

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JUNE 8, 2016</b>
<b>FROM:</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT</b>	<b>CORPORATE ASSET MANAGEMENT SYSTEM ACQUISITION - ASSETIC CANADA HOLDINGS</b>

<b>RECOMMENDATION</b>
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That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer on the advice of the Division Manager, Corporate Asset Management, the following actions **BE TAKEN** with respect to the acquisition and implementation of a Corporate Asset Management Computer (CAM) System from Assetic Canada Holdings:

- a) The funding for the Assetic System based on the RFP bid price, \$380,300, HST excluded, (RFP 14-72) **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix "A";
- b) Civic Administration **BE DIRECTED** to proceed with the acquisition and implementation of the CAM system from the preferred provider, Assetic Canada Holdings, in accordance with the Procurement of Goods and Services Policy;
- c) Civic Administration **BE AUTHORIZED** to undertake the administrative acts that are necessary in connection with the purchase and implementation of the CAM system; and
- d) Approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract, service agreement(s) or having a purchase order, or contract record relating to the subject matter of this approval.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- 2016-2019 Multi-Year Capital Budget - Project TS 1350 Corporate Asset Management Software
- October 8, 2013, Report to Corporate Services Committee - Corporate Asset Management System Assessment and Program Pilot Trials
- January 16, 2012, Report to F&AS Committee - RFP 11-37 Corporate Asset Management Process (Unit 1, 2 and 3)
- September 28, 2011, Report to F&AS Committee- Request For Proposals For Consultant Support - Corporate Asset Management.

<b>BACKGROUND</b>
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Corporate Asset Management is an integrated set of processes to minimize the lifecycle costs of owning, operating and maintaining assets, at an acceptable level of risk while continuing to deliver established levels of service.

The term 'asset management' refers to the decision making framework that applies to the entire lifecycle of an asset including planning, budgeting, creation, operation, reinvestment, and ultimate sale or decommissioning of an asset.

Corporate Asset Management (CAM) has progressed via the previously approved capital funding (Project TS1346) completing five of seven work units. The Governance Model, Current State Analysis, Administrative Policy, Strategies, State of Infrastructure Report, Asset Management Plan and System Needs Assessment are complete. The System Needs Assessment informed the efforts to procure an asset management software system. Work is underway on the sixth work unit, the pilot trials involving Transportation and Parks & Recreation asset management processes. The pilot processes have reached the stage where it is necessary to provide the software system planned to host asset data and assist with analysis and modelling used to inform asset decision making and budgets.

The objective of the CAM program is to implement a series of technology and process solutions which ensure that data about all assets is current, accurate, complete and able to be reported and monitored at a departmental or corporate level with minimal manual intervention. Implementation of a successful CAM program will:

- Manage assets on the principles of sustainability, continuous improvement and simplicity
- Provide comparable information for intelligent decision-making
- Enable the integration of corporate priorities
- Provide reliable data with the integrity to meet or surpass regulatory demands
- Quantify the outcome of decisions on triple bottom line (economical, environmental, and social)
- Reduce risk of environmental violations or service interruptions due to failed or poorly performing assets (Risk Management)
- Minimize life cycle cost and link capital budget needs to the business plan process
- Maximize the return on corporate investment, and spend tax dollars wisely
- Quantify the impact of work that doesn't get done (Infrastructure Gap)
- Reduce knowledge losses as the experienced workforce retires.
- Enhance and change the way we do business

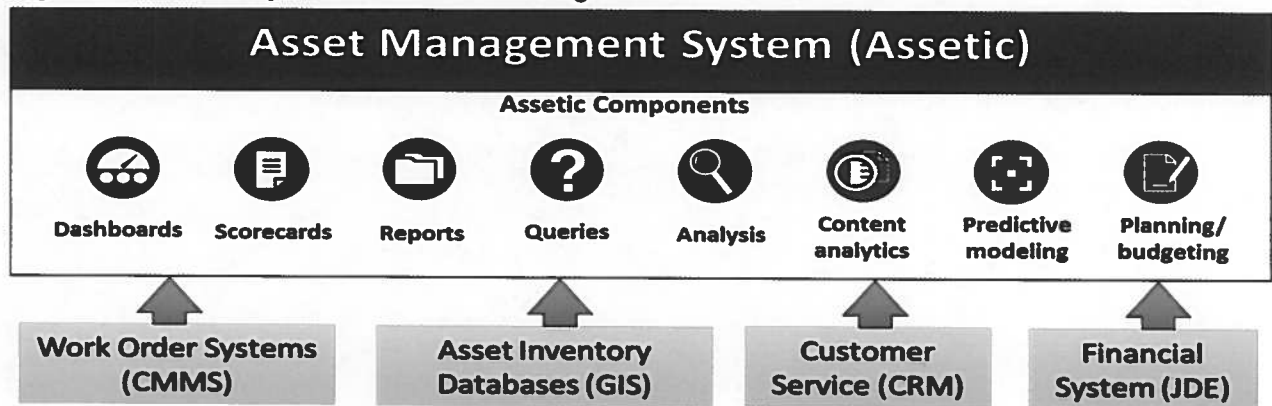
An effective asset management software system is an essential tool that will improve the quality of asset information and provide the modelling tools needed to use the information to facilitate decision-making.

Ultimately, Corporate Asset Management including the software system is intended to support continuous improvement, effective and efficient management of the Corporation's \$11.9 billion worth of assets.

Currently, the City of London relies on ad hoc decentralized manual processes to produce reports like the State of Infrastructure Report and the Asset Management Plan. These methodologies are onerous and impractical given the size of the City. Growing regulatory mandates regarding asset management planning for grants and more recently development charge requirements have increased pressure on the already stressed methodologies. Providing a system in order to help satisfy the current expectations and manage the growing infrastructure gap is an essential step forward for the City of London.

Furthermore, this new system must fit with existing and planned systems that comprise the source of data for the City's many assets. Figure 1 depicts the overview of the Assetic system including the City's key existing and proposed data sources needed to effectively support standardized asset management practices.

Figure 1 - Assetic System Overview and Alignment



In pursuit of the system, a Request for Expression of Interest/Qualifications (REOI/RFQUAL 14-14) followed by a Request for Proposal (RFP 14-72) have been completed in accordance with the Procurement of Goods and Services Policy. Seven proponents submitted their full responses for the software and consulting services. The evaluation panel recommended the lowest cost, most user friendly software product that best meets the expectations of the City. After REOI and RFP submissions, two product demonstrations and multiple rounds of clarification questions, the asset management software offered by Assetic Canada Holdings is recommended.

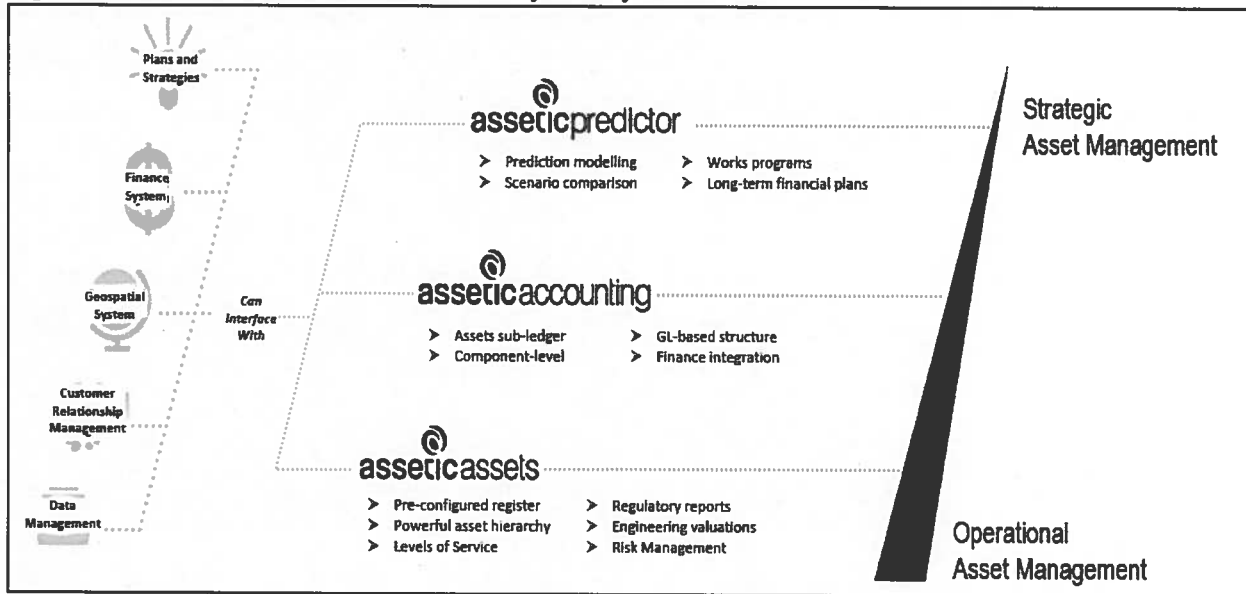
Once the software system is purchased, a phased implementation can be undertaken starting with a system assessment (discovery and design) and finishing with final testing and post implementation activities for the pilot areas, Transportation and Parks & Recreation. The pilots will be followed by full implementation across the City. The new system is expected to be fully operational in the pilot areas by Q1, 2017 and become available to the remaining service areas as their asset management practices evolve.

Project risks will be mitigated in alignment with the CAM Project as it progresses under the direction of the Steering Team using contract management, milestone-based scheduling, approvals and payments, project management best practices and the asset management experience of the vendor.

Assetic provides pre-packaged asset management software (Figure 2), implementation, training, support and maintenance services. The company has a range of innovative products installed at over 150 sites across Australia, New Zealand, South Africa, U.K., USA and Canada; principally in municipal government but with a growing client base in utilities, water authorities, universities, and social housing agencies. Assetic has significant experience and a strong working relationship with the City's GIS software provider; ESRI. Over the past year and a half Assetic has made a concerted push into the North American market via offices located in Toronto and Seattle. They bring with them a wealth of asset management knowledge, developed through experience in Australia and New Zealand which are recognized throughout the world as the leading edge practitioners of asset management. The International Infrastructure Management Manual (IIMM) used by the City to guide development of its asset management program is a product of the National Asset Management Steering Group (NAMS) located in Australia. The Assetic product is fully compliant with the NAMS guidelines and principles. Assetic offers a strong fit to support the objectives of the City's Corporate Asset Management program.

A significant consideration in choosing Assetic is its user friendliness.

Figure 2 - Assetic Modules and Summary of Key Functions



The Assetic system addresses the full suite of asset management data and predictive modelling. The City will acquire the *AsseticAssets*, *AsseticAccounting* and *AsseticPredictor* modules to fulfill current asset management needs. The *AsseticAssets* and *AsseticAccounting* modules support business processes relating to inventory, condition tracking and forecasting, cost valuation, level of service and risk management. This includes a central asset register for asset classes. The *AsseticPredictor* module is an analytical performance modelling tool that is designed to support asset management business processes such as life cycle costing, project prioritization and decision support, and long term capital planning of infrastructure assets.

In an effort to provide quality Canadian support to London, Assetic has sub-contracted Watson & Associates Economists Ltd., a renowned firm with expertise in Canadian and Ontario asset management plans, PSAB reporting, as well the City's current Development Charges Study consultant. The firm has a municipal client base of more than 250 municipalities and utility commissions and 47 school boards and has provided expert witnesses on municipal finance matters at the Ontario Municipal Board for over 30 years. Assetic and Watson are well placed to help the City of London satisfy its growing asset management needs.

**Project Cost**

This acquisition of a Corporate Asset Management Software System (TS1350) project has been included in the approved capital budget.


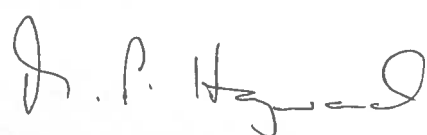

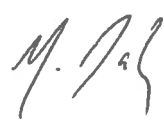
**Table 1 Assetic Cost**

Description	Cost
Professional Services for 2 service areas & Software Cost Year 1	\$153,300
Annual Ongoing license & Support for Years 2 & 3	(\$113,500 X 2) \$227,000
<b>Total cost over the 3 year Agreement</b>	<b>\$380,300</b>

The funding for this project is identified in the attached Source of Financing.

**Acknowledgements**

This report was prepared by Lois Burgess, Khaled Shahata, Jason Davies, and Julia Ponce.

<b>PREPARED BY:</b>	<b>RECOMMENDED BY</b>
	
<b>LOIS BURGESS, P. ENG DIVISION MANAGER CORPORATE ASSET MANAGEMENT</b>	<b>MARTIN HAYWARD, BA, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>CONCURRED BY:</b>	<b>CONCURRED BY:</b>
	
<b>ANNA LISA BARBON, CPA, CGA DIRECTOR, FINANCIAL SERVICES</b>	<b>MAT DALEY DIRECTOR INFORMATION TECHNOLOGY SERVICES</b>

c. John Braam, Managing Director – Environmental & Engineering Services, & City Engineer

Attach            Source of Financing

**APPENDIX 'A'**

Chair and Members  
Corporate Services Committee

#16076  
May 25, 2016  
(Award Contract)

**RE: Corporate Asset Management System Acquisition**  
**(Subledger CP160006)**  
**Capital Project TS1350 - Corporate Asset Management Software System and Consultants**  
**Operating Budget**  
**Assetic Canada Holdings - \$380,300 (excluding H.S.T.)**

**FINANCE & CORPORATE SERVICES REPORT ON THE SOURCE OF FINANCING:**

Finance & Corporate Services confirms that the cost of this project can be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Director, Financial Services, the detailed source of financing for this project is:

<b><u>ESTIMATED EXPENDITURES</u></b>	<b><u>Approved Budget</u></b>	<b><u>This Submission</u></b>	<b><u>Balance for Future Work</u></b>
<b><u>TS1350-CAM Software</u></b>			
Computer Equipment	\$360,000	\$155,998	\$204,002
<b><u>Operating</u></b>			
Ongoing Licence & Support (Years 2 & 3)	230,995	230,995	0
<b>NET ESTIMATED EXPENDITURES</b>	<b><u>\$590,995</u></b>	<b><u>\$386,993</u></b> 1)	<b><u>\$204,002</u></b>
<b><u>SOURCE OF FINANCING:</u></b>			
<b><u>TS1350-CAM Software</u></b>			
Drawdown from the Efficiency, Effectiveness & Economy Reserve	\$360,000	\$155,998	\$204,002
Operating - 060103.311000 (Asset Management Mtce- Computer & IMS)	230,995	230,995	0
<b>TOTAL FINANCING</b>	<b><u>\$590,995</u></b>	<b><u>\$386,993</u></b>	<b><u>\$204,002</u></b>
<b><u>Financial Note:</u></b>			
1) Contract Price	<b><u>TS1350</u></b>	<b><u>Operating</u></b>	<b><u>Total</u></b>
Add: HST @13%	\$153,300	\$227,000	\$380,300
Total Contract Price Including Taxes	19,929	29,510	49,439
Less: HST Rebate	173,229	256,510	429,739
Net Contract Price	17,231	25,515	42,746
	<b><u>\$155,998</u></b>	<b><u>\$230,995</u></b>	<b><u>\$386,993</u></b>

EH

Alan Dunbar  
Manager of Financial Planning & Policy