

9

**AWARD OF REQUEST FOR PROPOSAL P-09-45
FOR FLEET AND INVENTORY SOFTWARE**

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated September 29, 2009, from the Commissioner of Finance and the Commissioner of Transportation Services.

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize entering into a contract with AssetWorks Inc. as per Request for Proposal P-09-45
 - a) for the acquisition of a corporate Fleet and Inventory software solution called FleetFocus, at a cost not to exceed \$ 331,516, inclusive of all taxes and for the joint implementation of FleetFocus at a cost not to exceed \$ 741,046, inclusive of all taxes; and
 - b) for the unified and complete region-wide software maintenance for a five (5) year term at a cost of \$ 106,942, \$ 115,176, \$ 117,315, \$ 119,496, \$ 121,722, inclusive of applicable taxes, for years 1 through 5 respectively, with an option to renew for one additional year.
2. Regional Council authorize the purchase of 5 years maintenance up front from AssetWorks Inc. to obtain a 12% maintenance discount amounting to \$65,726 in savings, including taxes.
3. The Regional Chair and Clerk be authorized to execute the contract, and any renewal, subject to the terms and conditions acceptable to the Commissioner of Finance and Commissioner of Transportation Services and subject to review of Legal Services as to form and content.

2. PURPOSE

This report seeks Regional Council authorization to enter into a contract with AssetWorks Inc. for the region-wide acquisition, implementation and maintenance of FleetFocus, a Fleet and Inventory software system, to be implemented within four branches: Transit, Roads, Emergency Medical Services and York Regional Police Services through facilitation provided by Information Technology Services.

3. BACKGROUND

The Region's legacy Fleet Management system, supplied by Paradigm Business Systems North America (PBS), has been in use for approximately ten years, supporting limited fleet operations for York Regional Police Services and Roads. The parent company for PBS is based in Australia and maintains a small presence in Canada for sales and support.

Current operational and strategic requirements not being met

Over the past several years, the system has had recurring issues in administering security and processes across the departments, leading to persistent issues in data quality and integrity. These data issues result in inconsistent outputs for reports and queries, requiring time-consuming manual validation and checking. The application does not support custom reporting and reports are not sufficient for business decision making. The system also cannot be integrated with other departmental and/or corporate applications (e.g., PeopleSoft) for purchasing, vendor payments, etc.

In addition, the product has seen gradually decreasing support from the vendor, with only minimal staffing in Canada to service its remaining client base. Application support and maintenance is provided by a single person and is extremely difficult to get timely support. Stability can be an issue and can be unavailable for some time because of single contact for support. Fixes and upgrades can often create system conflicts among the various user groups, overriding previous updates. PBS also does not provide training manuals or help documents, even when fixes or upgrades are performed.

The persistent issues in administering the system have resulted in EMS withdrawing from PBS, and relying on manual processes to manage its fleet operation until a replacement is selected. In addition, York Region Transit (YRT), which relies on contracted services for its fleet operations, has been seeking an asset management solution to support their capital asset programs. An assessment of PBS determined that it was inadequate to meet the needs of the Transit branch.

Diverse Operations are requiring specialized software tools

The total fleet complement at York Region is estimated at 1,477 vehicles and growing. Currently, the Region's fleet value at historical cost is calculated at roughly \$212 million. This represents a significant cost on movable assets for which the Region relies on spreadsheets and the limited functionality of the PBS application to administer timely repairs and preventative maintenance, in order to ensure safe operation of the overall fleet.

These systems also administer a significant volume of component assets and stocked inventory. In EMS alone, component assets such as defibrillators and stretchers account for \$ 1.771 million historical cost, and disposable medical supplies and uniforms account

for \$1.025 million of expenditure annually (2009 operating budget). Managing these transportable assets without a viable system has posed a considerable challenge for staff.

For a summary of the various fleet operations across the Region, refer to Attachment 1.

A collaborative approach to a common problem

The growing effort in managing the diverse operational requirements across the branches within a system that is no longer meeting the current requirements of the business brought the stakeholders together to initiate a search for a common, comprehensive fleet and inventory management system. In addition to addressing the numerous gaps in the Region's legacy Fleet Management system used by Police and Roads, it enables the incorporation of EMS and Transit fleet operations into a common platform.

In support of this initiative, the Information Technology (IT) Services Branch is providing project management and analytical support through the selection process. Funding for this process was contributed as part of the Asset Lifecycle Management program within the eServices York strategy.

4. ANALYSIS AND OPTIONS

The selection process began in February, 2009, with the formation of a project team representing all four branches. Transit, Roads, EMS, York Regional Police and IT Services branches worked together in performing their needs assessment and developing a Request for Proposal (RFP) for the selection of a Commercial off-the-shelf (COTS) product. The project's goal was to select a fleet and inventory management system to address the deficiencies of the current PBS application, provide added functionality looking forward, and deliver improved security, efficiency, stability, scalability, productivity and data quality.

A new solution would provide a comprehensive asset and maintenance management solution, including integrated work order management processes, vehicle and equipment tracking, preventative maintenance planning and scheduling. It will also deliver other critical features, such as component serialization, warranty alerts and renewal, and comprehensive reporting. Inventory management features would also deliver parts and supplies management through an effective quartermaster system.

Vendor proposals were sought and six compliant responses were received

On May 5, 2009, the Region's Supplies and Services branch issued a Request for Proposal (RFP) P-09-45 to receive the following services from proponents: Software license acquisition, implementation services and software maintenance.

The selection of the preferred vendor was based on a comprehensive evaluation of the compliance with the conditions described in the RFP and their experience on similar projects and technical capabilities. The evaluation also included an interview process where the proponents were required to demonstrate their product's features and capabilities. Forty-three firms purchased the RFP documents and six compliant responses were received by the closing date of May 28, 2009.

Each submitted proposal was evaluated by the four branches collectively against technical specifications through a facilitated process. Vendors were requested to provide their functionality on these categories of requirements:

- Vehicle and inventory baseline information (VIN/Serial number, colour, acquisition cost, preventative maintenance requirements);
- Work Order Planning (Work requests, repair requests, warranty, work scheduling);
- Work Order Execution (Staff skills, work completion reporting, outside service);
- Inventory Management (Parts purchasing and planning, quartermaster support, location, lot, serial number, warranty management);
- User Access and Reporting (user interface, product features, inquiry capabilities);
- Technology (External contractor access, system interfaces, infrastructure, data retention).

The following proponents submitted compliant proposals:

- o AssetWorks Inc.
- o The Createch Group
- o Horizant
- o Inforica Inc.
- o Invensys Process Systems
- o TMW Asset Maintenance

The proponents were required to submit their technical and financial proposals in separate envelopes. Financial proposals were opened only for the proponents who scored a minimum of 60% on both the technical evaluation and the demonstration/presentation (36 out of 60 points and 12 out of 20 points, respectively).

The RFP contained a Technical and Management Proposal

The technical and management proposals were evaluated by an evaluation panel consisting of staff from all five key branches: Transit, Roads, EMS, York Regional Police, Information Technology Services and the Region's Supplies and Services branch.

The following predetermined criteria were used for the evaluation:

- Experience and credentials of the firm, and the personnel assigned;
- Familiarity with the business processes for municipal program delivery, relevancy to Fleet and Inventory Management and software configuration and delivery;
- References provided by the proponent;

- Project management methodology, approach and project timeline;
- Demonstrated understanding of the Region's requirements;
- Quality of the proposal in terms of methodology, project scheduling and proposed deliverables;
- Responsiveness to the RFP, completeness and demonstrated willingness to comply with the terms and conditions of the RFP.

The following three proposals scored more than 60% of the total 60 points assigned, the minimum score required for moving on to the next stage:

- o AssetWorks Inc.
- o The Createch Group
- o Invensys Process Systems

Two proposals scored more than 60% during vendor interviews

Interviews were conducted by the panel with the remaining three proponents to review the following criteria as predetermined in the evaluation process:

- General level of professional quality and effectiveness of the proponent's approach to the presentation and materials;
- Demonstrated understanding of the Terms of Reference included in the RFP;
- Quality of their answers and presentation during the interview;
- Demo Scenarios understood, answered and demoed;
- Acceptability / fit of solution.

Two proposals scored more than 60% during this phase and moved on to the next stage:

- o AssetWorks Inc.
- o The Createch Group

AssetWorks Inc. FleetFocus scored the highest technical score and lowest financial cost

The financial proposals were evaluated based on the total cost quoted by the proponents. A predetermined score weighted at 20 points (out of 100) was used for the evaluation of financial proposals. 15 points were allocated to the lowest financial proposal and the other financial proposal was scored proportionately using the prorated score calculation whereas 'Lowest Amount / Proponent's Amount x 15%'. An additional 5 points were regarded for financial flexibility on pricing for a phased implementation over multiple branches and multiple years.

Table 1 provides a summary of the results of the proposal evaluations.

**Table 1
Evaluation Results**

Proponents	Technical Proposal Score (60 points)	Demonstration/ Presentation (20 points)	Financial Proposal Total Cost \$	Financial Proposal Score (20 points)	Total Score (100 points)	Relative Standing
AssetWorks Inc. FleetFocus	46.7	14.2	\$1,802,915	18.5	79.3	1
The Createch Group Maximo for Transportation	43.9	12.8	\$2,292,897	15.3	71.9	2

The proponent with the highest technical and presentation scores and lowest financial proposal, as demonstrated above, is AssetWorks Inc. FleetFocus.

York Region to enter into an agreement for five years of software maintenance

In the Request for Proposal, the proponents were required to provide a schedule of costs over a five-year period in order to produce a projection of ongoing maintenance costs and operational impact. The proponents were given the opportunity to include in their proposal options for pre-paid maintenance and support contracts that would provide cost savings to the Region. In the AssetWorks Inc. proposal, a five-year support contract was proposed, which would provide a 12% discount off total maintenance costs over the term of the agreement.

AssetWorks Inc. is the sole-source provider of the fleet management solution, FleetFocus, and as such is the only authorized support and implementation firm.

Relationship to Vision 2026

Improved fleet management contributes to Vision 2026 in creating Engaged Communities and a Responsive Region, through improved operations, keeping vehicles in service to deliver higher levels of customer service, and through improved cost management and improved performance. This project also supports the goal of Enhanced Environment. Improvements in vehicle performance, through better preventative maintenance, will have a direct impact on fuel efficiency and minimizing the environmental impact of the fleet.

The Region’s Corporate Energy Services section of the Property Services Branches reported to Council in June 2009 that its primary focus is to implement energy cost reduction initiatives across Regional operations. A Strategic Energy Plan was created in 2008 to identify key energy management goals and dovetails with other regional energy-

related aspects of the Sustainability Strategy. One key action item of this Plan is 'Energy Data Management, the need to upgrade tracking and reporting tools for energy and greenhouse gases and to develop benchmarks'.

Energy costs the Region \$37 million annually. Vehicle fuel costs accounted for 64% of the total energy costs in 2008 (\$23.7 million), an increase of 14% from 2007. Two of the three highest energy cost components are Transit fleet fuel (\$17.1 million in 2008 for YRT, VIVA and Mobility) and Police fleet fuel (\$3.3 million). Vehicle fuel experienced the highest rate of increase during the 2006-2008 period. During the same period, vehicle fuel accounted for 62.2% of the regional carbon footprint (49.4 of the 80 kilotonnes of greenhouse gases) with Transit and Police comprising 90% of that.

Software tools exist at the Region to track accurately electricity, natural gas and water use. Fleet fuels appear to have a lower degree of accuracy / repeatability due to less reliable contract operator reporting (in the case of Transit) or the difficulty of tracking diverse fuel purchase sources (all non-transit fleets). More work is needed to track consistently and accurately. The Corporate Energy Services section supports the acquisition of a fleet management system in order to enhance region-wide tracking and reporting processes, making reliable information readily available.

5. FINANCIAL IMPLICATIONS

The Fleet Management system replacement is a sub-project to be carried out under the Asset Lifecycle Management program within the IT Strategy. This initiative is a collaborative project, following the approval of department business cases for the selection of a new Fleet and Inventory software product.

Software costs are shared across Departments

The Regional Municipality of York's commitment to this initiative is shared among multiple departments with total costs for 5 years, including anticipated growth, represented in Table 2.

Table 2
Total Cost of Ownership
Financial Cost Summary with Anticipated Growth

5 Year Plan	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
AssetWorks					
FleetFocus M5					
License					
Acquisition:	\$331,516	\$37,426	\$37,426	\$37,426	\$37,426
Software					
Maintenance:	\$106,942	\$115,176	\$117,315	\$119,496	\$121,722
Implementation:	\$741,046				
	\$1,179,504	\$152,602	\$154,740	\$156,922	\$159,147
					\$1,802,915

Total costs for the initial acquisition, first year maintenance and implementation are represented in Year 1 of the schedule (Table 2). Future costs include software maintenance and are estimated for incremental license costs related to growth in the fleet and/or user base for the system.

At this time, it is expected that the implementation for all stakeholders will extend through multiple years.

Acquisition and maintenance costs will be shared between the branches and York Regional Police proportionally based on their respective fleet complement. Implementation costs will be shared across the groups, reflecting their participation in the overall project.

Branches have made financial commitments

Branches have committed funding from existing capital budgets in order to support the acquisition and implementation of the system. Budget contributions have been confirmed from Transit, Roads and EMS for the 2009 purchase and ongoing maintenance costs, with related contributions based on fleet complement.

Transit and Roads have committed \$300,000 and \$250,000 respectively. EMS has confirmed \$80,000 per year over a 2-year phased implementation. York Regional Police has proposed budget dollars for 2010 and 2011 to carry the cost of licenses and rollout through a phased implementation. The Information Technology Services Branch will contribute funding from its Asset Lifecycle Management capital program to support technical project management, and to manage timing of the financial contributions of the participants.

Region staff have reviewed the proposal and confirmed that, based on the scope of work, costs are in line with preliminary estimates and industry pricing.

Branches have the staff to proceed with the implementation

The implementation of a new Fleet Management system will be a joint effort between the stakeholder groups, with support from the IT Services Branch. The branches and York Regional Police will assign subject matter experts in their fleet and inventory management operations to provide functional leadership during the implementation. These resources are expected to be supplied through secondment with any associated costs funded from existing capital or operating budgets. IT Services will supply a project manager and technical resources to support the project, funded through the Asset Lifecycle Management capital budget.

Operational support for the new system is expected to be managed through existing staff dedicated to support the legacy applications and processes. Technical support will be resourced through existing staff within IT Services, supplemented through vendor maintenance and support agreements, as well as consulting where required.

This project is planned to be implemented within the existing corporate technology infrastructure, utilizing current technology hardware.

Return on Investment in a number of key areas

Through the acquisition and implementation of a new Fleet Management system across the branches, it is projected to deliver returns in a number of key areas: Fleet Utilization, Warranty Management, Parts and Inventory Management, Operational Performance, and Administrative Efficiencies.

In the area of Fleet Utilization, improved preventative maintenance programs and better vehicle monitoring will improve the availability of fleet assets to deliver services and minimize vehicle downtime. This can translate lower costs related to vehicle spares to cover for planned and unplanned service. In the case of York Region Transit, a reduction of maintenance spares by the equivalent of two buses (capital cost of approximately \$500,000 each) would translate into a savings of approximately \$65,000 annually (based on depreciated costs). Reductions in unplanned maintenance related to equipment failures could also be reduced through improvements in the preventative maintenance program.

Improved Warranty Management would shift expenditures from general parts and labour costs for vehicle service to take better advantage of manufacturer warranties. For example, in the Roads branch where parts and service account for over \$1.050 million, a 5% improvement in warranty claims would save over \$50,000 annually.

More effective Parts and Inventory Management in Police and Transit branches will reduce overstock and carrying costs of maintenance parts and supplies. In EMS, where medical supplies account for over 1.025 million annually, and operational equipment accounts for \$1.771 million asset value, the effective deployment and management of these items could generate approximately \$70,000 in savings annually. Operational performance can be gained through reductions in downtime through better maintenance scheduling in line with lead times for replacement parts. Improved performance will also translate into better fuel efficiency in all areas including Police and Transit where their fuel accounts for 90% of the region's fuel consumption, representing over 62.2% of the regional carbon footprint.

Administrative efficiencies will be generated through the elimination of redundant effort to correct data errors, validate reports and manage inventory counts. This is particularly evident for Police and Roads branches who are utilizing the legacy application. A new system that is deployed directly to the service staff in all branches will also eliminate non-productive time related to travel, and physical checking of stock and transfer of paperwork between operations and administrative staff. Significant gains will also be seen in the automation of manual processes and the integration of the fleet system to fuel systems, as well as other core applications to support procurement and asset management.

Overall, based on the savings above, it is projected that the implementation of a comprehensive Fleet Management system could generate approximately \$575,000 annually net return over a five-year period.

It is expected that the breakeven point for the investment would occur in Year 4.

The Region will be better positioned to respond to strategic decisions and provide information for PSAB

Access to better information will allow the branches to make better business decisions as it relates to both fleet and inventory, and operate in a more efficient and cost-effective manner. The system will provide a central repository for all fleet-related data to deliver timely information to decision makers, enable better monitoring of service levels (delays, schedule adherence, warranty coverage, etc.), better allocation of resources, and improve performance and utilization of the fleet assets. This system will also align the Region with other municipalities such as Toronto, Mississauga and Brampton, with respect to fleet management technology.

A new system will also enable the Region to respond more effectively to the PSAB 3150 legislative requirements (accounting for tangible capital assets), as well as Provincial Financial Information Returns (FIR) and Ministry of Health/Long Term Care legislation for preventative maintenance programs and tracking of emergency vehicles and equipment.

6. LOCAL MUNICIPAL IMPACT

There is no direct municipal impact associated with this project.

7. CONCLUSION

It is recommended that Regional Council authorize entering into a contract with AssetWorks Inc. for the acquisition, region-wide implementation and maintenance of FleetFocus, a comprehensive Fleet and Inventory management system to be implemented in four branches at a cost of not to exceed \$ 331,516 inclusive of all taxes for acquisition, \$ 741,046 for implementation, and a total of \$ 580,651 for maintenance over five years, subject to successful negotiations and approval of the Commissioner of Finance. Should the final cost change, this shall be dealt with as per the provisions of the Regional Purchasing By-law.

For more information on this report, please contact Mark McKnight, Application Unit Manager, IT Services at Ext. 1810.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the October 8, 2009 Committee meeting).

The following is a summary of the various fleet operations across the Region:

York Region Transit Fleet

This section is responsible for providing:

- Procurement and disposal of all YRT, VIVA and Mobility capital assets;
- Complete technical oversight of all vehicles currently being maintained by our four operations and maintenance contractors;
- Quality control and contract compliance for all maintenance-related activities of the operations and maintenance contracts; and
- Ensuring a safe, clean and reliable product is available to our customers.

There are 418 YRT, VIVA and Mobility vehicles comprised of approximately 10 different makes and models currently maintained at four contractor locations.

The Fleet Section within YRT does not have a maintenance management information system. Information is gathered arduously using multiple systems, paper and electronic, both ad-hoc and supported. All four contractors use different maintenance systems making it very difficult for YRT to gather meaningful information.

Roads Operations

The Fleet Services section is responsible for managing:

- Roads fleet vehicles and equipment;
- Regional vehicles operated by other branches such as Property Services and Environmental Services;
- Two-way radio communication equipment;
- Bulk fuel outlets and deliveries; and
- MTO licensed inspection station and vehicle repair facility.

Currently, there are 226 licensed on-road vehicles of different types. In addition, there are 99 unlicensed off-road (such as road sweepers, graders, mowers, etc.) pieces of equipment maintained by this section.

EMS Fleet and Equipment Operations

The Fleet section and Equipment section are responsible for managing:

- Procurement and disposal of all emergency vehicles/capital assets and equipment/capital assets and supplies inventory;
- Preventative maintenance and repair of emergency vehicles and equipment, including support, administrative and special response vehicles;
- Modifications and technical enhancements (i.e., on board computers, blue-tooth capability for defibrillators, equipment add-ons)
- Paramedic clothing inventory;
- Radio communication equipment and AVL equipment;
- Cost reporting;

Currently, there are 70 vehicles of different types with over 1,000 different types of emergency equipment. In addition, there are 4 special response vehicles (such as ATV/gators and trailers) maintained by this section.

EMS Fleet is currently using an MS Access database designed in-house for tracking vehicle services and maintenance records.

EMS Equipment is currently using three separate systems to manage inventory and equipment – PBS is used to generate purchase orders; an MS Access database designed in-house for tracking symptom relief; and a separate MS Access database designed in-house for maintenance records.

York Regional Police Fleet

The Fleet Management section is responsible for monitoring:

- Police fleet vehicles and equipment.

York Regional Police use the PBS system in the following departments: Fleet, Stores and Training Branch.

- Fleet: Asset management, vehicle maintenance records, invoicing, parts inventory & accident damage;
- Stores: Uniform officer clothing inventory ;
- Training Branch: Use of Force equipment (guns, ammunition, hand-cuffs, batons, etc.).

The Training Branch has substantially customized PBS to fit their needs. Equipment is tracked from the time it comes into possession to its assignment to various officers over the life of the equipment.