



# Agenda Report

November 25, 2019

**TO:** Honorable Mayor and City Council  
**FROM:** Water and Power Department  
**SUBJECT: AUTHORIZATION TO AMEND THE ENTERPRISE LICENSE AGREEMENT WITH VERTEX U.S. HOLDINGS, INC. DBA ORCOM SOLUTIONS, LLC FOR CUSTOMER INFORMATION SYSTEM**

## **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) ( General Rule);
2. Authorize the City Manager, or his designee, to amend Contract 17,296 with Vertex U.S. Holdings, Inc. DBA Orcom Solutions LLC ("Orcom") without competitive bidding pursuant to City Charter Section 1002 (C) Contracts for labor, material, supplies, or services available from only one vendor, to extend Enterprise Customer Information System ("ECIS") software licenses and support by an amount not to exceed \$946,700 which includes a base contract amount of \$921,700 and a contingency of \$25,000;
3. Grant the proposed contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049(B) contracts for which the City's best interests are served.

## **BACKGROUND:**

In June 2000, the City entered into a 20-year End-User Software License and Software Support Agreement (Contract 17,296) with Orcom for use of its utility billing software which is used by the Water and Power Department ("PWP") and Public Works to provide billing services for electricity, water, sewer, refuse utilities, and several key utility-related taxes. The agreement included support and maintenance as well as upgrades and improvements.

The original licensing agreement will expire in June 2020 and it is necessary to extend the agreement to ensure that PWP can continue to use the ECIS during the implementation of the new utility billing software and related services. The extended agreement will also provide permanent access to approximately 20 years of historical billing and customer information after the new software is implemented. It is anticipated that a maximum of three years of historical data will be converted to the new system.

In 2017, PWP initiated the Customer Information System, Customer Self Service, and Electronic Bill Payment and Presentment Project ("Project") to replace the Orcom ECIS with a more modern solution. The Oracle Customer to Meter software will replace the ECIS software and is expected to be fully implemented in 2021. During the implementation of the Project, PWP will continue to use the Orcom software for utility billing services and will access historical information thereafter for records retention consistent with utility best practices, including historical customer contacts, billing, rates, consumption and work orders information.

***ECIS Permanent License, Support Agreement, and Migration Services.***

In order to continue use of Orcom ECIS software beyond June 2020, staff is recommending to:

- (1) Extend the license agreement and convert the expiring license term to a permanent license for a one-time amount of \$400,000. The software version will remain indefinitely as-is, and will not be eligible for upgrades or significant improvements to functionality to meet current and future business requirements.
- (2) Extend Orcom Premium Support for two years, starting January 1, 2021 through December 31, 2022. The current software support agreement expires on December 31, 2020. Software support is provided on a calendar year basis and will automatically renew for an additional term of one year unless the City notifies Orcom to discontinue the service. The support fee for calendar year 2021 is \$224,808 and calendar year 2022 is \$242,792. Support from Orcom will not be needed for ECIS after the data is migrated to the new project and used only for access to historical information.
- (3) Provide support services to migrate ECIS to the new hardware for \$54,100. The current hardware was installed in 2008 and it is on extended IBM support through March 2020. PWP will replace 11-year-old hardware on which the current ECIS software, data and interfaces are hosted. The hardware replacement includes migrating the ECIS application, data, system settings, and user configurations to new hardware for which specifications are being developed. The migration to new hardware will ensure that ECIS continues to provide billing services during the implementation and provide access to historical data thereafter.

The total contract amount for the three recommended services equals \$921,700. Staff is seeking an additional contingency amount of \$25,000, resulting in a total contract value not to exceed \$946,700. The City has been doing business with Orcom since the original implementation of the ECIS with total costs for licenses, maintenance and support valued at approximately \$3.25 million.

***Exemptions***

The extension of the license agreement and software support can only be acquired through Orcom Solutions LLC as the owner of the proprietary application. It is in the

City's best interest to continue use of Orcom software, support and services to migrate the data, applications, and user settings to new hardware without a formal competitive process in order to avoid utility billing and operational disruptions.

**COUNCIL POLICY CONSIDERATION:**

The recommendations to extend the software license and support agreements with Orcom 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 proposed Agreement extension is an administrative action that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. The subject software would be used in existing facilities and not result in any new development or physical changes. 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 the action is not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

The total estimated cost of the recommended actions is \$946,700. Funds for these actions will be addressed by the utilization of existing and future budget appropriations in the Power Capital Fund 411, CIP 3022, the Water Capital Fund 412, CIP 1011, the Power Operating Fund 401 and Water Operating Fund 402. The ECIS Annual Software License and Support Agreement will be included in the annual operating budgets for FY2021 through FY2022.

The breakdown of proposed contracts and funding sources is illustrated in Tables 1-3 below:

**Table 1: Breakdown of Proposed Contract and Funding Sources**

Category	Amount	Funding Source
ECIS Permanent License	Base Contract: (FY2020)	\$400,000
	<b>Total Contract:</b>	<b>\$400,000</b>
ECIS Annual License and Support Agreement	Base Contract: (FY2021)	\$224,808
	Base Contract: (FY2022):	\$242,792
	<b>Total Contract:</b>	<b>\$467,600</b>
ECIS Development and Data Migration Services	Base Contract: (FY2020)	\$54,100
	Contingency – Migration (FY2020)	\$25,000
	<b>Total Contract:</b>	<b>\$79,100</b>
<b>Total Not to Exceed Amount:</b>		<b>\$946,700</b>

**Table 2: Summary Power Funds**

Fiscal Year	Capital	Operating	Total
FY 2020	\$311,415	-	\$311,415
FY 2021	-	\$146,125	\$146,125
FY 2022	-	\$157,815	\$157,815
<b>Total</b>	<b>\$311,415</b>	<b>\$303,940</b>	<b>\$615,355</b>

**Table 3: Summary Water Funds**

Fiscal Year	Capital	Operating	Total
FY 2020	\$167,685	-	\$167,685
FY 2021	-	\$78,683	\$78,683
FY 2022	-	\$84,977	\$84,977
<b>Total</b>	<b>\$167,685</b>	<b>\$163,660</b>	<b>\$331,345</b>

Respectfully submitted,



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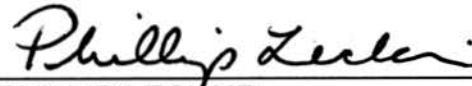
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