

# Agenda Report

**TO:** CITY COUNCIL

**DATE:** JANUARY 8, 2007

**FROM:** CITY MANAGER

**SUBJECT:** AUTHORIZATION TO ENTER INTO A CONTRACT WITH DIGITAL INSPECTION FOR THE PURCHASE AND INSTALLATION OF CASCADE MAINTENANCE SCHEDULING AND ASSET MANAGEMENT SOFTWARE, IN AN AMOUNT NOT TO EXCEED \$99,745.00.

## **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 Digital Inspections in an amount not to exceed \$99,745.00.
- ii) It is further recommended that the City Council grant the proposed contract an 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**

In 1997, Digital Inspections was selected to assist the Water and Power Department (Department) in designing and implementing an asset management and maintenance scheduling application for the Substation Maintenance and Construction Division. Over the years the software has become an important tool in the management of substation assets as well as improving overall equipment maintenance scheduling. The Department would like to continue on this success and leverage its existing license agreement with Digital Inspections to consolidate the remaining power distribution

network through the use of a new Cascade module that includes overhead and underground distribution asset management and maintenance scheduling features.

Cascade is an electric utility asset management and maintenance scheduling by Digital Inspection used by the Department along with many other electric utilities. Cascade provides staff with the software tools to accurately monitor and assess equipment performance and lifecycle. Staff can see current data, enter new data and maintain current information about equipment health throughout the power grid.

Rather than undertake another selection process in order to select a vendor to implement a design similar to the design developed by Digital Inspection, staff believes it would be in the City's best interest to contract directly with Digital Inspection to expand the license agreement to include the Overhead and Underground Division.

With the implementation of the Power Distribution Master Plan, the need for accurate asset management is significant, and will continue to be significant going forward. Cascade combines numerous databases into one database; keeps track of cost, materials and facilities, and is compatible with the Department's electrical infrastructure data currently being collected for the GIS project. Furthermore, it will provide for the highest level of information interface with the existing PeopleSoft software. These applications are considered operationally essential as the Department embarks on its aggressive capital improvement and maintenance programs for a variety of power systems.

This recommendation is based on staff's assessment of the risk associated with expansion of the application compared with the risk of moving to a new software system. Complex technology projects, such as asset management, are extremely difficult to contract for. Developing a clear and specific scope of services, testing procedures and acceptance criteria is challenging. Even then, there is no guarantee that once a firm is selected issues regarding what is expected in the scope of services won't arise. Technology projects are often subject to cost escalation due to a less than clear understanding of expected functionality and what it takes to provide it.

It is staff's assessment that contracting with Digital Inspections would reduce these risks as well as move the project forward in a timely manner so as to support capital improvements. Past work with Digital Inspections resulted in virtually hundreds of hours spent analyzing the operations of PWP and designing an asset management system tailored to the Department's needs. Given this, the City is unlikely to identify another consultant with the same level of understanding. Moreover, the support required of the Department can be managed by one person. A different system will require more staff time to learn, implement and tweak the system to make it compatible with the Department standards. Similarly, integration of common data between the existing software and a new one will pose additional challenges.


Digital Inspections is proposing to implement all elements, including software installation, training, license agreements and software support at a total cost of

\$99,745.00. Staff is requesting a 10 percent contingency should the Department request additional work not currently contemplated by the proposal. Based on review of other systems, this cost is well-below what the Department would expect to pay for a new comparable system from another vendor.

**FISCAL IMPACT**

Sufficient funds to cover this project have been budgeted for in project number 3119, Management Information Systems for Power Fund 411.

Respectfully submitted,



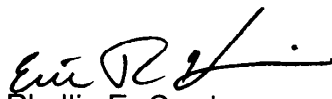
Cynthia J. Kurtz,  
City Manager

Prepared by:



Memo Ponce  
Management Analyst III  
Water and Power Department

Approved by:



Phyllis E. Currie  
General Manager  
Water and Power Department

**Disclosure Pursuant to the  
City of Pasadena Taxpayer Protection Amendment of 2000  
Pasadena City Charter, Article XVII**

Contractor hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in Contractor, as follows:  
*(If printing, please print legibly. Use additional sheets as necessary.)*

**1. Contractor Name:**

KEMA Incorporated

**2. Name(s) of trustees, directors, partners, officers of Contractor:**

Pier Nabuurs, Chairman of the Board
Kellogg L. Warner, President
John R. Graham, Treasurer/Secretary/CFO/Senior Vice President
Richard Barnes, Senior Vice President
Nader Farah, Senior Vice President
Susan French Smith, Senior Vice President
Miriam Goldberg, Senior Vice President
Ralph Masiello, Senior Vice President
Kellogg L. Warner, Director

**3. Names of those with more than a 10% equity, participation or revenue interest in Contractor:**

KEMA USA Inc. - 100% Ownership

Prepared by:   
Dennis C. Mullen

Title: Director of Contracts & Business Operations

Date: June 6, 2006

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