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AGENDA REPORT
REQUEST FOR CITY COUNCIL AND
CORONA UTILITY AUTHORITY ACTION

DATE: 12/04/2019

TO: Honorable Mayor and City Council Members
             Honorable President and Board Members

FROM: Department of Water and Power
             Maintenance Services

SUBJECT:
City Council and Corona Utility Authority consideration of an Exception to Bid for NEXGEN Utility Management Inc. for annual software support.

RECOMMENDED ACTION:
That the:

1. City Council make a determination under Corona Municipal Code (CMC) Section 3.08.140(B) that competitive bidding is not required for this purchase based upon the reasons provided in the "Basis for Exception to Competitive Bidding" section of this agenda report.

2. City Council authorize five (5) years of annual software support with NEXGEN Utility Management, Inc. of Sacramento, CA, in the amount of $169,534 and authorize annual increases tied to the Consumer Price Index (CPI) for Riverside-San Bernardino-Ontario, CA.

3. City Council authorize five (5) years of annual as-needed onsite training with NEXGEN Utility Management Inc. of Sacramento, CA, in the amount of $18,000.

4. City Council authorize the City Manager, or his designee, to approve necessary change orders or amendments as provided by the CMC Section 3.08.070(I).

5. City Council authorize the Purchasing Agent to issue purchase orders and change orders per Corona Municipal Code Section 3.08.070(I).

6. Corona Utility Authority (CUA) review, ratify and to the extent necessary direct that the City Council take the above actions.

ANALYSIS:

The Department of Water and Power (DWP) operates four separate utilities - potable water, water reclamation or sewer, electric, and reclaimed water. Each utility relies upon its physical capital assets - pipelines, plants, wells, substations, etc. - in order to provide reliable, uninterrupted utility services to its customers and the City of Corona. DWP owns and is responsible for maintenance of these capital assets, in excess of $335 million, to ensure that the assets are serviced in order to ensure service reliability and the maximization of the asset to its full useful life. Maintaining such assets requires proactive inspections and corrective maintenance, and the volume and complexity of each utility's assets requires software to help manage its maintenance programs.

Just as DWP invests in physical assets for its utility systems, DWP recognized the need for software to support facility management. At the time, DWP was utilizing software developed in-house by City staff called Crossbow. However, this software was becoming difficult for the Information Technology (IT) Department to maintain, and it did not fulfill all of DWP's requirements. In December 2012, DWP developed software specifications and requirements and issued a Request for Proposal (RFP) DWP 13-109CA for an Enterprise Asset Management (EAM) System to evaluate asset management software. Three proposals were received but were rejected, because none of the vendors met all of the RFP requirements. Subsequently, DWP contacted several other software vendors, conducted software evaluations and interviews, and selected NEXGEN Utility Management, Inc. (NEXGEN). On September 3, 2013, the Corona City Council approved a professional services agreement in the amount of $1,710,000 with NEXGEN for the implementation of the NEXGEN Software-as-a-Service (SAAS).

DWP spent the next several years working to implement the software, integrate with necessary City software and train all appropriate staff. In July 2017, DWP launched the NEXGEN software. NEXGEN is an integral component to not only DWPs operations and maintenance programs but also Maintenance Services. DWP and Maintenance Services have invested a considerable amount of time and money to implement and utilize the EAM program. NEXGEN is linked to the City's Geographic Information System (GIS), which allows for staff to view pipeline and valve asset details in the field, as well as record work order maintenance specifically to that asset. This eliminates the need for printed atlases, which quickly become outdated shortly after printing. NEXGEN is also synchronized with See-Click-Fix, the software which the public uses to report issues to the City. This synchronization allows for efficiencies for City staff to complete requests received within one program. NEXGEN has also allowed for the elimination of certain software programs, such as GraffitiTracker, because it contains the same capabilities as this software, but also allows for multiple request types to be handled, rather than being task specific. NEXGEN also utilizes a Radio Frequency Identification (RFID) inventory system for the City's warehouse. The RFID system provides for better tracking and efficient inventory management and has reduced staff time and closure time for the warehouse inventory while improving accuracy. The Building Maintenance Portal is run through NEXGEN, which allows City staff to report building maintenance issues and add requests for service. NEXGEN is integrated with the City's Active Directory software, to automatically add new employees, reducing administrative maintenance. DWP also launched a new Contractor Portal through NEXGEN that allows City staff to assign work orders directly to contractors for certain work that must be performed, increasing accountability and reducing data entry. Lastly but probably most importantly, NEXGEN allows staff to create and automatically generate preventive maintenance work orders for assets on various intervals, which ultimately results in better tracking, improved accountability, and helps ensure that assets are in operation throughout their anticipated useful life.

Staff is currently working to integrate the DWP Supervisory Control and Data Acquisition (SCADA) system with NEXGEN to further automate asset maintenance. Eventually, NEXGEN will be utilized for capital planning purposes, providing crucial tools for DWP's financial planning.

On August 8, 2018, an Exception to Bidding (ETB) - Request Form was submitted to the Purchasing Manager per the City's Purchasing Policy. The ETB Form was approved by the Purchasing Manager on August 21, 2018. However, due to changes in the authorized spending limits provided in the Corona Municipal Code and City's Purchasing Policy, this item is being brought before the City Council for consideration and approval.

Ongoing costs for annual software support are currently $169,534. City staff believes that the annual software support, that includes maintenance, is beneficial and reasonable and recommends continuing with the annual maintenance service contract and authorizing five years of approvals for this software maintenance. DWP anticipates utilizing NEXGEN for the foreseeable future, and also continuing to develop and implement its many features.

BASIS FOR EXCEPTION TO COMPETITIVE BIDDING

Staff believes that an exception to competitive bidding is warranted for this purchase pursuant to Corona Municipal Code ("CMC") Section 3.08.140(B) which states as follows:
"No competitive market. When the purchasing agent and the authorized contracting party, with the approval of the City Manager, determines, in accordance with applicable law, that a competitive market does not exist and that no competitive advantage will be gained by the public bidding process."

Staff believes that due to the considerable financial and time investment in the NEXGEN software, as well as its many integrations and benefits, it is in the best interest of DWP to continue to utilize the NEXGEN enterprise asset management software. The NEXGEN program is a proprietary SAAS program; therefore, NEXGEN is the only company available to provide ongoing software service and support for its NEXGEN program. No competitive market exists for this software support, and there would be no competitive advantage gained from the public bidding process.

COMMITTEE ACTION:
Not applicable.

STRATEGIC PLAN:
This item supports the City's Strategic Plan Goal 1: Promote Public Safety: Protect our Residents and Businesses; Objective C: Ensure adequate funding for investments and improvement in infrastructure that support public safety. The recommended action will help achieve these goals by providing funding for ongoing software maintenance for the DWP Enterprise Asset Management Program, NEXGEN. NEXGEN supports DWP operations and maintenance staff in their daily functions to provide efficient and reliable utility services to the community.

FISCAL IMPACT:
Funding for the annual software support has been included in the operating budgets for the Utility Funds - Water Utility (Fund 570), Water Reclamation (Fund 572), Reclaimed Water (Fund 567) and Electric Utility (Fund 578) - as well as the Warehouse (Fund 680) and Building Maintenance General Fund (Fund 110). Future recurring costs are estimated to be $169,534 annually for software support,

plus an annual CPI increase, and $18,000 annually for as-needed onsite trainings, and will be incorporated in the annual budget process.

ENVIRONMENTAL ANALYSIS:
This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is for annual software support, and there is no possibility that approving the recommended action will have a significant effect on the environment.

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REVIEWED BY: CHRIS MC MASTERS, CHIEF INFORMATION OFFICER

REVIEWED BY: TOM MOODY, GENERAL MANAGER

SUBMITTED BY: JACOB ELLIS, CITY MANAGER & EXECUTIVE DIRECTOR