

As voted by the Board of Trustees and in accordance with the notice of the meeting, the monthly Workshop Meeting of the Board of Trustees of the Portland Water District was held in the Nixon Training Center at the general offices of the District, 225 Douglass Street, Portland, Maine on June 19, 2017. In attendance from staff were Messrs. Kane, Wallace, Firmin, Johnson, Cutrone and Mes. Lewis, Demers and Katsiaficas. Trustees elect Mark Curtis and Matthew Beck were in attendance. Len Sekuler, Principal Consultant and Jennifer Lachmayr, Principal in Charge from Arcadis were also in attendance.

All Trustees were present except Trustee Garrison.

President Lunt convened the meeting at 6:43 p.m.

### **1. Procurement Process.**

Gordon Johnson, Engineering Services Manager, reviewed the process for the procurement of engineering services.

Mr. Johnson's talk was focused on projects where engineering fees exceed \$50,000. He explained the driving factors in the procurement process. With respect to the design process, PWD is looking at ratepayer value. The planning and budgeting process PWD utilizes assists in planning its procurement.

The first step in approval of engineering services procurement is to go to the Board and have the method of procurement approved; methods available are comprehensive (start to finish), phased and design-build. Most of the work PWD does right now is building things – so comprehensive approval is sought. Design-build is the method least used by PWD to date.

Once the Board has authorized a method, PWD develops a Request for Proposals (RFP). Operations and Engineering are represented in the RFP development and in the RFP review. PWD aims to get between 3-5 responders. PWD staff does spend time with firms that have never done business with PWD before to get them up to speed.

A project manager and 3-5 staff participate in the RFP review. Fees are kept separate from the effort evaluation. Initial rankings are done. After that point, a smaller number of firms are called in to interview. The interview process is conducted (2-4 firms usually). The Committee has the responsibility to make recommendation of one consultant to the Board.

After interviews, the rankings are done by the selection committee based on non-cost factors. Mr. Johnson explained the math in coming up with the scores. After the scoring, the purchasing agent opens the cost information. Rankings are then recalculated. The lowest score, closest to 100, is the winning proposer.

PWD procures about one million dollars in engineering services per year. The current process has been used since 2010. Trustee Swinton asked what process was used before 2010. Mr. Johnson responded that it was a variation of the present system.

Trustee Cote asked what staff thought about the \$50,000 threshold. Mr. Johnson indicated a lot of effort goes in to the procurement process, and it is a struggle sometimes to make the staff effort match the level of procurement.

Trustee Swinton asked if PWD had considered adding employees and doing more work in-house. Mr. Johnson said it was also about project expertise and deliverables. PWD expends resources managing the projects.

Trustee Willey asked about how procurement of items other than services were procured. General Manager Lewis indicated products other than services were generally procured by low bid.

Trustee Cote asked how new engineering firms were placed on the list for potential services. Mr. Johnson said if they spoke with staff and expressed interest, they would be placed on our list.

## **2. ABC Project.**

Peter Cutrone, Project Manager, and Len Sekuler, Principal Consultant from Arcadis provided an update to the Board on the ABC Project and the procurement of services related to the Project.

Mr. Cutrone began by giving a history of the project. Asset Management, billing and customer relation management (ABC) is all being replaced. PWD was paper based in the 1990's, with 238 employees. In 1996, PWD implemented Hansen for its asset management system. In 2004, Hansen was expanded to include a billing system. PWD has since evolved to provide tools and information to PWD's customers. He used the myonline bill function as an example of this evolution. Systems were also put in place to digitize PWD's own processes; examples include time card entry, asset life cycle monitoring and laptops in vehicles. This evolution allowed PWD to capture information that could be passed on to employees before the retirement bubble.

PWD needs to change its ABC system because the system is becoming obsolete. The current server is due to expire in 2020. It is cumbersome to build on the old and outdated system. The goal is to enhance efficiencies and customer engagement with a new system, using modern, proven and commercially available ABC software. Every employee and every customer will be impacted by the change; this includes customers who are not ratepayers. This is not the first time PWD has replaced a system – it has been done before without a major problem.

A Steering Committee has been established and is guiding the process. An RFP process was conducted to procure a consultant to help PWD through this process. Arcadis was selected; the Board will be asked to have Arcadis expand their services to include contract negotiations and through the fit-gap analyses phase.

Len Sekular from Arcadis then took over the presentation. In February of 2017, Arcadis met with PWD staff to understand the objectives of the project. In March, the software package requirements of PWD were discussed with staff in small group meetings. A request for information from vendors was also issued in March, in an effort to obtain more information from vendors to see how their products might satisfy the needs of PWD, and to provide the vendors notice of the RFP process and

procurement being conducted by PWD. The RFP itself was released at the end of April, seeking products from the vendors that meet PWD's needs.

On June 14, 2017, PWD received 6 qualified proposals. The evaluation process is beginning now. The best fit and value is being sought. A short list of vendors will be interviewed. Software demonstrations will also be provided so that PWD can evaluate how the software works in a real environment. References will be checked. Previous installations at the location of the vendors' previous customers will also be reviewed.

Evaluation criteria of the responses to the RFP were explained. Factors include: cost, 30%, qualifications of firm, 15%, project approach, 25%, and ability to meet system requirements, 35%. Details on each of the selection criteria were then discussed by Mr. Sekular. He discussed in detail the factors that will be considered by the selection committee for each evaluation criteria.

The procurement schedule projects that by July 10<sup>th</sup>, PWD will be shortlisting qualified vendors and inviting them to interviews and demonstrations during the week of July 24<sup>th</sup>. In August, PWD will be visiting other installations for the vendors and talking to vendors' customers.

Board approval of the selection of a vendor and system is anticipated in November, 2017, with implementation to begin in early 2018. Arcadis is not part of the selection team, the vendor will be chosen by PWD.

In comparison to other water utilities, PWD is at or better than its peers in utilizing ABC technologies in its business. PWD is set up for success in this project; reasons for this are support of the Board of Trustees and top management, a steering team, project manager and core team and impressive staff technology capabilities, with key roles defined.

There is a familiar road ahead when replacing the ABC system. PWD has some experience in doing this before. System complexity may increase, however staff here can handle the complexity. Project quality assurance and software acceptance testing will occur.

Mr. Sekular then described how to measure success of the project. Some measures include cost, time to implement, delivery on the requirements, system ease of use, key performance indicators met, and finally, a cut over to the new system with no major issues.

Trustee Cote asked about the schedule implementation in 2018. Mr. Sekular responded that vendors' proposed schedules would be reviewed. It is a 2 year time frame approximately, to complete implementation. Trustee Cote asked if the hardware PWD has needed to be replaced. The answer was no, the hardware PWD has now is sufficient to run new software. Mr. Cutrone noted that the present server is due to expire in 2020, having been installed in 2015.

Trustee Cote asked if there is some type of insurance/bond requirement that guarantees that the vendor will provide a product that will meet PWD's needs. Mr. Cutrone indicated that there will be regular insurance, and that the contractor won't get paid if the product doesn't meet our needs.

Trustee Libby asked about the stability of the potential vendors and their ability to survive. He sought some assurances that the industry and the vendors have become more stable over time. Mr. Sekular responded that in general, the industry has consolidated over the years. The vendors being considered have a long track record of successful projects. It is hard to predict the future. It is unknown whether vendors may get acquired in the future. Several of the vendors who have proposed are familiar to Arcadis – some are not. Due diligence will be conducted.

President Lunt expressed concerns regarding potential cost over runs. He asked if they are likely to be an issue. Mr. Sekular responded that it depends on the selected vendor, and their approach. At this point in time, he could not answer the question. President Lunt asked if other projects worked on by Arcadis had experienced cost over runs. Mr. Sekular responded that you can only do the best you can to protect yourself from over runs. PWD has done the right things to protect itself. In his experience, when appropriate measures are in place, it leads to a good project.

Trustee Cote asked if cost was lump sum, or time and materials. Mr. Cutrone responded that it was a combination.

### **3. Other Business.**

Business meeting will be June 26<sup>th</sup>. Trustees may have their photos taken by Michelle Clements, by appointment if they would like to update their photos.

President Lunt indicated an applicant had been selected for the Joseph DiPietro scholarship.

Trustee Willey indicated the employee satisfaction survey will come soon. He also noted that Carrie Lewis met with some local business leaders with him.

### **4. Adjourn.**

The meeting was adjourned at 8:20 p.m.

Submitted by,

Donna Katsiaficas  
Clerk