

CITY OF LOS ANGELES
CALIFORNIA



ERIC GARCETTI
MAYOR

August 11, 2014

Honorable Bob Blumenfield
Chairperson
Innovation Technology & General Services Committee
c/o Office of the City Clerk
Room 395, City Hall

Attention: Eric Villanueva, Legislative Assistant

**REPORT BACK TO CITY COUNCIL ITGS COMMITTEE:
UPGRADE OF THE VEHICLE MANAGEMENT SYSTEM**

On May 14, 2013, the Information, Technology and General Services Committee (ITGS) directed the Department of General Services (GSD), Information Technology Agency (ITA), the Los Angeles Police Department (LAPD), the Los Angeles Fire Department (LAFD), and the City Administrative Officer (CAO) to report back with a detailed implementation plan including system costs, staffing needs, and to address LAPD security concerns. City Council approved ITGS' direction to the departments on May 28, 2013. The cost to completely fund this project is \$5.5 million. In fiscal year 2013-14, \$3.1 million was placed in the Unappropriated Balance; however, as of this date, the project is underfunded by \$2.4 million.

Additionally, this report is also in response to the Mayor's and Council's direction to report back on this subject in the 2014-15 budget (Council File 14-0600).

BACKGROUND

On June 5, 2012, the City Council instructed GSD with input from LAPD, LAFD and ITA to report back on options for upgrading or replacing the City's current Vehicle Management System (VMS) and related motor pool and fuel management systems with new technologies to improve efficiencies and reduce costs (Council File 12-0821). On February 12, 2013, the departments presented a report to ITGS outlining the cost for the staffing, purchase and implementation of VMS, Motor Pool Management System (MPMS) and the Fuel Management System (FMS).

Prior to submitting the February 2013 report to ITGS, GSD submitted a budget request for the 2013-14 Fiscal Year in the amount of \$3.1 million. This was the original cost submitted by AssetWorks for the system implementation, hosting of VMS for three years, installation and implementation of MPMS. The budget request was approved and the funding was placed in the 2013-14 Unappropriated Balance. At the time of submission, the budget request did not include funding for positions or communication equipment for MPMS network connections that the City must purchase for the installation to begin due to Citywide budget constraints. Currently, there is enough funding in the Unappropriated Balance to begin the project, with the intent of submitting additional budget requests to fund the rest of the project.



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The February 2013 report included a preliminary implementation plan that tasked AssetWorks with hosting VMS for 16 months with ITA acquiring that responsibility thereafter. Hosting entails the day-to-day system administration of VMS, but LAPD security requirements were not made clear to AssetWorks. Once the requirements were made clear to AssetWorks and incorporated into the Statement of Work, AssetWorks' proposal was modified and the cost of hosting the system increased by \$1.5 million, resulting in the project being underfunded.

To reduce project hosting costs, the departments reviewed several other hosting options and determined that the most cost-effective strategy would be for ITA to host the system from the beginning of the project. This strategy not only addresses LAPD's security concerns but also provides a substantially less expensive hosting option (Attachment 1). Additionally, the existing vehicle maintenance system, MCMS, is an antiquated application hosted on the City's mainframe. The mainframe is the legacy software platform ITA has targeted for elimination due to the high cost of maintenance, requirements for specialized staffing, and lack of compatibility with modern business applications.

To address staffing requirements, each department submitted budget requests as part of the FY 2014-15 budget process. None of these requests were approved, as a result, the total project deficit has increased to \$2,388,537 (Attachment 2).

Benefits of an Upgraded Fleet Management System

Upgrading the fleet management system will ensure that the City of LA fleet managers have the best fleet management tool available and that fleet managers are not limited by the outdated features and diminishing support of the existing 1980's fleet management system. Upgrading the system not only meets the current capabilities and requirements of the existing system but it exceeds and expands those capabilities with internet-based technologies that result in productivity gains, increased efficiencies, and cost savings.

The M5's upgraded system features and modules are based on modern fleet management techniques and best practices. Customer service and vendor training for the upgraded system are greatly increased and there is a greater network of contemporary fleets using M5 which results in improved peer support and customer feedback for on-going VMS improvements.

New fleet management system technology allows City computer systems to talk to each other and more easily share data across systems. This upgrade has the ability to push the application out to as many users as necessary, such as, shop floor mechanics, customer departments, and City executive management through customized portals. Data sharing is especially important for proper management of auto parts and fuel transactions. The upgraded system also provides enhanced management reporting capabilities. Reporting tools include applications for non-technical users to run "dashboard" type reports using real-time data updates.

Operational benefits of M5 include:

- *Vehicle asset lifecycle tracking from procurement to end-of-life salvage,*
- *Detailed vehicle lifecycle costs and asset salvage revenue,*
- *Maintenance alerts and enhanced shop scheduling via e-mail, SMS, and cell phone messaging,*
- *Secure customer portals to request repair appointments and to submit comments about vehicle problems,*

- *Potential to increase productivity and time savings via the vehicle parts module which allows for faster ordering of the correct parts needed for repairs (if budgetary controls reside in SMS),*
- *Increased interface capability with other City systems such as SMS and FMS,*
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- *Enhanced vehicle replacement modeling,*
- *GPS Fleet telematics integration; and*
- *Automated motor pool integration.*

Key Comparisons - Current vs. Upgraded System:

Current Fleet Management System:	Upgraded Fleet Management System:
Mainframe-based.	Web-based.
Limited interfacing –City and vendor systems.	Expanded integration with related systems.
No customer portals.	Customer portals for departments to view fleet information.
Customized reports generated on request by Fleet Services report writing analysts.	Customized reports available instantly through Key Performance Indicators.
Limited “service due” e-mail notification system.	Customizable customer alerts and notifications.
No Integration with automated Motor Pool or GPS.	Fully Integrated with automated Motor Pool and GPS.

VMS Project Plan

To generate a scope of work for the upgrade of VMS, AssetWorks provided the user departments a document outlining the benefits of the upgrade, implementation strategies, specific system modifications and replacement. The user departments reviewed the documentation provided and in turn submitted to AssetWorks a draft of comprehensive user requirements that must be included in the project. The combination of these documents resulted in a Statement of Work which is the blueprint for the project (Attachment 3).

Contracting

AssetWorks is the City’s contractor for the current version of VMS and has worked with the City since the inception of VMS in 1996. During this time, AssetWorks has performed needed system maintenance and regular annual maintenance upgrades to the system, as well as, worked with the user departments to customize the system so that VMS addresses the requirements of each of the user departments. AssetWorks has expertise and knowledge that cannot be obtained by any other contractor.

GSD, LAPD, LAFD, and ITA are working with the City Attorney’s Office to enter into a personal services contract with AssetWorks for software license, implementation, conversion of existing data, and maintenance.

Funding

AssetWorks has submitted a proposal of \$2,989,894 (Attachment 4) to complete the upgrade of VMS. The proposal submitted by AssetWorks includes a 50 percent discount that AssetWorks extends to long term customers such as the City. The proposal includes software, hardware, maintenance, services and travel for three years. The AssetWorks proposal does not include the cost for VMS hosting.

Because ITA's request for funding in the FY 2014-15 budget was not approved, it is recommended that project funds of \$1,713,890 be transferred from the Unappropriated Balance in fiscal year 2014-15 and placed into ITA's accounts to pay for hardware, software, staffing, training, infrastructure; and into GSD's accounts for contractual services, communication equipment, and staffing. Two joint budget requests will be submitted in FY 2015-16 and FY 2016-17 requesting funding to complete the project.

Implementation

The upgrade of VMS will be completed in six phases over a 20-month period. This phasing will allow AssetWorks to focus on each individual user department's operations, work-flows and requirements as the implementation progresses. The phases are as follows:

Phase 1: City-Wide Implementation – Overall project management, M5 installation, interface development and enhancements.

Phase 2: GSD Implementation – Systems application upgrade at all GSD facilities including system design, data conversion, user training, system setup and configuration.

Phase 3: LAFD Implementation – Implementation of the upgraded application at all LAFD facilities including system design, data conversion, user training, system setup and configuration.

Phase 4: LAPD Implementation – Implementation of the upgraded application at all LAPD facilities including system design, data conversion, user training, system setup and configuration.

Phase 5: MPMS Implementation – Installation of Motor Pool Management System controllers at seven City of Los Angeles locations, configuration of the Motor Pool modules and user training.

Phase 6: Capital Asset Management (CAM) Implementation – Implementation of the integrated CAM application including system design, user training and data loading.

Staffing

GSD and ITA will require (5) five positions for FY 2014-15, LAFD for FY 2015-16 and LAPD for FY 2016-17; the positions are outlined in Attachment 5a. These positions are required for the implementation, end user training, continued information technology support, system administration, management reporting and analysis for fleet operations.

FISCAL IMPACT STATEMENT

The total cost of the VMS project is \$5.5 million over three years. In FY 2014-15, funding in the amount of \$3.1 million is provided in the Unappropriated Balance for VMS. This would result in a \$2.4 million project shortfall, which would occur by the second year of the project.

Total projected expenditures for the first year of the project in FY 2014-15 are estimated to be \$1.7 million. The Departments would require a reappropriation of the remaining \$1.4 million from funds in the Unappropriated Balance to fund the project in year two. The projected expenses for year two of the project are estimated to be \$2.0 million and would require

additional funding of \$525,590 by the Mayor and Council, followed by an additional \$1.8 million for year three of the project.

CONCLUSION

GSD, ITA, LAPD, and LAFD believe that the VMS upgrade should go forward. All departments have worked closely to identify funding strategies to assist in the generation of an implementation plan and to develop system requirements to ensure the success of the project. However, even with the collaboration between the departments, the project cannot go forward without the funding and the allocation of positions that have been outlined in the recommendation section below.

RECOMMENDATIONS

1. Authorize GSD, ITA, LAFD and LAPD to execute a contract with AssetWorks under Charter Section 371 (e)(2) and begin work on the project with the understanding that an additional \$2.4 million will be required; (\$525,590) in FY 2015-16 and (\$1,829,000) in FY 2016-17 to complete the project.
2. Authorize the Controller to transfer \$593,725 from the 2014-15 Unappropriated Balance to the following accounts within ITA Fund No. 100/32.

Account:	Name:	Amount:
003040	Contractual Services	\$343,225
006010	Office and Administrative Expense	\$160,500
007300	Equipment	\$ 90,000

3. Authorize the Controller to transfer \$1,120,165 from the 2014-15 Unappropriated Balance to the following accounts within General Services Fund No.100/40.

Account:	Name:	Amount:
001010	Salaries General	\$171,676
003040	Contractual Services	\$933,489
006010	Office and Administrative Expense	\$ 15,000

4. Authorize the Controller to reappropriate \$1.4 million of the \$3.1 million from the FY 2014-15 Unappropriated Balance in the Vehicle Management System line item to the same line item for FY 2015-16.
5. Authorize resolution authority for five positions within GSD and ITA as follows. Additional positions will be requested in future budget years as identified in Attachment 5a.

Dept.:	Position:	# of Pos.:
ITA	Systems Programmer II (1455-2)	1
ITA	Data Base Architect (1470)	1
ITA	Programmer Analyst IV (1431-4)	1
GSD	Systems Analyst II (1596-2)	1
GSD	Management Analyst II (9184-2)	1

6. Authorize ITA to hire a contractor as required to support the hosting of the VMS project.

7. Instruct GSD, ITA, LAFD and LAPD to submit a joint budget package in FY 2015-16 for \$525,590 for the remaining costs of year 2 of the project. Instruct GSD, ITA, LAFD and LAPD to submit a budget request for the 2016-17 fiscal year in the amount of \$1,829,000 for staffing and expenses for year 3 of the project.



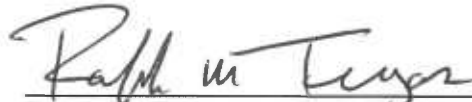
Tony M. Royster, General Manager
Department of General Services



Charlie Beck, Police Chief
Los Angeles Police Department



Steve Reneker, General Manager
Information Technology Agency



Ralph M. Terrazas, Fire Chief
Los Angeles Fire Department

Attachments