



Agenda Report

November 16, 2020

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (November 10, 2020)

FROM: Water and Power Department

SUBJECT: APPROVE PROFESSIONAL SERVICES CONTRACTS IN THE AMOUNT OF \$750,000 FOR THE CUSTOMER INFORMATION SYSTEM PROJECT FOR THE WATER AND POWER DEPARTMENT AND AUTHORIZE THE CITY MANAGER TO AMEND AND/OR APPROVE CHANGE ORDERS FOR EXISTING AND RECOMMENDED CONTRACTS RELATED TO THE CUSTOMER INFORMATION SYSTEM PROJECT IN AMOUNTS NOT TO EXCEED \$2,000,000

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);
2. Authorize the City Manager to enter into contracts, as a result of a competitive selection process specified in Section 4.08.047 of the Pasadena Municipal Code, in support of the Customer Information System ("CIS") replacement project with the following:
 - a) TMG Utility Advisory Services Inc. for Project Management, Testing Lead, Functional Architect, Oracle Utility Developer and Technical Architect services in an amount not to exceed \$150,000 or three years, whichever occurs first;
 - b) Utility Solutions Partners LLC. for Project Management, Testing Lead, Training Lead, Functional Architect, and Oracle Utility Developer services in an amount not to exceed \$150,000 or three years, whichever occurs first;
 - c) KRE Consulting. for Project Management and Training Lead services in an amount not to exceed \$125,000 or three years, whichever occurs first;
 - d) Red Clay Consulting Inc. for Oracle Utility Developer, and Conversion Specialist services in an amount not to exceed \$125,000 or three years, whichever occurs first;

- e) Prithibi LLC. for Technical Architect services in an amount not to exceed \$75,000 or three years, whichever occurs first; and
 - f) Rich Solutions LLC. for Conversion Specialist services in an amount not to exceed \$125,000 or three years, whichever occurs first;
3. Authorize the City Manager to amend contracts and/or approve change orders for the existing and herein recommended CIS contracts, listed in Table 1, in a aggregate amount not to exceed \$2,000,000; and
 4. Approve amendments of the Fiscal Year 2021 Capital Improvement Program ("CIP") budget to appropriate: (i) \$1,787,500 to Power Capital Fund CIP #3022 from the Light and Power Fund balance; and, \$962,500 to Water Capital Fund CIP #1011 from the Water Fund balance.

EXECUTIVE SUMMARY:

The Water and Power Department ("PWP") provides billing services for electricity, water, sewer, and refuse utilities, and several key utility-related taxes. In July 2017, PWP initiated a multi-year, multi-million dollar project to replace its aging CIS with a new state-of-the-art system. The CIS project will be a full replacement of the existing CIS, including the addition of customer-facing web services and portals for the billing of electricity, water, sewer, and refuse services, as well as several key utility-related taxes.

Since December 2018, the City Council has approved four contracts for System Implementation Services; Software License and Support; Project Management, Quality Assurance and Testing; and Organizational Change Management Services for a cumulative amount of approximately \$13.5 million. The existing project budget of \$27,509,461 includes \$24,759,461 for contracts and staff costs, leaving an uncommitted balance of \$2,750,000. As of September 14, 2020, actual costs of \$5,819,552 have been expended. Currently, the project is approximately 11 months into the implementation schedule and is on schedule to be operational by late 2021. There is no change in scope and no change orders have been identified at this time.

As the project progresses, it is possible that changes in scope or other unforeseen conditions may arise that necessitate change orders to the approved contracts. The contracts listed in Table 1 do not have any contingency provisions; therefore, the timing to execute change orders should such be necessary, will be critical to maintaining the project schedule. Establishing a contingency pool for the project contracts is an effective method to ensure available funds if a change order is required. The contingency pool provides maximum flexibility to manage unavoidable, unforeseen change orders.

Staff recommends establishing a comprehensive CIS project change order pool of \$2 million, or about 14% of the estimated total contract value of \$14.23 million for the contracts approved and recommended to support the CIS project as listed in Table 1. The contingency pool of \$2 million recommended herein was included in the original project cost estimate and is included in the total CIS project budget of \$27,509,461. Use of the project contingency amount would be approved by the City Manager as necessary for

project contingency amount would be approved by the City Manager as necessary for contract amendments and/or project change orders. Any necessary change orders would be included in the quarterly project status reports presented to the Municipal Services Committee. At this time, the project is on schedule and there are no known outstanding change orders.

In addition to the work performed as part of the approved contracts, subject matter experts with various specialties will be required during the course of the project, including specialized project management services for unique functions not included in the master Project Management contract. These resources would either augment City staff or provide expertise that does not exist internally. The timing, scope and duration for such specialty support is uncertain at this time; however, based on feedback from other utilities who have successfully implemented CIS projects, it critical to have prior arrangements for such hard to find specialists. To manage the schedule and cost of the project, it is prudent to have such professional services contracts with multiple vendors who can provide the right type of resources when and as needed. Staff further recommends that the City Council authorize the City Manager to enter into the recommended contracts shown in Table 2 (also shown as "Recommended Contracts" in Table 1).

BACKGROUND:

CIS projects are very complex and highly technical and introduce a significant amount of risk. The software configuration and data conversion are complicated and require substantial time and effort from dedicated staff and knowledgeable consultants and advisors. There are notable cases of similar projects that failed during the implementation, primarily due to insufficient resources and project management. PWP has taken several measures to mitigate the risks and is committed to producing a high quality and highly functional CIS that will serve as the basis for future automation projects.

The impacts of COVID-19 have created significant limitations to the in-person, hands on interactions so necessary for achieving project goals. Further, consultants are not traveling to Pasadena during the pandemic which is expected to result in some savings for the project budget, although the amount has not yet been determined. While both consultants and City staff are adapting to the necessity of working remotely and communicating through distant protocols, the changes bring real challenges and are not proving to be as efficient overall.

CIS Project Contracts

The CIS Project includes multiple contracts for specialized services which are listed in Table 1. Typically, City technology and software implementation contracts include a contingency amount for unforeseen expenses. Thus far, each of the CIS project contracts were approved without including individual contingency amounts. Staff anticipated the recommended approval of a lump sum contingency for the entire suite of CIS project contracts in order to improve accountability for each contractor, minimize the overall project contingency amount needed, and provide more flexibility to direct contingency funds where needed for any related contracts. The overall project contingency approach

has been used effectively for construction projects in the City, most notably the construction of the "GT-5" local power generation facility a few years ago.

Table 1 – CIS Project Contracts (Eligible for Change Order)

Contract/Costs	Vendor	Contract #	Approval Date	Project Costs
Project Management, Quality Assurance and Testing Services	TMG Utility Advisor Services Inc.	31367	12/3/2018	\$2.75M
CIS Software, Support and Cloud-based Hosting	Oracle America Inc.	31483	6/3/2019	\$1.4M
CIS Implementation Services	Red Clay Consulting	31589	10/7/2019	\$8.21M
Organizational Change Management	TMG Utility Advisor Services Inc.	31635	12/9/2019	\$1.12M
Total Previously Approved Contracts				\$13.48M
Recommended Contracts:				
Project Management, Testing Lead, Training Lead, Functional Architect, Oracle Utility Developer, and Technical Architect	TMG Utility Advisory Services Inc.		Recommended 11/16/2020	\$150K
Project Management, Testing Lead, Training Lead, Functional Architect, and Oracle Utility Developer	Utility Solutions Partners LLC.		Recommended 11/16/2020	\$150K
Project Management and Training Lead	KRE Consulting		Recommended 11/16/2020	\$125K
Oracle Utility Developer, and Conversion Specialist	Red Clay Consulting Inc.		Recommended 11/16/2020	\$125K
Conversion Specialist	Rich Consulting LLC.		Recommended 11/16/2020	\$125K
Technical Architect	Prithibi LLC.		Recommended 11/16/2020	\$75K
Total Value of Contracts				\$14.23M

CIS Project Status and Need For Contingency

The total CIS Project cost of \$27.5 million has been previously presented to the City Council and includes the proposed contingency amount of \$2 million. The total project budget and expenditures-to-date are shown in Attachment A.

The need for a project contingency has been anticipated from the inception of the CIS project. The project is currently on schedule and actual expenditures are tracking closely

to the budget. There are currently no identified change orders with the approved contracts; however, it is highly likely that at some point in the project change orders will be necessary. Under the direction of the City Manager, the recommended approach would allow staff to optimize the use of contingency funds for the CIS Project. The \$2 million would be applied, as necessary, to amend the existing approved contracts for unforeseen costs for functional enhancements that are outside of the original scope or expenses caused by project delays. Staff will provide a quarterly report to the Municipal Services Committee about expenditures from the project contingency amount.

Selection Process for Recommended Contracts

On August 10, 2020, a Request for Proposal (“RFP”) to solicit qualified vendors to provide professional services for the CIS replacement project was published in the paper as well as posted on PlanetBids. Vendors were asked to submit proposals on one or multiple contract categories that include Project Management, Testing Lead, Training Lead, Functional Architect, Oracle Utility Developer, Technical Architect and Conversion Specialist. The posting generated notices to all vendors who have previously registered with the City for this particular commodity class. A total of 72 vendors downloaded the Specifications of which seven were local. A total of 12 proposals were received, one from local a firm. This is a specialized service of which there are limited known qualified vendors.

Evaluation of the responses was completed according to the process and scoring criteria defined in the RFP and was scored by a team of four staff members from PWP and the Department of Information Technology. The members of the evaluation team were not involved in the selection process for any of the contracts previously awarded for the CIS project to ensure that the scoring was objective and impartial.

Based on the results of the evaluation process, which measured vendor experience, qualifications of staff, project experience, cost of services, and the complete screening, matching and selection process, staff is recommending that the City Council authorize the City Manager to enter into contracts with the firms shown in Table 2. A complete scoring summary of the ranked proposals is included in Attachment B.

Table 2 – Recommended Contracts

Firm	Headquarters	Contract Category	Proposed Contract Amount
TMG Utility Advisory Services Inc.	Buda, TX	Project Management, Testing Lead, Functional Architect, Oracle Utility Developer, and Technical Architect	\$150,000
Utility Solutions Partners LLC.	Rancho Cordova, CA	Project Management, Testing Lead, Training Lead, Functional Architect, and Oracle Utility Developer	\$150,000
KRE Consulting	Pasadena, CA	Project Manager and Training Lead	\$125,000
Red Clay Consulting Inc.	Atlanta, GA	Oracle Utility Developer, and Conversion Specialist	\$125,000
Rich Consulting LLC.	Powell Butte, OR	Conversion Specialist	\$125,000

Prithibi LLC.	Redmond, WA	Technical Architect	\$75,000
Total Value of Contracts			\$750,000

Each contract is for a specified amount or a three-year term, whichever comes first, with no renewal options. The contract terms may extend beyond the projected implementation date of the CIS to provide support services during the stabilization period after the system is fully deployed.

The selected firms will not be guaranteed any specific quantity or value of work and will not be eligible for any compensation except to the extent that is identified by awarded Task Orders.

Specific work will be issued through a competitive Task Order process based on the Contract Categories. All contractors that have been awarded a contract specific to the category associated with the Task Order will be invited to submit a proposal. Submitted proposals will be evaluated using the criteria shown in Table 3:

Table 3: Task Order Evaluation Criteria

Criteria	Weight
Price evaluated on the full estimate to complete the scope of work	60%
Methodology and defined solution to the specific task order	20%
Experience of proposed candidates	20%

Task Orders will be awarded based on the highest combined score and shall be signed by the contractor and the City. Any changes to the scope of work must be approved in advance by the City and formalized through a change order before work begins. Although issued separately with unique criteria, Task Orders are a component of the contract and issued in accordance with contract terms.

TMG Utility Advisory Services Inc. has previously been awarded three City contracts cumulatively valued at \$3,118,220:

- Contract 30967, 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 31367, in the amount of \$1,709,900 for Project Management, Quality Assurance, and optional Testing services.
- Contract 31635, in the amount of \$1,123,200 for Organizational Change Management services.

Red Clay Consulting Inc. has previously been awarded one City contract:

- Contract 31589, in the amount of \$8,209,048 for CIS Implementation services.

Rich Solutions, LLC. has previously been awarded two City purchase orders cumulatively valued at \$93,865:

- Purchase Order 1192320, in the amount of \$18,875 for Computer Training services
- Purchase Order 1201730, in the amount of \$74,990 for Data Conversion services.

Utility Solutions Partners, LLC, KRE Consulting and Prithibi have no prior City contracts.

COUNCIL POLICY CONSIDERATION:

This authorization supports 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 authorization 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 contingency authorization funds the installation of software 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 authorization 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 maximum cost of the recommended action is \$2,750,000. Staff is recommending an additional appropriation from the Light and Power Fund balance of \$1,787,500 to Capital Improvement Program ("CIP") #3022 in the Power Capital Fund and from the Water Fund balance of \$962,500 to CIP #1012 in the Water Capital Fund. There are no anticipated impacts to other operational programs or capital projects as a result of this action.

Table 4: Summary Fiscal Impact

CIP	Amount
Power Fund CIP #3022	\$1,787,500
Water Fund CIP #1012	\$962,500
Total Cost	\$2,750,000

Respectfully submitted,



GURCHARAN S. BAWA
General Manager
Water and Power Department

Prepared by:

Concurred by:



JEREMY MARQUETTE
Utility Operational Technology Manager
Water and Power Department



PHILLIP LECLAIR
Chief Information Officer
Department of Information Technology

Approved by:



STEVE MERMELL
City Manager

Attachments:

- Attachment A – CIS Project Budget and Expenditures
- Attachment B – Vendor Scoring for Professional Services for CIS Project