



SUBJECT: Award of Proposal 054-R-20 Implementation and Support of
Lucity Enterprise Asset Management (EAM) Solution and the
Lucity EAM Software

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RECOMMENDATION:

- 1) THAT the report entitled “Award of Proposal 054-R-20, Implementation and Support of Lucity Enterprise Asset Management (EAM) Solution and the Lucity EAM Software” be received; and,
- 2) THAT the contract 054-R-20 be awarded to the highest ranked/lowest priced bidder, CentralSquare Canada Software for \$992,083.68 (\$827,232.48 + \$164,851.20) inclusive of HST for the implementation and training, \$827,232.48 and software license, \$164,851.20; and,
- 3) THAT a contingency in the amount of \$24,707.52 inclusive of HST be established to cover any additional project costs be approved, and that authorization be granted to approve expenditures of this contingency amount up to the specified limit in accordance with the Expenditure Control Policy; and,
- 4) THAT the capital costs of implementation, training, software licenses and contingency be funded from capital project account 400-101-5399-18077, with an available budget of \$1,016,791.20; and,
- 5) THAT the contract for ongoing support and software maintenance for 10 years be awarded to CentralSquare Canada Software in the amount of \$922,574.85 (\$406,622.80 + \$515,952.05) inclusive of HST, to be funded from 400-400-5361 with a current annual budget of \$57,760.00, and subject to Council approval of the 2023-2032 operating budgets in the amounts of:

Year 1 (2023)	- \$ 38,261.76
Year 2 (2024)	- \$ 89,141.76
Year 3 (2025)	- \$ 90,668.16
Year 4 (2026)	- \$ 92,194.56
Year 5 (2027)	- \$ 93,720.96
Year 6 (2028)	- \$ 100,185.78*
Year 7 (2029)	- \$ 101,899.47*
Year 8 (2030)	- \$ 103,664.57*
Year 9 (2031)	- \$ 105,482.62*
Year 10 (2032)	- <u>\$ 107,355.21*</u>
Total	- \$ 922,574.85

* Optional Year Renewal

- 6) THAT the Chief Administrative Officer and Commissioner, Corporate Services be authorized to approve the additional renewal years (Years 6 to 10) on behalf of the City (in its sole discretion), and execute any required documentation in a form satisfactory to the City Solicitor; and,
- 7) THAT CentralSquare Canada Software Inc. be designated as the preferred vendor for the City's Enterprise Asset Management (EAM) service needs at the sole discretion of the City and for CentralSquare Canada Software Inc. software products for the term of this contract; and,
- 8) THAT the Chief Administrative Officer and Commissioner, Corporate Services be authorized to approve any new purchases related to this contract needed due to growth and/or future EAM upgrades due to change in technology or system integration with other applications related to the project during the term of this contract, subject to the Expenditure Control Policy and budget approval, in a form satisfactory to the City Solicitor and at the sole discretion of the City; and further,
- 9) THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

As a result of the unsuccessful negotiations with the 2018 contract award, staff are seeking approval to award a new contract for the Implementation and Support of Lucity Enterprise Asset Management (EAM) Solution and the Lucity EAM Software to CentralSquare Canada Software Inc.

BACKGROUND:

In December 2018, staff received Council resolution to award the contract to eGov Solutions Inc. ("eGov") for the supply and implementation of an Enterprise Asset Management Solution (EAM). Included in the award to eGov was the software component provided by a third party (Lucity Inc).

During negotiations, eGov Solutions informed the City of the sale of Lucity Inc. (the software company) to Central Square Technologies, LLC ("Central Square"). As a consequence of the acquisition by Central Square, eGov's re-seller agreement would not be renewed, and that eGov would no longer be licensed to sell or market the Lucity product in Canada. Under the new arrangement, new clients awaiting issue of licenses would have licenses provided directly by Central Square, and eGov would undertake\nnegotiate any implementation services under a separate contact.

Under the new arrangement, the negotiations with eGov were unsuccessful due to their stipulated exclusions specific to the ongoing support and maintenance component (specific to configurations, customizations and integrations), exposing the City to unnecessary risk

that could not be mitigated internally. Staff recommended not to move forward with the negotiations and to cancel the award with eGov. The City did not outlay any funds to eGov.

Conferring with the project stakeholders, they confirmed their desire to continue with the Lucity EAM Software. Stakeholders did not believe a new investigation would be required to determine the City's preferred software.

Accordingly, an RFP to implement and provide ongoing support (specific to configurations, customizations and integrations) of the Lucity EAM software solution was issued to the market to obtain proposals.

PROJECT:

The Waterworks department work order system, Hansen, was first implemented in 2000, has served the City well for the past two decades, and is currently being used primarily by staff in Environmental Services, and to a small extent in Operations and Sustainability and Asset Management departments. It is used for inventory control, work order management, asset life-cycle analysis and reporting. The version of Hansen (v7) being utilized at the City is outdated, support is difficult to obtain and the software is anticipated to be no longer supported in the future.

Though use of Hansen has been limited to the above noted departments, it is the City's vision to implement a scalable EAM solution that will address similar needs across the corporation with increased depth of use. The new solution will be a robust and comprehensive application that delivers the ability to meet current customer expectations and expand to meet future demands of the business as their needs continue to evolve by benefiting from the opportunity presented by newer technology capabilities.

Accordingly, the City of Markham issued a Request for Proposal (RFP) for a solution to deliver, implement and support an EAM that provides functionality inclusive of (but not limited to):

- Asset/infrastructure/part inventory capabilities;
- Asset registry and valuation (Asset Registry and Public Sector Accounting Board (PSAB));
- Life cycle planning of infrastructure for capital programming;
- Work order management from initiation to closure of a service request;
- Generate reports / management dashboard; track and analyze service trends;
- Enable customer self-service on City of Markham web technologies (both web and mobile);
- Ability to integrate with other City systems using industry standard protocol;
- Ability for field staff to easily work offsite with full access the aspects of the solution; required as dictated by their user profiles;
- Provide audit capabilities; monitor staff and department service levels.

Once implemented, a robust, scalable EAM solution will help eliminate the need for manual processes as well as improve, standardize and streamline processes within the

participating five primary departments: Environmental Services, Operations, Sustainable and Asset Management, Recreation, and Finance.

The plan includes ensuring the City’s transition from the Hansen system to the new solution. The end goal of this project is to have a solution that is flexible, that allows necessary integrations with other City applications, meets all the current City users’ needs and broadens the adoption and uses of the tool and standards by other departments. In addition, the solution will allow for enablement of quick user uptake, consolidation and standardization of asset record management across the City of Markham. The number of users of the new system is expected to increase as compared to the current base.

Replacing the existing Hansen system that has come to end of life is very important for the City to continue to manage its assets properly and to expand this capability across the organization. It is recommended that staff procure the appropriate system and proceed with its implementation as soon as possible.

BID INFORMATION:

Advertised, place and date	June 22, 2020
Bid closing date	August 06, 2020
Number picking up documents	6
Number responding to bid	3

Due to the COVID pandemic, the project was put on hold pending evaluation of all capital projects. In late June, the RFP was released and commenced thereafter.

PROPOSAL EVALUATION

The Evaluation Team for this RFP was comprised of staff from Environmental Services, Operations, Sustainability and Asset Management, Finance, ITS, with Procurement staff acting as the facilitator. Staff evaluated three (3) proposal submissions.

The evaluation was based on pre-established evaluation criteria as listed in the RFP: 25 points for Experience and Qualification of the Bidder and Project Team; 20 points for Project Understanding, Methodology and Delivery Management, 25 points for Technical Requirements, and 30 points for Price, totaling 100 points, with resulting score as noted below.

Bidder	Score Technical and Financial (out of 100)
CentralSquare Canada Software Inc.	91.41

CentralSquare was the highest ranked, lowest priced bidder. CentralSquare scored highest on its technical submission, demonstrated a thorough understanding of the project and its requirements. Their proposal demonstrated to the City’s satisfaction that they have the ability to undertake the project and they have a strong understanding of the project deliverables, key issues and challenges. Through the evaluation process, CentralSquare demonstrated a depth of experience and expertise as it specifically relates to being a full

service company, providing consulting, design, implementation and support (meeting City’s business and technical requirements) resulting in an overall highest ranking.

After evaluation was completed, Procurement staff negotiated with CentralSquare, the highest ranked/lowest priced bidder and achieved a 18% (\$264,360 inclusive of tax) cost reduction from their initial proposed price for implementation as allowed under the Purchasing By-Law, while still maintaining the same level of project deliverables.

OPTIONS/ DISCUSSION:

As CentralSquare is both the developer of the Lucity software and the implementer, the City is receiving a complete end-to-end Enterprise Asset Management Delivery System solution. The professional services offering via RFP 054-R-20 leads the industry in a number of ways:

- dedicated EAM implementations, with complexity of EAM projects managed and deployed
- thorough knowledge and experience of the Lucity EAM features and functions which support optimum flexibility and ease-of-use
- flexible licensing and deployment of Lucity EAM software solution
- manned end user help desk support (Monday – Friday from 8am to 8pm EST)
- appropriate skillset for robust application integration capability and open architecture, and scalability

FINANCIAL CONSIDERATIONS

The cost of award includes 3 components: one-time cost for implementation and training, one-time cost for software licenses, and recurring operating costs for ongoing support and software maintenance for 5 years, with an option to renew the contract for an additional 5 years.

Capital Costs

The one-time cost in the amount of \$992,083.68, inclusive of HST impact, will be funded from Capital Project 18077, Enterprise Asset Management Solution, with an available component budget of \$1,016,791.20.

Project	Amount
Budget Available for this Award	\$1,016,791.20 (A)
One-Time Implementation and Training Cost	827,232.48 (B)
One-Time Software Licenses Cost	<u>164,851.20</u> (C)
Budget to remain in account as Contingency	24,707.52 (D) = (A) - (B) -(C)*

*A contingency in the amount of \$24,707.52 inclusive of HST impact will be established to cover any additional project costs be approved and that authorization be granted to approve expenditures of this contingency amount up to the specified limit in accordance with the Expenditure Control Policy.

In addition, the overall project budget includes additional funding for reporting analytics and tools to address financial analysis and reporting requirements, and they may be awarded in the future.

Operating Costs

The award includes services of ongoing support and software maintenance for 10 years, from 2023 to 2032, for a total amount of \$922,574.85 (\$406,622.80 + \$515,952.05) inclusive of HST impact, to be funded from GL account 400-400-5361, Computer Software Service Agreements, subject to Council approval of the annual operating budget from 2023 to 2032.

The maintenance cost schedule is as follows:

	Ongoing Support & Maintenance	Software Maintenance	Total
Year 1	\$ 38,261.76	\$ 0.00	\$ 38,261.76
Year 2	38,261.76	50,880.00	89,141.76
Year 3	38,261.76	52,406.40	90,668.16
Year 4	38,261.76	53,932.80	92,194.56
Year 5	<u>38,261.76</u>	<u>55,459.20</u>	<u>93,720.96</u>
	191,308.80	212,678.40	403,987.20
Optional			
Year 6	\$ 43,062.80	\$ 57,122.98	\$ 100,185.78
Year 7	43,062.80	58,836.67	101,899.47
Year 8	43,062.80	60,601.77	103,664.57
Year 9	43,062.80	62,419.82	105,482.62
Year 10	<u>43,062.80</u>	<u>64,292.41</u>	<u>107,355.21</u>
	215,314.00	303,273.65	518,587.64
Total	406,622.80	515,952.05	922,574.85

Year 1 annual maintenance cost of \$38,261.76 will commence in 2023 upon completion of implementation. The current operating budget for Hansen software maintenance is \$57,760. The operating budget of Year 2 to Year 10 will be incrementally increased, subject to Council approval of the operating budget in the respective year.

2024 Budget Impact	
Current Annual Budget for Maintenance	\$ 57,760.00 (E)
2024 Maintenance Cost	<u>89,141.76</u> (F)
2024 Operating Budget Shortfall	(31,381.76) (G) = (E) - (F)

Comparison to Original Award (December 2018)

Capital

The capital cost of the current award, excluding contingency allowance, is \$992,083.68, and is \$44,707.24 or 4.3% lower than the capital cost of the same scope to eGov, which was \$1,036,790.92.

Operating

The ongoing support & maintenance cost of the current award has increased by \$38,261.76 due to the City now attaining the ongoing support & maintenance (specific to configurations, customizations and integrations) for 10 years that was not provided in the previous award.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Goal	Examples – How the Solution can Help Achieve the Goal
Exceptional Services by Exceptional People	The new system will facilitate enhanced service delivery and staff performance efficiencies.
Engaged, Diverse & Thriving City	The new EAM system will facilitate participation in City programs by integrating with the Customer Relationship Management system to handle and respond to service requests.
Safe & Sustainable Community	The new EAM system will provide City staff the ability to manage infrastructure in a coordinated, sustainable manner that is consistent with the City’s Corporate Asset Management Plan and industry best practices.
Stewardship of Money & Resources	The new EAM system will facilitate a full view of City assets with an understanding of total cost of ownership to manage the asset through its life cycle

BUSINESS UNITS CONSULTED AND AFFECTED:

Community and Fire Services Commission, Corporate Services Commission

RECOMMENDED BY:

Rob Cole
Acting Chief Information Officer, ITS

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

None