



Agenda Report

February 26, 2018

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (February 13, 2018)

FROM: Water and Power Department

SUBJECT: AUTHORIZATION TO AMEND THE FISCAL YEAR 2018 OPERATING BUDGET FOR THE WATER AND POWER DEPARTMENT TO ADD FIVE NEW FULL-TIME EQUIVALENT POSITIONS TO PROCURE AND IMPLEMENT A NEW CUSTOMER INFORMATION SYSTEM

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the action recommended herein is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (General Rule); and,
2. Amend the Water and Power Department's Fiscal Year ("FY") 2018 operating budget to add five new full-time equivalent ("FTE") positions, two of which will be on a limited term basis.

BACKGROUND:

The Water and Power Department ("PWP") has initiated a multi-year, multi-million dollar project to upgrade its aging and obsolete Customer Information System ("CIS") that provides billing services for electricity, water, sewer, and refuse utilities, and several key utility-related taxes. The current CIS was implemented in 2001 using Vertex software on an IBM AS/400 hardware system. Vertex no longer supports the CIS software version that PWP is using, making any needed changes costly and time consuming to implement. Furthermore, IBM has scheduled the termination of support for the AS/400 hardware platform in March 2019, thus PWP must migrate to a new software and hardware platform as soon as practical.

The CIS calculates and produces bills that generate \$280 million annual revenues, and is the primary repository for all utility rate structures, fees, taxes, service orders and customer information. Significant changes in utility markets and regulations have developed since the CIS system was installed in 2001 and utility customer needs and expectations demand more from a CIS, such as sophisticated metering, distribution systems automation, new rate structures, accessible billing, and communication

technologies. The CIS must adapt to these and ongoing changes in policy, procedures, services, rate structures, and technology, making it necessary to replace or upgrade the current CIS. A leading-edge CIS is critical to many of PWP's strategic initiatives to remain viable and competitive in current and developing marketplaces for utility services.

The CIS replacement project will be resource intensive, requiring dedicated support from numerous existing and new staff, expert consultants, and system vendors. The inter-relationship of CIS with the City's financial system and other departments' billing needs requires extensive engagement of other departments such as Finance, the Department of Information Technology, and Public Works. Given the critical importance of the billing system, it is imperative that the appropriate resources are dedicated to ensure proper selection, vetting, and implementation of a new system as well as continued maintenance and operation of the existing system until the replacement is fully tested, quality checked, and operational.

On July 24, 2017, the City Council authorized the City Manager to execute a contract with TMG Consulting Services ("TMG") to conduct a comprehensive needs analysis as the first phase of a CIS replacement. Assessing the current and future business and functional requirements is necessary to evaluate all viable options to upgrade or replace the system.

The completed needs analysis is expected to result in the development of one or more Request for Proposals ("RFP") for a comprehensive competitive selection process to replace the existing CIS. In addition to hardware, software and system interfaces, the CIS replacement will require project management, data conversion, testing, training, change management and other services. Some of the functions will be provided by contracted resources, but many key processes and support will be provided by limited term or regular City staff.

Project Staffing Requirements

It is necessary to begin the process of recruitment for certain key positions to lead and support the CIS replacement project. The recommended positions represent the initial minimum staffing needed to begin the project, and successful recruitment will take 2-3 months, followed by a period of orientation and training to ensure readiness to support the early phases of implementation and operational backfill.

Staff recommends the addition of five FTE positions to PWP to provide the required support for the next phase of the project. Two of the new full-time positions will be required for a limited term to provide support for operations and business processes of the existing CIS system, as shown in Table I.

Table I – Recommended Limited Term FTEs

Limited Term Positions	Description of duties
Business Systems Analyst	Provide backfill support of business analysis and daily operations of the existing CIS for the Customer Service Group to ensure continuity of meter reading, billing, and collection activities.
Senior Customer Service Representative	Provide backfill support for daily operations, relieving lead staff to participate in the project as key system users and subject matter experts. The training lead-time needed for Customer Service Representatives is generally about six months.

The remaining three new full-time positions, shown in Table II, will be required on a permanent basis to provide very highly skilled project management, business analysis and technical support during the project implementation. It is anticipated that the staff members in these positions will begin the formation of an Operational Technology team within PWP to transition from the CIS project to future technology initiatives like Smartgrid.

Table II – Recommended Regular FTEs

Regular Positions	Description of Duties
Utility Operations Technology Manager (Proposed new classification)	Serves as the central point of contact and has overall responsibility for the CIS project. It is anticipated that the incumbent in this position will ultimately transition to lead and manage the organization and resources to implement comprehensive automation and technology initiatives for PWP. The Utility Operations Technology Manager will work collaboratively with vendor/consultant liaisons and project teams to develop and manage the project schedule, budget, and milestone deliverables to meet all requirements and critical success factors
Business Systems Analyst	Provides key project support, including analysis of critical business processes and working closely with key system users and subject matter experts to assess and document processes that will be migrated to and/or integrated with a new CIS solution.
Applications Developer	Provide technical systems analysis, provide development and support of new and existing dependent applications for current CIS, assist with the development of future technology solutions

All new positions will be within the department of PWP. The new positions will provide key project management and business function support for both the existing CIS system and the new systems during the project implementation schedule.

More FTEs will be necessary as the CIS replacement project develops. PWP will make full use of City Temporary Worker (“CTW”) and Limited Term FTE resources to provide backfill support for daily operations whenever feasible. It is also expected that specialized skills and resources will be provided by contractors/consultants and

temporary full-time staffing through recruitments. It is anticipated that 7-10 FTEs will be requested during the FY 2019 budget process.

COUNCIL POLICY CONSIDERATION:

The staff recommendation 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 a request for FTE staff resources, and will not result in any new development or physical changes to the environment.

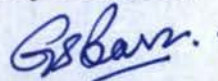
FISCAL IMPACT:

The estimated full-year cost for the recommended five FTEs will be about \$790,000:

Title	Projected Budget	Annual Salary	Annual Benefits	Total
Utility Operations Technology Manager (Project) New classification and salary control rate	Capital	\$173,109	\$ 72,706	\$245,815
Business Analyst (Backfill)	Operating	\$105,236	\$ 42,320	\$147,556
Business Analyst (Project)	Capital	\$105,236	\$ 42,320	\$147,556
Senior Customer Service Rep (Backfill)	Operating	\$ 57,803	\$ 29,076	\$ 86,879
Application Developer (Backfill)	Operating	\$113,261	\$ 49,296	\$162,557
Total		\$554,645	\$235,718	\$790,363

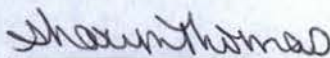
Staff anticipates that a maximum of \$132,000 (2 months) may be incurred in FY 2018, depending on the actual hire date for each position. No additional appropriations are necessary for the operating and capital budgets for FY 2018. Positions labeled as "backfill" will take over the duties of existing staff for the duration of the CIS project. In turn, salaries of existing staff assigned to the CIS project will be charged to the capital budget. Funding for this recommendation will be addressed by utilization of existing appropriations in PWP's operating and capital budgets. The proposed FY 2019 operating and capital budgets will include a recommendation for funding to cover these positions.

Respectfully submitted,



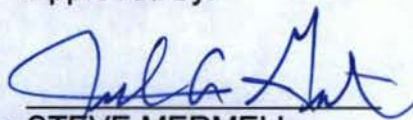
GURCHARAN S. BAWA
General Manager
Water and Power Department

Prepared by:



Shari M. Thomas
Assistant General Manager
Water and Power Department

Approved by:



For STEVE MERMELL
City Manager