



- Board of Directors
Engineering and Operations Committee

12/10/2013 Board Meeting

7-2

Subject

Appropriate \$1.8 million; and award \$796,000 procurement contract to Nth Generation Computing, Inc. for Hewlett Packard, Inc. enterprise-class Itanium servers (Approp. 15487)

Executive Summary

This action awards a contract to provide replacement Hewlett Packard (HP) enterprise-class servers for the data center at Metropolitan's Headquarters Building. The existing HP servers have been in operation from seven to thirteen years and need to be replaced as they are reaching the end of their normal expected life. The replacement units will be the next generation of HP Itanium servers that run newer versions of the operating and database systems, which are needed to implement ongoing upgrades to Metropolitan's enterprise applications such as PeopleSoft and the Geographic Information System (GIS).

Timing and Urgency

Metropolitan's enterprise-class servers are used to run business, financial, water billing, and operational processes such as Financials, Payroll, and Maintenance Management, as well as provide the source of data for operational business processes such as regulatory compliance and water quality. The seven existing servers in the data center and disaster recovery site are reaching the end of their normal expected life. Replacement with the next generation of servers will enable continued, reliable support to Metropolitan's core business functions.

This project has been reviewed with Metropolitan's Capital Investment Plan (CIP) prioritization criteria and is categorized as an Infrastructure Upgrade project.

Details

Metropolitan's business and financial systems run on enterprise-class servers and are used to prepare water invoices, manage water laboratory information, perform maintenance management, collect employee timesheets, pay employees and vendors, track human resource information, and handle the general ledger and financial reporting. Data from these systems are also used in conjunction with other systems such as Metropolitan's Supervisory Control and Data Acquisition (SCADA) system for operational business purposes such as water quality, regulatory compliance, and water planning.

These enterprise-class servers primarily use the Oracle database system to support approximately 53 applications in various Oracle environments including the Oracle E-Business Suite, PeopleSoft Human Resources and Payroll, Water Invoicing, Timekeeping, Enterprise GIS, and numerous in-house applications.

The existing HP servers were procured between 2000 through 2006 and are reaching the end of their normal expected life. Average enterprise-class server replacement cycles are in the range of seven to ten years. These servers have been replaced by HP with the next generation of Itanium servers. The existing servers cannot run newer versions of the operating systems needed for upcoming upgrades to PeopleSoft, GIS, and other applications.

Enterprise-class servers are advanced servers in terms of processing performance and transaction volumes. These systems are designed to handle multiple databases and high-end processing requirements. Due to the improved

performance of the replacement servers, five new servers will handle the workload of the current seven servers and will provide sufficient capacity for growth. The new servers also use less space and less power. The Itanium servers will allow Metropolitan to maintain compatibility with the existing Oracle database management system and enterprise applications such as Oracle Financials and PeopleSoft. Selection of non-Itanium enterprise servers would require an expensive, time consuming, and potentially risky conversion process for the Oracle database and enterprise applications without significant benefits.

Enterprise-class Itanium UNIX Servers – Procurement (\$1,800,000)

Request for Proposals (RFP) No. 1059 for the HP enterprise server replacement was issued on September 9, 2013. Due to the specialized nature and smaller market for these types of servers, two proposals were received. Metropolitan's evaluation committee reviewed and scored the proposals in accordance with the criteria established in the RFP, and determined that Nth Generation Computing, Inc. complied with the specifications in the RFP and would provide the best value for Metropolitan. Nth Generation Computing, Inc. demonstrated strong qualifications, responses, and experience in providing Itanium servers. Due to the specialized nature of the equipment and services, no Small Business Enterprise participation level was established for this contract. Nth Generation Computing, Inc. does qualify as a Regional Business Enterprise.

This action appropriates \$1.8 million and awards a \$796,000 procurement contract to Nth Generation Computing, Inc. to provide replacement Itanium servers and associated operating system and system management software to replace end-of-life enterprise-class servers. The contract amount includes all sales and use taxes imposed by the state of California, as well as installation and configuration services. Replacement of the existing servers will be performed by Metropolitan staff with assistance from consultants specialized in installing Itanium systems.

In addition to the amount of the contract, the requested funds include \$594,000 for Metropolitan force activities including installation, configuration, testing, and validation of the new servers, including project management. This work includes migration and testing of 53 applications on the new platform to ensure that they are functioning properly. The requested funds also include \$186,000 for professional services needed to test and migrate legacy applications to the new Itanium platform, \$60,000 for Oracle database licenses, and \$164,000 for remaining budget.

This project has been evaluated and recommended by Metropolitan's CIP Evaluation Team, and funds have been included within fiscal year 2013/14 capital expenditure plan. See [Attachment 1](#) for the Financial Statement.

The total estimated cost to complete the replacement of enterprise-class servers in the data center at the Headquarters Building is \$1.8 million.

Project Milestones

August 2014 – Completion of installation of the Itanium servers

March 2015 – Completion of migration of applications onto the Itanium platform

Policy

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)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The overall activities involve the funding, design, minor alterations and replacement of existing public facilities with negligible or no expansion of use and no possibility of significantly impacting the physical environment. Accordingly, the proposed action qualifies under Class 1 and Class 2 Categorical Exemptions (Sections 15301 and 15302 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under two Categorical Exemptions (Class 1, Section 15301 and Class 2, Section 15302 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is categorically exempt, and

- a. Appropriate \$1.8 million; and
- b. Award \$796,000 contract to Nth Generation Computing, Inc. for procurement of enterprise-class Itanium UNIX Servers.

Fiscal Impact: \$1.8 million of capital funds under Approp. 15487

Business Analysis: This option will provide new and reliable servers for Metropolitan's business and financial systems. The servers will position Metropolitan for required upgrades to PeopleSoft, GIS, and other applications.

Option #2

Do not replace the existing HP servers at this time.

Fiscal Impact: No impact on capital expenditures. However, there will be ongoing and likely increasing staff support costs and third-party maintenance contract costs.

Business Analysis: This option would potentially increase risk of equipment failure and also delay future upgrades to PeopleSoft, GIS, and other applications.

Staff Recommendation

Option #1


 Roy L. Wolfe
 Manager, Business Technology

11/19/2013
 Date


 Jeffrey Hightlinger
 General Manager

11/25/2013
 Date

Attachment 1 – Financial Statement

Ref# bt12622483

Financial Statement for the IT Infrastructure Reliability Program

A breakdown of Board Action No. 1 for Appropriation No. 15487 is as follows:

	Current Board Action No. 1 (Dec. 2013)	New Total Appropriated Amount
Labor	\$ 594,000	594,000
Materials & Supplies	-	-
Incidental Expenses	-	-
Professional/Technical Services	186,000	186,000
Equipment Use	-	-
Contracts	856,000	856,000
Remaining Budget	164,000	164,000
Total	\$ 1,800,000	\$ 1,800,000

Funding Request

Program Name:	IT Infrastructure Reliability Program		
Source of Funds:	Revenue Bonds, Replacement and Refurbishment or General Funds		
Appropriation No.:	15487	Board Action No.:	1
Requested Amount:	\$ 1,800,000	Budget Page No.:	65
Total Appropriated Amount:	\$ 1,800,000	Total Program Estimate:	\$13,644,000

The total estimated cost to complete the replacement of enterprise-class servers in the data center at the Headquarters Building is \$1.8 million.