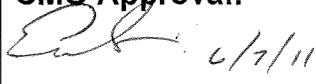




Subject: REQUEST APPROVAL TO AWARD THE ASSET MANAGEMENT CONSULTANT SERVICES AGREEMENT

**Council Agenda: 06-21-11
Item: 2.40**

City Council Action Request

Department: Environmental Services	CEQA: Not a Project, File No. PP10-066 (a), New contract for professional services with no change to the physical environment.	Coordination: Office of Risk Management, City Attorney's Office, and the Treatment Plant Advisory Committee	CMO Approval:  6/7/11
			Dept. Approval: John Stuffelbean /s/

RECOMMENDED ACTION:
Approve a master agreement with GHD Inc., for Asset Management Consultant Services in an amount not to exceed \$300,000, for a term of July 1, 2011 to June 30, 2014.

BASIS FOR RECOMMENDATION:

The Asset Management Program was initiated at the Water Pollution Control Plant (Plant) in 2008 with the long term goal of documenting and managing over 10,000 pieces of equipment, 62 buildings, and 160 miles of pipe that make up the \$2 Billion facility. The beginning of this program was the implementation of a Computerized Maintenance Management System (CMMS) in 2009 which enables staff to track maintenance and repair work done on these assets. Currently, an estimated 50% of staff maintenance efforts are tracked in CMMS. In order to effectively manage the assets and facilitate cost effective asset replacement decision making, a "cradle to grave" approach is necessary to document the investment into the asset from the day it is installed, to the time it requires replacement. This effort requires a comprehensive evaluation and realignment of all supporting activities that form the basis of "managing the asset", such as maintenance work order creation, deployment of resources and scheduling of work, ordering material, tracking work hours, and accounting costs for financial and auditing purposes.

The Plant is seeking consultant support to provide assistance in creating a comprehensive business process to enable this "cradle to grave" management. Specifically, over a three year period, this consultant will assist city staff with efforts such as:

- Benchmarking and adaptation to industry best management practices
- Facilitate the development of Plant specific Key Performance Indicators (KPIs) and Levels of Service (LOS)
- Development of Standards and Policies to enable reliability centered maintenance as opposed to current practice of reactive or time-bound preventative maintenance
- Development of a methodology to quantify and track risks due to asset failures
- Training and knowledge transfer to staff on asset management practices

Responses to City's Request for Qualifications (RFQ) for these services were submitted on November 29, 2010. Four proposals were submitted, of which two met the minimum requirements and were evaluated for technical qualification and cost. GHD Inc, was selected as the preferred consultant.

COST AND FUNDING SOURCE:

1.	AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$300,000
	FY 11-12: \$100,000; FY12-13: \$100,000; FY13-14: \$100,000	
2.	SOURCE OF FUNDING:	
	513 – San Jose-Santa Clara Treatment Plant Operating Fund, Environmental Services Department Non-Personal-Equipment appropriation, No funding is required for the Master Agreement. Monies will be encumbered subject to appropriation of funds.	

FOR QUESTIONS CONTACT: Stephane Lannoye, Program Manager, Environmental Service at (408) 945-5478.