

# Agenda Report

December 3, 2018

**TO:** Honorable Mayor and City Council  
**FROM:** Water and Power Department  
**SUBJECT:** **AUTHORIZATION TO ENTER INTO A CONTRACT WITH TMG UTILITY ADVISORY SERVICES, INC. TO PROVIDE PROJECT MANAGEMENT, QUALITY ASSURANCE, AND TEST SUPPORT SERVICES FOR THE CUSTOMER INFORMATION SYSTEM, CUSTOMER SELF SERVICE AND ELECTRONIC BILL PRESENTMENT AND PAYMENT PROJECT**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 21065, 15060 (c)(2), 15060 (c)(3), and 15378, and as such, no environmental document pursuant to CEQA is required for the project;
2. Authorize the City Manager to enter into a services contract, based on a competitive selection process pursuant to Pasadena Municipal Code Section 4.08.047, with TMG Utility Advisory Services, Inc. to provide project management and quality assurance services for the Customer Information System, Customer Self Service and Electronic Bill Presentment and Payment project in an amount not to exceed \$1,709,900; with an option to provide testing support services, in an amount not to exceed \$1,037,610 for a total not to exceed \$2,747,510.

## **EXECUTIVE SUMMARY:**

The Water and Power Department ("PWP") has initiated a multi-year, multi-million dollar project to replace its aging Customer Information System ("CIS") which is used for the billing of electricity, water, sewer, and refuse services, as well as several key utility-related taxes. The current CIS, which was implemented in 2001, has become obsolete with limited support from the developer. The current system cannot address the evolving utility-related policy and regulatory requirements, emerging rate structures, and ever-increasing customer expectations for system features. An advanced CIS would provide the necessary platform to launch much needed operational technologies such as interactive smart meters, early water leak detection, remote power turn on/off, transactive-grid, and other services. A Request for Proposals ("RFP") to select a replacement CIS solution was issued in May 2018, and the associated vendor selection

process is currently underway. It is estimated that a final selection will be determined by January 2018.

Additionally, an RFP to select project management and quality assurance services for the CIS replacement project was issued in July 2018. Based on the results of the evaluation process, which weighed vendor experience and expertise, proposed methodology/scope of work, similar project experience, and proposed resources, staff is recommending that the City Council authorize the City Manager to enter into a contract with TMG Utility Advisory Services, Inc., ("TMG") who received the highest overall score.

The proposed services contract will provide dedicated project management and quality assurance services for the implementation of the CIS solution that is ultimately selected to ensure successful completion of the project. Staff also recommends including an option to add testing support services if necessary.

PWP proposes to execute this services contract prior to final contract negotiations for the CIS solution. This will provide the Project Manager and Quality Assurance Lead timely insight into the identified scope of work, as well as engage participation to leverage TMG's professional expertise during "best and final" contract negotiations with the CIS provider.

#### **BACKGROUND:**

In July 2017, City Council authorized the City Manager to enter into a contract with TMG to conduct a comprehensive needs analysis as the first phase of the CIS replacement project. Assessing the current and future business and functional requirements resulted in a "blueprint" report that recommended a full replacement solution instead of upgrading the existing CIS system. The assessment confirmed that a new CIS solution is necessary to address hardware and software enhancements, as well as accommodate significant current and future changes in utility markets including regulation requirements and modern customer needs – distribution systems automation, sophisticated metering, complex rate structures, accessible billing, and new communication technologies.

The RFP to select a replacement CIS solution was issued in May 2018, and the associated vendor selection process is currently underway.

#### ***Project Resources***

The CIS Replacement Project is technically complex; it is expected to span at least two years in duration, require multiple contracts totaling several millions of dollars, and have unavoidable impact on business operations and staffing resources. In addition to the core business processes of utility billing that include customer account information, electric, water, sewer and refuse rates, the CIS system plays a pivotal role in providing data to other critical business systems for PWP and other City departments.

Results of the needs assessment identified insufficient in-house resources to manage both the implementation of a new solution and maintain regular operational job responsibilities. As such, an RFP for project management and associated project support services was developed and advertised through PlanetBids on July 23, 2018.

### ***Proposed Contract Roles and Responsibilities***

Under the requirements of the proposed contract, the consultant will provide a project manager and quality assurance lead, with optional testing support services.

The PM's primary responsibilities will include acting as the owner's representative while assisting staff with managing all vendor contracts to ensure a cohesive solution and developing a comprehensive project plan to document the project scope and methodology. The PM will work closely with the City's Utility Operational Technology Manager and other members of the City's Core Team to ensure that all project requirements are completed as scheduled and within budget.

The Quality Assurance ("QA") lead will be responsible for independent review, evaluation, and assessment of all project activities. The QA lead performs outside of the project team to provide forensic oversight on scope, schedule, and a cost driven perspective.

The RFP requested optional testing support services to aid in the development and execution of test plans, as well as the coordination of testing schedules and environments. The decision to engage testing support services will be made after finalizing the evaluation of the RFPs for a replacement CIS solution. The resulting contracts proposed by the System Implementer and CIS solution vendors will determine whether additional resources and services will be required from the proposed agreement with TMG.

### ***RFP and Evaluation Process***

The RFP advertisement and vendor selection process was conducted in accordance with the Competitive Selection process defined in the Competitive Bidding and Purchasing Ordinance, Pasadena Municipal Code, Chapter 4.08. This Ordinance sets forth procedures for procurements that are excluded from competitive bidding requirements under Section 1002 of the City Charter. Competitive Selection for this contract is in the best interests of the City of Pasadena because of the need to balance cost against the specialized experience and capabilities necessary to manage a complex capital project such as the CIS replacement.

The "Project Management and Quality Assurance Services for Customer Information System, Customer Self-Service, and Electronic Bill Presentment and Payment Implementation" RFP was downloaded from PlanetBids by 90 registered vendors, of which 10 are local, Pasadena businesses. Eight proposals were received in response to the RFP by August 24, 2018. Four proposals did not meet the minimum requirements specified in the RFP and published addendum, two of which were submitted by local Pasadena firms. The local vendors were disqualified because they did not have

sufficient experience managing CIS implementations for utilities and their responses did not acknowledge the addendum to the RFP, which was essential to the evaluation process.

The RFP evaluation was conducted as a two-part process. Phase 1 evaluated the vendors' experience and expertise, proposed methodology/scope of work, project experience, and proposed project staffing. The purpose of the Phase 1 scoring was to identify all qualified proposers that would meet the requirements as outlined in the RFP without immediate consideration of cost. The evaluation of PM and QA responses were completed by a separate team of staff from those that evaluated the responses to the RFP for the CIS solution. The scoring results of the Phase 1 evaluation are shown in Table 1.

**Table 1: Phase 1 Scoring Criteria and Proposal Scores**

Phase 1 Scoring Criteria	AAC Columbia, SC	Intoollect Austin, TX	SDI Presence Carmichael, CA	TMG Consulting Buda, TX
Company Experience & Expertise	63%	84%	88% ✓	94% ✓
Methodology and Scope of Work	64%	79%	61%	86% ✓
Project Experience	58%	58%	40%	90% ✓
Project Staffing	50%	50%	50%	100% ✓
Local Business	0%	0%	0%	0%
Small/Micro Business	0%	0%	0%	0%

Note: ✓ Indicates that minimum score of 85% was attained for this criterion

As indicated in the RFP, a minimum score of 85% of the total available points for each of the categories listed in Table 1 was a requisite to qualify for Phase 2 evaluation. Phase 2 evaluated the results of reference checks and fee schedules to determine the proposal with the best fit and pricing.

Staff completed a comprehensive assessment of the proposals received and found only one qualifying vendor for Phase 2. TMG met the requirements of the RFP, received the highest evaluated score, and received high marks on reference checks conducted for the proposed Project Manager, Quality Assurance Lead, and optional Testing Support services.

The PM and QA services to be provided by TMG are independent of the products and services included in the RFP for CIS, CSS and EBPP solutions. The selection of TMG as the recommended vendor complies with the competitive selection process in the City's Purchasing Policy. PWP staff worked closely with members of the Purchasing division and the City Attorney's Office to ensure that the qualifications for PM and QA services were not deferential to TMG based on their participation in the needs assessment and requirements definition for the overall CIS project. In fact, TMG is precluded from bidding on System Implementer services for the CIS project specifically to maintain an unbiased and objective selection process. In addition, the optional

services for testing support services are independent and detached from the CIS solution that is ultimately selected.

***TMG Utility Advisory Services, Inc.***

TMG was founded in 1992 and has offices in Buda, Texas and Henderson, Nevada. For more than 25 years, TMG has focused on providing independent advisory services for critical business process and information technology-based decisions to the utility industry, assisting more than 271 utilities on 543 separate projects.

TMG provides client-side professional services for CIS implementations by augmenting in-house project teams with assistance and resources that CIS System Implementers or product vendors do not typically provide. These roles require specialized, highly experienced staff that utilities generally cannot provide or do not wish to grow and maintain internally for unique projects.

TMG has extensive experience with all CIS applications and System Implementers in the market today and has been retained by neighboring utilities (including Burbank Water and Power and the City of Long Beach) to provide the services that are described in the staff recommendation.

***Proposed Contract Amount and Fee Basis***

Based on the hourly rates and project schedule provided by TMG, Table 2 shows the proposed base contract amount of \$1,709,900 as the cost for PM and QA services.

**Table 2: Project Management & Quality Assurance Services**

<b>Project Support Services</b>	<b>Hours Proposed</b>	<b>Total Cost</b>
Project Management	5,850	\$1,267,100
Quality Assurance	1,800	\$442,800
Total PM & QA	7,650	\$1,709,900

Additionally, staff is proposing a contract option in the amount of \$1,037,610 for testing support services as shown in Table 3. Testing support would include review and validation of test plans, coordination of testing schedules and environments, and preparation of test results and defect reports for project oversight.

**Table 3: Optional Project Support Services**

<b>Project Support Services</b>	<b>Hours Proposed</b>	<b>Total Cost</b>
Total Optional Testing Support	6,285	\$1,037,610

TMG was awarded one City of Pasadena contract in 2017 (#30967) valued at \$285,120 to complete a requirements definition and needs assessment for a Customer Information System. TMG prepared the "blueprint" report of findings that was presented to the Municipal Services Committee on February 13, 2018 and was used to create the RFP that is currently under evaluation for a new CIS solution.

**COUNCIL POLICY CONSIDERATION:**

This contract with TMG supports the City Council's goals to maintain fiscal responsibility and stability, and PWP's Strategic Initiatives to enhance customer satisfaction and confidence, improve efficiency and business continuity and maintain PWP's fiscal health and stability.

**ENVIRONMENTAL ANALYSIS:**

The action proposed herein is not subject to the CEQA in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The authorization to enter into a contract for consultant services would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since this action is not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

The maximum cost of this action to award Project Management and Quality Assurance services to TMG, will be \$1,709,900. It is estimated that approximately \$115,000 will be expended during FY 2019. Funding will be addressed by the utilization of existing budgeted appropriations in the Power Fund Capital Improvement Project ("CIP") Customer Information System #3022 and the Water Fund CIP Customer Information System #1012. There are no anticipated impacts to other operational programs or capital projects as a result of this action.

If exercised, the option to contract for testing support services with TMG will be \$1,037,610. This amount has been incorporated into the proposed maximum cost and not-to-exceed amount. Table 4 shows a complete summary of contract costs.

**Table 4: Summary Fiscal Impact**

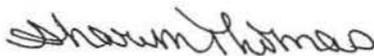
Project Resource	Contract Cost
Project Management	\$1,267,100
Quality Assurance	\$442,800
Testing Support (Optional)	\$1,037,610
<b>Total Cost</b>	<b>\$2,747,510</b>

Respectfully submitted,



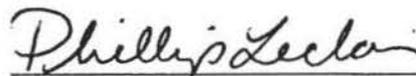
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