



City of Burlington
Department of Public Works
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Date: April 13, 2020
To: Board of Finance, City Council
From: Chapin Spencer, Director Public Works
Martha Keenan, Capital & Asset Management Program Manager
Peter Egolf, Asset Management Administrator

Subject: Asset Management Program - Awarding Asset Management Consultant Contract; Authorizing Clean Water and Drinking Water State Revolving Fund Loans

Request:

The Department of Public Works (“DPW”) is requesting Board of Finance and City Council authorize:

1. The award of the Asset Management Consultant Contract to KCI Technologies, Inc.
2. The attached resolution for a planning loan from the Vermont Clean Water State Revolving Fund for up to \$49,791.
3. The attached resolution for a planning loan from the Vermont Drinking Water State Revolving Fund for up to \$44,321.

Background:

The Department of Public Works requests approval for a consulting contract with KCI Technologies, Inc. (“KCI”) to lead the City through Phase II of the City’s asset management planning and implementation program. City Council adopted the Asset Management Program and Implementation Resolution on 1/27/2020, supporting this scope of work. Given the newly developing financial constraints, this is an even more timely opportunity to effectively manage and minimize the costs associated with purchasing, maintaining, and renewing \$500,000,000 worth of City assets, including property, infrastructure, facilities, vehicles, and equipment. It is critical to long-term financial health and sustainability of the City to proceed with this project now.

The City’s existing asset management systems are siloed and disjointed with a significant cost to the efficiency and finances of the City. Presently, departments manage assets in at least ten different systems – including paper records, Excel spreadsheets, antiquated software, and modern online systems – which limits understanding, collaboration, and optimal management of our assets.

KCI will provide consulting service guidance in the assessment, procurement, and implementation of a Computerized Maintenance Management System (CMMS) & Enterprise Asset Management (EAM) application to enable cross-departmental management of work orders, customer inquiries, asset inventories, and preventative maintenance scheduling. KCI will also assist the City in developing best-in-class asset management practices and workflows to achieve the lowest cost of ownership for our assets, minimizing operational and capital costs for the City in perpetuity.

The Capital and Asset Management Team is comprised of the Capital and Asset Management Program Manager and Asset Management Administrator. The team has established a Steering Committee to oversee the project which includes the Director of DPW, Assistant Director of DPW (Technical Services), Assistant Director of DPW (Water

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Resources), and Water Resources Infrastructure Asset Manager. The team expects to expand the steering committee as other departments are brought into the execution phases of the project.

The City created and posted a Request for Qualifications (RFQ)¹ (Attachment A) for these consulting services in February 2020. The City received and scored five statements of qualifications and subsequently interviewed three firms. KCI Technologies, Inc. provided the most comprehensive qualifications, and the City underwent negotiations to produce a consulting contract, which includes all required tasks:

Task 0: Project Initiation and Project Management

Task 1: Procurement of CMMS/EAM Solution

Task 2: Selection of CMMS/EAM Solutions

Task 3*: Implementation Oversight and Support

*Contract will be amended in the future to include this task when the next phase is ready to proceed

A draft of the proposed contract, as approved by the City Attorney, is included as Attachment B.

Table 1 shows KCI’s estimated project costs by task and funding source. Tasks 0, 1, and 2 \$113,404. Requested approval amounts in the memo motions and resolutions include 10% contingency to allow for possible changes in the required amount of support (level of effort - Attachment D) that could result from the State’s final review (a requirement of the State Revolving Fund Loans that this project is leveraging) of the scope of work, (Attachment C).

Table 1. KCI’s Project Cost Table

Tasks	Costs & Funding Sources			Total Service Cost
	DPW	Water Resources		
	General Fund	Drinking Water SRF	Clean Water SRF	
Tasks 0,1, 2	\$27,847.68	\$40,291.76	\$45,264.56	\$113,404.00
Software & Vendor Professional Services (Not included in KCI’s bid)	<i>\$150,000.00</i>	<i>\$112,500.00</i>	<i>\$112,500.00</i>	<i>\$375,000.00</i>
Task 3	<i>\$57,394.97</i>	<i>\$51,388.52</i>	<i>\$51,388.52</i>	<i>\$160,172.00</i>
Total Project Contribution →	\$235,242.65	\$204,180.28	\$209,153.08	\$648,576.00

Note: *Italicized values are estimated costs.*

The Capital and Asset Management Team will return to the Board of Finance and City Council after the completion of Task 2 with a revised scope of work to include Task 3, which will be guided by findings from Task 0, 1, and 2. Additionally, the Team will seek approval for separate contracts for the Software & Vendor Professional Services.

While the cost-share to DPW General Fund for Tasks 0, 1, and 2 is \$27,848 (\$30,632 with contingency), the DPW General Fund will, in the short term, take on the total cost of the contract (\$113,404), plus a 10% contingency, for a total of \$124,750. This will allow Water Resources the time required to process its funding through the Clean Water and Drinking Water Vermont State Revolving Funds. Once Water Resources receives loan reimbursements, it can reimburse the General Fund for any costs incurred that were related to the Water Resources portion of the project and incurred after the receipt of the authorized letter of funding.

Funding:

The Capital and Asset Management Team has budgeted \$124,750 to initially finance the estimated total project expense of \$113,404 plus 10% contingency. Given that Water Resource’s contribution to the project will ultimately be funded from loans from both Clean Water State Revolving Funds (“CWSRF”) and Drinking Water State Revolving Funds (“DWSRF”), the City must follow specific requirements during procurement, design, and implementation of this project. Please see Table 2 below summarizing terms for both CWSRF and DWSRF loans. Based upon the review of the SRF program managers, this project will be funded by Step I planning loans (*italicized*) and will not proceed to the other loan Steps. Based on the requirements of the SRF programs, and the opinion of

¹ An RFQ process is required by the State Revolving Fund program, which is a significant source of funding for his program.

bond counsel, this type of borrowing only requires approvals of Board of Finance and City Council and not the voters.²

Table 2. Clean Water & Drinking Water State Revolving Fund Loan Program Terms

<u>Phase</u>	<u>Interest/Administration Fee</u>	<u>Payback Period (years)</u>	<u>Local Approval Requirements</u>
<i>Planning (Step I)</i>	0%	5 to 15 depending on loan value	Board of Finance/City Council
Final Design (Step II)	0%	5 to 15 depending on loan value	Board of Finance/City Council
Construction (Step III)	2%	20 to 30 depending on expected life of asset	Positive bond vote on total project cost and Board of Finance/City Council (Step I-III)

The following is an overview of the anticipated CSWRF and DWSRF borrowing timeline:

Tasks 0, 1, and 2: Project Initiation, Procurement, and Selection

1. Request Board of Finance and City Council authorization to:
 - a. apply for DWSRF and CWSRF loans for Tasks 0,1, and 2 amounts plus 10% contingency (\$44,321 and \$49,791 respectively);
 - b. execute final Engineering Services Agreement with KCI Technologies, Inc. for Tasks 0, 1, and 2; and
 - c. execute final loan agreements.
2. Pending final review by CAO and City Attorney, submit the application to Vermont Department of Environmental Conservation (VTDEC) for CWSRF and DWSRF loans, including Draft Engineering Services Agreement, Certification of Compliance with the RFQ process, supporting financial information and authorized representative form designating City staff to act as an authorized representative for the City for the purpose of furnishing information, data and documents pertaining to the project(s) (1-2 weeks)
3. City receives documentation of application receipt, including possible planning loan forgiveness subsidy allocated to the project.
4. Submit executed Final Engineering Services Agreement to VTDEC who will issue Authorized Letter of Funding (2-3 weeks); expenses incurred after this date are eligible for reimbursement.
5. VTDEC sends a finalized application to Vermont Municipal Bond Bank (VMBB) to process application (4-6 weeks).
6. Pending final review by CAO and City Attorney, City will execute a loan agreement.

Tasks 3: Software Purchase from Vendor & Implementation Consultant Services

1. Request Board of Finance and City Council authorization to **amend** existing CWSRF and DWSRF loans for amounts related to final consultant phases and purchase of software, **amend** existing Engineering Services Agreement and execute final amended loan agreements.
2. Pending final review by CAO and City Attorney, submit loan amendments to VTDEC to include KCI oversight & support (Task 3), vendor implementation and software purchase costs.
7. City receives documentation of loan amendment application receipt, including possible planning loan forgiveness subsidy allocated to the project.

² Pursuant to 24 V.S.A. Section 4756(e), the City Council may authorize and incur debt on behalf of the City for preliminary engineering plans and studies without prior voter approval such debt shall be included in any subsequent public authorization of indebtedness necessary to construct the project for which the planning loans are used.

3. Submit executed Final Engineering Services Agreement to VTDEC who will issue revised Authorized Letter of Funding; amendment related expenses incurred after this date are eligible for reimbursement.
4. VTDEC sends finalized application to Vermont Municipal Bond Bank (VMBB) to process application (4-6 weeks).
5. Pending final review by CAO and City Attorney, City will execute amended loan agreement.

At this time, DPW Water Resources is seeking approval to borrow up to \$49,791 in Clean Water State Revolving Loan Funds (CWSRF) as well as up to \$44,321 in Drinking Water State Revolving Loan Funds (DWSRF) to cover Water Resources' portion of KCI Technologies scope of work (Tasks 0, 1, and 2). As stated above, DPW intends to return to the Board of Finance and City Council after the software bidding phase (Task 2) to seek approval for software purchase, amend the existing contract with KCI, and amend the SRF loan applications for the costs of software and vendor professional services. Separately the DPW General Fund has allocated \$300,000 in the FY20 Capital Budget for General Fund Departments, covering all phases of the project.

It is important to note that the State of Vermont SRF program has confirmed their support of this project, and through COVID-19 pandemic conditions and have not signaled any disruption in the State's ability to finance.

The Capital and Asset Management Team is also exploring the involvement of other City departments (e.g., the Burlington International Airport and DPW's Parking & Traffic Division) to expand the financial resources and subsequent impact of the Asset Management Program.

If you have any questions, please contact Martha Keenan, Capital & Asset Management Program Manager (mkeenan@burlingtonvt.gov) or Peter Egolf, Asset Management Administrator (pegolf@burlingtonvt.gov).

Attachments:

- Attachment A: RFQ
- Attachment B: Draft of proposed contract with KCI Technologies, Inc.
- Attachment C: Scope of Work
- Attachment D: Level of Effort
- Attachment E: Resolution Relating to Authorization for Up to \$49,791 Planning Loan from Vermont **Clean Water** State Revolving Fund for Asset Management Application Assessment, Procurement & Implementation
- Attachment F: Resolution Relating to Authorization for \$44,321 Planning Loan from Vermont **Drinking Water** State Revolving Fund for Asset Management Application Assessment, Procurement & Implementation

Motions:

The Department of Public Works respectfully requests that the Board of Finance and City Council approve the following motions:

Board of Finance Actions:

1. "To approve and recommend that the City Council authorize the Director of Public Works to execute an Engineering Services Agreement with KCI Technologies, Inc. for the Computerized Maintenance Management System and Enterprise Asset Management Application Assessment, Procurement, & Implementation Guidance project for a total contract amount of up to \$124,750, subject to approval by the Chief Administrative Officer and City Attorney."
2. "To approve and recommend that the City Council approve the attached resolution authorizing a planning loan from the Vermont **Clean Water** State Revolving Fund for up to \$49,791."
3. "To approve and recommend that the City Council approve the attached resolution authorizing a planning loan from the Vermont **Drinking Water** State Revolving Fund for up to \$44,321."

City Council Actions:

1. “To approve and authorize the Director of Public Works to execute an Engineering Services Agreement with KCI Technologies, Inc. for the Computerized Maintenance Management System and Enterprise Asset Management Application Assessment, Procurement, & Implementation Guidance project for a total contract amount of \$124,750, subject to approval by the Chief Administrative Officer and City Attorney.”
2. “To adopt and approve a resolution authorizing execution of a planning loan from the Vermont **Clean Water** State Revolving Fund for up to \$49,791 subject to final review and approval by the City’s bond counsel or the City Attorney.”
3. “To adopt and approve a resolution authorizing execution of a planning loan from the Vermont **Drinking Water** State Revolving Fund for up to \$44,321 subject to final review and approval by the City’s bond counsel or the City Attorney.”

Thank you for your consideration of these requests.