



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Action

- **Board of Directors**
Engineering, Operations, and Technology Committee

1/9/2024 Board Meeting

REVISED 7-6

Subject

Authorize agreements with: (1) Alvarez, LLC in an amount not to exceed \$1,923,940 to provide professional services and technical support; and (2) Cloudhouse Technologies Limited in an amount not to exceed \$801,900 for licenses for up to a period of three years, to migrate legacy applications to supported Windows servers for the Application Server Upgrade project; the General Manager has determined the proposed actions are exempt or otherwise not subject to CEQA. **[Revised Subject]**

Executive Summary

This action awards an agreement to Alvarez LLC (Alvarez) for services to execute the migration of legacy applications from hardware running Windows Operating Systems that are no longer supported by the vendor, Microsoft Inc., to new hardware running Microsoft-supported Windows Operating Systems. Alvarez will provide the professional services to execute the migration of the identified legacy applications and provide post-execution support as necessary. The licenses for Alchemy software provided by Cloudhouse Technologies Limited (Cloudhouse) are necessary to continue running the legacy applications on the new servers. The licenses will be for a period of up to three years.

There are a multitude of critical applications that are running on legacy Windows Operating Systems. Due to the technical challenges involved with moving off these systems or implementing an alternate solution, these instances must continue to run into 2024, if not longer. However, the continued use of these unsupported systems poses a significant operational, security, and financial risk to Metropolitan.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1 (Revised)

Authorize agreements with: (1) Alvarez, LLC in an amount not to exceed \$1,923,940 to provide professional services and technical support; and (2) Cloudhouse Technologies Limited in an amount not to exceed \$801,900 for licenses for up to a period of three years, to migrate legacy applications to supported Windows servers for the Application Server Upgrade project.

Fiscal Impact: Expenditure of \$2,955,000 in capital funds

Business Analysis: The solution offered by Alvarez LLC was evaluated by a committee of Metropolitan subject matter experts who feel that it could overcome current technical challenges and extend the lifetime of legacy applications by migrating them onto hardware running Windows Supported systems

Option #2

Do nothing at this time

Fiscal Impact: No capital expenditures

Business Analysis: This option would maintain current use of Microsoft unsupported Operating Systems, and the Operational, Security, and financial risk to Metropolitan would remain.

Alternatives Considered

Alternative solutions by Yanilex Systems LLC and SHI International Corp were considered. However, their proposed solutions did not meet the technical requirements needed by Metropolitan. We felt that using either solution would result in the servers not being migrated efficiently and correctly, and ultimately require more work to maintain in the future.

Applicable 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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

By Minute Item 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/23 and 2023/24.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt from CEQA because there is no potential for the activity in question to have a significant effect on the environment. (State CEQA Guidelines Section 15061(b)(3).)

CEQA determination for Option #2:

None required

Details and Background

Background

In June 2021, the current capital project was approved to upgrade all out-of-support operating systems. Over the past two years, many applications have either been upgraded, migrated onto a supported operating system, or completely replaced. However, during the migration and upgrade process, it was discovered there was a large number of applications with technical challenges that made upgrading, migrating, or replacement non-viable.

Given the security need to upgrade applications to supported servers, alternative solutions were explored leading to this current action.

This action authorizes agreements with (1) Alvarez, LLC in an amount not to exceed \$1,923,940 to provide professional services and technical support and (2) Cloudhouse Technologies Limited in an amount not to exceed \$801,900 for licenses for up to a period of three years, to migrate legacy applications to supported Windows servers for the Application Server Upgrade project. The total project budget is \$2,955,000 and includes funds for awarding a new contract with Alvarez LLC for \$1,923,940 for professional and technical services. Other costs included are \$229,160 for labor costs by Metropolitan staff, including owner costs and project management, and \$801,900 for licensing costs.

This project has been evaluated and recommended by Metropolitan's Capital Investment Plan Evaluation Team, and funds are available within the fiscal year 2023/24 capital expenditure plan. See **Attachment 1** for the Financial Statement.

Project Milestones

Board approval	Jan 2024
Discovery/Design Phase	Feb – Mar 2024
Development Phase	Apr 2024
Deploy Phase	May – Aug 2024

	1/3/2024
Charles Eckstrom	Date
Group Manager, Information Technology	

	1/3/2024
Adel Hagekhalil	Date
General Manager	

Attachment 1 – Financial Statement

Ref# IT12699102

Allocated Funds for Application Servers Upgrade

	Current Board Action (Jan. 2024)
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs (Program mgmt.)	229,160
Submittals Review & Record Drwgs	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	801,900
Incidental Expenses	-
Professional/Technical Services	1,923,940
Equipment Use	-
Contracts	-
Remaining Budget	-
Total	\$ 2,955,000