



Legislation Details (With Text)

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Title: Action on Amendments to Agreements with Smart Energy Systems, Inc. and InfoSend, Inc. for a Customer Service Portal and Bill Print and Mail Services, respectively

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Attachments: 1. 2018 Agreement with Smart Energy Systems, Inc., 2. Amendment No. 1 to the Agreement with Smart Energy Systems, Inc., 3. 2017 Agreement with InfoSend, Inc., 4. Amendment No. 1 to the Agreement with InfoSend, Inc., 5. Amendment No. 2 to the Agreement with InfoSend, Inc., 6. Amendment No. 3 to the Agreement with InfoSend, Inc.

Date	Ver.	Action By	Action	Result
10/26/2021	1	Council and Authorities Concurrent Meeting	Approved	

REPORT TO COUNCIL

SUBJECT

Action on Amendments to Agreements with Smart Energy Systems, Inc. and InfoSend, Inc. for a Customer Service Portal and Bill Print and Mail Services, respectively

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The Municipal Services Division of the Finance Department ("Division") is responsible for measuring water/electric consumption, generating accurate bills, collecting revenue, and providing customer service for the City's utility customers. The Division utilizes a utility billing system that integrates with, and are dependent on, several applications to manage and streamline its operation including meter data management, bill print and delivery, payment collection, and customer service.

The Division is currently managing several projects to streamline operations, improve customer service, and replace end-of-life systems. Such projects include upgrading the Utility Billing System, Customer Self-Service Portal and Municipal Services Contact Center System, and replacing the end-of-life meter reading and cashing systems. Others include providing support to external projects impacting the Division's operations, such as the transition of banking services to JPMorgan Chase, replacement of the City's permit system, and sunset of the SVP Green Power Residential Project.

The purpose of this report is to request authorization to amend agreements with Smart Energy Systems, Inc. for an online Customer Self-Service Portal and InfoSend, Inc. for bill print and mail services to extend the term and increase maximum compensation.

DISCUSSION

Smart Energy Systems

On December 11, 2018, the City Council approved an agreement with Smart Energy Systems, Inc. (Agreement) for the purchase and implementation of a new cloud-hosted Customer Self-Service Portal for Electric, Water, Sewer, and Solid Waste Disposal utility services for residents and businesses. The Agreement was the outcome of a competitive Request for Proposal (RFP) pursuant to the City's purchasing rules. The Agreement expires on December 21, 2021.

The new portal will replace the existing, outdated self-service portal, enhancing the customer self-service experience, streamlining the online payments of utility services, and improving customer communication and education. Implementation of the new portal was dependent on the completion of the Utility Billing System upgrade, which was delayed due to unforeseen changes needed to the system to address backlogs in billing due to automated meter installations and resource constraints. Multiple projects driven by utility stakeholders requiring immediate assistance from key Finance staff, and COVID-19 Shelter in Place which suspended work on the project due to the emergency order to provide essential only services during the pandemic. The Utility Billing System upgrade went live in late summer 2021 and the issues associated with automated meter installations have been resolved; therefore, work can continue to complete implementation of the system, which is expected later this year/early next year.

The proposed Amendment No. 1 will extend the initial term of the agreement by three years, ending on December 21, 2024 to allow sufficient time to complete implementation of the system. Amendment No.1 will also increase the maximum compensation by \$396,194 for a revised not-to-exceed amount of \$1,653,343. Although behind schedule, system implementation is on budget per the original contract. The additional compensation is required to support the revised number of meter accounts and transactions as demonstrated in the table below:

Cost Elements	Original Amount	Amended Amount
System Implementation (including travel expenses)	\$144,350	\$141,350
Software Subscription (based on the number of meter accounts)	\$510,390	\$761,993
Transactions-Based Fees (inbound/outbound text notifications, Interactive Voice Response, debit/credit card processing fees, electronic check payment processing fees, etc.)	\$602,409	\$750,000
Total	\$1,257,149	\$1,653,343

The total cost for software licenses and number of transactions are forecast by staff and may change over the term of the agreement. Additionally, staff anticipates future changes to the system may be required in order to stay current with evolving payment technologies and customer service requirements. Therefore, staff is also requesting authority to execute future amendments to implement changes to the system that may be required and allow for ongoing use and support of the system.

After the initial term, price adjustments are capped at the lesser amount of 3% or the percent

increase in the Consumer Price Index (CPI). Pass-through fees are not subject to the aforementioned cap and must be supported by a formal request justifying the increase.

InfoSend

In 2017, staff conducted a competitive procurement process resulting in the recommendation of award to InfoSend, Inc. which was approved by the City Council. The agreement with InfoSend terms out on June 30, 2022, inclusive of Amendments No. 1 and 2 that extended the agreement by two years from the three-year initial term.

As discussed in the Background section, the support of numerous projects was already putting a significant workload on staff prior to the COVID-19 pandemic. The impacts of COVID-19 further added to the Division's workload and shifting priorities. COVID-19 related actions included staffing the drive-up window, as well as implementing programs such as the California Arrears Payment Program as mandated by the State of California to provide relief to households experiencing financial hardships due to the economic impacts of the pandemic.

Staff is recommending extending the term of the agreement with InfoSend for two additional years, ending in June 2024, which will allow the Division to focus its resources on higher priority work. Prior to June 2024, staff will conduct a competitive procurement process to assess the market for this service.

The maximum compensation under the current agreement is \$1,700,000, which reflects an average annual spend of \$340,000 to print and mail approximately 60,000 invoices per month. Amendment No. 3 to the Agreement will increase compensation by \$680,000 for a revised not-to-exceed maximum compensation amount of \$2,380,000.

Compensation under the agreement is based on a unit cost for data processing, printing, and mailing. InfoSend has requested a 2.2% increase for the extended term effective July 1, 2022 through June 30, 2024. Staff has determined that this request is reasonable based on the Consumer Price Index annual increase of 3.7%.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

Agreement with Smart Energy Systems, Inc. for a Customer Self-Service Portal

Funding is provided in the FY 2021/22 Adopted Capital Improvement Budget in the Utility Management Information Systems (UMIS) Enhancements Project budgeted in the General Government Capital Fund. The FY 2021/22 project budget is sufficient to cover the project cost, including the \$396,194 in additional cost.

Agreement with InfoSend, Inc. for Bill Print and Mail Services

The Municipal Services Division in the Finance Department has sufficient funding in the FY 2021/22 & 2022/23 Adopted Biennial Operating Budget to cover the estimated annual cost of \$340,000. Funding for future years is subject to Council appropriations.

COORDINATION

This report has been coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Authorize the City Manager to execute Amendment No. 1 to the Agreement with Smart Energy Systems, Inc. for a cloud-hosted Customer Self-Service Portal to extend the term of the agreement by three years ending on December 31, 2024 and increase maximum compensation by \$396,194 for a revised not to exceed amount of \$1,653,343, subject to the appropriation of funds;
2. Authorize the City Manager to execute future amendments to the agreement with Smart Energy Systems, Inc. to extend the term and adjust compensation in the event staff's estimates of usage are exceeded and to cover any changes to system requirements, subject to the appropriation of funds; and
3. Authorize the City Manager to execute Amendment No. 3 to the Agreement with InfoSend, Inc. for Bill Print and Mail Services to extend the term of the agreement by two years ending on June 30, 2024, and increase maximum compensation by \$680,000 for a revised not to exceed amount of \$2,380,000, subject to the appropriation of funds.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

2. 2018 Agreement with Smart Energy Systems, Inc.
2. Amendment No. 1 to the Agreement with Smart Energy Systems, Inc.
3. 2017 Agreement with InfoSend, Inc.
4. Amendment No. 1 to the Agreement with InfoSend, Inc.
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