

DATE: February 1st. 2007

TO: Rochester Hills City Council

RE: Request for information

Roger H. Rousse, Director

At the February 21st. 2007 Regular City Council meeting, members requested additional information concerning the application of an Asset Management System (AM). The following Information answers questions raised at the meeting:

1. **Question:** Is the proposed purchase a comprehensive Program?

Answer: Yes. The GBA Master Series includes all the modules that we can currently put to use and includes the functions listed in the attached cost proposal. Other modules in the available selection were not chosen either because they duplicated an existing software (Fleet Manager) or, were not considered applicable at this time. Those modules could be purchased in the future if the need arises.

2. **Question:** Asset Management scored 70 in the CIP rating. When compared to other projects, how does AM rank and why?

Answer: I spoke with Bob Grace, MIS Director concerning the MIS project ratings and he indicated that all MIS projects appear to rank low due to the CIP rating structure that favors health safety and welfare over efficiency. Another factor affecting ratings is the understanding of the proposal. Consider how raters would factor Asset Management prior to and after the recent presentations. Additional information on the benefits of AM has improved understanding of the tangible and intangible returns on investment. See attached file by GBA President Donald Pinkston Jr.

The benefits include:

- Improved access to the facts.
- Improved data consistency.
- Improved reporting and analysis capabilities.
- Improved customer request and work order tracking.
- Improved maintenance productivity.
- Improved response times.
- Improved communication regarding system needs.
- Improved coordination between departments.

3. **Question:** How does the proposed Rochester Hills purchase price compare to What other communities have paid for their systems?

Answer: We contacted Southfield to determine the cost paid for their system. Southfield purchased a bundle of services that included a financial software system and the asset management modules. In 2004 they purchased 6 modules (Rochester Hills proposes to purchase 13 modules) at an estimated purchase and implementation price of \$229,000. See also attached bid tabs from RFP Asset Management.

4. **Question:** Does there exist a certification or standardization for asset management software?

Answer: After reviewing the attached MML article on AM, I contacted Joe Fivas who referred me to the Michigan Asset Management Council. They have reviewed multiple asset management software programs and indicated that it is a matter of module selection that determines the applicability and success of the programs. The importance of program selection seems to center on the ability to covert data so that references to condition assessments are based on similar criteria. The programs reviewed by the MAMC included the data criteria that Rochester Hills is currently using in our Pavement Management System, Stantec. This would indicate that our current data set is compatible with other systems that may be used in the future for legislative purposes. See attached email.

5. **Question:** What is the financial condition of GBA Master Series Company?

Answer: Attached is information concerning the GBA company background including facts on the financial stability of the company and a history of the organization. In summary, the company began in 1986, consists of 25 employees, has 209 systems in place, has assets exceeding \$2.0 million, and gross revenues in 2006 of \$3.6 million. See attached general information for GBA.

6. **Question:** Where will the annual cost of maintaining the system be charged?

Answer: Similar to the purchase costs, annual maintenance charges will be expensed out of the MIS budget. All departments in the city are charged a Interfund MIS fee based on a formula for dispersing MIS operational costs among the benefiting departments. In 2007 the sewer and water fund are each being assessed \$135,070 for a total of \$270,140.00. There is no support or maintenance cost for the first two years however, future years budgets will include the Asset Management maintenance charge.

7. **Question:** Is this system necessary?

Answer: The City of Rochester Hills is the owner of assets with an estimated value over \$200 million (\$27 million Water and Sewer Operating fund). The estimated \$300,000 dollar purchase price of an asset management system that will manage and extend the lifecycle of those assets, appears to provide a generous return on investment.