

Agenda Report

October 22, 2001

TO: City Council
THROUGH: Municipal Services Committee

FROM: City Manager

SUBJECT: Authorization to enter into a contract with California Municipal Utilities Association (CMUA) for Market Research Services

RECOMMENDATION:

It is recommended that the City Council authorize a contract not to exceed \$45,000 with CMUA for market research services. This contract is exempt from competitive bidding pursuant to City Charter section 1002 (F), contracts for professional or unique services.

It is further recommended that the proposed contract be granted an exemption from the competitive selection requirement of the Affirmative Action in Contracting Ordinance, pursuant to P.M.C. 4.09.060[C], contracts for which the City's best interests are served.

BACKGROUND:

Pasadena Water and Power (PWP) places a high priority on monitoring customer satisfaction with their utility (water & power) service. This subject -- particularly electricity sufficiency -- has grown in importance in recent months, as concerns have increased around issues related to the availability, reliability, and cost of electricity.

During this same period, CMUA retained the firm of RKS Research & Consulting to survey businesses and residents served by municipal utilities, obtaining their assessments of energy issues, utility performance, and preferences. Since expenses are shared by participating CMUA member systems, this statewide survey is a cost-effective mechanism for obtaining useful measures of customer satisfaction and provides the ability to compare Pasadena scores against those of other municipal utilities.

PWP's contract with CMUA will require CMUA to provide a package that consists of four parts summarized below:

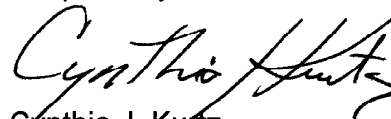
1. **CMUA 2001 Statewide Survey of California Business Customers Served by Municipal Utilities:** This represents the fourth time since 1995 that CMUA studied attitudes and opinions of municipal utility business customers. The findings are based on 500 telephone interviews conducted in April/May, 2001 – precisely the time customers exhibited greatest concern about California's energy situation. *Deliverable:* a full analysis and report plus an on-site presentation of findings.
2. **CMUA 2001 Benchmark Statewide Survey of California Residential Customers:** This will be the first statewide survey of residential customers of municipal utilities. The survey, to be conducted in October 2001, will be based on 500 telephone interviews among customers of municipal utilities. For comparative purposes, 250 interviews among customers of investor-owned utilities will also be included. *Deliverables:* a final questionnaire, full analysis and report and on-site presentations
3. **Pasadena Oversample:** The CMUA benchmark offers Pasadena a unique opportunity to ask similar questions among local residents on water and energy issues, and compare and contrast them against other municipal utility residential customers in Southern California and throughout the state. The survey will conduct 300 telephone interviews in late October and early November on customer satisfaction with utility services. *Deliverables:* final "customized" questionnaire; 300 completed telephone interviews; full analysis and report.
4. **Research-To-Action Workshop:** The full potential of customer satisfaction research can be maximized if it is used as the basis for making plans to change and improve. A workshop will be designed and delivered to develop action plans at PWP to improve any weaknesses and reinforce the perceived strengths found in the research. *Deliverables:* action plans based on customer input (found in the research) to change and improve customer satisfaction and perceptions with PWP utility services.

The following California Municipalities are also participating in the survey: Anaheim, Burbank, Glendale, LADWP, Modesto Irrigation District, City of Palo Alto, Riverside, Roseville Electric, Silicon Valley Power, SMUD, and the Turlock Irrigation District.

FISCAL IMPACT

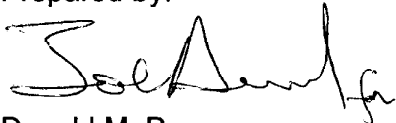
Funds for this project are available from the Pasadena Water and Power approved
FY 2002 budget 834200.

Respectfully submitted,



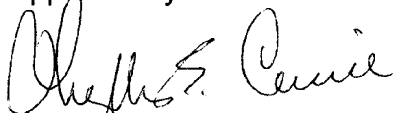
Cynthia J. Kurtz
City Manager

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