



Legislation Text

File #: 17-0066, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute an amendment to Agreement No. 32941 with Ernst & Young, LLP, to extend the current Managed Services Agreement for maintenance and support of the utility billing software systems for nine months; and increase the contract amount by \$361,224, for a revised total contract amount not to exceed \$1,242,477;

Authorize an administrative correction to the Third Amendment to Agreement No. 32941 with Ernst & Young, LLP, for as-needed technical support and integration services, to clarify the contract amount is not to exceed \$585,000 annually for a period of two years, with the option to renew for two additional one-year periods; and

Increase appropriations in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) by \$361,224, offset by charges to departments utilizing the utility billing system. (Citywide)

In 2011, the City Council awarded a contract to Ernst & Young, LLP (EY), for Managed Services to provide maintenance and integration support related to the City's key utility software systems (Utility Systems), including the Customer Care and Billing System (CC&B), Mobile Workforce Management (MWM), and Advanced Metering Infrastructure (AMI). This agreement is due to expire on February 28, 2017. If the agreement expires, the Utility Systems will not have full support and that could put it at risk of temporary failure. These Systems support the utility billing processes for the City and bill for an estimated \$200 million in revenue annually.

EY has increased their monthly cost for providing maintenance and support services from \$97,917 (set in 2011) to \$138,053, to accurately reflect their actual monthly costs to provide the services required under the contract. As the increased monthly cost of \$40,136 is unbudgeted, an appropriation increase in the amount of \$361,224 is needed to cover the additional nine-month period. A review of maintenance and support costs for similar utility systems indicates that EY's proposed costs are in line with current market costs for similar services.

The City plans to conduct a Request for Proposals (RFP) process for these services. The nine-month extension to the EY Managed Services agreement is needed to ensure sufficient support for the Utility Systems while an outside consulting firm conducts an analysis on the level of internal and external staff required to support these systems. That information will then be used to prepare the RFP to provide managed and professional services for the Utility Billing System. The Technology and Innovation Department (TI) estimates that it will take

nine months to prepare and conduct the RFP process.

In addition to extending the Managed Services agreement, TI is recommending a technical adjustment to clarify the intent of the Third Amendment to the original EY contract. The intent of the Third Amendment is to clarify the contract amount is not to exceed \$585,000 annually for a period of two years, with the option to renew for two additional one-year periods.

This matter was reviewed by Deputy City Attorney Amy R. Webber on January 18, 2017 and by Budget Management Officer Rhutu Amin Gharib on January 18, 2017.

City Council action is requested on February 7, 2017, to ensure the amendment to the Managed Services agreement is in place before it expires on February 28, 2017, and to continue providing support to the Utility Systems.

The total cost of the Managed Services agreement with EY will not exceed \$1,242,477, which includes \$361,224 for the additional nine-month period. As this amount is unbudgeted in FY 17 and an appropriation increase of \$361,224 is necessary in the General Services Fund (IS 385) in the Technology and Innovation Department (TI). The total cost will be allocated to the four operations (Gas, Water, Sewer, Refuse), which currently utilize the City's utility billing function (no General Fund impact). The allocation is equal to each department's proportionate usage of the system. The participating departments are aware of the increase in costs and will request increases in budget appropriation, if needed, to cover these additional costs.

The \$585,000 associated with the technical adjustment for the Third Amendment is currently budgeted in the General Services Fund (IS 385) in Technology and Innovation Department (TI). There is no local job impact associated with this recommendation.

Approve recommendation.

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BRYAN M. SASTOKAS
DIRECTOR OF TECHNOLOGY AND INNOVATION

APPROVED:

PATRICK H. WEST
CITY MANAGER