



CITY OF LONG BEACH **R-13**

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Blvd • Long Beach, California 90802

August 12, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an agreement for a two-year term with Langham Consulting Services, Inc., to conduct a nationwide search and selection process for a Meter Reading Service Vendor and provide project management services for the full implementation of the meter reading service transition in an annual amount not to exceed \$360,400. (Citywide)

DISCUSSION

Southern California Edison (SCE) has been providing manual gas and water meter reading services to the City for the past 19 years. Since SCE was already reading its own electricity meters, the City was able to piggyback on that service and contract with SCE to use its meter reading staff to perform the same service for the City-owned gas and water utilities, at the annual cost of \$1.3 million. The fourth amendment of the agreement with the City will expire in less than two years, on April 30, 2010.

SCE has informed the City of its intent to migrate to automatic meter reading, and they are currently in the process of eliminating all manual meter reading services for the City and throughout their service area. As a result, SCE will not request to extend the existing agreement after April 2010. As such, the City must commence procurement of meter reading services to conduct monthly reading and reporting on all 90,000 water meters and 146,000 gas meters in the City as soon as possible. Annual gas and water revenues are approximately \$232 million and are contingent upon effective and timely meter reading services.

Significant technological advances in the meter reading industry over the past two decades require hiring a consultant with extensive meter reading and system implementation experience to ensure the most qualified vendor is selected and fully operational prior to the termination of the existing agreement. City Council approval is being requested to enter into a contract with Langham Consulting Services, Inc., to conduct a nationwide search and selection process for a meter reading service vendor, and to provide project management services for the full implementation of the meter reading service transition.

Selection Approach

To ensure selection of the most qualified and cost effective vendor, a nationwide search was conducted for a consultant to assist the City in procuring a meter reading service. A request for qualifications (RFQ) was issued on May 15, 2008. Six firms responded with Statements of Qualifications (SOQ). Among the six proposals, one declared it is a minority or women-owned business and none were Long Beach businesses. The SOQ were evaluated by the Meter Reading Steering Committee (Committee) members, comprised of representatives from Financial Management, Technology Services, Long Beach Gas and Oil, and Water Departments. Langham Consulting Services, Inc., of Mandeville, LA, was selected by the Committee based on the SOQs provided.

To ensure due diligence in the selection process, a Request for Detailed Costs and Services was sent to the top two candidates. Both candidates responded and Langham Consulting Services, Inc., was again selected as the top choice of the Committee, based on their proposed approach, extensive knowledge of the challenges facing the meter reading industry, cost and deliverability.

With the assistance of Langham Consulting Services, Inc., the selection and evaluation process for a new meter reading vendor will be completed by approximately May 2009. At that time, a recommendation for a new meter reading service vendor with detailed costs will be presented to the City Council for approval. Subsequently, Langham Consulting Services, Inc., will assist with contract negotiations and will work with staff and the new vendor on implementation of the meter reading service, which is expected to be fully operational by January 2010. This will allow 60-90 days for the new vendor to complete the implementation prior to the termination of the SCE agreement in April 2010.

Leveraging Benefits from Multi-Contract Awards

On July 22, 2008, the City Council approved the Technology Services Department's request to engage Langham Consulting Services, Inc., for the Customer Information System (CIS) project. A major component in the meter reading vendor contract is the proposed interface with the CIS for utility billing. Consequently, engaging the same consultant for both projects will be beneficial to the City in numerous ways including:

- A reduction of the hourly rate to match that of the CIS selection proposal;
- Organizational and institutional knowledge (e.g., procurement policies, business procedures, etc.) gained on one project will result in a more thorough understanding of the organization in total;
- Better coordination of Langham Consulting Services, Inc., resources including many onsite opportunities to work on both projects;

- Better coordination of City resources as multiple subjects can be addressed in a single meeting;
- Less time spent overall in the development of meter reading technology specifications as the consultant will ask questions and document the requirements just once;
- Lack of coordination is eliminated between the two projects with the consultant ensuring a consistency of approach;
- Langham Consulting Services, Inc., essentially becomes the one party responsible for defining and finding "meter to cash" solutions for the City; and
- The dual project incentive offers the City 80 hours of consulting services at no additional cost, to be used by either the Meter Reading or CIS contract.

This matter was reviewed by Deputy City Attorney Amy R. Burton and Budget Management Officer Victoria Bell on July 17, 2008.

TIMING CONSIDERATIONS

City Council action is requested on August 12, 2008, in order to maintain the current project schedule.

FISCAL IMPACT

Costs, not to exceed \$360,400, are included in the FY 09 Proposed Budget in the Water Fund (EF 310) of the Water Department (WA) and the Gas Fund (EF 301) of the Long Beach Gas and Oil Department (EN). There is no fiscal impact to the General Fund.

SUGGESTED ACTION:

Approve the recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:



PATRICK H. WEST
CITY MANAGER