



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

Handwritten signature of Donna I. Stevener in blue ink.

DONNA I. STEVENER
Chief Administrative Officer

Handwritten signature of David H. Wright in blue ink.

DAVID H. WRIGHT
General Manager

DATE: September 21, 2017

SUBJECT: Amendment No. 5 to Agreement No. 47789 for Software Maintenance and Support With eLoyalty, LLC

SUMMARY

The proposed Amendment No. 5 (Amendment) to Agreement No. 47789 (Agreement) with eLoyalty, LLC (eLoyalty) is to increase the Agreement amount by \$3,000,000 (budgeted) from \$15,398,350 to an amount not to exceed \$18,398,350, extend the term by one year to November 14, 2018, and add two additional one-year options. All other terms and conditions of the Agreement will remain unchanged.

The Amendment will allow eLoyalty to continue to provide ongoing system maintenance, support services, and upgrades to the existing Customer Contact Center (CCC) Interactive Voice Response (IVR) system until a new Request for Proposal (RFP) is advertised and awarded.

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 authorizing the Amendment to the Agreement for CCC system maintenance and support with eLoyalty as required in Charter Section 373.

ALTERNATIVES CONSIDERED

There are no acceptable alternatives to the Amendment. Without the Amendment, the contract used to support the current CCC system will expire, leaving the system

unsupported. Consequently, communication between LADWP and its customers may be interrupted. Amending the Agreement will allow for upgrading the current system and continued support until a replacement or updated system is established.

FINANCIAL INFORMATION

The Amendment will add one year and two additional one-year options for a total term of twelve years and three months and increase the contract limit by \$3,000,000 which includes:

- Approximately \$750,000 per year for ongoing maintenance and support for the CCC system and third-party applications.
- \$250,000 per year for some system upgrades as requested by Customer Service Division (CSD) which would negatively impact LADWP customers if change is not implemented.

Funding for the Amendment is included in the budget.

	Current Maximum Expenditure	Amendment Increase Amount	Total Maximum Expenditure
Original Agreement Total Term: 3 years	\$7,272,715 (plus 5% contingency, \$363,635)		\$7,272,715
Amendment No. 1		\$1,383,635	\$8,656,350
Amendment No. 2 (add 4 months and 24 days) Total Term: 3 years, 4 months and 24 days		\$111,501	\$8,767,851
Amendment No. 3 (add 3 years, 10 months, and 7 days) Total Term: 7 years and 3 months		\$3,288,499	\$12,056,350
Amendment No. 4 (add 2 years) Total Term: 9 years and 3 months		\$3,342,000	\$15,398,350
Amendment No. 5 (add 3 years) Total Term: 12 years and 3 months		\$3,000,000	\$18,398,350
Agreement Total			\$18,398,350

BACKGROUND

Agreement No. 47789 was originally authorized by Board Resolution No. 009-025 and adopted on August 5, 2008. LADWP contracted with eLoyalty to replace the customer call system which was outdated and prone to failure. eLoyalty designed and implemented the CCC system which now includes call processing, automatic call distribution, IVR, automated speech services, electronic message boards, call recording, Telephone Device for the Deaf, and system administration. eLoyalty also integrated the CCC system with other Customer Service systems, such as the Customer Information System, Customer

Relationship Management System, Outage Management System, and Automated Meter Reading.

Ongoing system maintenance and support for the CCC is essential for IVR to function at its optimal capacity. IVR allows LADWP customer calls to efficiently route through self-service steps and/or reach a CCC representative, who is designated to handle a specific question or problem.

eLoyalty's services will keep the IVR system with up-to-date security updates and software fixes. If not implemented, issues may arise that can compromise LADWP's CCC system and ability for customers to obtain services such as start and stop services, billing assistance, reporting of power and water trouble, reporting of illegal activity and water waste, and updates on LADWP programs.

An RFP was drafted in October 2015 to coincide with Amendment No. 4 to the Agreement, but ongoing support of billing remediation work driven by Customer Care and Billing litigation took priority over tasks associated with the RFP. A new RFP is currently in draft form and is expected to be finalized late 2017.

eLoyalty has performed satisfactorily on the current contract.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's (CAO) Report was approved on September 6, 2017.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines 15060 (c)(3). In accordance with Section 15060 (c)(3) of the CEQA Guidelines, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(2) states that continuing administrative or maintenance activities, such as a contract for ongoing phone system maintenance and support, do not meet project definition. Therefore, the contract amendment is not an activity subject to CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Procurement Summary
- Resolution
- Amendment
- CAO Report