



**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original signed by   
Richard Butts, Chief Administrative Officer  
Original Signed by   
Mike Labrecque, Deputy Chief Administrative Officer

**DATE:** December 16, 2013

**SUBJECT:** **Award – RFP No. P13-091, Operational Enterprise Asset Solution**

**ORIGIN**

Approved 2013/14 Project Budget, Supplemental Report page B5 (Business Tools).

**LEGISLATIVE AUTHORITY**

HRM Charter: Section 79, Halifax Regional Council may expend money for municipal purposes. Administrative Order #35, the Procurement Policy, requires Council to approve the award of contracts for sole sources exceeding \$50,000 or \$500,000 for tenders and RFP's. Under section 35(2)(i) of the HRM Charter, the CAO may enter into contract on behalf of the Municipality and may delegate this authority to employees of the Municipality.

The following report conforms to the above Policy and Charter.

**RECOMMENDATION**

It is recommended that Halifax Regional Council

- a) Award **RFP No. P13-091, Operational Enterprise Asset Solution**, to the highest scoring proponent, ESRI Canada, at a cost of \$678,276.14 (net HST included), with funding from Project No. CID00631 – Enterprise Asset Management, as outlined in the Financial Implications section of this report, subject to the successful negotiation of terms and conditions within a time period that will not cause significant delay to or negatively impact project deliverables.

- b) Authorize and direct the CAO or his delegate(s) to negotiate a contract with ESRI that meets the requirements of the RFP to the satisfaction of the CAO, attains the technical solution proposed by ESRI and accords with the Financial Implications section of this report.
- c) Authorize the CAO to execute a contract on behalf of the Municipality resulting from these negotiations.

## **BACKGROUND**

In October 2011, the Information, Communications and Technology (ICT) Planning Team, in collaboration with the Infrastructure Office, developed an “Enterprise Asset Management (EAM) Roadmap” for a corporate asset management program. On June 19, 2012, Regional Council endorsed the Road Map and subsequently approved funding in the 2013/14 Project Budget to implement the projects contained within the roadmap.

The EAM Program Roadmap recommended a sequence of projects and estimated resources and costs to implement an EAM program and enabling technology solution(s). The EAM Roadmap lays the foundation for fully-integrated enterprise level business tools, strategies, policies and procedures to advance the management of municipal assets for the future. Components of the Road Map include:

- establishing a Program Office;
- completing some initial (foundational) asset management tasks;
- implementing a single, enterprise-level, asset register;
- establishing an Operational Enterprise Asset Management (OEAM) solution;
- developing Strategic EAM guiding principles and framework to enable decisions that are based on full life cycle costs; and
- determining a pathway to Sustainable Enterprise Asset Management for Halifax.

The OEAM Project is one of the seven projects on the EAM Program Roadmap and is the subject of this report. The project is governed by the EAM Program Office and a Program Steering Committee that is comprised of Directors and the Deputy Chief Administrative Officer.

The primary objective of the OEAM Project is to implement processes and technology to support operational work management for Road Infrastructure, Buildings, Land and Land Improvement assets. This objective will be achieved by acquiring and implementing an *OEAM solution*, which includes a computerized maintenance management system (CMMS) and associated procedures and business processes. The OEAM solution is intended to help operations and maintenance workers schedule and coordinate jobs more effectively, more efficiently, track maintenance records against assets, and to help management make better informed decisions.

Currently, HRM does not have an enterprise wide work management system. Business Processes vary and work management is carried out by a variety of manual and automated processes. Roughly 30,000 automated work orders are generated through the current systems of SAP and Hansen.

## **DISCUSSION**

Request for Expressions of Interest No. E13-028, Pre-qualification of OEAM System & Professional Services Vendors, was publicly advertised on the Nova Scotia Public Tenders web portal on March 12, 2013, and closed on April 5, 2013.

An evaluation of qualifications was performed by staff from ICT, Transportation and Public Works, and Planning and Infrastructure, and facilitated by Procurement. As a result of the evaluation, the following three (3) vendors were invited to respond to RFP No. P13-091, closing September 27, 2013, for an Operational Enterprise Management Solution:

- ESRI Canada
- Infor Canada
- The Maintenance Group

Qualified responses were received from ESRI Canada and Infor Canada.

The proposal from ESRI Canada and Infor Canada were reviewed by a committee comprised of staff from ICT, Planning and Infrastructure, Transportation and Public Works and Finance, and facilitated by Procurement.

The evaluation of written proposals was followed by on-site demonstrations by each of the two (2) proponents, and a final technical score was derived from the two phases of evaluation.

Costs were evaluated separately, based on a five (5) year lifecycle cost that included the initial purchase and implementation and four (4) subsequent years of license and maintenance costs.

The final scores for each of the proponents are as follows:

<b>Proponent</b>	<b>Score (Max. 145)</b>
ESRI Canada	122.2
Infor Canada Ltd.	103.1

Risk was assessed in accordance with the RFP based on how much (if any) additional HRM resources may be required to mitigate the risk to ensure a successful project.

Both proponents have taken varying exceptions to many of HRM's proposed supplementary terms and conditions for software licensing and maintenance/support services. If the recommendations detailed in this report are adopted, a contract will be negotiated with the highest scoring proponent that does not pose a significant risk to successfully implementing the proposed OEAM solution. If a contract cannot be negotiated, staff will return to Council with an appropriate recommendation.

### **FINANCIAL IMPLICATIONS**

Based on the recommended proponent's purchase and implementation cost of \$650,400.00, plus net HST of \$27,876.14, for a total of \$678,276.14, funding is available from Project No. CID00631 – Enterprise Asset Management. The budget availability has been confirmed by Finance.

<b>Budget Summary:</b>	<b><u>Project No. CID00631 – Enterprise Asset Management</u></b>
	Cumulative Unspent Budget \$ 796,413.50
	<b>Less: RFP No. 13-091 <u>\$ 678,276.14</u></b>
	Balance \$ 118,137.36

This Project was estimated at approximately \$720,000 in the 2013/14 Project Budget. The remaining balance will be used to address HRM's costs to implement Operational Enterprise Asset Management and the other projects included on the EAM Roadmap.

This purchase will commit HRM to annual maintenance and licensing costs for the life of the solution. Maintenance and licensing costs were estimated at \$30,000 per year in the 2013/14 Project Budget as an operating cost of capital. Maintenance and licensing costs are included in the RFP award for 2014/15. In 2015/16, the cost will be \$135,000, and \$190,000 per year for subsequent years. The incremental costs will be included in the Operating Budget for 2015/16 and future years.

### **ENVIRONMENTAL IMPLICATIONS**

Life Cycle costing was used in the evaluation of proposals.

### **ALTERNATIVES**

Council could decide not to award this RFP. This is not recommended for the reasons outlined in the report.

**ATTACHMENTS**

**Attachment A – Evaluation Criteria**

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Procurement Review: \_\_\_\_\_  
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Report Approved by: \_\_\_\_\_  
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Report Approved by: \_\_\_\_\_  
Jane Fraser, Director Planning and Infrastructure, 490-7166

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**Attachment A: Evaluation Criteria**

Criteria	Summary	Score	ESRI	Infor
Functional Requirements	Functional requirements define the functionality of the solution required to execute the business processes.	30	21	21
Non-functional requirements	Non-functional requirements enable or support the functional requirements.	20	14	14
Proponent Services	Services include the professional services offered, as well as, on-going support services.	20	13.5	13.5
Proponent Viability	Viability measures the financial, organizational, and market viability of the Proponent to successfully deliver and support a solution that meets the needs of HRM OEAM capability. The Proponent must exhibit proven business strength and longevity and a substantial track record of successful system implementations and on-going operations.	4	3	3
Proponent Vision	Vision of the Proponents' product, services and corporate alignment with the needs of HRM OEAM The vision should also indicate the Proponent's ability to deliver.	1	.7	.6
Product Demonstration	Demonstration of product's ability to fulfil HRM's requirement via presentation of HRM specific use cases using the proposed solution. <u>See Appendix E: Proponent Demonstration Scenarios</u>	25	25	17
Subtotal (Technical Proposal)		100	77.2	69.1
Cost		45	45	34
	5-year life cycle cost including Net HST <sup>1</sup>		\$1,413,492.40	\$1,747,284.80
Administrative and Legal Requirements	Based on level of risk identified in Stage 2 technical evaluation.	0 <b>BUT POINTS MAY BE DEDUCTED</b>		
		<b>145</b>	<b>122.2</b>	<b>103.1</b>

<sup>1</sup> Estimated 5 year life cycle cost was \$2.3 million