



Board of Directors

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Paul Daniel Solano, District K
Jeff Walker, District D
Kate Williams, District A

EXECUTIVE COMMITTEE MEETING
July 12, 2018 at 12:00 PM

Executive Committee Agenda

Chaired by Doug Tisdale

- I. **Call to Order**
- II. **July Board Meeting Agenda Review**
- III. **Other Matters**
- IV. **Adjourn**

Draft Board Meeting Agenda - July 17, 2018

- I. **Call to Order**
- II. **Pledge of Allegiance**
- III. **Roll Call - Determination of Quorum**
- IV. **Retiree Awards**
- V. **Public Participation**
- VI. **Committee Reports**

Planning/Capital Programs & FasTracks Committee – Chaired by Director Lubow
Government Relations Committee – Chaired by Director Solano
Civil Rights Committee – Chaired by Chair Tisdale
Operations & Customer Services Committee – Chaired by Director Deadwyler
Financial Administration & Audit Committee – Chaired by Director Mihalik
GM Oversight & Performance Management – Chaired by Director Walker

VII. General Manager Oversight and Performance Management Update

VIII. Approval of Board Meeting Minutes of June 26, 2018

IX. Chair's Report

X. General Manager's Report

XI. Unanimous Consent

A. Approval of ERP Licenses

It is recommended by the Financial Administration & Audit Committee that the Board of Directors authorize the General Manager or his designee to execute all documents necessary to award a contract to Mythics for licenses for the ERP Replacement Program for an amount not to exceed \$2,000,000 over 5 years. Subscriptions for the ERP Replacement Program will be paid annually.

This recommendation addresses two of the General Manager's 2018 goals: Core Goal #3 Strong Financial Management and Task Goal #1 Fiscal Sustainability.

B. Approval of Data and Content Analysis Software

It is recommended by the Financial Administration and Audit Committee that the Board of Directors authorize the General Manager or his designee to award a five-year contract to Active Navigation in the total not-to-exceed amount of \$869,539 for a data and content analysis software (record crawler).

This recommended action addresses the General Manager's 2018 goals - Task Goal #1 Fiscal Sustainability, and Task Goal #3 Asset Management/State of Good Repair.

XII. Recommended Action

XIII. Old Business

XIV. New Business

XV. Executive Session

Denver Transit Partners dispute resolution process and negotiations. CRS 24-6-402 (4) (b) (Conferences with an attorney for the local public body for the purposes of receiving legal advice on specific legal questions); and CRS 24-6-402 (4) (e) (I) (Determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators)

XVI. Adjourn

The following communication assistance is available for public meetings:

- Language Interpreters
- Sign-language Interpreters
- Assisted listening devices

Please notify RTD of the communication assistance you require at least 48 business hours in advance of a RTD meeting you wish to attend by calling 303.299.2307

THE CHAIR REQUESTS THAT ALL PAGERS AND CELL PHONES BE SILENCED DURING THE BOARD OF DIRECTORS MEETING FOR THE REGIONAL TRANSPORTATION DISTRICT.

BOARD OF DIRECTORS REPORT

To: David A. Genova, General Manager and CEO

From: Heather McKillop, CFO/AGM, Finance & Administration

Date: July 2, 2018

Subject: Approval of ERP Licenses

Date: July 3, 2018
GM
Board Meeting Date: July 17, 2018

RECOMMENDED ACTION

It is recommended by the Financial Administration & Audit Committee that the Board of Directors authorize the General Manager or his designee to execute all documents necessary to award a contract to Mythics for licenses for the ERP Replacement Program for an amount not to exceed \$2,000,000 over 5 years. Subscriptions for the ERP Replacement Program will be paid annually.

This recommendation addresses two of the General Manager’s 2018 goals: Core Goal #3 Strong Financial Management and Task Goal #1 Fiscal Sustainability.

BACKGROUND:

The current Oracle e-business suite (EBS) enterprise resource planning (ERP) implementation at RTD is approaching end of life. Oracle will end support for the EBS system in 2021.

Starting in 2017, the Information Technology team began researching various approaches for the ERP replacement. Modern ERP solutions are moving toward a cloud-based, specialized solution. Three options for replacement were presented to the AGM’s for consideration:

1. Upgrade the existing ERP Oracle system to Oracle Cloud
2. Implement another vendor’s single cloud ERP solution (such as SAP or Workday)
3. Use a best-of-breed hybrid approach by implementing ERP cloud-based solutions for specific lines of business (such as finance and human resources)

The options were presented to the AGM’s and they determined to use a best-of-breed, hybrid approach. This enables RTD to take advantage of the strengths of various cloud-based solutions to improve business operations and more closely align the cloud/software solution to business process. Cloud tools make it easier to implement a best-of-breed approach and they also allow for integration between the differing systems.

During the research phase, demonstrations of several vendor’s solutions were held with RTD business units to determine the functionality needs and best fit for RTD business processes. Through this series of demos and requirements gathering sessions, the determination was made that finance related modules would stay in one cloud-based solution forming the ERP backbone, or backend system. The solution that was chosen was Oracle cloud. The human resources and payroll modules will utilize a different cloud-based solution that has not yet been determined. Some examples of the finance related modules (and those that are dependent on finance modules) include:

- General ledger
- Accounts payable
- Account receivable
- Assets

- Procurement
- Inventory planning and forecasting
- Public sector budgeting
- Sourcing, supplier, and contract management

The first phase of the ERP replacement project includes the following modules:

1. Public sector planning and budgeting
2. Inventory planning and forecasting
3. Sourcing, supplier and contract management

The current Public Sector Planning and Budgeting module is outdated and does not provide the functionality needed by RTD. It is no longer supported by the vendor. The Inventory Planning and Forecasting module is outdated and does not provide advanced functionality that enables efficient business performance. This module will reach end of life and no longer be supported by the vendor after 2021. Sourcing, Supplier and Contract Management is a new module that will be added to the ERP program once licenses are procured and will allow for easier management of contracts and vendor interactions.

Over the past eighteen months, multiple vendors were invited to demo their solutions for these three modules with RTD business units. The Oracle solution best fit the needs of the business units as well as the specific public-sector business needs of RTD. In the case of public sector budgeting, Oracle is the only solution that performs the functions needed for public sector. Oracle was also chosen because of the dependence and integration needed between these modules and the finance backbone.

The Board previously approved a total of \$15,000,000 for the ERP Replacement Program in the 2018 - 2023 Strategic Budget Plan. The contract authority recommended in this board action will use a portion of this approved funding for this first set of ERP program licenses.

DISCUSSION

RTD conducted an RFI to obtain pricing for these three modules with the National Association of State Budget Officers (NASBO), US Communities, and The Cooperative Purchasing Network (TCPN). Each of these organizations have pre-negotiated contracts with the State of Colorado. The State bid and awarded these contracts through their standard procurement processes and these contracts allow other governmental agencies to utilize them. Two firms submitted proposals. The criteria used to evaluate the proposals was license cost.

FINANCIAL IMPACT

The contract authority shall not exceed \$2,000,000. Funding for these licenses is included in the approved ERP Replacement Program budget.

The yearly breakdown for the licenses is as follows:

2018			\$400,000
2019			\$400,000
2020			\$400,000
2021			\$400,000
2022			\$400,000

ALTERNATIVES

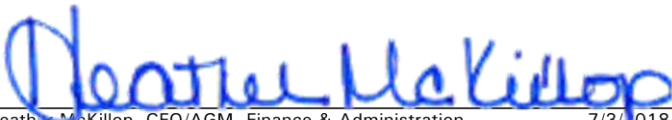
1. It is recommended by the Financial Administration & Audit Committee that the Board of Directors authorize the General Manager or his designee to execute all documents necessary to award a contract to Mythics for licenses for the ERP Replacement Program for an amount not to exceed \$2,000,000 over 5 years. Subscriptions for the ERP Replacement Program will be paid annually.
2. Remain on our existing ERP implementation with one module currently out of support and the remaining modules no longer supported by the vendor after 2021.

Prepared by:

Heather McKillop, CFO/AGM, Finance & Administration

Kim Heldman, Senior Manager, IT

Approved by:



Heather McKillop, CFO/AGM, Finance & Administration

7/3/2018

BOARD OF DIRECTORS REPORT

To: David A. Genova, General Manager and CEO

From: Heather McKillop, CFO/AGM, Finance & Administration

Date: July 2, 2018

Subject: Approval of Data and Content Analysis Software

Date: July 3, 2018
GM
Board Meeting Date: July 17, 2018

RECOMMENDED ACTION

It is recommended by the Financial Administration and Audit Committee that the Board of Directors authorize the General Manager or his designee to award a five-year contract to Active Navigation in the total not-to-exceed amount of \$869,539 for a data and content analysis software (record crawler).

This recommended action addresses the General Manager’s 2018 goals - Task Goal #1 Fiscal Sustainability, and Task Goal #3 Asset Management/State of Good Repair.

BACKGROUND

Since RTD began using personal computers and related technology to support its mission, our employees have created, received and saved electronic files on RTD’s network shared drives. Today, there are more than 9,000 – nine thousand – gigabytes (GB) of electronic files in RTD’s shared drives alone. Translated to paper, that is 8 billion pages, 8 million file boxes (at 1,000 pages per box), or more than 4,500 round trips to the moon if each page is placed end-to-end.

In this digital age, all organizations including RTD are facing steadily increasing information management challenges. These challenges include increased regulatory requirements that now focus on information assets more than ever before, security and privacy issues, and email and web communications. To support best practices in information governance, lifecycle management, and records management, and to most efficiently leverage the information and data in our custody, RTD must take control of this tsunami of data. A well-established software tool called a “crawler” is a standard method to identify and flag files for transfer or deletion, helping reduce the total volume of electronic files to manage while ensuring that the information RTD relies on is quickly accessible.

DISCUSSION

In August 2016, IQ Business Group (IQBG), a highly respected information governance consultant, presented RTD with recommendations to improve our records management program after a careful assessment of the existing program. IQBG’s recommendations included combining RTD’s various document control and information governance staff into a unified Information Governance & Management (IGM) Division, creating records liaisons within each department, and other recommendations.

The purchase of a data and content analysis tool – a crawler – was one of IQBG’s recommendations after a pilot crawl of a small portion of RTD’s network revealed that roughly 40% of the total content fell into the category of low value. For this exercise there were five classifications that made up the low value category:

- **Temporary** – 2% of files were created by system processes (i.e., .tmp file extensions)
- **Duplicates** – 30% of the files assessed were duplicates

- **Non-Business** – 24% files identified as multimedia content named in a way that indicates it is not related to business (Christmas, holiday, vacation, etc.)
- **Old** – 26% content with a modified date greater than ten years.
- **Identified low value** – 18% content identified in the name or by folder as being a first draft, or an older version, of content that should be deleted.

Another factor in the analysis was the risk content that was identified. Approximately 280,000 files on the network showed a number that appears like a social security number or a credit card number.

The term “crawler” is most often seen in the context of internet searches: a “web crawler” – also known as a “spider” – is an automated tool that browses through the internet in a systematic way, creating an updating a search engine index and helping make sense of the huge amount of online information. Google and Bing would not exist without automated crawlers.

For individual enterprises like RTD, crawlers serve similar indexing and search functions for data in a variety of formats, but they also perform the crucial task of identifying files that can and should be deleted. Appropriate deletion of data is important because data costs potentially enormous sums of money to manage – especially in the context of litigation e-discovery – and value can only be derived from data if the information is accessible and usable. Not all data has equal value – to a computer, an employee’s vacation snapshot can take up just as much space on RTD’s files and require just as much management as critical operational data – but all data must be evaluated for its value (or lack of value) and retained or deleted based on that evaluation. A crawler is the key automation tool to perform such evaluation and promote efficient retrieval of valuable data. A crawler can also identify information that needs to be secured. Conducting such searches and evaluation manually is virtually impossible given the amounts of data at issue, while an automated crawler uses algorithms to quickly and accurately identify files that can and should be deleted.

To more efficiently and securely manage RTD’s data and information, and optimize storage in compliance with RTD’s records retention policy, subject to approval of this Recommended Action the IGM Division will use a crawler to search and analyze RTD’s structured and unstructured electronic information. IGM’s goal is to reduce storage of information in unauthorized locations, identify and remove duplicates (de-duping), reduce storage costs, identify the most current version of duplicates to preserve as the record copy, and improve current processes and practices when it comes to managing information as an organization.

The crawler is one strategy that IGM intends to use to reach these goals by better identifying redundant information. Another strategy is to implement a records liaison program to interface with IGM as the Division’s eyes and ears. A third strategy is the assessment program to determine compliance of departments across RTD with the records management and information governance policies and procedures.

This technology will be used in conjunction with RTD’s Enterprise Content Management (ECM) tool, Laserfiche, to capture the original and authentic record. Duplicate and redundant files will be flagged for destruction in accordance with RTD policies and procedures. These actions will help reduce the cost of doing business, minimize the risk of keeping records past their retention period, and lower legal expenses.

The RFP was advertised on October 16, 2017. RTD received five proposals. Active Navigation was selected as the best value based on software features, functionality, maintenance and support, and price.

The proposed contract with Active Navigation is for a not-to-exceed amount of \$869,539 covering all five years, and includes a five-year licensing agreement, implementation, testing, maintenance, training, and support.

FINANCIAL IMPACT

Most of the funding is accounted for in the 2018 - 2023 Strategic Budget Plan within IGM's operating budget and approved capital award. Crawler software Award #LC-01-3309-16 and Award #LC-01-3309-15 have cumulative funds at \$650,000; implementation and integration Award #LC-01-3309-16 has \$74,880, and Support and Maintenance from the expense budget has \$100,000 for a grand total of \$824,880. The balance of the funds will come from the Data Processing budget line in the IGM O&M budget.

The cost savings/avoidance to be realized is significant. The Crawler will:

- Reduce the volume of electronic files to review during eDiscovery.
- Decrease time spent searching for information. An estimated 15–25% of employees' time is spent on nonproductive information–related activities.
- Eliminate redundant, obsolete and trivial files (ROT) to keep storage costs down.
- Identify the authentic record for business and engineering decisions to avoid costly mistakes.
- Eliminate shadow systems that hold duplicate information.
- Provide the legally defensible deletion of e-trash, ROT, stale and low value content.
- Effectively identify and protect personally identifiable information, personal health information, sensitive security information, and protected critical infrastructure information.
- Move the authentic records to the correct repository to reduce duplication of files, or re-creation of the record.
- Enhance compliance with current processes and practices to manage information overall at RTD.

ALTERNATIVES

1. It is recommended by the Financial Administration and Audit Committee that the Board of Directors authorize the General Manager or his designee to award a five-year contract to Active Navigation in the total not-to-exceed amount of \$869,539 for a data and content analysis software (record crawler).
2. Do not accept the Recommended Action. Do not authorize the General Manager or his designee to award a contract to Active Navigation in the amount of \$869,539 for the data and content analysis software. This alternative is not recommended because without a crawler, RTD would continue to generate and store data and information at an exponential rate, with lessened security and increased search and e-discovery costs. RTD would have to rely on costly, inefficient and less reliable manual methods to try to manage electronic information, resulting in greater personnel costs, reduced effectiveness, and greater risk of liability.

Prepared by:

Rolf Asphaug, General Counsel

Linda Buss, Sr Manager, Information Governance and Management

Approved by:

Heather McKillop

Heather McKillop, CFO/AGM, Finance & Administration

7/3/2018