

Agenda Report

DATE: SEPTEMBER 12, 2005

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH HIGHJUMP/3M FOR PURCHASE AND IMPLEMENTATION OF A WAREHOUSE MANAGEMENT SYSTEM FOR THE PASADENA WATER & POWER WAREHOUSE IN AN AMOUNT NOT TO EXCEED \$217,382.00.

RECOMMENDATION:

It is recommended that the City Council:

- I) Authorize the City Manager to enter into a contract, without competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services with HighJump/3M Inc., in an amount not to exceed \$217,382.00.
- II) Grant the proposed contract exemption from the Competitive Selection Process of the Competitive Bidding and Purchasing Ordinance, pursuant to Pasadena Municipal Code Section 4.08.049(B), contracts for which the City's best interests are served.

BACKGROUND:

The Pasadena Water and Power (PWP) warehouse is currently in the architectural design stage of an overall remodel and process design change. A critical component of the new warehouse operation is the installation of a Warehouse Management System (WMS). A WMS is a computer based software program that is designed to aid warehouse operations in ordering, inventory control, tracking and monitoring stock movement. In addition, it provides the necessary reports to assist Storekeepers and Staff Assistants in their daily tasks. It works in conjunction with radio frequency (RF) handheld equipment to aid in the receiving, stocking and order picking process in conjunction with Universal Product Code (UPC) bar-coding. It is also used to cycle count inventory and maintain its accuracy. The net result of this type of system is an increase in efficiency in three major areas:

- Utilization of the warehouse square footage
- Utilization of staff and
- Purchasing and stocking of inventory on hand.

With the implementation of the Water & Power Distribution Master Plan, the need for the efficiency of the Warehouse to increase will be significant. In an effort to accomplish this, the warehouse staff will utilize bar-coding and scanning to improve Customer Service to the operations staff, expedite the receiving and put-away process for inventory, and to provide accurate and timely reports and real time inventory information. In addition to these efficiencies, this system is expected to allow us to further reduce on-hand inventory levels.

To expedite order processing for the operations staff, a Kiosk ordering system will be installed and placed in strategic functional locations within the two departments (water & power) for expedited order placement and confirmation.

PWP staff reviewed products from several suppliers of WMS software that provided the required functionality. However, since the City of Pasadena uses PeopleSoft software for its accounting and general ledger processes, it is advantageous to continue to use their products for this project. The most important reason to doing so is due to interface capabilities. This is a critical factor when purchasing software modules that must interact. During the review of vendors who supply this type of software, PWP staff identified several vendors that stated their WMS software was compatible with PeopleSoft. While investigating further, staff learned that one of the vendors, HighJump/3M, was the only company with a certified interface to PeopleSoft. HighJump/3M is the business partner of PeopleSoft and their certified developer for WMS and bar coding systems. To ensure the highest level of compatibility, PeopleSoft and HighJump/3M co-developed the interface between the two systems.

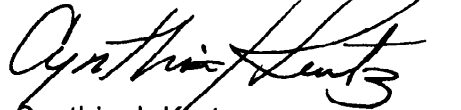
HighJump/3M has been onsite several times to understand the needs of the warehouse and has developed an appropriately sized system. The proposed system includes sufficient hardware to provide a test environment, a production environment and backup redundancy in case of server failure.

Based on the information above, it is recommended that the HighJump/3M software be utilized. It will provide for the highest level of information interface with the existing PeopleSoft software, resulting in the minimum level of implementation issues. As a result of the high level of compatibility, we have been advised that the implementation time is expected to be reduced from the normal one year time frame down to 4-5 months.

FISCAL IMPACT:

Sufficient funds to cover this project have been budgeted for in CIP project number 3119 for Power Fund 401 and CIP project number 1025 for Water Fund 402.

Respectfully submitted,



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