



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

A handwritten signature in blue ink, appearing to read 'David H. Wright'.

DAVID H. WRIGHT
Interim Chief Administrative Officer

A handwritten signature in blue ink, appearing to read 'Marcie L. Edwards'.

MARCIE L. EDWARDS
General Manager

DATE: July 28, 2015

SUBJECT: Amendment No. 4 (Amendment) to Agreement No. 47789 (Agreement) for Software Maintenance and Support With eLoyalty, LLC (eLoyalty)

SUMMARY

This proposed Amendment is to increase the Agreement amount by \$3,342,000 (budgeted) from \$12,056,350 to a new not-to-exceed amount of \$15,398,350, and extend the term by one year to November 14, 2016, and add an additional one-year option. All other terms and conditions of the Agreement will remain unchanged.

LADWP contracted with eLoyalty in 2008 to replace the customer call system which was outdated and prone to failure. eLoyalty designed and implemented the Customer Contact Center system which now includes call processing, automatic call distribution, interactive voice response, automated speech services, electronic message boards, call recording, Telephone Device for the Deaf; and system administration. eLoyalty also integrated the Customer Contact Center system with other Customer Service systems, such as the Customer Information System (CIS), Customer Relationship Management System, Outage Management System, and Automated Meter Reading.

This Amendment will allow eLoyalty to perform the required minimum upgrades to the Customer Contact Center system, continue to provide ongoing system maintenance and support, and make limited enhancements to the customer service options. eLoyalty will also assist LADWP with implementing new Payment Card Industry (PCI) mandated data security standards before the end of 2015. By meeting PCI mandates, LADWP will avoid fines, higher transaction rates, and the loss of the credit card payment option for customers.

A new Request for Proposal (RFP) to hire a vendor to reassess, redevelop, and support the Customer Contact Center applications running on the upgraded system will be issued in October 2015.

City Council approval is required in accordance with Charter Section 373.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval of Amendment to the Agreement for software maintenance and support with eLoyalty as required in Charter Section 373.

ALTERNATIVES CONSIDERED

There is no acceptable alternative to approving this Amendment. Without this Amendment, the contract used to support the current operating system will expire leaving the system at an unsupported level and unable to be PCI compliant. This would prevent LADWP from accepting credit cards through the Customer Contact Center system. eLoyalty will implement upgrades to the current system, which is critical to assisting with the implementation of the new data security standards required by PCI.

FINANCIAL INFORMATION

The proposed amendment will add one year and a one-year option, and increase the contract limit by \$3,342,000.

	<u>Current Maximum Expenditure</u>	<u>Requested Amendment No. 4</u>	<u>Amended Maximum Expenditure</u>
Agreement No. 47789*	\$12,056,350		\$15,398,350
Amendment No. 4		\$3,342,000	

*Includes all previous amendments.

Funding for the Amendment is included in the budget.

BACKGROUND

LADWP contracted with eLoyalty in 2008 to replace the customer call system which was outdated and prone to failure. eLoyalty designed and implemented the Customer Contact Center system which now includes call processing, automatic call distribution, interactive voice response, automated speech services, electronic message boards, call recording, Telephone Device for the Deaf; and system administration. eLoyalty also integrated the Customer Contact Center system with other Customer Service systems, such as the Customer Information System (CIS), Customer Relationship Management System, Outage Management System, and Automated Meter Reading. The Agreement was originally authorized by Board Resolution No. 009-025 and adopted August 05, 2008.

Amendment No. 1, authorized by Board Resolution No. 010-233 and adopted February 16, 2010, resulted in automation of electronic payments.

In 2010, LADWP began its effort to replace the outdated CIS. This project required integration of the Customer Contact Center system with the new CIS. Subsequent to the

start of the integration, Amendment Nos. 2 and 3 to the Agreement were sought to extend and fund the integration.

Amendment No. 2, authorized by Board Resolution No. 012-043 and adopted September 6, 2011, was an interim measure to avoid a lapse in coverage while the Los Angeles City Council reviewed and approved Amendment No. 3.

Amendment No. 3 was authorized by Board Resolution No. 012-136 and adopted on December 16, 2011, by the Board and subsequently adopted by the Los Angeles City Council on January 17, 2012. The purpose of Amendment No. 3 was to add four years of software maintenance and support; the CIS, service planning, and water trouble integration services, as well as several other interactive voice response improvements.

The integration was completed in Amendment No. 3. However, the software upgrade was deferred and needs to be completed, and the need for other customer service options has surfaced. On-going maintenance is also necessary.

The \$3,342,000 investment planned for Amendment No. 4 is detailed as follows:

Description	Cost Breakdown	Amount
One additional year of system maintenance and support, and an additional one-year option. (The one-year option for maintenance will only be exercised after reporting the progress of the RFP process to the Board.)		\$1,606,000
Customer Contact Center system software and hardware upgrade, and integration services		\$906,000
Knowledge transfer		\$80,000
Corporate interactive voice response improvements to enhance customer service, improve the overall customer experience, and adhere to City of Los Angeles mandated PCI compliance. The cost breakdown is:		\$750,000
1. <i>Customer call transfer enhancement – Customer Service Representatives will be able to transfer customers to a specific point in the interactive voice response call tree.</i>	\$140,000	
2. <i>Smart Prompting – Customers will automatically be prompted to resolve account issues.</i>	\$105,000	
3. <i>Customer Service Representatives greeting/announcement – Customers will hear a consistent greeting when calling for service.</i>	\$75,000	
4. <i>Implement end of call survey – Customers will have the opportunity to complete a survey at the end of each call.</i>	\$230,000	
5. <i>PCI compliance – Avoids fines, loss of credit card payment option, and higher transaction rates.</i>	\$200,000	

A new RFP is currently in process and is anticipated to be advertised in October 2015. The RFP will identify a vendor to reassess, redevelop, and support the Customer Contact Center applications running on the upgraded system. Without the proposed Amendment, communication between LADWP and its customers may be interrupted. Amending the contract will allow LADWP to upgrade the current system and continue to provide support until a replacement or updated system is established.

Per Charter Section 373, Los Angeles City Council approval is required when contracts with one vendor exceed the time period set by City Ordinance. This Amendment will extend the contract for an additional one year with an additional one year option; therefore Los Angeles City Council approval is required. The City Administrative Officer report dated July 23, 2015, is attached.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the purchase of IP contact center hardware, software maintenance, and professional implementation services is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061 (b) (3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have a significant effect on the environment.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Agreement and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Amendment
- CAO Report