  
 Jeffrey Knightlinger  
 General Manager

9/29/2011  
 Date

## Attachment 1 – Financial Statement

Ref# bt126109622

## **Financial Statement for the Business, Finance and Human Resources Program**

A breakdown of Board Action No. 10 for Appropriation No. 15411 is as follows:

	<b>Previous Total Appropriated Amount (Sept. 2009)</b>	<b>Current Board Action No. 10 (Oct. 2011)</b>	<b>New Total Appropriated Amount</b>
Labor	\$ 7,039,072	\$ 152,000	\$ 7,191,072
Materials and Supplies	3,895,062	236,000	4,131,062
Incidental Expenses	286,929	-	286,929
Professional/Technical Services	8,781,910	475,000	9,256,910
Remaining Budget	1,516,257 *	86,000	1,602,257
<b>Total</b>	<b>\$ 21,519,230</b>	<b>\$ 949,000</b>	<b>\$ 22,468,230</b>

\* Several project closures took place since the last Board letter. The remaining funds from each project were moved into the remaining project budget for the program.

### **Funding Request**

<b>Program Name:</b>	ITSP – Business, Finance & Human Resources Program		
<b>Source of Funds:</b>	Revenue Bonds, Replacement and Refurbishment or General Funds		
<b>Appropriation No.:</b>	15411	<b>Board Action No.:</b>	10
<b>Requested Amount:</b>	\$ 949,000	<b>Capital Program No.:</b>	15411
<b>Total Appropriated Amount:</b>	\$ 21,519,230	<b>Capital Program Page No.:</b>	222
<b>Total Program Estimate:</b>	\$ 26,283,000	<b>Program Goal:</b>	C – Customer Service