



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

1/10/2023 Board Meeting

7-8

Subject

Authorize an agreement with Digital Scepter Corporation in an amount not to exceed \$1,469,000 for procurement of equipment to replace network switches at Metropolitan's Headquarters Building at Union Station; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This project seeks to replace network switches at Metropolitan's Headquarters at Union Station. Network switches are the backbone of the IT network, allowing for the connectivity and integration of all IT systems, infrastructure, and communications.

The current switches will no longer be supported by the manufacturer, and software updates or patches will not be available. Without this support, the network would be less reliable and lack the performance and robustness to support business operations.

Timing and Urgency

The current switches will soon reach end of life and will be out of support. Global supply chain issues are causing delays in estimated delivery time to a minimum ten-month lead time.

Details

Background

Network switches are critical components that support the Metropolitan network backbone. The switches support essential operations and critical systems for Metropolitan's business operations.

Metropolitan's Headquarters at Union Station has twelve floors, and each run on a network switch. The current network switches were originally installed between 2014 to 2016. They are reaching end of life and will no longer be supported or produced by the manufacturer.

Outdated switches have a higher risk of failure. If a failure occurs, replacement hardware will not be available to purchase. Staff will have no choice but to replace failing equipment with new equipment on an emergency ad hoc basis.

Additionally, without updated software patches, the network system will be exposed to vulnerabilities such as unstable connectivity, unreliable network service, and a higher risk of cyber security threats. These issues could lead to an interruption of critical operations.

Metropolitan is seeking to purchase replacement switches to avoid the risks mentioned above. This contract will include twelve Arista switches, a power supply, fiber optics, a line card, a twelve-month subscription license, twelve-month care support services, as well as estimated tariffs and logistics fees.

Global supply chain issues have caused delays in procuring hardware in general. Replacement switches are projected to arrive ten months after the order is placed.

After the equipment is procured, internal resources will progressively perform replacement activities during non-business hours, such as weekends and holidays, to reduce interruption to business operations until all floors are completed.

This action authorizes \$1,469,000 for the replacement of network switches at Metropolitan's Headquarters at Union Station. The total project budget is \$2,350,000 and includes funds for awarding a new contract with Digital Skepter Corporation for \$1,469,000. Other costs included are \$210,000 for labor costs by Metropolitan staff and project management, \$458,000 for other material costs, and \$213,000 for remaining budget.

This project has been evaluated and recommended by Metropolitan's CIP Evaluation Team, and funds are available within the fiscal year 2022/23 capital expenditure plan. See **Attachment 1** for the Financial Statement.

Project Milestones

Board Award	Jan 2023
Award of Contract/Agreement	Jan 2023
Equipment Delivery	Nov-Dec 2023
Implementation	Jan 2024 – April 2024
Deploy	May 2024

Policy

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

Metropolitan Water District Administrative Code Section 5108: Appropriations

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 not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative or maintenance activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under 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). Finally, where it can be seen with certainty that there is no possibility that the activity proposed action in question may have a significant effect on the environment, the proposed activity on is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize an agreement with Digital Scepter Corporation in an amount not to exceed \$1,469,000 million for procurement of equipment to replace network switches at Metropolitan's Headquarters at Union Station.

Fiscal Impact: Expenditure of \$2,350,000 in capital funds. All funds were incurred in the current biennium and have been previously authorized

Business Analysis: Replace end-of-life equipment, mitigating vulnerabilities and increasing the network's reliability at Metropolitan's Headquarters at Union Station.

Option #2

Do not proceed with the project

Fiscal Impact: Unknown

Business Analysis: Accept the risk of equipment/network failure, cybersecurity threats, and unreliable network.

Staff Recommendation

Option #1


Charlie Eckstrom
Group Manager, Information Technology

12/21/2022

Date


Adel Hagekhalil
General Manager

12/22/2022

Date

Attachment 1 – Financial Statement

Ref# it2693423

Allocated Funds for Replacement of Network Switches at Metropolitan's Headquarters Building at Union Station

	Current Board Action (Jan. 2023)
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs (Program mgmt.)	210,000
Submittals Review & Record Drwgs	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Hardware Supplies	1,927,000
Incidental Expenses	-
Professional/Technical Services	-
Equipment Use	-
Contracts	-
Remaining Budget	213,000
Total	\$ 2,350,000