



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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STAFF REPORT
October 25, 2005

Honorable Mayor and
Members of the City Council

Subject: Contract: Customer Information System (CIS) Project Budget Reconciliation and Transition to Post-Production Support

Location/Council District: Citywide

Recommendation:

Adopt a Resolution approving Supplemental Agreement No. 3 to City Manager Agreement No. 2002-0227 in an amount not to exceed \$310,000 for 1) final payment to SPL WorldGroup, Inc. (SPL) for system integration services in an amount not to exceed \$250,000; 2) approving a 30 day contract extension with SPL for two (2) people to support the transition of the system to production mode in an amount not to exceed \$45,000; and 3) approving a 15 day extension for one (1) person to assist the City in designing the Comet Tracker Interface in an amount not to exceed \$15,000. The total amount of this final supplemental agreement with SPL is \$310,000 bringing the total contract value with SPL to \$5,558,983.

Contact: Jammie Moens, CIS Manager, 808-5988
Stephen R. Ferguson, Chief Information Officer, 808-8600

Presenter: Stephen R. Ferguson, Chief Information Officer

Department: Utilities

Division: Administration

Organization No: 3311

Summary:

The attached resolution:

- authorizes final payment to SPL for \$220,000 for reconciliation and retention fees and \$30,000 for actual expenses incurred in June 2005 for a total amount not to exceed \$250,000;
- approves a 30 day contract extension with SPL for \$45,000 for two (2) system designers to support the transition from development and testing mode into full production and for a third person for \$15,000 to design the Comet Tracker Interface; and
- approves Supplemental Agreement No. 3 to City Manager Agreement No. 2002-0227 for a total amount not to exceed \$310,000. Supplement Agreement No. 3 increases the contract value with SPL to \$5,558,983.

Committee/Commission Action: None.

Background Information:

During the weekend of October 22, 2005, data conversion from the legacy UCIS application to PeopleSoft CIS was completed. On October 24, 2005 the City's new utility billing application was placed into full production status and the first customer utility bills are ready to be produced. This is one week ahead of the schedule reported to Council in June 2005.

The total Capital Improvement Program (CIP) budget authorized by the City Council for this project was \$10,769,393. This covers the cost of hardware, software, consulting services and some city staff salaries needed to configure and implement the system. When we include the \$250,000 of project reconciliation charges from this supplemental agreement, total expenditures on this CIP will be \$10,669,393. The unallocated balance on the project is \$100,000. City staff will use a portion of the unallocated balance to cover miscellaneous project costs as we transition from a project office to full production mode.

The path getting the City to a successful "go-live" has been challenging. In December 2002, City Council approved vendor agreements for the procurement and implementation of a new Utility Billing/Customer Information System from PeopleSoft, Inc. The system the City licensed is called Peoplesoft CIS and the vendor selected to assist the City in the configuration of the system was SPL. In February 2003, City Council approved purchase of new computer hardware to support configuration, testing and production operation of the system.

In May 2003, City staff and the PeopleSoft CIS implementation vendor, SPL, began process analysis workshops to determine the final product configuration. The development of the plans to test the PeopleSoft CIS software configuration began in July 2003. From November 2003 through January 2004, the CIS Project experienced a

number of transitional issues including a change in project managers. This change extended the project timeline. In April 2004, City Council appropriated the additional funding needed to continue the project.

Between April 2004 and February 2005 some progress was made. However, by early February 2005, it became obvious to the Project Management Team that the planned "go-live" in March 2005 was unattainable. This reassessment of the project was primarily due to greater than expected challenges with data conversion from the legacy Utility Billing System, lack of a complete system test plan, inadequate project planning, and lack of defined project performance measures.

The independent Project Manager's contract was not extended and the City transitioned project management back to a City employee. Additional project management and technical resources from the IT Department were also assigned to the project.

The Project Management Team began working with the PeopleSoft CIS implementation vendor, SPL, to develop a revised project plan under a fixed-price contract that would assure completion of the CIS project by November 2005. The new project plan also includes the reporting, monitoring and maintenance of detailed metrics for every critical area of the project. City Council approved a collection of contract supplements on June 28, 2005 that would fund and support the project through a projected "go-live" window of November 1st to November 14th, 2005.

With the system now successfully in production, staff is requesting approval of one final supplemental agreement with SPL to complete the project and support transition to full production status.

This final supplemental agreement with SPL covers the following:

1) Contract reconciliation with SPL

As completion of the project neared, the Department of Finance conducted a review of all contracts and billings from the integration partner SPL. This review concluded that there were billings appropriate under the contract that exceeded previously authorized amounts. The total authorization needed to reconcile these charges and close out previous agreements with SPL \$250,000 or less than 2.4% of the total contract. This \$250,000 includes \$220,000 for labor authorized by the Project Manager under the City's original time and materials contract plus \$30,000 in actual expenses incurred in June 2005 by SPL.

2) Go-Live Transitional Support from SPL

On June 28, 2005 staff presented a recommendation to the Mayor and Council for a \$906,283 supplemental agreement with SPL for project completion. This agreement

changed the contract from a time and materials structure to a fixed price. SPL has fulfilled its obligations under this agreement and is scheduled to roll all consultants off the project by November 15, 2005.

In the weeks leading up to "go-live", City project staff and the Project Management Team (PMT) have focused on building a plan for a smooth transition to full production. In our planning process, the PMT has agreed that it would be in the best interest of the City to have a long-term post-production support agreement in place to help assure successful operation of the new system. A more detailed discussion of post-production issues is included below. In order for us to transition to this longer term agreement the staff recommends a minor consultant staff augmentation allowing two (2) key SPL staff members to remain on-site and directly accessible to the Project Team. Therefore, staff recommends Council approval of a contract supplement to extend two (2) key SPL staff members for thirty (30) days at a cost of \$45,000. This 30-day extension of additional support will be funded from the Utilities Department operating budget and allow the City to smoothly transition into post-production mode.

In addition, the Solid Waste Division of Utilities has requested assistance in the analysis and design of an interface to Comet Tracker. Comet Tracker is an application that will allow field personnel to receive and complete Work Orders from CIS on hand-held devices. This interface, when finally developed, will improve staff effectiveness and customer service. Given SPL's knowledge and understanding of the City's new CIS environment, it makes sense to leverage that experience for this small design project. Staff recommends that Council approve a contract supplement to extend one (1) SPL staff member for fifteen (15) days at a cost of \$15,000 to complete this design. Funding for this extension is available in the Solid Waste operating budget.

Post Production Support Considerations

Both the Utilities and Information Technology Department staff members assigned to this project feel very confident in their ability to support CIS on a day-to-day basis. However, when we consider our limited experience with this new technology in an actual production environment, having a backup plan for support in the event of a major problem is important to the City.

We considered two options to address the needs for backup technical support. The first option was to contract with a firm to station a technical CIS support consultant on-site for 18 months. Second was to develop an agreement covering 18 months of remote technical support. Given city staff's comfort level with the system, we felt that remote support option offered an acceptable level of backup support at a more reasonable cost. Under the remote support approach, the selected vendor would be given secure access to the City's network and CIS application.

On September 9, 2005, staff released an Request for Proposal (RFP) for remote CIS support. Twenty-six (26) companies downloaded the RFP from the City's web site, and

three companies submitted proposals. A team of city staff from the Utilities and IT Departments are in the process of evaluating the proposals. At the conclusion of the evaluation process, expected in November 2005, staff will make a recommendation to City Council for the award of an 18-month contract to provide remote support. This agreement will be financed from operating funds in the Utilities Department.

Financial Considerations:

The funding is currently available in the Capital Improvement Program Budget – Project AB61 (CIS Project) and within the previously approved limit of \$10,769,393 to cover the final payment to SPL Worldgroup of \$250,000. The contract extension of \$45,000 for 2 people – 30 days for post-production support transition will be covered by the Utilities Department operating budget. The contract supplement of \$15,000 for the Comet Tracker Interface design will be covered by the operating budget in the Solid Waste Division of Utilities. The following is the budgeted cost breakdown:

<u>Budget</u>	<u>Amount</u>
101-500-AB61 (System Integration/Reconciliation)	\$250,000
415-330-3361 (Comet Tracker Interface)	\$ 15,000
413-330-3314 (Transition to Production Mode)	\$ 9,225
414-330-3314 (Transition to Production Mode)	\$ 11,205
425-330-3314 (Transition to Production Mode)	\$ 8,865
415-330-3314 (Transition to Production Mode)	<u>\$ 15,705</u>
	\$310,000

No additional funding is required.

Environmental Considerations:

None.

Policy Considerations:

This recommendation is in conformance with the goals, objectives, initiatives and operating principles of the City's Information Technology Strategic Plan. In particular, it is in accordance with Goal #1, Improve Technical Infrastructure. The successful implementation of the new CIS Project will result in improved customer service for all City residents. Providing improved, timely customer service to all residents of the City is in accordance with the City Council's vision that the City of Sacramento is the city of choice to live, learn, work and play. The action requested is consistent with Chapter 3.64 of the Sacramento City Code and existing policy regarding professional services agreements.

Emerging Small Business Development (ESBD):

SPL Worldgroup, Inc. is not a certified ESBD firms. If further services are required for this project, an effort will be made to identify additional ESBD firms.

Respectfully Submitted by: Jamille Moens, CIS Manager

Approved by: 
Stephen R. Ferguson
Chief Information Officer

Recommendation Approved:


ROBERT P. THOMAS

City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVING SUPPLEMENTAL AGREEMENT NO. 3 TO CITY MANAGER AGREEMENT NO. 2002-0227 IN AN AMOUNT NOT TO EXCEED \$310,000 FOR 1) FINAL PAYMENT TO SPL WORLDGROUP, INC. (SPL) FOR SYSTEMS INTEGRATION SERVICES IN AN AMOUNT NOT TO EXCEED \$250,000; 2) APPROVING A 30 DAY CONTRACT EXTENSION WITH SPL FOR TWO (2) PEOPLE TO SUPPORT THE TRANSITION OF THE SYSTEM TO PRODUCTION MODE IN AN AMOUNT NOT TO EXCEED \$45,000; AND 3) APPROVING A 15 DAY EXTENSION FOR ONE (1) PERSON TO ASSIST THE CITY IN DESIGNING THE COMET TRACKER INTERFACE IN AN AMOUNT NOT TO EXCEED \$15,000

BACKGROUND

- A. During the weekend of October 22, 2005, data conversion from the legacy UCIS application to PeopleSoft CIS was completed. On October 24, 2005 the City's new utility billing application was placed into full production status and the first customer utility bills are ready to be produced. This is one week ahead of the schedule reported to Council in June 2005.
- B. The total Capital Improvement Program (CIP) budget authorized by the City Council for this project was \$10,769,393. This covers the cost of hardware, software, consulting services and some city staff salaries needed to configure and implement the system. When we include the \$250,000 of project reconciliation charges from this supplemental agreement, total expenditures on this CIP will be \$10,669,393. The unallocated balance on the project is \$100,000. City staff will use a portion of the unallocated balance to cover miscellaneous project costs as we transition from a project office to full production mode.
- C. The path getting the City to a successful "go-live" has been challenging. In December 2002, City Council approved vendor agreements for the procurement and implementation of a new Utility Billing/Customer Information System from PeopleSoft, Inc. The system the City licensed is called Peoplesoft CIS and the vendor selected to assist the City in the configuration of the system was SPL. In February 2003, City Council approved purchase of new computer hardware to support configuration, testing and production operation of the system.
- D. In May 2003, City staff and the PeopleSoft CIS implementation vendor, SPL, began process analysis workshops to determine the final product configuration.

The development of the plans to test the PeopleSoft CIS software configuration began in July 2003. From November 2003 through January 2004, the CIS Project experienced a number of transitional issues including a change in project managers. This change extended the project timeline. In April 2004, City Council appropriated the additional funding needed to continue the project.

- E. Between April 2004 and February 2005 some progress was made. However, by early February 2005, it became obvious to the Project Management Team that the planned "go-live" in March 2005 was unattainable. This reassessment of the project was primarily due to greater than expected challenges with data conversion from the legacy Utility Billing System, lack of a complete system test plan, inadequate project planning, and lack of defined project performance measures.
- F. The independent Project Manager's contract was not extended and the City transitioned project management back to a City employee. Additional project management and technical resources from the IT Department were also assigned to the project.
- G. The Project Management Team began working with the PeopleSoft CIS implementation vendor, SPL, to develop a revised project plan under a fixed-price contract that would assure completion of the CIS project by November 2005. The new project plan also includes the reporting, monitoring and maintenance of detailed metrics for every critical area of the project. City Council approved a collection of contract supplements on June 28, 2005 that would fund and support the project through a projected "go-live" window of November 1st to November 14th, 2005.
- H. With the system now successfully in production, staff is requesting approval of one final supplemental agreement with SPL to complete the project and support transition to full production status.
- I. This final supplemental agreement with SPL covers the following:

a. Contract reconciliation with SPL:

As completion of the project neared, the Department of Finance conducted a review of all contracts and billings from the integration partner SPL. This review concluded that there were billings appropriate under the contract that exceeded previously authorized amounts. The total authorization needed to reconcile these charges and close out previous agreements with SPL \$250,000 or less than 2.4% of the total contract. This \$250,000 includes \$220,000 for labor authorized by the Project Manager under the City's original time and materials contract plus \$30,000 in actual expenses incurred in June 2005 by SPL.

b. Go-Live Transitional Support from SPL:

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

- Section 1. Supplemental Agreement No. 3 to City Manager Agreement No. 2002-0227 is approved for an amount not to exceed \$310,000 to SPL for 1) final payment to SPL for system integration services in an amount not to exceed \$250,000; 2) approving a 30 day contract extension with SPL for two (2) people to support the transition of the system to production mode in an amount not to exceed \$45,000; and 3) approving a 15 day extension for one (1) person to assist the City in designing the Comet Tracker Interface in an amount not to exceed \$15,000. The total amount of this final supplemental agreement with SPL is \$310,000 bringing the total contract value with SPL to \$5,558,983.