



September 20, 2011

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Authorize the City Manager to execute contracts and any amendments thereto with Langham Consulting Services, Inc., in the amount of \$885,000 for project management services, and Black & Veatch, in the amount of \$198,000 for quality assurance services in support of the implementation of a new utility customer information system. (Citywide)

**DISCUSSION**

On July 5, 2011, the City Council authorized the City Manager to enter into agreements with Oracle and EP<sup>2</sup>M for the purchase, implementation, and ongoing support of a new utility customer information system (CIS). Attached is the City Council letter for reference. At that time, staff communicated that upon receiving City Council approval to purchase and implement the new system, the next step would be to retain professional services resources to manage project implementation and to perform quality assurance services, as well as to acquire temporary specialized staffing to carry out the technical tasks necessary to transition to the new system. Therefore, City Council approval is being requested with this action to authorize the City Manager to execute agreements for project management and quality assurance services to implement a new utility CIS. Currently, staff is in the competitive bidding process for the dedicated temporary project resources referred to in the July 5<sup>th</sup> communication with Council and it is anticipated that Council approval will be sought in that regard within the next two months.

Implementation of the new CIS involves a complex transition from existing systems to new ones with compatible technology. It requires a skilled project manager with extensive experience in implementing Oracle's utility CIS to ensure the project is completed on time, within budget, and fully meets the needs of the City. To mitigate unforeseen risks, a quality assurance firm is needed to provide independent review of the progress of the project, to determine the condition of the implementation with regard to schedule, quality, scope and budget and to identify any areas of improvement.

To that end, separate request for proposals (RFPs) for project management and quality assurance services were issued on May 23, 2011, with a due date of June 9, 2011. The

RFP documents were made available from the Purchasing Division located on the seventh floor of City Hall, and the Division's website at [www.longbeach.gov/purchasing](http://www.longbeach.gov/purchasing). RFP announcements were also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 543 local, minority and women's business groups.

Seven proposals were received for project management services. Of the seven proposers, three were Minority-owned Business Enterprises (MBEs), two were Women-owned Business Enterprises (WBEs), none were Small Business Enterprises (SBEs), and one was a Long Beach business (local). Based on the evaluation team's review of the written proposals, five of the seven proposers were invited for oral interviews. Langham Consulting Services, Inc., of Mandeville, LA, is the recommended firm for project management services. In addition to project management, their scope of services also includes system testing management services as requested in the RFP.

Eight proposals were received for quality assurance services. Of the eight proposers, two were Minority-owned Business Enterprises (MBEs), two were Women-owned Business Enterprises (WBEs), none were Small Business Enterprises (SBEs), and one was a Long Beach business (local). Based on the evaluation team's review of the written proposals, three proposers were invited for oral interviews. Black & Veatch, of Overland Park, KS, is the recommended firm for to provide quality assurance services.

The recommended vendors were chosen based upon cost, established criteria, demonstrated competence, and verification of references for services performed for other municipal agencies and utilities. The evaluation team reviewing the proposals included representatives from the following City departments: Long Beach Gas and Oil, Water, Public Works, Technology Services, and Financial Management.

This letter was reviewed by Deputy City Attorney Gary J. Anderson on August 23, 2011, and by Budget Officer Victoria Bell on August 25, 2011.

### SUSTAINABILITY

With the implementation of a utility CIS system, the City will achieve a number of environmental and sustainable benefits. It will reduce the volume of paper used for utility bills and mailings, as customers opt for online, paperless billing and payment. It will also facilitate the future transition to automated meter reading, which will reduce vehicle emissions by eliminating the need for meter readers to travel by vehicle on a daily basis to all parts of the City's 50 square miles of utility service territory. Additionally, it will raise awareness of increased energy and water usage through rate structures that make consumers more aware of the need to conserve.

### TIMING CONSIDERATIONS

City Council action on this matter is requested on September 20, 2011 to move forward on this important project by the scheduled project kick-off in October. Implementation is

projected to take 18 months with six additional months of stabilization with the new system.

FISCAL IMPACT

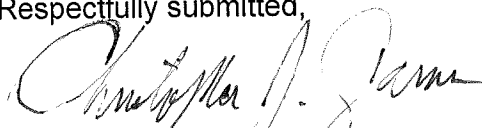
The total cost for project management and quality assurance services is \$1,083,000, spread out over two fiscal years, FY 12, and FY 13. The amount is within the estimated cost for these respective services presented to City Council on July 5, 2011.


The cost will be allocated among the four enterprise operations (gas, water, sewer, refuse), which fund the City's current utility billing function. The allocation is equal to each enterprise's proportionate usage and dependence on the system. Estimated costs by fund are: Gas Fund (EF 301) \$412,600; Refuse Fund (EF 330) \$282,600; Water Fund (EF 310) \$223,500; and Sewer Fund (EF 311) \$164,300. The participating departments will request increases in budget appropriation as needed, as the project moves forward. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:


Approve recommendation.

Respectfully submitted,

  
CHRISTOPHER J. GARNER  
DIRECTOR  
LONG BEACH GAS AND OIL

  
MICHAEL CONWAY  
DIRECTOR  
PUBLIC WORKS

  
CURTIS TANI  
DIRECTOR  
TECHNOLOGY SERVICES

  
KEVIN WATTIER  
GENERAL MANAGER  
LONG BEACH WATER

  
JOHN GROSS  
DIRECTOR  
FINANCIAL MANAGEMENT

Attachment

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER



July 5, 2011

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

RECOMMENDATION:

Authorize the City Manager to execute contracts and any amendments thereto with: Oracle America, Inc., of Redwood Shores, CA (not an MBE, WBE, SBE or local), for the purchase and maintenance of a utility customer information system (CIS) and related systems to replace the current utility billing system in a total amount not to exceed \$1,999,089 including tax; EP<sup>2</sup>M, LLC, of Flanders, New Jersey (not an MBE, WBE, SBE, or local), for the implementation and support of the utility CIS and related systems in a total amount not to exceed \$10,916,231 including tax; and Tele-Works, Inc., of Blacksburg, VA (not an MBE, WBE, SBE, or local), for the purchase of an interactive voice response system in a total amount not to exceed \$117,600 including tax; and

Authorize the City Manager to execute a lease-purchase agreement and related financing documents under the Master Lease Agreement with Banc of America Public Capital Corporation in an amount not to exceed \$3,030,000, payable over a seven-year period, for partial financing of the Gas Fund portion of the project expense. (Citywide)

DISCUSSION

City Council approval is being requested to authorize the City Manager to execute contracts for the purchase, implementation, and ongoing support of a utility customer information system (CIS). As requested by the City Council at its meeting on July 10, 2007, City staff has completed a comprehensive Request for Proposal (RFP) solicitation and evaluation process for a new utility CIS to replace the City's existing 32-year-old utility billing system. The current system was developed internally, uses antiquated technology that lacks the capability of being upgraded, and does not offer the customer service functions that are standard in today's utility systems. Due to the existing system's limited capabilities and age, it is imperative that the City transition to a modern, technologically-advanced utility CIS system. The proposed new system will ensure uninterrupted billing service for approximately 177,000 gas, water, sewer, and refuse customer accounts that generate more than \$212 million in annual revenue for the City.

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The new CIS will provide the most reliable, up-to-date, user-friendly tools available on the market to support the City's utility functions. Incorporating this new technology will provide the following benefits:

- Improve customer convenience and education by expanding features that will allow customers to receive and pay bills using the internet.
- Allow faster turnaround on revenue receipts by shortening the time between meter reading, billing and payment receipt.
- Facilitate the future implementation of automated gas and water meter reading.
- Encourage energy and water conservation efforts through flexible modifications to rate structures.
- Provide an even better level of customer service quality by improving the speed and quality of customer information available to the utility call center representatives.
- Allow for more efficient dispatching of field personnel to handle utility service calls.

The Request for Proposals (RFP) for Licensing and Implementation of a Customer Information System was issued on September 1, 2009, and 196 potential bidders specializing in information systems were notified. Of those bidders, 32 downloaded the bid via our electronic bid system. The RFP document was made available from the Purchasing Division located on the seventh floor of City Hall, and the Division's website at [www.longbeach.gov/purchasing](http://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 30 local, minority and women's business groups. Ten proposals were received. Of those ten proposers, one was a Minority-owned Business Enterprise (MBE), none were Women-owned Business Enterprises (WBEs), none were Small Business Enterprises (SBEs), and none were a Long Beach business (local). Oracle America, Inc., of Redwood Shores, CA (not an MBE, WBE, SBE or local), and EP<sup>2</sup>M, LLC, of Flanders, New Jersey (not an MBE, WBE, SBE, or local), are recommended for award. These vendors were chosen based upon cost, established criteria, demonstrated competence, and verification of references for services performed for other utilities and municipal agencies.

The RFP evaluation process included representatives from the following City departments: Long Beach Gas and Oil, Water, Public Works, Technology Services, and Financial Management. Throughout this RFP process, the City has received consulting support from a contracted vendor, Langham Consulting, a leading professional services firm specializing in utility CIS vendor selections. The evaluation process included in-depth vendor demonstrations, reference checks, visits to utility companies using the systems (El Paso, TX - Electric; City of Tempe, AZ - Water; Pittsburgh, PA - Water and Sewer; and Oklahoma City, OK - Water), and fact-finding sessions with the finalists.

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Based upon this process, staff recommends the City execute contracts with the following three vendors:

- Oracle America, Inc., to acquire its Customer Care and Billing/Mobile Workforce Management software.
- EP<sup>2</sup>M, LLC, to implement and support the specialized software.
- Tele-Works to provide an upgraded interactive voice response system to allow utility customers to check their accounts and pay their bills over the telephone.

At the City's request, EP<sup>2</sup>M has included in its cost, one future major software upgrade when released. This critical feature has been included to ensure that the new system stays current and supportable for years to come. In addition, system maintenance, support and EP<sup>2</sup>M-managed services for the three years following implementation are also included in the cost.

Long Beach will be joining municipal and private utility companies throughout the nation that are moving to the Oracle system. It is technically more intuitive, has greater functionality, is less costly to upgrade and enhance, and incorporates best business practices proven in this industry. Among those that have recently implemented or are implementing the Oracle system are: Los Angeles Department of Water and Power, San Francisco Public Utilities, City of Austin Energy, Denver Water Department, Albuquerque/Bernalillo County Water Utility Authority, Golden State Water Company, Pacific Gas and Electric, City of Phoenix, and many others.

Upon receiving City Council approval to purchase and implement Oracle's utility CIS, the next step is to retain professional service resources to manage project implementation to ensure it is completed on time, within budget, and fully meets the needs of the City. The complex and technical implementation involves the lengthy transition from existing supporting systems to new ones with compatible technology. This requires dedicated specialized temporary resources to complete these tasks. Staff will return to City Council requesting approval for support services contracts for project management, quality assurance, and temporary technical staffing contracts. Currently, these support services are in a competitive bidding process, and it is anticipated that Council approval will be sought within the next month.

This letter was reviewed by Deputy City Attorney Gary Anderson on June 16, 2011 and Budget Management Officer Victoria Bell on June 15, 2011.

### SUSTAINABILITY

With the implementation of a utility CIS system, the City will achieve a number of environmental and sustainable benefits. It will reduce the volume of paper used for utility bills and mailings, as customers opt for online, paperless billing and payment. It will also facilitate the future transition to automated meter reading, which will reduce vehicle emissions by eliminating the need for meter readers to travel by vehicle on a daily basis to all parts of the City's 50 square miles of utility service territory. Additionally, it will raise awareness of increased energy and water usage through rate structures that make consumers more aware of the need to conserve.

### TIMING CONSIDERATIONS

City Council action on this matter is requested on July 5, 2011 to move toward implementation of the new system. The implementation is projected to take 18 months with six additional months of stabilization with the new system.

### FISCAL IMPACT

The total overall cost of the software system and implementation of the project, including the agreements with Oracle, EP<sup>2</sup>M, and Tele-Works, as well as the referenced project support services and City staff time, is an estimated \$14.91 million, spread out over three fiscal years, FY 11, FY 12, and FY 13. This cost will be allocated among the four enterprise operations (gas, water, sewer, refuse), which fund the City's current utility billing function. The allocation is equal to each enterprise's proportionate usage and dependence on the system.

Estimated costs for the project by fund are: Gas Fund (EF 301) \$5.68 million; Refuse Fund (EF 330) \$3.89 million; Water Fund (EF 310) \$3.08 million; and Sewer Fund (EF 311) \$2.26 million. The participating departments will request increases in budget appropriation as needed, as the project moves forward.

The proposed financing component of \$3,030,000 would be repaid over seven years at an approximate interest rate of 2.48 percent, for an estimated annual cost of \$473,455 to the Gas Fund. The financing would provide approximately 53 percent of the \$5.68 million in project expense that will be paid by the Gas Fund, thus lessening the short-term impact on the cash flow from gas operations in order to maintain the FY 12 and future operating transfers to the General Fund.

The ongoing annual cost of \$1.4 million for Oracle and EP<sup>2</sup>M-provided support and maintenance for each of the three years after project implementation and stabilization is included in the cost and will be allocated as follows: Gas Fund \$534,000; Refuse Fund \$365,000; Water Fund \$289,000; and Sewer Fund \$212,000.

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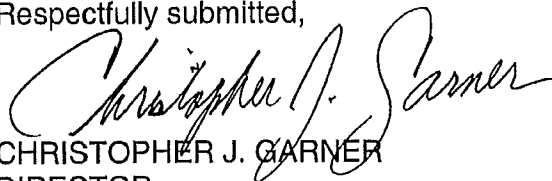
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SUGGESTED ACTION:

Approve recommendation.

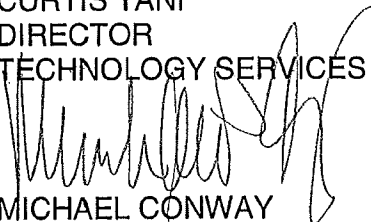
Respectfully submitted,



CHRISTOPHER J. GARNER  
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DIRECTOR  
PUBLIC WORKS



KEVIN WATTIER  
GENERAL MANAGER  
LONG BEACH WATER



DAVID NAKAMOTO  
ACTING DIRECTOR  
FINANCIAL MANAGEMENT

CG/TM  
07-05-11 CIS Council Letter

APPROVED:



PATRICK H. WEST  
CITY MANAGER