

Agenda Report

December 9, 2019

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 ORGANIZATIONAL CHANGE MANAGEMENT SERVICES FOR THE CUSTOMER INFORMATION SYSTEM REPLACEMENT PROJECT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption or General Rule); and,
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. ("TMG") to provide Organizational Change Management ("OCM") services for the CIS Replacement Project ("Project") in an amount not to exceed \$1,123,200.

EXECUTIVE SUMMARY:

In July 2017, the Water and Power Department ("PWP") initiated a multi-year, multi-million dollar project to replace its aging Customer Information System ("CIS") by conducting a needs assessment and requirements analysis in order to define current and future business billing needs for the City of Pasadena ("City"). In the past few months, the City Council has approved contracts related to software, system implementer, project management, customer self-service, and electronic bill presentation and printing services. The project implementation has just started and is expected to take approximately two years for the new Customer Information System ("CIS") to go live.

Over the last 20 years, City staff have become accustomed to using the existing CIS software and supplementary home-grown systems made necessary by the changes in the utility industry and limited functionality of the current system. Similarly, customers are familiar with the appearance and processing of the current utility bill. The new CIS will be a state-of-the-art system, with very significant changes which will interface with the City's financial and other systems. This will provide substantial changes and many new experiences for all users.

Customers will also experience many changes, including differences in the appearance and format of the bill and new and unique opportunities to manage their accounts on-line through web and/or mobile applications. These changes are transformative and it is critical to the success of the CIS project that City staff and customers are prepared and educated throughout the implementation process and beyond. City staff users (approximately 120) will need guidance and training to make the transition to a new CIS solution. Customers (more than 80,000) will require outreach, information and education to ensure successful adoption of the customer web portal and new bill design.

To manage this significant but necessary change, a Request for Proposals (“RFP”) was issued in July 2019 to select an OCM services consultant for the CIS replacement project. Based on the results of the evaluation process, which measured vendor experience and expertise, proposed methodology/scope of work, cost, similar project experience, and proposed project team, staff is recommending that the City Council authorize the City Manager to enter into a contract with TMG in an amount not to exceed \$1,123,200. As the project proceeds, tasks will be assigned to TMG on as-needed basis.

BACKGROUND:

PWP provides utility billing and bill processing services for electric, water, sewer, refuse, and utility-related taxes on behalf of the City. The current utility CIS was implemented in 2001 with a core platform based on Vertex software (doing business as Orcom Solutions, Inc.) and an IBM Application System/400 (“AS400”) hardware system. As business requirements have evolved over the years, PWP has added several system enhancements and home-grown applications as well as workaround solutions to the existing platform which have significantly added to the complexity and operating risk of the utility billing operation.

The process of transitioning to the new CIS will involve numerous significant changes for many City employees, particularly those approximately 120 staff members in four City departments that use the CIS as part of their regular duties. Organizational preparedness is essential for the success of any project of this size and scope. The OCM services will ensure that staff is prepared and supported during this professionally and personally disruptive process.

In addition to the impact on City staff, customers will also experience dramatic changes as a result of the CIS implementation. The organizational transition strategy for the CIS project will include providing information and education to the City’s customers to ensure that they are engaged in the process, receive adequate information and are prepared to access and utilize the new system. For example, the OCM services will include programs that educate customers on how to read a new bill design, access and pay their bills online and manage their utility accounts through the new portal.

Proposed Contract Roles and Responsibilities

The scope of the OCM services includes understanding how change is managed today (current state), defining a change capability (future state), and developing a plan to embed change management and grow change management competencies (transition state). The services provided will include both internal and external components.

Internal OCM program components include but are not limited to the following:

- Participate in each phase of the Project to partner with the System Implementer to ensure successful implementation of the CIS solution;
- Develop an organization vulnerability assessment for the project in which organizational structure, resources, training and other requirements may be deficient;
- Develop an OCM strategy document, that includes a comprehensive plan for Pasadena to approach OCM;
- Create an organizational impact strategy document, that will identify job duty and responsibility changes;
- Provide mitigation programs and resources to address any areas in which deficiencies are noted;
- Provide assistance to the City's Operational Technology Manager, Project Management Team, and Project Steering Committee regarding organizational preparedness and readiness for change;
- Develop a communication plan to promote preparedness and readiness, with high levels of acceptance and adoption for major milestones within the various phases of the implementation;
- Provide business process reengineering consulting services, which in turn is the basis for testing, training, and business process improvements.

External OCM program components include but are not limited to the following:

- Develop an external communication strategy and plans to educate the community on changes and opportunities related to the new CIS;
- Create a process to engage stakeholders in the design and content of the new bill;
- Develop a schedule and effective outreach methods for community engagement to promote online access and use of available new features;
- Develop tools and methods to measure customer responsiveness to outreach and recommend additional strategies as necessary.

RFP and Evaluation Process

A RFP for "Organizational Change Management Services for Customer Information System and Integrated Systems Deployment" was issued in compliance with the City's procurement policy. On July 11, 2019, the RFP was posted on the City's website via PlanetBids. No other local outreach was done. The RFP was downloaded by 79 registered vendors, including eight Pasadena businesses. Eight responsive proposals were received in response to the RFP by August 1, 2019, including one from a Pasadena vendor.

City staff from multiple departments scored the proposals in two phases: (1) the written content and responses to the RFP criteria, shown in Table II; (2) onsite product demonstrations, reference checks and total cost of ownership, shown in Table III.

Table II: Phase 1 - RFP Evaluation Criteria

Scoring Criteria	Maximum Points
Company Experience and Expertise	20
Project Experience	25
Project Staffing	25
Methodology and Scope of Work	20
Small Business Preference	5
Local Business Preference	5
Total Score	100

Table III: Phase 2 - RFP Evaluation Criteria

Scoring Criteria	Maximum Points
Reference Checks and Demonstrations	55
Fee Schedule	35
Small Business Preference	5
Local Business Preference	5
Total Score	100

Table IV summarizes the evaluated Phase I scores for each of the respondents.

Table IV: Phase 1 - Summary of First Round Evaluated Scores

Proposer	Office Location	Total Score
TMG Utility Advisory Services Inc.	Buda, TX	82
Utiligent	Los Angeles, CA	81
KRE Consulting	Pasadena, CA	81
Exergy	Denver, CO	77
Sure Power Consulting	Alpharetta, GA	74
GP Strategies	Columbia, MD	64
Western Power	Columbia, MD	65

Qualified vendors receiving a score above 80% were invited to Phase II evaluation. The final vendor selection was based on Phase II scoring only. Table V summarizes the evaluated Phase II scores for each of the respondents.

Table V: Phase 2 - Summary of Final Evaluated Scores

Proposer	Office Location	Total Score
TMG Utility Advisory Services Inc.	Buda, TX	83
Utiligent	Los Angeles, CA	56
KRE Consulting	Pasadena, CA	55

TMG Utility Advisory Services, Inc. ("TMG") received the highest score 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. A complete list of proposals and scoring is provided in Attachment A. It is recommended that the City Council authorize the City Manager to enter into an agreement with TMG in an amount not to exceed \$1,123,200.

TMG has previously been awarded two City contracts cumulatively valued at \$3,032,630:

- Contract 30,967, in the amount of \$285,120 for a Needs Assessment analysis. The contract scope of work was completed and the quality of work was beyond satisfactory to the department.
- Contract 31,367, in the amount of \$2,747,510 for Project Management, Quality Assurance, and optional Testing services.

The OCM services are independent of the products and services previously awarded to TMG.

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. They act as an extension of the City, providing advisory services that look out for the client's best interest. 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 provided OCM services for several CIS implementation projects. Their consultants assigned to the CIS project understand the transformation a utility goes through during a critical project of this size.

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 similar services.

COUNCIL POLICY CONSIDERATION:

The proposed contracts with TMG Utility Advisory Services, Inc. support the City Council's goals to maintain fiscal responsibility and stability, and align with PWP's Strategic Initiatives to enhance customer satisfaction and confidence, improve efficiency and business continuity and maintain PWP's fiscal health and stability. The contract also supports the City Council goal to maintain and enhance public facilities

infrastructure, and promote the quality of life in the City and increase its attractiveness through more efficient management of resources.

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 Organizational Change Management services to TMG will be \$1,123,200. It is estimated that approximately \$280,000 will be expended during FY 2020. 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 #1011. There are no anticipated impacts to other operational programs or capital projects as a result of this action.

Table 2: Summary Fiscal Impact


CIP	Amount
Power Fund CIP #3022	\$730,080
Water Fund CIP #1011	\$393,120
Total Cost	\$1,123,200

Respectfully submitted,



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STEVE MERMELL
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Attachments:

Attachment A – CIS Project OCM Vendor Scoring