

July 23, 2013

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

SUBJECT: MAXIMO Application Upgrade Project – Capital Expenditure Authorization and Contract Award

SUMMARY

The Trustees are requested to increase the expenditure authorization limit for the MAXIMO Application Upgrade Project from the previously authorized capital expenditure of \$2,205,000 to \$4,720,000. In January 2012, the President and Chief Executive Officer authorized \$2,205,000 for engineering and design services associated with the project. This additional authorization will provide the balance of the funding necessary to complete the installation, testing and commissioning of the software.

The Trustees are also requested to approve the award of a contract for consulting services in the amount of \$3 million to Starboard Consulting of Longwood, FL, (“Starboard”) for the MAXIMO software upgrade tasks associated with application configurations, interfaces, data migration, report development, testing and training. The contract work is scheduled to commence in September 2013 and be completed in February 2015.

BACKGROUND

In accordance with the Authority’s Expenditure Authorization Procedures, capital expenditure authorizations in excess of \$3 million require the Trustees’ approval.

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year. The Authority’s Expenditure Authorization Procedures also require the Trustees’ approval for the award of personal services contracts in excess of \$1 million if low bidder, or \$500,000 if non-low bidder.

The Authority’s Operations Business Unit utilizes the MAXIMO Enterprise Asset Management (“EAM”) system as its primary tool for managing generation and transmission asset maintenance activities associated with the Authority’s Maintenance Resource Management (“MRM”) Program. The Authority’s MRM Program is integral to the reliability and availability of the generation and transmission assets under the Authority’s purview. The MRM Program includes systematic tracking of maintenance history at the equipment and system level. In this regard, the MRM Program provides evidence to support the Authority’s compliance with regulatory requirements including the Federal Energy Regulatory Commission’s (“FERC”) Dam Safety and the North American Electric Reliability Corporation’s (“NERC”) Reliability

Standards. Additionally, the MRM Program is leveraged to ensure high-priority corrective work is performed timely, to track history, and for charging work crew costs.

The MAXIMO EAM system is the primary tool utilized to manage the capture and maintenance of the Authority's assets. The Authority's Operations is the system owner and there are approximately 800 users throughout the Authority's White Plains Office and six sites.

The system is available 24/7 for the facilities' personnel to record events such as adding newly delivered equipment to asset inventory, creating work orders to request required maintenance on equipment, and creating work plans and job plans to schedule maintenance.

The MAXIMO system is currently stable and meets the basic needs of the Authority's business groups. However, there are risks and deficiencies associated with this application due to the fact that the core product code has been customized extensively by the Authority over the years to enhance functionality to fulfill business requirements. The Authority has not implemented a MAXIMO upgrade since 2006 as the effort would have required substantial time and resources to integrate these customizations into the new upgrades. The difficulty with upgrading MAXIMO has also created lost opportunities for business users since the Authority cannot leverage the latest industry best practices provided in new vendor releases.

The Authority is currently running MAXIMO version 5.2 which is three major versions behind the latest MAXIMO release, version 7.5. In addition, as of September 2010, IBM dropped support for MAXIMO version 5.2. To mitigate this risk the Authority contracted with an external consulting agency to provide additional support.

The decision to upgrade MAXIMO to the latest vendor release and retain the core functionality "as is" was ultimately determined to be the most efficient solution for the near and distant future. Based on this decision, a thorough GAP Analysis was conducted in 2012 to determine how to best perform this upgrade as well as to examine the Authority's required business processes within the standard product. The GAP analysis documented and made assessment recommendations in the following areas: Configurations, Data Migration, Interfaces, Reporting, Training, Upgrade Approach, Hardware, and Upgrade Proposed Schedule.

DISCUSSION

The Authority placed a notice, ("RFQ Q12-5368DB"), to solicit bids in the New York State *Contract Reporter* on November 29, 2012 for MAXIMO version 7.5 Implementation Consulting Services. A total of 83 companies requested copies of the original bid documents. On February 5, 2013, eight (8) proposals were received by the Procurement Department and were subsequently reviewed by the *MAXIMO 7.5 Implementation RFP Review Committee* ("Review Committee") consisting of staff from Procurement, Information Technology, and Operations. These Committee members were from the White Plains Office as well as from the Niagara, St. Lawrence, Clark Energy Center, and Blenheim-Gilboa facilities.

The proposals were evaluated based on:

- Experience with MAXIMO versions 5, 6, and 7 and their interfaces
- Experience with Upgrading MAXIMO
- Utility Experience and Knowledge of Upgrade Challenges
- References, Quality of Staff and Proposed Project Manager
- Proposed Project Plan and Methodology
- Competitive billing rates
- Commercial exceptions

The eight bids were initially reviewed by the Review Committee for their technical capability to fulfill the requirements of the RFQ. The eight bids were evaluated and ranked using evaluation criteria documented prior to return of the bids that included: completeness of the response, overall understanding of project objectives, project methodology, change management approach, and overall qualifications. Four bidders – ABS Consulting, EMA Consulting, Interloc, and Rolta – were rejected for further consideration as they ranked lowest in Technical Qualifications, Past Performance Experience, and Resumes of Key Personnel.

The remaining four vendors – Starboard, Cohesive, Total Resource Management, and Tata Consulting Services – were asked to present their proposals in person to the Review Committee. As part of the bid evaluation process, post bid addenda were issued for technical and commercial clarifications from bidders.

Starboard was the lowest evaluated bidder, ranked highest using the evaluation criteria, and was the most technically qualified. They addressed all areas of the RFQ in their proposal and received favorable responses from their submitted references. They included a MS Project Work Plan that explained the implementation of the requirements in a manner that matched with the Authority’s expectations. Starboard re-affirmed that there were no limits on what/how configurations would be performed to meet the Authority’s defined requirements: deliverables, integrations, configurations, training, reports, data migration, testing, key personnel, etc. Both reference interviews for Starboard were favorable and both indicated that they will continue to use them in the future.

Summary of Evaluated Bids

Bidder:	Total Evaluated Cost of Bid:
Starboard (Longwood, FL)	\$2,855,000
Cohesive (Kennesaw, GA)	\$3,171,600
Total Resource Management (Alexandria, VA)	\$2,856,034

Bidder:	Total Evaluated Cost of Bid:
Tata Consulting Services (New York, NY)	\$3,692,000

After technical and commercial evaluation of each proposal, the Review Committee recommended that the award of a contract for consulting services (RFQ Q12-5368DB) be made to Starboard Consulting, the lowest evaluated bidder, for a total value of \$3,000,000. This consists of \$2,525,000 for consulting, \$330,000 for travel, and a contingency of \$145,000 to allow for potential configuration changes that may be identified during initial requirements analysis and business process reviews. (An additional contingency of \$200,000 for other project needs is also requested for a total of \$345,000 for Contingencies). The Review Committee agreed that Starboard has the experience, size, and a detailed plan necessary to obtain the deliverables outlined in the RFQ, most importantly, to provide a solid base on which to conduct the implementation of MAXIMO 7.5.

MAXIMO Requirements Analysis and Business Process Reviews for the MAXIMO Upgrade will begin in September 2013 and the “go-live” of the new upgraded production environment will occur in February 2015 after training has been completed.

The total project cost is estimated to be \$4,720,000 as follows:

Consulting & Travel	\$3,455,000 (includes money already spent during GAP Analysis)
Internal Labor	700,000
Contingency	345,000
Overhead	220,000
Total	\$4,720,000

FISCAL INFORMATION

Payments associated with this project will be made from the Authority’s Capital Fund.

RECOMMENDATION

The Senior Vice President – Enterprise Shared Services, the Vice President – Procurement and Vice President – Information Technology/Chief Information Officer recommend that the Trustees approve capital expenditures in the amount of \$4,720,000 for the engineering, design, development and testing associated with an upgrade of the MAXIMO software application.

It is also recommended that the Trustees approve the award of a contract for consulting services to Starboard Consulting of Longwood, FL, in the amount of \$3 million for the MAXIMO software application upgrade tasks associated with application configurations, interfaces, data migration, report development, testing and training.

For the reasons stated, I recommend the approval of the above-requested actions by adoption of a resolution in the form of the attached draft resolution.

Gil C. Quiniones
President and Chief Executive Officer

Att.
Maximo Upgrade –
CEAR and Contract Award

RESOLUTION

RESOLVED that pursuant to the Authority’s Expenditure Authorization Procedures, capital expenditures in the amount of \$4,720,000 are hereby authorized in accordance with and as recommended in the attached memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, approval is hereby granted to award a contract for consulting services to Starboard Consulting in the amount of \$3 million for upgrade tasks associated with application configurations, interfaces, data migration, report development, testing and training, as recommended in the attached memorandum of the President and Chief Executive Officer:

<u>Contractor</u>	<u>Contract Approval</u>	<u>Projected Completion</u>
Starboard Consulting Longwood, FL	<u>\$3 million</u>	February 2015

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.