



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

5/9/2023 Board Meeting

7-2

Subject

Authorize an agreement with Arcadis U.S. Inc., for a not-to-exceed amount of \$550,000 to design, develop, and deploy Metropolitan's Capital Investment Plan Budget System Improvements; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan's Capital Investment Plan (CIP) Budget System is used by staff to collect project information, evaluate and prioritize projects, and help prepare the two-year CIP budget and the 10-year CIP expenditure forecast. The current system was developed by a combination of in-house staff and consultants and uses a web-based SharePoint platform. This system replaced the paper-based proposal process that was used for many years. The current CIP budget was developed with this web-based platform, and this platform is currently being used to prepare for the upcoming CIP budget cycle for fiscal years 2024/25 and 2025/26. While the current system did replace the manual paper process, further improvements are necessary to fully integrate and further streamline the overall process. This action authorizes an agreement to develop and deploy a new CIP Budget System that will enhance staff's ability to track workflows, improve reporting, increase evaluation efficiency, and provide greater in-house control over future enhancements.

Background

As part of Metropolitan's budget process, staff prepares a recommended two-year budget and expenditure plan for the CIP. The budget and expenditure plan are reflected in the CIP Appendix and included in Metropolitan's overall two-year budget and associated budget documents. The CIP budget preparation starts with the preparation and submission of project proposal packages which are comprised of a web-based project proposal form, a project risk assessment form, and a resource-loaded schedule form. After the proposal package is submitted, the projects are evaluated and prioritized for inclusion into the CIP budget.

A manual process, consisting of paper proposal forms was used for over 20 years. In early 2021, this process was replaced by the SharePoint system. This new system, along with a set of minor enhancements, will be used for the preparation of the CIP budget for fiscal years 2024/25 and 2025/26. While the current SharePoint system is a significant improvement over the paper forms, some manual processes remain due to limitations in the SharePoint platform. For example, although all three forms need to be completed before the proposal package can be evaluated, each of the forms resides in a disparate system with individual workflows that require manual data entry and tracking.

To further improve the system, staff recommends proceeding with the replacement of the current SharePoint system with a more reliable, efficient, flexible, and scalable system that addresses Metropolitan's current and future business requirements. The new system will also provide for integrated and interactive forms that are easier and faster for staff to develop and complete. The improved CIP Budget System will add new features and capabilities for greater automation, enhanced data collection and evaluation, and efficient project prioritization. The recommended system would also allow in-house staff to configure the forms and support the system users. Currently, alteration to the forms, workflows, or notifications can only be performed by software developers. To complete these improvements expeditiously, staff recommends authorizing a professional services agreement to design, develop, and deploy the CIP Budget System Improvements.

Budget Impact

In accordance with the April 2022 action on the biennial budget for fiscal years 2022/23 and 2023/24, the General Manager will authorize staff to proceed with CIP Budget System Improvements, pending authorization of the professional services agreement described below. Based on the current CIP expenditures forecast, funds for work to be performed pursuant to this action during the current biennium are available within the CIP Appropriation for Fiscal Years 2022/23 and 2023/24 (Appropriation No. 15525). This project anticipates that approximately \$865,000 will be incurred in the current biennium and has been previously authorized. This project has been reviewed in accordance with Metropolitan's CIP prioritization criteria and was approved by Metropolitan's CIP evaluation committee to be included in the System Reliability Program.

CIP Budget System Improvements – Design, Development, and Deployment

This project will replace the current SharePoint system with a new and enhanced CIP budget system using commercially available, off-the-shelf software made specifically for CIP Budget Systems and developed using Enterprise Data Analytics web-based platform. The new system design will be an integrated proposal form containing the risk-consequence and resource-loaded schedule information, which will use a single workflow to develop, approve, and track the form. This improvement streamlines the submittal and approval process, eliminates duplicate entry data fields, improves data gathering, automates tracking and status notifications, reduces the required administrative effort, provides greater capability to modify and enhance the proposal form, and improves the overall user experience which will enable users to meet both current and future business requirements.

The new CIP Budget System will be developed and deployed by Arcadis U.S. Inc. (Arcadis) as described below. Planned activities to be conducted jointly by Metropolitan staff and Arcadis will include setting up software environments for the development and testing of the improved CIP Budget System prior to rollout.

A total of \$865,000 is required for this work. Funds to be allocated include \$550,000 for design, development, and deployment by Arcadis; \$126,000 for Metropolitan staff activities for the deployment and testing support; \$45,000 for project management and project controls; and \$144,000 for remaining budget. **Attachment 1** provides the allocation of the required funds.

Professional Services (Arcadis) – New Agreement

Arcadis is recommended to provide professional services for design, development, and deployment of the CIP Budget System Improvements. Arcadis was selected through a competitive process via Request for Proposal No. 1322 based on the firm's qualifications, record of past performance, expertise of the key staff, technical approach and methodology, and cost proposal for the improvements of the CIP Budget System. The planned activities for Arcadis include: (1) consolidation of project proposal, risk-consequence, and resource-loaded schedule forms, (2) improvement of the consolidated form and approval workflow, (3) automation of proposal tracking and status notifications, (4) data migration, (5) testing of the deployed system; and (6) furnishing system user manuals and technical documentation.

This action authorizes an agreement with Arcadis for a not-to-exceed amount of \$550,000 to design, develop, and deploy the CIP Budget System Improvements. For this agreement, Metropolitan has established a Small Business Enterprise participation level of 25 percent. Arcadis U.S. Inc. has agreed to meet this level of participation.

Alternatives Considered

Alternatives considered for improving the CIP Budget System included utilizing in-house Metropolitan staff to perform all the work to improve the CIP Budget System. Metropolitan's staffing strategy for utilizing consultants and in-house Metropolitan staff has been: (1) to assess current work assignments for in-house staff to determine the potential availability of staff to conduct this work; and (2) to use project-specific professional services agreements when resource needs exceed available in-house staffing or require specialized technical expertise.

After assessing the current workload for in-house staff, required expertise, and the relative priority of this project, staff has determined that a hybrid approach of utilizing both consultants and in-house staff would ensure completion of the work in a timely and efficient manner. The consultants will design, develop, and deploy the CIP Budget System Improvements while the in-house staff will provide needed support to host the system for

development and testing, and perform project oversight, reviews, and user acceptance testing. This approach will allow staff to effectively support this project as well as other capital projects.

Summary

This action authorizes a professional services agreement with Arcadis for a not-to-exceed amount of \$550,000 to design, develop, and deploy the CIP Budget System Improvements. See **Attachment 1** for the Allocation of Funds.

Project Milestone

July 2024 – Go Live with CIP Budget System Improvements

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

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 subject to CEQA because it involves organizational or administrative activities of governments that would not result in a direct or indirect physical change to the environment (Section 15378(b)(5) of the State of CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize an agreement with Arcadis U.S. Inc. for a not-to-exceed total of \$550,000 to design, develop, and deploy the CIP Budget System Improvements.

Fiscal Impact: Expenditure of \$865,000 in capital funds. All costs will be incurred in the current biennium and have been previously authorized.

Business Analysis: This option will enhance the CIP budgeting process, which will streamline the project data collection, reduce manual data entry, automate workflow and reporting, and increase staff productivity.

Option #2

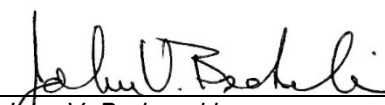
Do not proceed with the project at this time.

Fiscal Impact: None

Business Analysis: This option would forgo an opportunity to enhance the CIP budgeting process in advance of future CIP budget preparations.

Staff Recommendation


Option #1



John V. Bednarski
Manager/Chief Engineer
Engineering Services

4/19/2023

Date



Adel Hagekhalil
General Manager

4/25/2023

*Date***Attachment 1 – Allocation of Funds**

Ref# es12691152

Allocation of Funds for CIP Budget System Improvements

	Current Board Action (May 2023)
Labor	
Studies & Investigations	-
Design, Develop, Test, Deploy	126,000
Owner Costs (Project Management, IT Networking, etc.)	45,000
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	
Arcadis U.S. Inc.	550,000
Contracts	-
Remaining Budget	144,000
Total	\$ 865,000

This is the initial action for the CIP budget improvements. The total estimated cost to complete this project, including funds allocated for the work described in this action, is \$865,000.