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**Title:** Actions related to purchasing software from Infor, Inc.:  
 1. RESOLUTION - Approving an Exception to Formal Bidding Procedures to Award a Sole Source Agreement to Infor, Inc.; (Requires 5 affirmative votes);  
 2. Award a purchase agreement in the amount of \$164,700 to Infor, Inc., for Enterprise Asset Management software at the Department of Public Utilities Water and Wastewater Divisions. (Citywide)

**Sponsors:** Department of Public Utilities

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**Code sections:**

**Attachments:** 1. 2018-05-10 Attachment 1 MEMO - Sole Source EAM.pdf, 2. 2018-05-10 Attachment 2 RESO.pdf, 3. 2018-05-10 Attachment 3 Order Form - Water.pdf, 4. 2018-05-10 Attachment 4 Order Form - Wastewater.pdf, 5. 2018-05-10 Attachment 5 Infor Software License Agreement.pdf, 6. 2018-05-10 Attachment 6 Infor Software Support Agreement.pdf

Date	Ver.	Action By	Action	Result
5/17/2018	1	City Council		adopted

**REPORT TO THE CITY COUNCIL**

**May 17, 2018**

**FROM:** BRIAN S. SPINDOR, PE, Assistant Director  
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**BY:** JOHN TURNIPSEED, Project Manager  
Department of Public Utilities, Water Division

**SUBJECT**

Actions related to purchasing software from Infor, Inc.:

- RESOLUTION - Approving an Exception to Formal Bidding Procedures to Award a Sole Source Agreement to Infor, Inc.; (Requires 5 affirmative votes);
- Award a purchase agreement in the amount of \$164,700 to Infor, Inc., for Enterprise Asset Management software at the Department of Public Utilities Water and Wastewater Divisions. (Citywide)

**RECOMMENDATION**

Staff recommends that Council affirm the City Manager's recommendation to dispense with the formal procurement procedures to award a sole source purchase agreement to Infor, Inc., and award a purchase agreement in the amount of \$164,700 to Infor, Inc., for Enterprise Asset Management (EAM) software at the Department of Public Utilities Water and Wastewater Divisions.

## **EXECUTIVE SUMMARY**

The Department of Public Utilities (DPU) currently uses two separate Computerized Maintenance Management System (CMMS) solutions, Infor EAM and Infor Hansen, to manage the operation and maintenance of vertical and linear assets.

On November 9, 2017, Council approved the sole source purchase of additional EAM licenses and signing of a new Software License and Support Agreement within DPU. The increase in seat licenses was extended to the DPU, Water Division to manage the operations and maintenance of vertical assets in the electrical and production sections, Surface Water Treatment Facility, and for inventory control in the Water Division's warehouse. DPU is seeking to add additional software seat licensing to manage linear assets in the Water and Wastewater Division.

## **BACKGROUND**

In Fiscal Year 2017, DPU began developing a comprehensive Asset Management Program (AMP). The first phase of the AMP was to fund a Utility Management Business Evaluation (UMBE) to assess DPU's existing asset management practices and systems and develop a clear set of recommendations for improvement. The overall goal was to develop an asset management framework that establishes asset management principles and best practices that will lead to effective utility management.

In March 2017, FCS Group conducted the UMBE at the Wastewater Management Division (WMD). This evaluation compared DPU's existing asset management program with an "ideal" program as defined by current international best practices. Interviews with key staff utilized FCS Group's UMBE tool. This tool was used as a guide to develop information around best practices. These practices are derived from ISO 55000 which is an international standard for asset management.

Through this interview process, a summary of findings was provided that measured the current status of the AMP with regard to a set of best practices. Based on these findings, FCS Group provided a list of recommendations that addressed the priority gaps that have been identified and take into consideration DPU's desire to not only expand their current asset management program, but to have one based on established principles and best practices. FCS Group also provided specific recommendations that address future asset management needs. These recommendations provided a baseline for potential "next steps" for accomplishing the objectives outlined in each category.

Many of these recommendations, or "next steps", revolve around increasing utilization of EAM, which includes integrating with other City software applications, such as PeopleSoft, SCADA, FresGo, NaviLine, etc. This is currently not being done in DPU. FCS Group states in their recommendations that "EAM is fundamental to the success of the Asset Management Program."

Since 2010, the WMD has been using EAM to manage the operation and maintenance of vertical assets at the Regional Wastewater Reclamation Facility (RWRF). In July 2017, the WMD went through an EAM upgrade and is operating the most current version of the software. In late 2017,

DPU sought to add EAM seat licensing to increase the number of users that can utilize the system. On November 9, 2017, DPU brought this request before the City Council and the item was approved unanimously at a total cost of \$155,272.45.

With Council’s approval of the purchase of additional EAM seat licenses, DPU entered into a new Software License Agreement and Software Support Agreement with Infor. These Agreements allow DPU to purchase additional seat licenses and software modules within EAM.

Since 2008, WMD Sewer Collections and Water Distribution have been using Hansen to manage linear assets throughout the city. The North East Surface Water Treatment Facility (NESWTF) has been using Hansen to manage the operations and maintenance of vertical assets with limited success. Hansen has not been upgraded since its installation in 2008.

In August 2017, DPU posted an RFP (#3513) for a CMMS Upgrade to manage linear assets in DPU Sewer Collections and Water Distribution and DPW Street and Landscape Maintenance. The results of this RFP would either upgrade Hansen to the most current version or replace it entirely with a new CMMS. The four proposals received for this RFP ranged in cost from \$677,550 to \$1,537,000.

A selection committee made up of staff from DPU, DPW, and one independent member from the County of Fresno reviewed the proposals and presentations. After reviewing the four proposals, staff determined that expanding the DPU’s use of EAM to include linear assets would be a more cost effective and efficient approach utilizing one CMMS system and reducing redundant software applications. Staff’s recommendation was to reject all bids on RFP #3513 and expand the City’s use of EAM by purchasing additional licenses to extend to DPU Water Distribution and Sewer Collections.

DPU now seeks this competitive bidding exception to purchase additional product licenses to expand EAM’s capabilities with additional Infor products. The amount of additional licenses that DPU is requesting is shown below in Table 1. Since Council approval of the additional EAM licenses on November 9, 2017, staff has negotiated the EAM software license cost down approximately \$500 per license which equates to a \$77,958 savings as shown below in Table 2.

Table 1

ADDITIONAL LICENSES		
Functional Group	Enterprise	Mobile
DPU - Sewer Colle	0	50
DPU - Water Distri	10	70
User Total	10	120

Table 2

Description	Additional Seats	New Customer Pricing		11/9/17 Pricing		Current Pricing	
		Per Seat Pricing	Total	Per Seat Pricing	Total	Per Seat Pricing	Total
Named User Seat	10	\$3,840.00	\$38,400.00	\$1,920.00	\$19,200.00	\$1,500.00	\$15,000.00
Annual Maintenance		\$844.80	\$8,448.00	\$422.40	\$4,224.00	\$330.00	\$3,300.00

Mobile	120	\$2,995.00	\$359,400.00	\$1,497.50	\$179,700.00	\$1,000.00	\$120,000.00
Annual Maintenance		\$658.90	\$79,068.00	\$329.45	\$39,534.00	\$220.00	\$26,400.00
Total	130		\$485,316.00		\$242,658.00		\$164,700.00

DPU seeks to leverage its current investment in EAM by purchasing additional licenses which will allow the Water and Wastewater Divisions to utilize one CMMS to manage both linear and vertical assets. Despite its best efforts, staff has determined that Infor is the only vendor capable of supplying EAM as they are the software developer and do not have third party resellers for their software. Infor is the only seller of these licenses. With the approval of the sole source purchase agreement, DPU will have the ability to make full use of the EAM software capabilities and allow for improved customer service, increased staff efficiency, and greater fiscal management. The alternative is converting to a completely separate, new software system.

### ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378 this item does not qualify as a “project” as defined by CEQA.

### LOCAL PREFERENCE

Local preference was not considered because the software is being procured by a sole source process.

### FISCAL IMPACT

DPU has appropriated \$164,700 in the FY 2018 Water and Wastewater Division’s Enterprise Fund.

#### Attachments:

- Sole Source Memo (Attachment 1)
- Resolution - Purchase of EAM Licenses (Attachment 2)
- Order Form - Water (Attachment 3)
- Order Form - Wastewater (Attachment 4)
- Infor Software License Agreement (Attachment 5)
- Infor Software Support Agreement (Attachment 6)