

0150-09658-0001

**TRANSMITTAL**

TO Marcie L. Edwards, General Manager Department of Water and Power	DATE <b>JUL 27 2015</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT ALL	

**AMENDMENT 4 TO AGREEMENT NO. 47789 WITH  
ELOYALTY, LLC, FOR SOFTWARE AND HARDWARE MAINTENANCE FOR THE  
CUSTOMER CONTACT CENTER SYSTEM**

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



MAYOR

(Ana Guerrero)

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: July 23, 2015

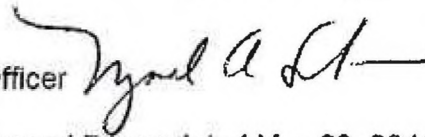
CAO File No. 0150-09658-0001

Council File No.

Council District: All

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated May 29, 2015; referred by the Mayor for report on June 19, 2015

Subject: **Amendment 4 to Agreement No. 47789 between the Department of Water and Power and eLoyalty, LLC**

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### SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing Amendment 4 to Agreement No. 47789 (Agreement) with eLoyalty for ongoing system maintenance and support, software and hardware upgrade, knowledge transfer and system improvements for the Customer Contact Center system. The term of the current Agreement will expire on November 14, 2015. Approval of the proposed Amendment extends the term by one year, with an additional one-year option, resulting in a total potential term of up to 9 years and two months. Furthermore, approval will increase the expenditure authority from \$12,056,350 up to \$15,398,350 with funding provided from both the Water Revenue Fund and Power Revenue Fund.

This amendment will also allow eLoyalty to assist DWP with implementing the new Payment Card Industry (PCI) mandated data security standards before the end of 2015. By meeting the PCI mandates, the City will avoid potential 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. The second one-year option to this Agreement for maintenance will only be considered after reporting the RFP process status to the Board.

### BACKGROUND

The Agreement with eLoyalty was executed on September 7, 2008 with expenditure authority up to \$7.2 million and was amended three times for an additional \$4.8 million and extended term to November 14, 2015 as detailed below:

<b>Contract History</b>				
<b>Contract</b>	<b>Term Increase</b>	<b>Total Term</b>	<b>Amount</b>	<b>Total</b>
Original	3 Years	3 Years	\$7,272,175	\$7,272,715
Amendment 1	0	3 Years	\$1,383,635	\$8,656,350
Amendment 2	4 months	3 Years 4 months	\$111,501	\$8,767,851
Amendment 3	3 Years, 10 months, 7 days	7 Years, 2 months, 7 days	\$3,288,499	\$12,056,350
Amendment 4	2 Years *	Up to 9 Years, 2 months, 7 days	\$3,342,000	\$15,398,350

\*Amendment 4 adds one year, with an additional one-year option.

### Contract History

The Agreement, which was initially competitively bid, was necessary to allow for the replacement of the old Customer Contact Center telecommunication equipment. That equipment was prone to failure and performed poorly during high call volume periods. The upgrade provided major improvements in functionality and self-service options for customers, reduced customer wait times, reduced call busy signals, increased disaster recovery capabilities and the potential to add new capabilities.

In accordance with Charter Section 373, Council approval is required because the term exceeds three years. The City Attorney has approved the proposed resolution and Agreement as to form and legality.

### RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution authorizing Amendment No. 4 to Agreement No. 47789 with eLoyalty, LLC, to extend the contract term for one year with an additional one-year option and increase the amount not to exceed \$15,398,350 for ongoing system maintenance and support, software and hardware upgrade, knowledge transfer and system improvements; and,
2. Return the proposed Agreement to the Department for further processing, including Council consideration.

### FISCAL IMPACT STATEMENT

Approval of the proposed Agreement with eLoyalty, LLC, will have no impact on the General Fund. All expenditures for this Agreement will be from the Department's Power Revenue Fund and Water Revenue Fund. This Amendment is consistent with the Department of Water and Power 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.

*MAS:MCD:00160017*

**Attachments**