

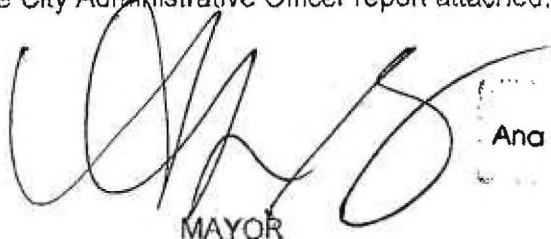
0150-09358-0002

**TRANSMITTAL**

TO Marcie L. Edwards, General Manager Department of Water and Power	DATE <b>SEP 11 2015</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT Citywide	

**AMENDMENT 2 TO AGREEMENT 47964 BETWEEN THE DEPARTMENT OF WATER AND POWER AND WAUSAU FINANCIAL SYSTEM, INC.**

Approved and transmitted for further processing including Council consideration.  
See the City Administrative Officer report attached.



Ana Guerrero

MAYOR

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: September 2, 2015


CAO File No. 0150-09358-0002

Council File No.

Council District: Citywide

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated July 14, 2015; referred by the Mayor for report on July 27, 2015

Subject: **AMENDMENT 2 TO AGREEMENT 47964 BETWEEN THE DEPARTMENT OF WATER AND POWER AND WAUSAU FINANCIAL SYSTEM, INC.**

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### SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing Amendment 2 to Agreement 47964 (Agreement) with Wausau Financial Systems, Inc. (WFS) to provide software, hardware, equipment, maintenance, support, supplies, and replacement parts for the proprietary WFS Image-Based Remittance Processing System (System) which processes approximately 10,000 to 15,000 mailed customer payments per day. Amendment 2 is necessary to extend the Department's usage of the WFS System and to integrate the System with upgraded processing equipment. The proposed Amendment will also provide site setup for a secondary remittance processing center located in Van Nuys. This additional facility will provide redundancy for processing customer payments in the event the main processing center, located in the John Ferraro Building (JFB), is not accessible due to a disaster or other unforeseen event. WFS is the sole provider of services and equipment for this proprietary system.

The term of the current Agreement will expire on December 31, 2015. Approval of the proposed Amendment extends the term by five years resulting in a total term of up to 10 years. Furthermore, approval will increase the expenditure authority from \$1,711,273 up to \$3,200,000 with funding provided from both the Water Revenue Fund and Power Revenue Fund.

City Council approval is required for contracts that exceed three years, pursuant to Charter Section 373. The City Attorney has approved the resolution and Agreement as to form and legality.

### BACKGROUND

The original Agreement with WFS was executed in July 2010 with funding up to \$750,000 and a five year term expiring in June 2015. In 2013, DWP executed Amendment 1 to extend the term by six months, expiring in December 2015, and to increase funding by \$738,727 for upgrades and acquisition of additional equipment. Approval of the proposed Amendment authorizes a five year

extension, expiring in December 2020, and increases expenditure authority by \$1,711,273. The WFS contract history is detailed as follows:

CONTRACT HISTORY			
Contract	Effective Dates	Term	Amount
Original Agreement	July 1, 2010 – June 30, 2015	5 years	\$750,000
Amendment 1	January 11, 2013 – December 31, 2015	6 months	\$738,727
<i>Proposed</i> Amendment 2	January 1, 2016 – December 31, 2020	5 years	\$1,711,273
		10 years 6 months	\$3,200,000

At this time, DWP has determined that a new competitive bid process would not benefit the Department. DWP is planning to replace the current system at the conclusion of this proposed Amendment in 2021 through a competitive process. A request for information (RFI) is expected to be published in 2018 to research the best possible options considering cost, technology, integration complexity, and ease of operation/training process.

**RECOMMENDATIONS**

That the Mayor:

1. Approve the proposed resolution authorizing Amendment 2 to Agreement 47964 with Wausau Financial Systems, Inc., to extend the contract by five years, totaling 10 years 6 months, and to increase the expenditure authority by \$1,711,273, resulting in a total of \$3,200,000, related to the Image-Based Remittance Processing System; and,
2. Return the proposed resolution and agreement to the Department for further processing, including Council consideration.

**FISCAL IMPACT STATEMENT**

Approval of the proposed Agreement will authorize a total expenditure up to \$3,200,000 from the Water Revenue Fund and Power Revenue Fund. There is no impact to the City's General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

**TIME LIMIT FOR COUNCIL ACTION**

Pursuant to Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," unless the Council takes action disapproving a contract that is longer than three years within 60 days after submission to Council, the contract shall be deemed approved.