

# Agenda Report

July 24, 2017

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH TMG CONSULTING TO PERFORM A REQUIREMENTS DEFINITION AND NEEDS ASSESSMENT FOR A UTILITY CUSTOMER INFORMATION SYSTEM**

**RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed contract is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b) (3); and
2. Authorize the City Manager to enter into a services contract with TMG Consulting to perform a Requirements Definition and Needs Assessment for a Customer Information System in an amount not to exceed \$285,120. Competitive bidding is not required pursuant to City Charter Article X Section 1002(F), Contracts for professional or unique services.

**BACKGROUND:**

The Water and Power Department ("PWP") provides bill processing services for electric, water, sewer and refuse services using a Customer Information System ("CIS") that was implemented in 2001. The utility bills generated by the CIS also bill Utility Users Tax on behalf of the City. The current utility billing software was provided by Orcom (currently Vertex).

The current CIS system has undergone two major system upgrades and several software version upgrades to meet the changing billing and payment collection needs of the City. As business requirements have evolved over the years, PWP added several system enhancements and applications developed in-house that provide workaround

solutions to the existing functionality. This has added complexity and risk to the maintenance and operation of the system. PWP is currently operating the highest version of CIS software offered by Vertex on the existing platform. The CIS operates on an IBM AS/400 iSeries Power6 hardware and software platform, which is considered out-of-date technology.

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 business critical systems for PWP and other City departments. Other systems supported by data and interfaces to the CIS include the Graphical Information System, Outage Management System, the OPower Conservation program, WaterSmart Conservation program, Field Meter Reading, Large Commercial Meter Reading and the Data Warehouse. Assessing the current and future business and functional requirements is necessary in order to consider options to upgrade or replace the system.

On December 13, 2016, PWP staff provided the Municipal Services Committee (“MSC”) with both a status update of the existing CIS system and information on a system upgrade proposed by the current software vendor. The MSC requested that staff provide additional information on options to upgrade/replace the CIS including estimated costs for procurement and implementation, project benefits and consequences, risks, timeline, and resources for each option.

On March 20, 2017, a Request for Proposals (“RFP”) for Consulting Services for Customer Information System Needs Assessment was issued and posted on PlanetBids. The scope of work requires that the successful proposer conduct a comprehensive assessment of PWP’s current system and business processes, system interfaces, home-grown “shadow” systems and technology constraints. The resulting needs assessment should recommend a CIS system that would improve business processes, hardware upgrades, data resources, reporting, infrastructure interfaces, operations, standards, and procedures.

The process would also identify CIS key functional areas, assess the business drivers for technologies, confirm business strategy and goals, and identify new and desired processes that would enable PWP to identify an enterprise CIS solution based on the needs, priorities, and constraints of all users of the CIS. A summary of the needs assessment report will include the following:

| <b>Key Deliverables</b> |                                                                                                                                                                                                                                                                                  |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.                      | Summary of existing system functionality                                                                                                                                                                                                                                         |
| 2.                      | Recommendations for enhanced current and future functionalities                                                                                                                                                                                                                  |
| 3.                      | Software and hardware resources requirements                                                                                                                                                                                                                                     |
| 4.                      | Technical, engineering and business resources required for full implementation (including testing, training and start up) for CIS replacement <ul style="list-style-type: none"> <li>• Include resources recommended to support and maintain replacement CIS solution</li> </ul> |
| 5.                      | Full identification of system interfaces to the replacement CIS                                                                                                                                                                                                                  |

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6. | <p><b>Detailed organizational and functional diagrams:</b></p> <ul style="list-style-type: none"> <li>• <b>Governance, business process and functional support</b></li> <li>• <b>Technical infrastructure</b></li> <li>• <b>Software/hardware options and better practices</b></li> <li>• <b>Workflow/system integration</b></li> </ul>                                                                                                                                                                                                                          |
| 7. | <p>Analysis and comparison of the risks/benefits, costs, timeline, and resource requirements for the following options:</p> <ol style="list-style-type: none"> <li>a. Retain the existing CIS with maintenance only</li> <li>b. Retain the existing CIS with added features to meet minimum customer and stakeholder requirements</li> <li>c. Replace the CIS to the latest solution available from the current provider</li> <li>d. Implement a new replacement CIS solution to meet current and defined future functional and business requirements</li> </ol> |
| 8. | <p>Summary of recommended actions to implement automation solutions and process improvements based on industry best practices</p>                                                                                                                                                                                                                                                                                                                                                                                                                                |

It is anticipated that the project will be completed in two phases:

**Phase 1:** Completion of the Needs Assessment, Requirements Definition, and preparation of an analysis and report detailing the upgrade or replacement options.

**Phase 2:** Depending on the option selected by the City as a result of Phase 1, Phase 2 will include the development of an RFP for an upgrade or replacement of the CIS, including hardware, software and systems integration services. At the completion of Phase 2, staff will recommend action for the next stage of the project. It is expected that there will be additional costs to procure a new CIS System as well as operational requirements including implementation, project management and quality assurance.

On April 13, 2017, the City received nine proposals in response to the RFP, one proposal did not meet the minimum requirement specified in the RFP. Staff from PWP, Department of Information Technology, Finance and Public Works collectively evaluated each proposal to identify the three highest scoring responses. The primary factors for selecting TMG Consulting are their demonstrated experience in CIS assessments and requirements gathering for municipal agencies similar to PWP, including their structured, logical methodology, and customer references.

The summary results of the evaluation are shown in Table 1. A complete breakdown of the scoring as defined in the RFP is included as Attachment 1– Evaluation Sheet.

**Table 1**

| Rank | Vendor               | Location        | Percentage |
|------|----------------------|-----------------|------------|
| 1    | TMG Consulting       | Buda, TX        | 61%        |
| 2    | AAC Utility Partners | Columbia, SC    | 57%        |
| 3    | BerryDunn            | Portland, ME    | 49%        |
| 4    | SoftResource         | Kirkland, WA    | 48%        |
| 5    | BPM Advisors LLC     | Glendale, CA    | 46%        |
| 6    | Black & Veatch       | Los Angeles, CA | 44%        |
| 7    | NexLevel             | Carmichael, CA  | 42%        |
| 8    | PA Consulting        | Los Angeles, CA | 39%        |

Based on the scoring, staff is recommending that the City Council authorize the City Manager to enter into a contract with TMG Consulting for an amount not to exceed \$285,120.

|                                 |            |
|---------------------------------|------------|
| Phase 1                         | \$ 57,600  |
| Phase 2                         | \$ 201,600 |
| Contingency Allowance (10%)     | \$ 25,920  |
| Contract "Not to Exceed" Amount | \$ 285,120 |

TMG Consulting does not have any current or past contracts with the City of Pasadena. Furthermore, PWP staff is not aware of any local firms that provide this specialized consulting service; therefore, no specific local outreach was performed.

**COUNCIL POLICY CONSIDERATION:**

This contract with TMG Consulting 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 proposed contract is exempt from CEQA per section 15061(b) (3), the General Rule. The general rule can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment. The proposed action is for a requirements assessment document and will not result in any new development or physical changes.

**FISCAL IMPACT:**

The cost of this action will be \$285,120. 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 #2012. There are no anticipated impacts to other operational programs or capital projects as a result of this action.

The following table represents a contract summary for Phase 1 and Phase 2 of this project.

|                       |           |
|-----------------------|-----------|
| Base Fee and Expenses | \$259,200 |
| Contingency           | \$25,920  |
| Total Fiscal Impact   | \$285,120 |

Respectfully submitted,



\_\_\_\_\_  
GURCHARAN S. BAWA  
General Manager  
Water and Power Department

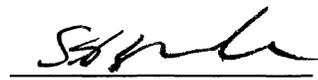
Prepared by:

  
\_\_\_\_\_  
Shari M. Thomas  
Assistant General Manager  
Water and Power Department

Concurs with:

  
\_\_\_\_\_  
Phillip LeClair  
Director  
Department of Information Technology

Approved by:

  
\_\_\_\_\_  
STEVE MERMELL  
City Manager