



# REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www.CityofSacramento.org

Consent Report  
**September 4, 2007**

**Honorable Mayor and  
Members of the City Council**

**Title: Agreement: Utility Billing and Payment Services**

**Location/Council District: Citywide**

**Recommendation:** Adopt a **Resolution** authorizing the City Manager to execute a Consultant and Professional Services Agreement with KUBRA Data Transfer West Ltd. for the installation and implementation of Utility Billing and Payment services for an amount not to exceed \$4,384,000 through June 30, 2012.

**Contact:** Gary Reents, Director, Department of Utilities, 808-1433  
Jamille Moens, Program Manager, 808-5988

**Presenters:** None

**Department:** Utilities

**Division:** Business Services

**Organization No:** 3352

#### **Description/Analysis**

##### **Issue/Objective:**

On October 31, 2007, the existing agreement to provide Utility Bill Printing and Mailing services will expire. The City conducted a competitive Request for Proposal (RFP) process as it had an opportunity to provide enhanced services in the area of utility billing and payment services to meet the ever-changing needs of its customers.

The City's current utility bill services include printing and mailing of utility bills and various payment options including autopay, check by mail, credit card payment in person or over the phone, and payment by cash, check and credit card at various pay stations in Sacramento. The City is currently developing a program to offer City of Sacramento utility customers the option of paying their utility bill online (one-time payment) via the website and also by phone utilizing Interactive Voice Recognition. These payment options are expected to be available to Utilities' customers soon.

As a result of a competitive RFP process that included 15 original proposals, the City identified a solution that improves the efficiency and quality of the current utility

printing and mail processes. The solution provides enhanced features, particularly in the area of e-billing and e-payment functionality desired and expected by Department of Utilities' customers, while reducing the overall cost. This solution also has a proven interface with the City's new Oracle/PeopleSoft Customer Information System (CIS).

While the City is in development for the online one-time payment solution, the additional features provided in the recommended agreement include electronic bill presentment, bill history, emailing and faxing of bills, online enrollment for recurring and future-dated payments, access to payment history and more.

The City would like to provide Utilities' customers with state-of-the-art technology to receive, view and pay their bills while encouraging customers to utilize the new e-solutions as it saves natural resources, is more timely than traditional postal service and allows for self-service 24 hours a day. Cost savings will also be realized by executing this agreement and developing and implementing the services with the enhanced features.

For traditional print and mail paper services, execution of the recommended agreement will provide for enhanced features in this area while creating a savings of approximately 25%. Additional savings will continue to occur as customers adopt the e-commerce solutions over time. Paper bills will be replaced by e-bills at the customers' request generating a savings of approximately 67% per bill presented electronically as opposed to mailed.

**Policy Considerations:** This recommendation is in accordance with the Mayor and City Council mission to protect, preserve, and enhance the quality of life for present and future generations by providing more options for residents to conduct business electronically and provide opportunities for conservation of natural resources.

Also, this recommendation supports the citywide operating principle of getting the customer to success while streamlining business processes and saving money.

**Environmental Considerations:** The report concerns administrative activities that do not constitute a "project" as defined in section 15378 of the California Environmental Quality Act (CEQA) Guidelines and is otherwise exempt pursuant to section 15061(b)(3) (no significant effect on the environment) of the CEQA Guidelines.

**Rationale for Recommendation:** The City identified the following business needs, concerns, and requirements:

- The City needs a state-of-the-art utility billing and payment solution as the current agreement for these services is due to expire October 31, 2007.
- The selected Utility Billing and Payment solution will offer efficient and high quality utility printing and mail processes as well as provide enhanced features, particularly in the area of e-billing and e-payment functionality desired and expected by Department of Utilities' customers, while reducing costs.

The recommendation from staff follows an extensive competitive Request for Proposal (RFP) process. An evaluation team consisting of members from the Information Technology and Utilities departments reviewed fifteen (15) original proposals, conducted web-ex demonstrations, interviewed vendor references, and conducted proposal clarifications with the top three finalists under oversight from the Procurement Division. The RFP selection team deemed that it was in the best interest of the City to retain KUBRA Data Transfer West Ltd. and negotiated terms and conditions for the professional services agreement and a detailed Statement of Work with support and guidance from the City Attorney's Office.

**Financial Considerations:** No additional funding is requested. Funding is available in the current operating budget. The agreement provides for an initial base period beginning from date of execution of the agreement through June 30, 2008, with the option to extend for additional four one-year terms.

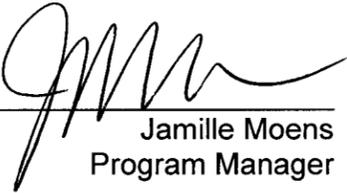
<u>Years</u>	<u>Amount</u>
Base period (through 6/30/2008)	\$603,000
Year 1 (7/1/2008-6/30/2009)	\$915,000
Year 2 (7/1/2009-6/30/2010)	\$921,000
Year 3 (7/1/2010-6/30/2011)	\$968,000
Year 4 (7/1/2011-6/30/2012)	<u>\$977,000</u>
Total not to exceed amount:	\$4,384,000

The agreement includes print and mail services, e-commerce solutions, professional consulting and postage. Approximately 72% of the total agreement amount is for postage which will be a direct pass-through to the U.S.P.S. Of the remaining amount, approximately 89% is for print and mail services, 4% for e-solutions and 7% for consulting services as noted below:

<u>Service</u>	<u>Amount</u>
Print/Mail	\$1,100,000
Electronic Bill Presentment/Payment	\$ 54,000
Consulting	\$ 84,000
Postage (Pass-through to USPS)	<u>\$3,146,000</u>
Total not to exceed amount:	\$4,384,000

**Emerging Small Business Development (ESBD):** KUBRA Data Transfer West Ltd. is not a qualified ESBD at this time.

Respectfully Submitted by: \_\_\_\_\_



Jamille Moens  
Program Manager

Approved by: Edward E. Hubbs for  
Gary Reents  
Director, Department of Utilities

Recommendation Approved:



*for* Ray Kerridge  
City Manager

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**Attachment 1****BACKGROUND:**

On October 31, 2007, the existing agreement to provide Utility Bill Printing and Mailing services will expire. The City conducted a competitive Request for Proposal (RFP) process as it had an opportunity to provide enhanced services in the area of utility billing and payment services to meet the ever-changing needs of its customers. An RFP evaluation team consisting of members from the Information Technology and Utilities departments reviewed fifteen (15) original proposals, conducted web-ex demonstrations, and interviewed vendor references. The evaluation team determined that it was in the best interest of the City to retain KUBRA Data Transfer West Ltd. (KUBRA).

KUBRA is a leader in providing outsourced billing, customer care, e-billing and electronic payment processing solutions to the utility industry. They serve over 100 electric, gas and water regulated and deregulated utility clients in North America including the Sacramento Municipal Utility District, City of San Jose, California Water and the City of San Francisco. The City would like to provide Utilities' customers with state-of-the-art technology to view and pay their bills and encourage customers to utilize e-commerce alternatives as it saves natural resources, is more timely than traditional postal service and allows for self-service 24 hours a day.

KUBRA's solution improves the efficiency and quality of the current utility printing and mail processes as well as provides enhanced features, particularly in the area of e-billing and e-payment functionality desired and expected by Department of Utilities' customers, while reducing current costs by a minimum of 25%. This solution also has a proven interface with the City's new Oracle/PeopleSoft Utility Customer Information System (CIS).

The City's current utility bill services include printing and mailing of utility bills and payment options that include: payment by check via mail; credit card payment in person or over the phone with a Customer Service Representative; cash, check or credit card at various pay stations throughout Sacramento including City Hall and the Department of Utilities. Earlier this year, the City executed a separate agreement with KUBRA to provide City of Sacramento utility customers the option of paying their utility bill online (one-time payment) and by phone (employing Interactive Voice Recognition) using a credit card, debit card or ACH bank account. This additional functionality is in development and expected to be available to Utilities' customers soon.

In the area of bill print and mail, KUBRA will compose, print and mail Utilities' billing documents as well as provide the following enhanced services:

- National Change of Address (NCOALINK) cleansing – real-time corrections are made to the addresses that have had changes noted by the U.S.P.S. prior to mailing allowing for postage savings and more timely delivery of bills
- Postal processing – facilitates address correction/verification to provide for

best postal rate

- Materials – all material needed for billing will be supplied eliminated the need for additional agreements, inventory management, and storage fees etc.
- Household merge/purge multiple statements – multiple statements to the same owner and mailing address are matched and inserted in one appropriate size envelope metered first-class separately, and delivered to the U.S.P.S. at the same time all other bills are delivered
- Quality Assurance filters – the ability to parse out bills based on specific criteria in order to review prior to mailing to ensure accuracy of bills
- Platinum Service Level Agreement – document production and distribution provides 12-hour turnaround from receipt of original data extract files to the delivery of finished mail pieces to the U.S.P.S.

In the area of e-commerce or Electronic Bill Presentment and Payment (EBPP), KUBRA's services include:

- Electronic replicas of customer bills – enables authorized City employees to view exact electronic replicas of printed customers' bills. Staff may FAX, print and/or e-mail the bills, as needed
- i-Direct Module – enrollment by customers on a "biller-direct" site (City-branded website powered by KUBRA) to allow for bill presentment, customer self-service, and online account management
- i-Pay Module – real-time payment enrollment and validation for Credit/Debit Cards and ACH payment accounts; ability to schedule recurring and future-dated payments; access to payment transactional history; e-lockbox which supports the processing of all pay-in-one networks including CheckFree, Online Resources, Metavante, and Master Card RPPS
- i-Connect Module – supports activation requests from CheckFree including enrollment, bill delivery and remittance processing
- i-Market Module – application used for targeted communication and customer service messaging to defined customer groups and/or across date ranges
- Customer Care – capture and routing of on-line customer inquires/issues
- Online Portal – provides real-time tracking and management of the entire document production process from receipt of the billing file to the delivery of the finished mail pieces to the post office, and supports a series of self-service features including selective insert management, on-document messaging, online management of inventory, access to comprehensive reporting, advance print preview and release tools, management of business rules and special handling, and the ability to define specific account numbers for automated delivery of associated bills via e-mail (.pdf attachment)

KUBRA, with its extensive suite of products and services, will allow for an integrated and comprehensive solution that supports the entire document life cycle in both the traditional and digital arenas from data receipt to payment processing.

Given the City's interest to protect its customers' information, a thorough evaluation regarding data security was conducted as part of the RFP process and involved both the City Attorney's office and the Department of Information Technology's Principle

Security Officer. KUBRA's facilities, processes, systems and applications are designed to protect the availability, integrity and confidentiality of automated information and the resources used for its collection, storage, processing and transmittal. The transmission and storage of the data is protected by state-of-the-art firewall software, data integrity audits, intrusion detection, data encryption and password secure application access. KUBRA is both PCI and SAS 70 certified. Additional language was also included in the agreement to address specific data security concerns.

The agreement with KUBRA provides for an initial base period beginning from date of execution of the agreement through June 30, 2008, with the option to extend for additional four one-year terms. The agreement amounts are as follows:

<u>Years</u>	<u>Not to Exceed Amount</u>
Base period (through 6/30/2008)	\$603,000
Year 1 (7/1/2008-6/30/2009)	\$915,000
Year 2 (7/1/2009-6/30/2010)	\$921,000
Year 3 (7/1/2010-6/30/2011)	\$968,000
Year 4 (7/1/2011-6/30/2012)	<u>\$977,000</u>
Total not to exceed amount:	\$4,384,000

For traditional print and mail paper services, execution of the recommended agreement will provide for enhanced features in this area while creating a savings of approximately 25%. Additional savings will continue to occur as customers adopt the e-commerce solutions over time. Paper bills will be replaced by e-bills at the customers' request generating a savings of approximately 67% per bill presented electronically as opposed to mailed.

The agreement includes print and mail services, e-commerce solutions, professional consulting and postage. Approximately 72% of the total agreement amount is for postage which will be a direct pass-through to the U.S.P.S. Of the remaining amount, approximately 89% is for print and mail services, 4% for e-solutions and 7% for consulting services as noted below:

<u>Service</u>	<u>Amount</u>	<u>% of overall agreement</u>	<u>% of agreement less postage</u>
Print/Mail	\$1,100,000	25.09%	88.85%
EBPP	\$ 54,000	1.23%	4.36%
Consulting	\$ 84,000	1.92%	6.79%
Postage (Pass-thru to USPS)	<u>\$3,146,000</u>	<u>71.76%</u>	<u>N/A</u>
Total not to exceed amount:	\$4,384,000	100%	100%

**RESOLUTION NO.**

Adopted by the Sacramento City Council

**APPROVING A CONSULTANT AND PROFESSIONAL SERVICES AGREEMENT  
WITH KUBRA DATA TRANSFER WEST LTD., FOR THE INSTALLATION AND  
IMPLEMENTATION OF UTILITY BILLING AND PAYMENT SERVICES**

**BACKGROUND:**

- A. October 31, 2007, the existing agreement to provide Utility Bill Printing and Mailing services will expire. The City conducted a competitive Request for Proposal (RFP) process as it had an opportunity to provide enhanced services in the area of utility billing and payment services to meet the ever-changing needs of its customers. An RFP evaluation team consisting of members from the Information Technology and Utilities departments reviewed fifteen (15) original proposals, conducted web-ex demonstrations, and interviewed vendor references. The evaluation team determined that it was in the best interest of the City to retain KUBRA Data Transfer West Ltd. (KUBRA).
- B. KUBRA's solution improves the efficiency and quality of the current utility printing and mail processes as well as provides enhanced features, particularly in the area of e-billing and e-payment functionality desired and expected by Department of Utilities' customers, while reducing current costs by a minimum of 25%.
- C. With its extensive suite of products and services, KUBRA will allow for an integrated and comprehensive solution that supports the entire document life cycle in both the traditional and digital arenas from data receipt to payment processing, and provides Utilities' customers with state-of-the-art technology to view and pay their bills online.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL  
RESOLVES AS FOLLOWS:**

- Section 1. The City Manager or authorized designee is authorized to execute an agreement with Kubra Data Transfer West Ltd. for utility billing and payment services, for a total amount not to exceed \$4,384,000.
- Section 2. The agreement provides for an initial base period beginning from date of execution of the agreement through June 30, 2008, with the option to extend for additional four one-year terms. The City Manager may authorize such extension(s) for the annual not to exceed amount specified below, provided that sufficient funds are available in the budget adopted for the applicable

Fiscal Year(s):

<u>Years</u>	<u>Not to exceed amount</u>
Base period (through 6/30/2008)	\$603,000
Year 1 (7/1/2008-6/30/2009)	\$915,000
Year 2 (7/1/2009-6/30/2010)	\$921,000
Year 3 (7/1/2010-6/30/2011)	\$968,000
Year 4 (7/1/2011-6/30/2012)	\$977,000