City of Sunnyvale

Agenda Item-No Attachments (PDF)

REPORT TO COUNCIL

SUBJECT
Award of Contract for an Enterprise Asset Management System for the Water Pollution Control Plant (F16-98)

REPORT IN BRIEF
Approval is requested to award a contract in an amount not-to-exceed $633,961 ($365,047 in one-time implementation costs and $268,914 for three years licensing, maintenance and support to be paid annually) to The Arcanum Group of Denver, CO for the implementation of an Enterprise Asset Management System (EAMS) for the Water Pollution Control Plant (WPCP). Approval is also requested for a 10% implementation contingency in the amount of $36,505.

EXISTING POLICY
Consistent with the provisions of Chapter 2.08 of the Sunnyvale Municipal Code, contracts for this type of system solution are awarded pursuant to a competitive Request for Proposals (RFP) process.

ENVIRONMENTAL REVIEW
The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

BACKGROUND AND DISCUSSION
The Water Pollution Control Plant (WPCP) is a critical part of the City infrastructure that delivers wastewater treatment services for the businesses and residents of Sunnyvale. This infrastructure consists of approximately 5,000 assets that each have life expectancy and maintenance needs. Asset Management is a strategic, organization-wide program that achieves an appropriate balance of risk, cost, performance and longevity to maximize asset value. It contributes to the economic health of the WPCP by keeping its facilities and infrastructure functioning effectively at the lowest life cycle cost. An asset management program is supported by an asset information system which is the main business process tool for tracking asset maintenance needs, costs of repairs and life cycle costs to enable replace versus repair decisions.

The scope of work for this contract is to update the Asset Management program at the WPCP and implement a new program and system that would match up with the needs of the new WPCP being built as part of the Plant rebuild. Additionally, the system recommended for acquisition is scalable. After implementation at the WPCP, staff intends to expand the utilization of the system to the Department of Public Works to manage the City's facilities.

A competitive Request for Proposals (RFP) was distributed in May 2016 to twenty-nine firms and

posted to the City's public procurement network. More than 50 firms requested the RFP documents. Seven proposals were received on June 16, 2016. The proposals were reviewed by an evaluation team consisting of staff from the Environmental Services Department (ESD) and the Information Technology Department (ITD). The proposals were evaluated initially based on overall system functionality; proposer qualifications and experience; proposed implementation plan and approach. The four highest ranking proposers were invited to the City for scripted product demonstrations, including The Arcanum Group, Nexgen Asset Management and AssetWorks.

The Arcanum Group was unanimously selected by the evaluation team as the solution with the best overall value to the City for numerous reasons. First, the software proposed by The Arcanum Group, Infor EAM, met more of the City's requirements than the other proposals. Second, the software was the most refined and user-friendly system for both end-users and ITD staff. Third, the Arcanum solution had the most robust life cycle asset management process. Finally, the Arcanum Group presented the best overall ongoing maintenance and support plan.

The City evaluated both On-premise and Cloud-based solutions, and chose to pursue the Software as a Service implementation (Cloud-based) solution proposed by The Arcanum Group based on total cost of ownership and best value service levels. Increasingly, cities are strategically moving toward Cloud-based systems to reduce or eliminate the need for City-owned IT infrastructure and staffing resources required to implement and maintain on-premise systems.

It should be noted that the City was able to negotiate a substantial price reduction in the original cost proposal by entering in a multi-year commitment for the initial contract. Staff was able to achieve cost savings in most cost factors such as data migration, implementation, and annual subscription costs resulting in overall savings over the Ten-Year Lifecycle of the system of 17.6% from the original cost proposal or approximately $1,317,605.

The final cost proposal is consistent with benchmarking performed against other agencies prior to the release of the RFP and validated through checking references of agencies provided by the vendor. Subscription fees for licensing, maintenance and support after the first year of system operation will be invoiced/paid annually.

FISCAL IMPACT
The total cost of the contract for system implementation and four years of licensing, maintenance and support will not exceed $670,466, which is a contract amount of $633,960 plus a 10% implementation contingency in the amount of $36,505. Implementation includes the first year of support and totals $365,047; years two through four of support total $268,914.

Budgeted funds are available in Project 831670, Asset Management Program, for system implementation. The expected annual subscription of approximately $90,000 will be offset by funds currently programmed in Wastewater Equipment Replacement (Fund 465) and Equipment Technology (Fund 595/350) for annual support and/or replacement of existing software. Over the twenty-year period, the total net increase for purchase and support is approximately $372,000, or an average of $19,000 annually.

Funding Source

Funds are budgeted in the Wastewater Management Fund and the General Services Fund, Technology and Communication Services sub-fund. Ongoing funds will be included in the General Services Fund and reimbursed by the Wastewater Fund.

PUBLIC CONTACT
Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION
1) Award a contract not to exceed $633,961 to The Arcanum Group to implement a comprehensive Enterprise Asset Management System (EAMS), in substantially the same form as Attachment 1 to the report and authorize the City Manager to execute the contract, and 2) approve a 10% implementation contingency in the amount of $36,505.

Prepared by: Pete Gonda, Purchasing Officer
Reviewed by: Timothy J. Kirby, Director of Finance
Reviewed by: Kathleen Boutte Foster, Director of Information Technology
Reviewed by: John Stufflebean, Director of Environmental Services
Reviewed by: Walter C. Rossmann, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENT
1. Draft Agreement for Licensed Software, Services, and Maintenance