



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: JANUARY 4, 2022**

**FROM: INNOVATION AND TECHNOLOGY DEPARTMENT    WARDS: ALL**

**SUBJECT: SECOND ADDENDUM FOR SOFTWARE LICENSE RENEWAL WITH SCHNEIDER ELECTRIC SMART GRID SOLUTIONS, LLC, FORMERLY TELVENT USA, LLC (SCHNEIDER ELECTRIC), FOR A THREE-YEAR TERM IN AN ANNUAL AMOUNT OF \$115,000 FOR A TOTAL CONTRACT IN THE AMOUNT OF \$1,282,630**

## **ISSUE:**

Approve a Second Addendum to the Software License Agreement Contract No. 2006-224 with Schneider Electric Smart Grid Solutions, LLC, formerly Telvent USA, LLC (Schneider Electric), for a three-year term in an annual amount of \$115,000 for a total contract in the amount of \$1,282,630.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve a Second Addendum to the Software License Agreement Contract No. 2006-224 with Schneider Electric Smart Grid Solutions, LLC, for a three-year term in an annual amount of \$115,000 for a total contract in the amount of \$1,282,630; and
2. Authorize the City Manager, or designee, to execute all documents necessary to effectuate this Addendum, including making minor and non-substantive changes.

## **BOARD RECOMMENDATION:**

On November 8, 2021, the Board of Public Utilities was moved by Vice Chair Crohn and seconded by Member Montgomery to authorize the expenditure for a Second Addendum to the Software License Agreement Contract No. 2006-224 with Schneider Electric Smart Grid Solutions, LLC, for three-years, at an annual cost of \$115,000, for total amount of \$345,000. The motion carried unanimously.

**BACKGROUND:**

On June 20, 2006, the City executed an agreement with Telvent USA, LLC (formerly Miner and Miner, Consulting Engineers, Inc.) for a gap analysis for the design of a computerized Geographic Information System (GIS) at a cost of \$27,630. The agreement includes Software License Agreement Contract No. 2006-224.

On November 18, 2011, the Board approved the First Addendum to the Software License Agreement (SLA) with Telvent USA, LLC (formerly Telvent USA Corporation) to add a three-year Enterprise License Agreement (ELA) at an annual cost of \$115,000 for ArcFM licensing. ArcFM provides an easy-to-use interface for viewing, editing, mapping, and management of spatial data.

On June 6, 2014, the Board approved the First Amendment to the First Addendum to the SLA to extend the ELA to November 1, 2016, at no additional cost.

On January 9, 2017, the Board approved the Second Amendment to the First Addendum of the SLA to extend the ELA for three years, to October 31, 2019, at an annual cost of \$115,000, for a total of \$345,000.

The Third Amendment to the First Addendum of the SLA to the ELA was executed on April 28, 2017. The Third Amendment authorized the removal of ArcFM Server Standard and replaced it with ArcFM Web. There were no changes to the price or contract term.

On December 3, 2019, the Council Approved the Fourth Amendment to the First Addendum of the Software License Agreement No. 2006-224 with Telvent USA, LLC to extend the Enterprise License Agreement for the Geographic Information System for an additional two years, at an annual cost of \$115,000, for an amount of \$230,000, for a total agreement cost of \$947,630.

**DISCUSSION:**

An audit of contract expenditures identified that the total agreement cost between 2006 through 2020 reflected a total cost of \$937,630, not \$947,630 as noted in the December 3, 2019 report. A complete list of contract expenditures is included in the table below:

<b>Term</b>	<b>Agreement</b>	<b>Expenditure</b>
2006	Initial Agreement to cover project costs	\$27,630
12/21/11-12/20/12	First Addendum - Year 1 (includes \$10,000 credit)	\$105,000
12/21/12-12/20/13	First Addendum - Year 2	\$115,000
12/21/13-12/20/14	First Addendum - Year 3	\$115,000
11/1/16-10/31/17	Second Amendment to First Addendum	\$115,000
11/1/17-10/31/18	Second Amendment to First Addendum	\$115,000
11/1/18-10/31/19	Second Amendment to First Addendum	\$115,000
11/1/19-10/31/20	Fourth Amendment to First Addendum	\$115,000
11/1/20-10/31/21	Fourth Amendment to First Addendum	\$115,000
<b>Total Contract Expenditures as of December 2021</b>		<b>\$937,630</b>

The Second Addendum extends the existing license for an additional three years at an annual cost of \$115,000, for a total cost of \$345,000. Additionally, the contract extension will allow the city to retain the same annual pricing provided since 2011 for three additional years.

The enterprise licensing of ArcFM enables RPU to deploy GIS desktop software on multiple computers for editing and viewing utility data within an Esri ArcGIS software environment. Specifically, ArcFM is an extension to ArcGIS desktop for performing utility-specific workflows including utility modeling. In addition, ArcFM provides a web-component for display of the utility data called ArcFM Web. Support for this process, as well as the future integrations, is critical for the smooth migration from legacy systems to modern enterprise applications.

Section 602(n) of Resolution 23256 allows for an exception to competitive procurement “When the Procurement is for the renewal of maintenance, license(s), support, or a similar need for existing technology systems, including hardware, and the items procured are from the owner/developer of the software/hardware or from a sole source provider, and the Manager is satisfied that the best price, terms and conditions have been negotiated.”

The Purchasing Manager concurs that the recommendation is in compliance with Purchasing Resolution 23256, Section 602 (n).

### **STRATEGIC PLAN ALIGNMENT:**

The Second Addendum for Software License Renewal contributes to Strategic Priority No. 6 *Infrastructure, Mobility & Connectivity* and Goal 6.2. - Maintain, protect and improve assets and infrastructure within the City’s built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

The item aligns with each of the five cross-cutting threads as follows:

1. **Community Trust** – ArcFM software provides a current and accurate view of assets which is key to maintaining a utility infrastructure. Utility asset management enables electric utilities to manage landbase data, critical assets, tracking age, usage, and maintenance history. Proactive monitoring of utility infrastructure and assets will minimize the risk of equipment failure and its negative impact on local community and businesses, such as power outages or water main outages due to the aging equipment, helping to improve community trust.
2. **Equity** – ArcFM software will ensure that the utility infrastructure can safely and effectively operate and provide reliable electricity benefitting the entire city.
3. **Fiscal Responsibility** – Maintaining the operating efficiency of the water and electric utility assets using ArcFM software will avoid service interruptions and potential costly upgrades in the future. It also ensures that the water and power distribution will remain in operation and avoid potential fines for non-compliance with various regulations.
4. **Innovation** – ArcFM is a complete out-of-the-box enterprise GIS solution designed to meet the needs of utilities including electric and water. This innovative solution maintains and tracks the lifecycle of critical assets and landbase data.
5. **Sustainability & Resiliency** – The ArcFM software ensures that the utility infrastructure is able to operate in the most effective way possible without any disruptions in services.

**FISCAL IMPACT:**

The total fiscal impact of this action is \$115,000 annually, with a cumulative three-year total of \$345,000. Sufficient funds, for year one, are available in the General Fund, IT-Innovation Division, Software Maintenance/Support, Account No. 2440000-424310. Funding in future years will be included as a part of the biennial budget process under the IT Department budget.

Prepared by: George Khalil, Chief Innovation Officer  
Certified as to  
Availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Lea Deesing, Assistant City Manager  
Approved as to form: Phaedra A. Norton, City Attorney

Attachment:

1. Addendum 2 - Software License Agreement