



CITY OF LONG BEACH

R-26

TECHNOLOGY AND INNOVATION DEPARTMENT

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September 5, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP TI17-095 and award a contract to Utility Solutions Partners, LLC, of Rancho Cordova, CA, for the purchase of managed services to provide maintenance and integration support related to the City's Utility Systems, in a total amount not to exceed \$4,044,595 for the first year, and thereafter, in an amount not to exceed \$2,286,100 annually, for a period of two years, with the option to renew for two additional one-year periods for ongoing maintenance, at the discretion of the City Manager; and, authorize the City Manager, or designee, to execute all documents necessary to enter into the contract, including any necessary amendments. (Citywide)

DISCUSSION

City Council approval is requested to enter into a contract with Utility Solutions Partners, LLC (USP), of Rancho Cordova, CA, for the purchase of managed services to provide ongoing maintenance and integration support services related to the City's key utility software systems (Utility Systems), including the Customer Care and Billing System (CC&B) and Mobile Workforce Management (MWM). These systems support the utility billing processes for the City, and bill an estimated \$200 million in revenue annually. This new contract will replace the existing agreement with Ernst & Young, LLP (EY), which is set to expire on November 30, 2017.

The total contract cost for USP starting in Fiscal Year 2018 (FY 18) is \$4,044,595, and the total annual cost for the subsequent years is fixed at \$2,286,100. Currently, the Technology and Innovation Department (TI) has \$1,175,000 in existing appropriation for the current system. That money will instead be utilized towards this contract. The significant increase in cost is related to new specifications in the USP contract, which are intended to improve the functionality of the Utility Systems as well as to provide proper contract oversight. The first year of the USP contract also includes a one-time stabilization task force that will resolve nearly 80 backlogged service requests. The managed services agreement with USP covers the following support aspects:

- **Core production support.** This includes knowledge transfer, high level troubleshooting, and training for City staff.

- **A one-time stabilization task force.** This is a six-month mini-project to accomplish short-term system stabilization goals. It includes the resolution of approximately 80 backlogged service requests plus system enhancements needed to improve system performance and enable the City's team to more effectively support our customers.
- **As-needed professional services.** This is an annual allowance for consulting services that can be used for future extensions and new functionality on an as-needed basis.

To continue the ongoing maintenance and integration support for the Utility Systems, a Request for Proposals (RFP) was released on May 12, 2017. The RFP was advertised in the Long Beach Press-Telegram on May 14, 2017, and 6,373 potential firms specializing in information systems were notified of the RFP opportunity. Of those proposers, 61 downloaded the RFP via the City's electronic bid system. The RFP document was also made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority and women-owned business groups. Seven proposals were received on June 29, 2017. Of those seven proposers, one was a Minority-owned Business Enterprise (MBE), one was a Women-owned Business Enterprise (WBE), one was a certified Small Business Enterprise (SBE), and none were Long Beach businesses (Local).

A selection committee, comprised of representatives from the Technology and Innovation Department, Long Beach Gas and Oil Department, Long Beach Water Department, Environmental Services Bureau, and the Financial Management Department, determined that Utility Solutions Partners, LLC, of Rancho Cordova, CA (an SBE), as the most qualified firm based on the firm's experience with the City's Oracle applications; experience with similar multi-service utilities utilizing the same software; reasonableness of cost for value delivered; conformance with the terms of the RFP; proven financial stability tabulated scores; an experienced and qualified team; and, flexibility in adapting to the City's needs.

Local Business Outreach

In an effort to align with the City's outreach goals, Long Beach businesses were encouraged to submit proposals for City contracts. The Purchasing Division assisted businesses with registering on the PlanetBids database to download the RFP specifications. Through outreach, 626 Long Beach vendors were notified to submit proposals, of which three downloaded and none submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson on August 14, 2017 and by Budget Management Officer Rhutu Amin Gharib on August 18, 2017.

TIMING CONSIDERATIONS

City Council action is requested on September 5, 2017, to ensure there is adequate time allocated for the transition from EY to USP, and so there is no interruption in support for managed services for the Utility Systems.

FISCAL IMPACT

The total cost for the managed services agreement with USP for FY 18 is \$4,044,595 and the total annual cost for the following years is fixed at \$2,286,100. This cost will be allocated to the four enterprise operations (Gas, Water, Sewer, Refuse), which currently utilize the City’s utility billing function (no General Fund impact). The allocation is equal to each operation’s proportionate usage of the Utility Systems. These costs are further broken down as follows:

The total annual cost for the managed services agreement with USP for FY 18:

USP Agreement	Cost	Comments
Core Production Support	\$1,932,000	10/1/2017–3/31/2018 at \$164,000 per month 4/1/2018–09/30/2018 at \$158,000 per month
Stabilization Task Force	\$1,722,495	Anticipated to start in February 2018
As-needed Services	\$390,100	
Total FY 18	\$4,044,595	

Total annual cost for USP for FY 19 through FY 22 is anticipated to be \$2,286,100:

USP Agreement	Cost	Comments
Core Production Support	\$1,896,000	Annual managed services at \$158,000 per month
As needed Services	\$390,100	
Total FY18	\$2,286,100	

The City will be transitioning from EY, to USP over a two-month period. The cost for the EY contract for this two-month period is \$276,106. The total cost in FY 18 for the USP Agreement and an additional two-months of EY will be \$4,320,701. There is existing appropriation in the FY 18 budget of \$1,175,004 in the General Services Fund (IS 385) in the Technology and Innovation Department (TI).

As FY 18 has not yet begun, an appropriation increase of \$3,145,697 in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) will be requested as part of the First Quarter Budget Adjustments for FY 18. The total annual cost of the contract starting in FY 19 will be \$2,286,100, and the appropriation increase will be requested as part of the FY 19 budget development process. The four operations (Gas, Water, Sewer, Refuse), which currently utilize the City’s utility billing function are aware of the increase in costs and will request appropriation increases, if needed, to cover these additional costs.

HONORABLE MAYOR AND CITY COUNCIL

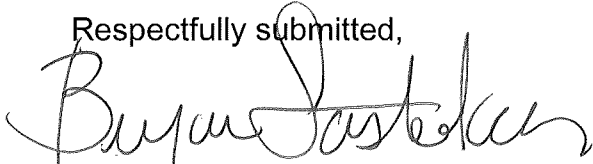
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



BRYAN M. SASTOKAS

DIRECTOR OF TECHNOLOGY AND INNOVATION



JOHN GROSS

DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER