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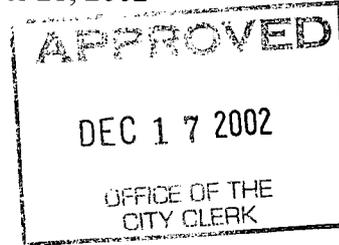
DEPARTMENT OF
FINANCE

REVENUE DIVISION

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 104
915 I STREET
SACRAMENTO, CA
95814-2696

November 21, 2002



REVENUE
ADMINISTRATION
916-264-5724

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: PURCHASE OF SOFTWARE AND SERVICES FOR AUTOMATED UTILITY
BILLING CUSTOMER INFORMATION SYSTEM**

LOCATION AND COUNCIL DISTRICT: Citywide

STAFF RECOMMENDATION

It is recommended that the City Council adopt the attached resolutions that authorize:

1. The purchase of software and services from PeopleSoft, Inc. for a Customer Information System (CIS) application package, a professional services agreement with SPL WorldGroup, Inc. for software implementation services and purchase of bill print software and installation services from Group 1 Software, Inc. (Page 5)
2. The establishment of nine (9) limited term full time equivalent (FTE's) positions, the addition of one Information Technology full time position and approve contract programming services as additional resources for the implementation of the new Utility Billing Customer Information System. (Page 6)

CONTACT PERSON **Margaret L. Freeman, UBET/CIS Project Manager, 264-7093**

FOR COUNCIL MEETING OF: December 17, 2002

SUMMARY

City Council approved and funded the procurement of a new automated Utility Billing Customer Information System during the FY01/02 Capital Improvement Budget hearing. After an extensive evaluation and selection process, the City Project Team is recommending that the City execute agreements with the selected vendors in order to implement a new system. In addition, various positions need to be back-filled so that the knowledge and expertise of current experienced staff can be utilized for the implementation of the new system. The implementation of the City's new Utility Billing Automated Customer Information System (CIS) is currently scheduled to begin March 2003.

COMMITTEE/COMMISSION ACTION

No committee action is required.

BACKGROUND INFORMATION

City Council approved the procurement of a new automated Utility Billing Customer Information System (CIS) during the FY01/02 Capital Improvement Budget hearings. A City project team, comprised of Department of Utilities staff, Solid Waste/Public Works staff, Information Technology staff and Finance/Revenue Division staff, has been working on the evaluation and selection process for a new Customer Information System. For the evaluation and selection process, front line staff (the daily users of the system), were included in the project activities.

On May 13, 2002, the City received eighteen (18) proposals for replacement of the current utility billing system. After extensive evaluation and due diligence, the City has completed contract negotiations with three vendors – PeopleSoft, Inc. for CIS software, SPL WorldGroup, Inc. for system implementation services and Group 1 Software, Inc. for bill print software and services.

The procurement process included review of the 18 proposals submitted and resulted in the selection of five (5) vendor finalists. The Project Team conducted product demonstrations of the proposed application system packages, evaluated vendors by vendor completion of a 2,000 item functional checklist, conducted extensive reference checks with the vendors' current clients, conducted a financial and company profile review of each vendor, conducted a technical review and made site visits by City staff to vendor client sites.

After selection of a finalist, the City Project Team participated in a detail four day product review with the vendor. The City Project Team has agreed that the selected vendors can provide a state of the art product that will provide the City with a quality resource for improving customer service for all utility services customers and position the City with the ability to effectively move forward into electronic commerce.

An Executive Steering Committee, comprised of the Director of Finance, Director of Utilities, Director of Public Works, Chief Information Officer and a Deputy City Manager, have provided oversight to the work of the project team. At scheduled meetings of the Executive Steering Committee, the progress and recommendations of the project team have been reviewed and approved by the Committee.

The implementation phase of the project is currently estimated to take fifteen (15) to eighteen (18) months beginning March 2003. The implementation process will require that current, experienced City staff be available for implementation tasks. The current, legacy system must be maintained and customer service must be continued during the implementation of the new system. In order to free staff for the implementation project and also maintain the current level of customer service on the legacy system, limited term staffing is required. All City departments involved in the project will

require some limited term staffing for the duration of project implementation. One full time Information Technology position is also being requested. The position would continue to support the system after implementation and a currently funded contract services position would be replaced. After project implementation, there would be no net increase in full time staffing. Programming contract services would only be required during system implementation.

Due to the length of time required for training, the limited term positions for Finance/Revenue and Solid Waste/Public Works need to be filled as soon as possible. Staff training requires 8 to 10 weeks before new staff can provide direct customer service.

FINANCIAL CONSIDERATIONS

The total project costs estimate in July 2000 was \$6 to \$8 million. The current CIP appropriation for the project is \$6.4 million. The current budget plan includes software, hardware, internal City staff costs and change management consulting services. The current budget plan also includes a \$400,000 project reserve. Given the various unknowns associated with a project of this magnitude, if additional funding is needed it would be requested during the FY04/05 CIP budget process.

The current proposed expenditures for the vendor agreements are as follows:

- PeopleSoft, Inc. – CIS application: \$847,500 (includes first year maintenance costs)
- SPL WorldGroup, Inc – implementation services: \$2,025,200 (\$ 1.4 million fixed fee and \$0.6 million in consulting services). Travel and living expenses are currently estimated to be an additional \$340,000.
- Group 1Software, Inc. – bill print software and services: \$175,050 (includes first year maintenance costs)

The staffing expenditures are included in the total budget for the CIS project and are currently funded in the current FY02/03 Capital Improvement Project budget. The proposed costs by department are as follows:

\$150,000	Public Works/Solid Waste
\$150,000	Finance/Revenue-Utility Services
\$150,000	Utilities/Business Services
\$700,000	Information Technology/one FTE and programming contract services

The estimated budget for programming contract services is predicated on an hourly rate of \$80. Given the age of the legacy system and the required programming language skills, a higher hourly rate may be required in order to actually contract for the services.

ENVIRONMENTAL CONSIDERATIONS

Pursuant to Section 15378 (b) (3), this is not a project and is therefore exempt from the California Environmental Quality Act according to CEQA guidelines Section 15061(b)(1) and 15378(b)(3).

POLICY CONSIDERATIONS

The implementation of a new CIS will provide improved, timely customer service to all the citizens of the City in accordance with the City Council's vision that the City of Sacramento is the city of choice to live, work and play. Implementation of a new CIS will be a resource for improving the fiscal stability of the City's enterprise funds.

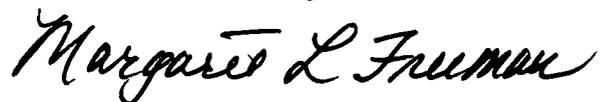
ESBD/SBE CONSIDERATIONS:

The City received eighteen (18) bids in response to the Request for Proposal. None of the responding vendors qualify as an ESBD/SBE vendor. For any additional purchases of services or equipment related to the CIS project, effort will be made to include ESBD/SBE vendors whenever possible.

Respectfully submitted,

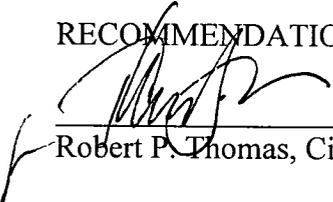


Margaret L. Freeman
CIS Project Manager



for Gus Vina
Director of Finance

RECOMMENDATION APPROVED:



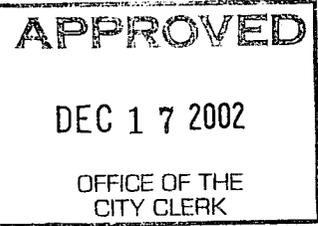
Robert P. Thomas, City Manager

Attachments

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RESOLUTION NO. 2002 - 831

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE CITY MANAGER TO PURCHASE SOFTWARE AND PROFESSIONAL SERVICES FROM PEOPLESFT, INC., SPL WORLDGROUP, INC AND GROUP 1 SOFTWARE, INC.

WHEREAS the City Council has funded and approved the procurement of a new automated utility billing Customer Information System (CIS); and

WHEREAS the City CIS Project Team has thoroughly evaluated software vendors and software implementation vendors and determined that the selected vendors can provide quality products and services for the City.

NOW THEREFORE, be it resolved by the City Council of the City of Sacramento that:

The City Manager, or a designated representative, is hereby authorized to execute the following on behalf of the City of Sacramento:

1. Agreements with PeopleSoft, Inc. in the amount of \$847,500 to purchase software and professional services
2. Agreements with SPL WorldGroup, Inc in the amount of \$2,365,200 for professional services
3. Agreements with Group 1 Software, Inc. in the amount of \$175,050 for software and professional services

ATTEST:

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

APPROVED

DEC 17 2002

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 2002-832

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AUTHORIZING ADDITIONAL STAFFING
FOR IMPLEMENTATION OF A NEW AUTOMATED
UTILITY BILLING CUSTOMER INFORMATION SYSTEM**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the City Council hereby authorizes the following:

1. Establishment of limited term positions, for a period not to exceed eighteen (18) months, as follows:
 - 3 Customer Service Representative Trainees – Finance/Revenue
 - 3 Typist Clerks – Solid Waste/Public Works
 - 3 Typist Clerks – Utilities/Business Services
2. Addition of one full time position of Application Developer in the Information Technology Department
3. Procuring contract programming services as needed for the implementation of the new Customer Information System.

ATTEST:

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____