



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JANUARY 14, 2019

ITEM NO: 11

SUBJECT: MASTER SERVICE AGREEMENT AND WORK ORDER #0001 FOR THE ARCOS RESOURCE MANAGEMENT SOLUTION SOFTWARE WITH ARCOS, LLC FOR A THREE-YEAR TERM IN A TOTAL OF \$350,346

ISSUE:

Approve the Master Service Agreement and Work Order #0001 for the ARCOS Resource Management Solution Software with ARCOS LLC of Columbus, Ohio for a three-year term in the total amount of \$350,346, with optional renewal upon mutual agreement pursuant to Purchasing Resolution No. 23256, Section 702 (c).

RECOMMENDATION:

That the Board of Public Utilities approve the Master Service Agreement and Work Order #0001 for the ARCOS Resource Management Solution Software with ARCOS LLC of Columbus, Ohio for a three-year term in the total amount of \$350,346, with optional renewal upon mutual agreement, pursuant to Purchasing Resolution No. 23256, Section 702 (c).

BACKGROUND:

Riverside Public Utilities (RPU) Systems Operations business processes currently rely on manual reporting for crew data analytics, however this method does not provide in-depth detailed reporting for callout responses that are needed for further root-cause analysis reporting. In addition, the current processes are time consuming, affecting outage restoration times, thereby costing the utility in down time and overtime.

Systems Operations is pursuing a solution that is compatible with the Grid Control Center, and the Water and Electric Divisions field personnel functions. The primary objective includes the optimization of the Dispatch Operator's time by integrating automated callouts and notifications for both planned and emergency events, as well as improvement of field crew scheduling.

The automated system should also provide the capability to maintain an updated Evergreen List, which is the overtime record per each employee's cumulative total of overtime hours compensated or refused. Systems Operations maintains two Evergreen Lists, one for emergency overtime and one for planned overtime, which are updated manually, leaving room for human error which causes grievances from field employees.

DISCUSSION:

After an extensive search, RPU found that ARCOS LLC is the only company whose primary product offering focuses on helping utilities respond, restore, and report more quickly, safely, and accurately using business logic to adhere to the union business rules associated with the local union's contract. The ARCOS Resource Management Solution is focused on enabling utilities to respond, restore, and report during major events like earthquakes, common in California. ARCOS is also involved in the critical process of notification, activation and mobilization of crews.

ARCOS Resource Management Solution is the most widely used web-based on-demand Software as a Solution (SaaS) for automated crew callout and resource management in the utility industry. Its platform for the Grid Control Center can automatically launch callouts and receive multiple responses at once, enabling Systems Operations to reprioritize resource scheduling. It provides capabilities to decide should a division no longer wish to continue to schedule and compensate groups of employees to be on stand-by throughout the year, or do so selectively based upon the nature of a planned event, scope of work and resources thought needed. The option to use or not use stand-by crews provides an opportunity for cost savings associated with the stand-by time itself.

ARCOS Resource Management Solution's record keeping and compliance to union callout rules will greatly reduce grievances and all associated time costs due to schedule-awareness, adhering to complex business processes and callout rules, ensuring the equitable distribution of overtime without error. The software also provides comprehensive reporting to provide detailed callout and performance data eliminating human errors for callouts.

ARCOS Resource Management Solution provides all equipment, telecommunications, software, application services and support as part of the service fee, eliminating City's IT maintenance costs. There is no other solution on the market that encompasses all of the above resource management capabilities in a single platform, while also allowing a utility to enable key capabilities in a scalable manner. Other software providers offer a similar solution that requires the procurement of multiple vendor solutions, complex integrations, and extensive and expensive project management of the overall implementation.

Using ARCOS Resource Management Solution, callout durations will be compressed which reduces the time crew members are paid to wait for the remainder of the crew to arrive before they can begin work. Based upon historical information, RPU experiences over 300 callouts annually, and the average duration to complete the callout is one (1) hour. Based upon these statistics, staff estimates the hard cost savings from this "Paid Wait" to be \$61,800. Reducing paid wait time also reduces the amount of overtime hours paid. Staff estimates this additional savings to be approximately \$52,100. Therefore, the total annual avoided costs can be estimated at approximately \$113,900.

There are other benefits from adopting the ARCOS Resource Management Solution including a reduction in the duration of outages due to shorter wait times described previously. Although outages will still occur for various reasons, like failed equipment or car accidents, staff expects that the total duration of those outages will be shorter by nearly 10 minutes. Shorter outages will also result in revenue to the utility that otherwise would not be collected. Staff estimates the total potential customer meter revenue recovered from shorter outages will be approximately \$2,500 per year.

In summary, from a financial perspective, adopting the ARCOS Resource Management Solution will result in annual avoided costs of \$113,900 and \$2,500 of meter revenue recovered for a total annual financial impact of \$116,400. Also, RPU customers will experience shorter outages as the duration will decrease.

The cost schedule is summarized below:

Products & Services	Year 1	Year 2	Year 3	Total
ARCOS Resource Manager	\$90,952	\$90,952	\$90,952	\$272,856
Implementation & Training	\$77,490	\$ -	\$ -	\$77,490
Total	\$168,442	\$90,952	\$90,952	\$350,346
Variable Fee – /min/call	\$0.25 Per Minute (\$0.125 for the first 30 seconds, then \$0.025 per six second increments thereafter)			

Purchasing Resolution No. 23256, Section 702 (c) provides that a sole source procurement can be utilized in lieu of competitive recruitment when the Procurement can only be obtained from a sole source or timely from a single source and the Manager is satisfied that the best price, terms and conditions for the Procurement thereof have been negotiated. As described herein, ARCOS LLC is the only company whose primary product offering, ARCOS Resource Management Solution, focuses on helping utilities respond, restore, and report more quickly, safely, and accurately using business logic that will adhere to the union business rules associated with the local union's contract.

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 23256, Section 702 (c).

FISCAL IMPACT:

The fiscal impact for year one is \$168,442, year two is \$90,952, and year three is \$90,952, for a total fiscal impact of \$350,346. Sufficient funds for years one and two are available in Public Utilities' Electric Software Maintenance/Support Account No. 6003000-424310. Funding for year three will be included during the biennial budget process for the year.

It is estimated that by using ARCOS Resource Management Solution there will be an annual costs savings of \$113,900 in avoided costs and \$2,500 in meter revenue recovered for a total positive fiscal impact of \$116,400 per year.

Prepared by: George R. Hanson, Utilities Assistant General Manager/Energy Delivery
 Approved by: Todd M. Corbin, Utilities General Manager
 Approved by: Al Zelinka, FAICP, City Manager
 Approved as to form: Gary G. Geuss, City Attorney

Certifies availability of funds: Aileen Ma, Interim Utilities Assistant General Manager/Finance & Administration

Attachment:

1. Master Service Agreement with ARCOS LLC
2. ARCOS Work Order #0001
3. Single Source Justification Form
4. Presentation