

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JUNE 24, 2019

ITEM NO: 12

SUBJECT: **THIRD AMENDMENT TO PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH KBC ADVANCED TECHNOLOGIES, INC. FOR CONSULTANT SERVICES FOR OPERATIONAL DATA MANAGEMENT SYSTEM PROJECT, EXTENDING TERM TO JULY 18, 2021, WITH AN INCREASE IN COMPENSATION OF \$702,000 – FOR A TOTAL CONTRACT AMOUNT OF \$2,124,000**

ISSUE:

Approve the Third Amendment to the Professional Consultant Services Agreement with KBC Advanced Technologies, Inc. for consultant services for the Operational Data Management System Project, extending the term of the agreement to July 18, 2021, with an increase in compensation in the amount of \$702,000, for a total contract amount of \$2,124,000.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve the Third Amendment to the Professional Consultant Services Agreement with KBC Advanced Technologies, Inc. for consultant services for the Operational Data Management System Project, extending the term of the agreement to July 18, 2021, with an increase in compensation in the amount of \$702,000, for a total contract amount of \$2,124,000; and
2. Authorize the City Manager, or designee, to execute the Third Amendment to the Professional Consultant Services Agreement with KBC Advanced Technologies, INC., including making non-substantive changes necessary to effectuate the Third Amendment to the Agreement.

BACKGROUND:

On April 25, 2016, the Board of Public Utilities (Board) approved the Operational Data Management System (ODMS) Project in support of Utility 2.0. This included an Enterprise Agreement with OSIsoft, Inc. for the Pi system, associated hardware, and a Professional Consultant Services Agreement (PSA) with Industrial Evolution, Inc., a recommended business partner of OSIsoft through a sole source procurement.

The PSA was for three Pi consultants to support the implementation and development of the Pi system for a one-year term in the amount of \$698,000. It was necessary to seek outside consultant expertise to support the implementation and ongoing development of Pi due to the specialized nature of the system and lack of Pi system expertise within the City of Riverside and Riverside Public Utilities (RPU). The Board report stated that two (2) full-time RPU positions would be filled through existing vacancies to replace the consultant support.

The two (2) RPU Pi Analyst positions were not secured during the one-year term of the Industrial Evolution PSA. Therefore, staff returned to the Board on June 12, 2017 for approval of a First Amendment to the PSA with Industrial Evolution to extend the contract for one (1) year and increase the compensation amount to \$1,422,000. The Board report again stated that RPU intended to fill two (2) full-time RPU positions to replace the consultant support.

The two (2) RPU Pi Analyst positions were not secured during the second year of the Industrial Evolution PSA due to the delayed launching of the Operational Technology Division within RPU. Therefore, staff returned to Board on July 9, 2018 for approval of a Second Amendment to the PSA to extend the contract for one (1) additional year through July 18, 2019 with no increase in compensation. During this second year, only two (2) consultants were utilized, so the cost savings from the budgeted third consultant was used for the extension.

DISCUSSION:

Due to the lack of ability to secure the necessary full-time permanent resources to support the continued development and ongoing maintenance of the Pi system, RPU has relied solely on the expert knowledge of the Pi consultants. Staff's intent was to hire full-time staff in the early phase of the project to train under and receive knowledge transfer from the consultant team. Since that did not occur, staff is seeking Board approval to extend the PSA with Industrial Evolution (now KBC Advanced Technologies, Inc.) for two (2) additional years until July 18, 2021, in the amount of \$702,000 for a total contract amount of \$2,124,000.

Under the extension, RPU would retain one (1) senior Pi consultant for the two-year term and one (1) junior Pi consultant for a one-year term to continue the specialized work on the Pi system that cannot be conducted by in-house resources. Their role will be to further develop the Pi system as well as train and transition knowledge to existing RPU staff members. As this is a very specialized system and very specific expertise is needed, it will take one (1) to two (2) years to train RPU staff members with little or no prior Pi Analyst experience.

Since implementing Pi, RPU has achieved a return on investment (ROI) of nearly \$673,000 per year. Additionally, a significant amount of new development is concurrently underway that should increase this ROI to over \$800,000 per year in the next 12 months. Details concerning this ROI were presented in detail at the June 10, 2019 Board of Public Utilities meeting (item 23, see attachments 3 and 4 to this report). The attached staff report (previously presented at the June 10, 2019 Board meeting) includes an overview of the many dashboards, reports and alerts that have been created for various RPU working groups and the ROI that has been achieved in each instance.

Additionally, other quantitative benefits have also been realized that are not specifically calculated in the ROI, such as reduced truck rolls to investigate problems, reduced operating costs and reduced paper waste. Also, there are numerous qualitative benefits being derived from the system, which are more difficult to calculate as tangible savings. These savings include increased visibility into system status, avoided costs of potential regulatory fines or lawsuits, reduced length of system outages, fewer customer complaints and improved system planning.

The total amount of the Operational Data Management System Project Work Order No. 1619634 is \$4,906,307. The Third Amendment to the Professional Consultant Services Agreement with KBC Advanced Technologies, Inc. for the extension of consultant services in the amount of \$702,000 will be funded by project costs savings, and therefore the project work order does not need to be increased.

FISCAL IMPACT:

Although the Third Amendment to the Agreement with KBC will increase the Agreement amount by

\$702,000, there is no fiscal impact associated with the recommend actions in this report, as there are sufficient project cost savings to fund the extension.

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Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Brian Seinturier, Utilities Fiscal Manager

Attachments:

1. Presentation
2. Third Amendment to Professional Consultant Services Agreement with KBC Advanced Technologies, Inc.
3. June 10, 2019 Riverside Public Utilities Board Memorandum
4. Operational Data Management System Staff Report