



CITY COUNCIL AGENDA REPORT
MEETING DATE: 8/20/2024
DEPARTMENT: Finance

SUBJECT:

THIRD AMENDMENT TO THE AGREEMENT WITH KAYUGA SOLUTION, INC.,
FOR ASSET MANAGEMENT PROGRAM AND SERVICES

RECOMMENDED ACTION(S):

1. Approve the Third Amendment to the Professional Consultant Services Agreement with Kayuga Solution, Inc. ("Kayuga") for Asset Management Program Project and Services.
 2. Authorize the Mayor to sign, and the City Clerk to attest to the Third Amendment, substantially in the form attached.
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EXECUTIVE SUMMARY:

The City's Strategic Business Plan ("Strategic Plan") includes a priority to be financially sustainable, well-run, and technologically current. The development of an Asset Management Plan ("AMP") was included in the Strategic Plan to facilitate progress towards these priorities.

The AMP is a critical tool in the City's ability to accurately forecast and understand the ongoing and long-term capital improvement of the City's infrastructure. The AMP is intended to influence decisions to optimize reinvestment and management of City infrastructure to meet ongoing service expectations. The outcome of this plan is to align work priorities with budget expenditures in a strategic manner that minimizes lifecycle costs of the City's assets.

To fully leverage the data and insights provided by the AMP, it is essential to maintain the inventory of the City's assets up to date and to utilize specialized software. The proprietary software offered by Kayuga is designed to integrate with our existing systems, providing advanced analytics, reporting capabilities, and real-time data updates. This software will enable staff to make informed decisions based on accurate, up-to-date information, ensuring that infrastructure investments are strategic and cost-effective.

Staff recommends that the City Council approve the third amendment to the current contract with Kayuga to include additional services to maintain the City's register of assets up to date and to purchase and implement of the proprietary software. The proposed amendment extends the term to August 31, 2027, with a change in scope to include the updating of the AMP data, and an increase of \$135,000 in compensation under the agreement to \$582,240.

BACKGROUND:

On February 1, 2022, the City Council authorized a Professional Consultant Services Agreement with Kayuga Solution, Inc. ("Agreement") for an Asset Management Plan ("AMP") in the amount of \$447,240 (Attachment 1). The intended use of the proposed AMP is to comply with the Reserve Policy including development of a master capital replacement schedule or an asset register and establishment of capital reserves based on the Risk Analysis scheduled to occur with the budget cycle. The agreement with Kayuga for the AMP was awarded following a formal Request for Proposals ("RFP") process and upon the City's determination that Kayuga provided the most advantageous service model suited to the city's needs and objectives. Following the initial one-year term of the Agreement, the City Council approved the First Amendment to the Agreement with Kayuga on January 12, 2023, in order to extend the term of the agreement by one year (Attachment 2). Subsequently, the City Council approved the Second Amendment to the Agreement with Kayuga in January 2024 to extend the term of the agreement to February 1, 2024 (Attachment 3).

The asset management plan ("AMP") is a critical tool amplifying the City's ability to accurately forecast and understand the ongoing and long-term capital improvement of the City's infrastructure. This AMP will be used to influence decisions intended to optimize reinvestment and management of City infrastructure to meet ongoing service expectations. The outcome of this plan is to align work priorities with budget expenditures in a strategic manner that minimizes lifecycle costs of the City's assets.

DISCUSSION:

To fully leverage the data and insights provided by the AMP, it is essential to utilize specialized software. Staff sought a software solution that could efficiently integrate with the existing Geographic Information System ("GIS") software and support advanced asset management functions. To fully capitalize on the AMP's potential, it became evident that the City's existing software solutions were inadequate. Specifically, integration through non-Kayuga digital products proved unfeasible for performing essential financial calculations and forecasts.

After evaluating potential options, a quote was requested from Kayuga for its software product, Infrastructure Reinvestment Intelligence System (“IRIS”). This tool is designed to complement and enhance the City’s current GIS system by supporting asset management and GIS functions.

The proprietary software offered by Kayuga is designed to integrate with existing systems, provide advanced analytics, support reporting capabilities, and allow for real-time data updates. This software will enable staff to make informed decisions based on accurate, up-to-date information, ensuring that infrastructure investments are strategic and cost-effective.

IRIS offers a range of functionalities critical to effective asset management. It enables comprehensive asset analysis by category (e.g., parks, buildings, streets), including the ability to:

- Assess the overall value of assets.
- Project maintenance and replacement costs.
- Evaluate asset risk levels and useful life.
- Prioritize investments and assess their effectiveness.

Additionally, IRIS provides detailed asset visualizations, including images, condition assessments, and timelines for depreciation, rehabilitation, or replacement. These features support informed decision-making and strategic planning by offering insights that the City’s current systems cannot provide.

While IRIS will not replace the current GIS system, it will perform complex calculations and analyses that are beyond the scope of the current tools. The integration will allow IRIS to extract data from the existing GIS system and use it for enhanced forecasting and evaluation.

In addition to the use of this forecasting tool, it is important that these records are maintained and updated in a timely manner. This ongoing process will ensure that records remain current and accurate. Included in Kayuga’s quote is the plan to update the City’s assets for the AMP on an annual basis. This regular updating will ensure the tool’s predictions remain accurate and relevant. Additionally, staying current with the data will help us identify and address potential issues before they escalate, enhancing overall decision-making and strategic planning.

The annual cost of IRIS is \$25,000, and the annual update of asset management data is \$20,000. While it is necessary to update the asset management data during the current fiscal year, the necessity of future annual updates will be evaluated each year. The contract amendment would increase the not to exceed

amount by \$135,000, bringing the total compensation under the agreement to \$582,240.

Incorporating IRIS into our asset management strategy will significantly enhance operational efficiencies and align with the City's goal of leveraging technology to improve services. By addressing the gaps in our current system and providing advanced forecasting and analysis capabilities, IRIS will support more effective asset management and strategic planning.

The City's Purchasing and Contracting Guidelines state that any amendments or change orders to a large dollar agreement (total compensation is greater than \$50,000), which involve amendments to the agreement compensation more than 10% of the original compensation, shall be approved by the City Council. City Council approval is also required for all software agreements when the aggregate cost is greater than \$50,000.

Staff recommends the City Council approve the Third Amendment to the Professional Consultant Services Agreement with Kayuga for Asset Management Program and Services. The proposed amendment includes a change in scope, an increase in compensation, and extends the term to August 31, 2027, with the option to extend for two-additional one-year terms.

FISCAL IMPACT:

Sufficient funds are allocated in the Fiscal Year 2024-25 Operating Budget.

ATTACHMENTS:

1. Professional Consultant Service Agreement with Kayuga (Current Agreement)
2. First Amendment to Current Agreement with Kayuga
3. Second Amendment to Current Agreement with Kayuga
4. Proposed Third Amendment to Current Agreement with Kayuga (New Agreement)

Initiated By: Amy Lewis, Assistant Director of Finance

Submitted By: Kevin Shirah, Director of Finance/City Treasurer

Approved By: Debra Rose, City Manager