




CITY OF HAMILTON

PUBLIC WORKS DEPARTMENT Corporate Asset Management Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	January 15, 2024
SUBJECT/REPORT NO:	Contract Extension for Project Management Services for the Enterprise Asset Management Systems – Phase 3 (PW19035(d) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Pat Leishman (905) 546-2424 Ext. 2629
SUBMITTED BY:	Pat Leishman Director, Corporate Asset Management Division Public Works Department
SIGNATURE:	

Discussion of Private & Confidential Appendix “A” PW19035(d) would be pursuant to the City's Procedural By-law 18-270, and Section 239(2), Sub-section (i) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains.

RATIONALE FOR CONFIDENTIALITY

- a trade secret or scientific, technical, commercial, financial, or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

RATIONALE FOR MAINTAINING CONFIDENTIALITY

This Report (PW19035(d)) includes an Appendix “A” that outlines negotiated pricing and contract terms and conditions negotiated and proposed by staff with 2448653 Ontario Ltd (operating as Caliberr Professional Services) to continue to oversee the Enterprise Asset Management Project; therefore, it is appropriate to address this appendix in-camera, pursuant to the *Ontario Municipal Act, 2001, SO 2001, c25 (Municipal Act, 2001)*.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

RECOMMENDATION (OPEN SESSION)

- (a) Pursuant to Procurement Policy #11 – Non-competitive Procurements, that Council approve the extension to the contract for the provision of project management services for the Enterprise Asset Management Project, for a term of one year with the option to extend for an additional two years, and that the General Manager, Public Works Department be authorized to negotiate, enter into and execute the extension and any ancillary documents required to give effect thereto with 2448653 Ontario Ltd (operating as Caliberr Professional Services), in a form satisfactory to the City Solicitor.
- (b) That Appendix “A” to Report PW19035(d) remain confidential as it contains proprietary and sensitive competitive financial information of 2448653 Ontario Ltd (operating as Caliberr Professional Services), which was provided to the City of Hamilton in confidence in preparation for the negotiation of the Contract.
- (c) That the negotiated awarded cost of the contract extension be publicly reported in the applicable quarterly status report for Emergency and Non-competitive Procurements.

EXECUTIVE SUMMARY

This report is the fifth in a series on Public Works’ overall proposed plan and procedure for streamlining enterprise asset management (EAM) processes and consolidating the functions of its current 11 asset and enterprise asset management systems into a single platform. In Report PW19035/FCS19040 (“Report 1”), Council authorized the review of two internal asset management systems. Report PW19035(a)/FCS19040(a) (“Report 2”), Council authorized negotiations with Infor Canada Ltd. (Infor). Report PW19035(b)/FCS19040(b) (“Report 3”) authorized the commissioning of the Enterprise Asset Management Project. Report PW19035(c) (“Report 4”) authorized the standardization and single-source procurement of Conectado Solutions Inc.

The focus of this Report (PW19035(d)) is to request an extension to an existing contract for project management services for the Enterprise Asset Management Project. This request is in direct response to significant delays that have impacted the project, including COVID-19, increased complexity found in the Discovery Stage, and resourcing issues, which have all resulted in additional time being required for the project.

The City has been in its current contract with 2448653 Ontario Ltd (operating as Caliberr Professional Services (“Caliberr”)) since April 15, 2020, for project management services as part of the Enterprise Asset Management Project. The Contract with Caliberr is due to expire on April 15, 2024.

**SUBJECT: Contract Extension for Project Management Services for the
Enterprise Asset Management Systems – Phase 3 (PW19035(d))
(City Wide) – Page 3 of 5**

The Corporate Asset Management Division within Public Works has been very satisfied with the high performance and quality of services received from Caliberr. The intent of this Report (PW19035(d)) is to request Council approval for staff to negotiate an extension to the single-source contract with Caliberr to allow the continued use of Caliberr for an additional year until April 15, 2025, with the option to extend for two additional years if required. Once the negotiations are complete, staff will report back the negotiated awarded cost of the contract extension publicly in the applicable quarterly status report for Emergency and Non-competitive Procurements with the Audit, Finance and Administration Committee of Council.

ALTERNATIVES FOR CONSIDERATION – See Page 5

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Refer to Confidential Appendix “A” – Contract Extension for Project Management Services for the Enterprise Asset Management Systems

Staffing: N/A

Legal: Legal Services will be requested to assist in the formation and finalization of the contract.

HISTORICAL BACKGROUND

An Enterprise Asset Management System enables municipalities to develop comprehensive programs to manage the complete lifecycle of assets, including capital planning and prioritization, preventive, predictive, routine and unplanned maintenance and calibration, while improving the daily effectiveness of operations and technical staff. It also allows for better management of equipment and facilities to increase reliability and ensure compliance with laws, regulations, and industry-specific requirements. The ability to conduct advanced analytics to inform risk prioritization and capital funding priorities, and in some cases, allow some sections that are still paper-based and manual to be updated and included in the data schemas is critical.

A working group consisting of staff from the Public Works and Corporate Services Department (including the Information Technology and Finance divisions) was established to conduct all three phases of this project (the “Working Group”). The Working Group augmented their expertise with technical support and project management from consultant CIMA and sub-consultant Caliberr.

In January 2020, Council approved Report PW19035(b)/FCS19040(b), the commissioning of the EAM Project within Public Works. The Enterprise Asset

**SUBJECT: Contract Extension for Project Management Services for the
Enterprise Asset Management Systems – Phase 3 (PW19035(d))
(City Wide) – Page 4 of 5**

Management project has completed Stage 1 – Discovery and Design, and is currently scheduled to complete Stage 2, the building of enterprise processes including the commissioning of Cemeteries and Transit, in early 2024. The remaining sections within Public Works will go live throughout 2024 and early 2025.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

This report is in accordance with Procurement Policy 20-205 as amended, Policy #4.11-Non-Competitive Procurement.

RELEVANT CONSULTATION

The Procurement Section has been consulted with respect to adherence to the Procurement Policy, specifically Policy #11 Non-Competitive Procurements.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

In accordance with Procurement Policy #11, staff is seeking Council's permission to negotiate with Caliberr to provide a price increase as well as additional years to the existing contract for project management services. The City has a binding contract with Caliberr for these services however, there were no terms and conditions in the contract to allow for any price reconsideration or any additional years of service.

In a contract situation such as this, staff does not have the ability, either within the Procurement Policy or the contract document, to open the contract and negotiate any changes. As seen in previous situations, staff has had to specifically request Council's permission to open a contract (or multiple contracts, where more than one vendor is providing the Good and/or Service) and negotiate revised costing, terms, or conditions for the Good and/or Service. An example of this occurred in 2018 when the Provincial government increased the minimum wage in Ontario from \$11.60 to \$14.00 per hour and then again in 2019 from \$14.00 to \$15.00 per hour. For these contracts, Council provided staff with the authority to negotiate with vendors, similar to the request made in this Report (PW19035(d)).

Due to the technical nature and the critical services the enterprise asset management system supports, it was recommended at the start of the project that technical expertise not available from City staff be brought in to manage this process redesign and consolidation project. Caliberr has been engaged throughout the phases of the project and therefore it is recommended Caliberr continue to project manage the process redesign and system consolidation in addition to providing technical expertise.

**SUBJECT: Contract Extension for Project Management Services for the
Enterprise Asset Management Systems – Phase 3 (PW19035(d))
(City Wide) – Page 5 of 5**

The individual assigned from Caliberr has been working with staff on the project in the role of Project Director and has wide-ranging knowledge of the process redesign, asset management and software rationalization portions of this project.

The request to extend Caliberr's contract with the City is a direct result of significant delays that have impacted the project. These included an eight-month delay due to COVID-19, increased complexity found in the Discovery Stage, and resourcing issues, to name a few. Discovery identified more complexity than initially anticipated due to Public Work's situation being more complex than a typical asset management project; creating a standardized approach to use the system for 24 work areas but still allowing for area-specific workflows and required variation has resulted in additional time required for project management and oversight. The project has also experienced delays with resourcing as system configuration expertise has been in high demand.

ALTERNATIVES FOR CONSIDERATION

Rather than direct staff to negotiate a contract with Caliberr, Council could direct staff to issue a competitive RFP for project management services. This alternative is not recommended as respondents would not have familiarity with the project, resulting in project delays and additional costs for the City.

Financial: The project would require additional funds for the new Project Management resource to learn about the project and step into the Project Director role.

Staffing: N/A

Legal: Legal Services will be requested to assist in the formation and finalization of both the RFP document as well as the contract.

APPENDICES AND SCHEDULES ATTACHED

Confidential Appendix "A" to Report PW19035(d) – Contract Extension for Project Management Services for the Enterprise Asset Management Systems – Phase 3