

REPORT FROM


OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 25, 2013

CAO File No.: 0150-09827-0001
Council File No.: 0150-09827-0000
Council District:

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated March 20, 2013

Subject: **PROPOSED RESOLUTION AUTHORIZING THE FOURTH AMENDMENT TO AGREEMENT NO. 47894 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND FIVE POINT PARTNERS, LLC**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing the execution of the Fourth Amendment to Professional Services Agreement No. 47894 (Agreement) with Five Point Partners, LLC. (FPP) that extends the term approximately six months expiring October 31, 2013. Additional funding authority in the amount of \$2,000,400 is requested for a total of \$9,709,388. Pursuant to Charter Section 373, for long term contracts, City Council approval is required because the cumulative length of the agreement exceeds three years. The City Attorney has approved the proposed resolution as to form and legality.

Background

The original Agreement with FPP was executed on August 17, 2009, with expenditure authority not to exceed \$3.5 million and a three year term expiring August 16, 2012. The Agreement authorized FPP to perform quality assurance services for the Customer Information Service (CIS) Replacement Project which involves customized systems for both customer service and billing. Subsequently, the DWP Board of Commissioners (Board) approved the First and Second Amendments that (i) expanded the scope of work to include enhanced levels of functional training and support and (ii) increased the expenditure authority by \$4.2 million not to exceed a total amount of \$7.7 million. The Third Amendment was approved by the Board and subsequently on August 24, 2012 (C.F. 12-1100), the City Council and the Mayor approved an extension of time to complete the quality assurance services through the anticipated end of development and the activation of the system.

DWP states that the original agreement anticipated that the start date for operating the new CIS system would be in November 2012; a date that was determined prior to completion of the design phase and project scope. Furthermore, the Department's decision to migrate residential

customers from bi-monthly to monthly billing resulted in a longer time requirement for system implementation. DWP states that Phase 2 of the implementation of the CIS Replacement Project would consist of a new CIS, mobile dispatch system, Meter Data Management, and a water outage management system.

Fourth Amendment

In the detailed project plan, approved by DWP executive management, the start date for utilizing the new CIS system was tentatively scheduled in April 2013, which was the reason for the Third Amendment. However, after testing, there were issues that needed to be resolved by the system development contractor (Pricewaterhouse Coopers, LLC) that requires the continued support and quality assurance supervision from FFP. Therefore, the Fourth Amendment will extend the term of the Agreement and provide additional funding authority to support FFP services to ensure consistency in quality assurance, functional training, and support services throughout the anticipated six-month post implementation period. DWP anticipates no further Amendments to the FFP Agreement will be required.

As of April 2013, expenditures for the FFP agreement are \$6.98 million, or 92% of the total authorized amount. The additional \$2 million requested in the Fourth Amendment allows DWP to continue to contract with FFP to extend the following services throughout the post implementation stabilization period of the new CIS:

- Provide ongoing independent written assessments of the process, interim and final products, and progress of the implementation of the replacement Customer Information System (CIS);
- Provide periodic reports on project progress and anticipated risks/delays;
- Monitor and report on the quality of the work done by DWP and the CIS System Integrator, PwC;
- Provide Project Administration;
- Provide functional expertise and support the management of the client side activities including process design, configuration, and testing for the CIS Project implementation;
- Work closely with the DWP implementation team to plan, build, and implement a training program to maximize DWP workforce performance; and,
- Training Lead and (7) Training Consultants to support the creation and implementation of the DWP training program.

There is no warranty period applicable for this professional services contract; therefore, post-implementation system integration support will be provided by PricewaterhouseCoopers, LLC, under a separate agreement. DWP anticipates that long term CIS support and maintenance will be provided by Department staff.

An Executive Directive No. 4 waiver was provided by the Mayor's Office.

The above mentioned aspects of the proposed resolution, agreement, and this report, are based upon revised information received from the Department subsequent to the initial request.

RECOMMENDATION

That the Council, subject to the concurrence of the Mayor, approve the proposed resolution authorizing the execution of the Fourth Amendment to Agreement No. 47894 with Five Point Partners, LLC that extends the term approximately six months, expiring on October 31, 2013, and increases the contract funding authority by \$2,000,400 to \$9,709,388 in order to complete quality assurance services through the anticipated post implementation period of the Customer Information System Replacement project.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will extend the term of the current agreement for approximately six months and increase the funding authority by \$2,000,400 to \$9,709,388. The proposed Fourth Amendment to the Agreement complies with the Department's adopted Financial Policies. Approval of the proposed resolution will not impact the City's General Fund.

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.

Department of Water and Power



the City of Los Angeles

ANTONIO R. VILLARAIGOSA
Mayor

Commission
THOMAS S. SAYLES, *President*
ERIC HOLOMAN, *Vice President*
RICHARD F. MOSS
CHRISTINA E. NOONAN
JONATHAN PARFREY
BARBARA E. MOSCHOS, *Secretary*

RONALD O. NICHOLS
General Manager

March 20, 2013

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

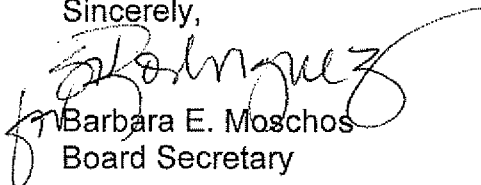
Honorable Members:

Subject: Amendment No. 4 to Agreement No. 47894 with Five Point Partners, LLC

Pursuant to Charter Section 373, enclosed for approval by your Honorable Body is Resolution No. 013 216, adopted by the Board of Water and Power Commissioners on March 19, 2013, approved as to form and legality by the City Attorney, which authorizes execution of Agreement No. 47894 (Amendment No. 4) for quality assurance for Customer Information System replacement project. As directed by the Board, transmitted to you are supporting documents.

If there are any questions regarding this item, please contact Ms. Winifred Yancy, Manager of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,


for Barbara E. Moschos
Board Secretary

BEM:sar

Enclosures: LADWP Resolution
Board Letter
Agreement No. 47894 (Amendment No. 4)

Water and Power Conservation ... a way of life



c/enc: Mayor Antonio Villaraigosa

Councilmember Jose Huizar, Chair, Energy and the Environment Committee

Gerry F. Miller, Chief Legislative Analyst


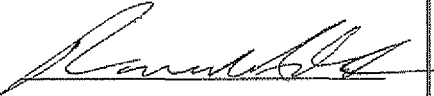
Miguel A. Santana, City Administrative Officer

Rafael Prieto, Legislative Analyst, CLA

William R. Koenig, Chief Administrative Analyst

Winifred Yancy

LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER

TO: BOARD OF WATER AND POWER COMMISSIONERS		DATE: March 7, 2013
 GARY WONG Assistant General Manager Systems Support Division		SUBJECT: Amendment No. 4 to Agreement No. 47894 for Quality Assurance for Customer Information System Replacement project Contract With: Five Point Partners, LLC Atlanta, Georgia
 RONALD O. NICHOLS General Manager		
		FOR COMMISSION OFFICE USE: RESOLUTION NO. _____
CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTION: 373	

- New Contract (not replacing existing contract)
- Replacement Contract
- Amendment to Existing Contract

PURPOSE

Transmitted for approval by your Honorable Board is a Resolution, approved as to form and legality by the City Attorney, recommending to the Los Angeles City Council approval of Amendment No. 4 to Agreement No. 47894 (Amendment) between the Los Angeles Department of Water and Power (LADWP) and Five Point Partners, LLC (FPP) for Quality Assurance (QA) services for the replacement of the existing Customer Information System (CIS).

COST AND DURATION

Amendment No. 4 will extend the contract duration by six (6) months and one (1) day from April 30, 2013 to October 31, 2013 for a total Agreement term, inclusive of all amendments, to four (4) years, two (2) months, and 15 days. This Amendment also increases the expenditure authority by \$2,000,400 from \$7,708,988 to \$9,709,388.

Amendment No. 4 was not included in the project budget as presented to the Board on September 20, 2011. However, Amendment No. 4 is in line with the current approved budget.

BACKGROUND

Effective August 17, 2009, LADWP entered into the Agreement with FPP. The Agreement authorized FPP to provide LADWP with professional QA services for the CIS Replacement project which involves replacement of its existing customer care systems across the customer service and billing organization. QA services consisted of providing assistance in the selection of the System Integrator for the CIS Replacement, providing periodic reports on project progress and any anticipated risks/delays, and working with the project team to ensure successful delivery of the project.

Effective December 20, 2010, Amendment No. 1 to the Agreement expanded the scope of work provided by FPP to include assistance in functional and training support to enhance the project team's understanding and capabilities related to the implementation of the CIS Solution and increased the expenditure authority by \$1,451,520, from \$3,500,000 to \$4,951,520.

Effective November 22, 2011, Amendment No. 2 to the Agreement further expanded the scope of work to be provided by FPP, to include a Training Lead and Training Consultants to support the creation and implementation of a training program. Amendment No. 2 also provided details regarding the roles and activities for which FPP would have responsibility and increased the expenditure authority by \$2,757,468, from \$4,951,520 to \$7,708,988.

Effective September 5, 2012, Amendment No. 3 extended the contract duration eight (8) months and 14 days from August 16, 2012 to April 30, 2013 for a total contract term of three (3) years, eight (8) months, and 14 days. The expenditure authority of \$7,708,988 remained the same. Amendment No. 3 extended the necessary QA services, training, and functional support services through the end of the CIS Replacement project's go-live period.

The LADWP is currently in Phase 2 of the project. Implementation of the Customer Care and Billing System, the Mobile Workforce Management system, Meter Data Management solutions, and a water outage management system are collectively referred to as the CISCON project. Oracle Systems is the primary software application along with Trimble eRespond (the secondary software) for the water outage management application. FPP continues to provide professional QA services along with functional training and support. These services include, but are not limited to, providing periodic reports on project progress and any anticipated risks and/or delays, and working with the project team to ensure successful delivery of the project.

With buy-in from the Executive Managers in the Water System, the Power System, and the Financial Services Organization, the detailed project plan points to a go-live target date of April 22, 2013. This go-live target date is subject to the satisfactory completion of testing during the February through April timeframe. The project also includes a period of stabilization after go-live that includes a 4-month period of post implementation support that will be provided by the Systems Integrator, PricewaterhouseCoopers, LLC. In order to ensure a comprehensive system stabilization process and project closeout, QA services should be provided not only up to the go-live date but throughout the post implementation period. As projects of this complexity are likely to require additional time to resolve testing issues and avoid risky schedule compression, this amendment is proposed to assure the availability of these services for up to six (6) months beyond the current termination of the contract.

Amendment No. 4 will ensure that the quality assurance, training, and functional support services provided by FPP are available throughout the post implementation stabilization period.

Pursuant to Charter Section 1022, the services covered by this Amendment are expert in nature, highly specialized, and more feasibly performed by an independent contractor than by City of Los Angeles employees.

Per Charter Section 373, Los Angeles City Council (City Council) approval is required when contracts with one (1) vendor exceeds the time period set by Ordinance. Amendment No. 4 to Agreement No. 47894 will extend the contract for an additional six (6) months, and one (1) day; therefore, City Council approval is required. Due to time-sensitive operational needs, an Executive Directive No. 4 waiver was granted by the Mayor's Office on March 7, 2013. A CAO report will be provided for City Council review prior to final consideration of this item.

LOCAL BUSINESS PREFERENCE PROGRAM (LBPP)

The LBPP was not included in the RFP associated with this Agreement, as the bid and award were completed prior to LBPP implementation.

M/W/OBE SUBCONTRACTING PARTICIPATION

WBE

Name	Description of Subcontracting Work	Original Contract Expenditure Limit	Actual Expenditure To Date	Original Projected Percentage	Achieved Percentage To Date
HTM Consulting Corporation	Project Administration activities during the duration of the project	\$175,000	\$149,937.50	5.00%	2.26%
Total:		\$175,000	\$149,937.50	5.00%	2.26%

MBE

Name	Description of Subcontracting Work	Original Contract Expenditure Limit	Actual Expenditure To Date	Original Projected Percentage	Achieved Percentage To Date
Grace Consulting	Business process and requirements definition oversight, and business readiness assessment	\$350,000	\$164,738	10.00%	2.48%
3Di Incorporated*	Testing services for the Oracle CIS, Mobile Workforce Management (MWM), and Meter Data Management (MDM) applications	\$0	\$361,125	0.00%	5.44%
Total:		\$350,000	\$525,863	10.00%	7.92%

*As the CIS Replacement project progressed, the need for applications testing services was identified. In an effort to meet their MBE subcontracting commitment, FPP added 3Di for applications testing services.

CONTRACT AND VENDOR HISTORY

Contract and Vendor History					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Current Contract Amount
47894	Five Point Partners, LLC	3 Years, 8 months, 14 days	08/17/2009	04/30/2013	\$7,708,988

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the actions of entering into the Agreement with FPP for QA services for the CIS Replacement project are 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.

Board of Water and Power Commissioners
Page 5
March 7, 2013

RECOMMENDATION

It is recommended that your Honorable Board adopt the attached Resolution recommending City Council's approval of Amendment No. 4 to Agreement No. 47894 between LADWP and FPP for QA services for the CIS Replacement project.

AB:vlc:ac

Attachments

e-c/att: Ronald O. Nichols
Richard M. Brown
Aram Benyamin
James B. McDaniel
Philip R. Leiber
Gary Wong
Gwendolyn W. Williams
Sharon Grove
Matthew M. Lampe
Armando Bolivar

WHEREAS, effective August 17, 2009, the Los Angeles Department of Water and Power (LADWP) entered into Agreement No. 47894 (which together with all amendments and supplements thereto hereinafter shall be referred to as the "Agreement") with Five Point Partners, LLC (hereinafter referred to as "Contractor") to provide professional quality assurance services for the Customer Information System (CIS) Replacement project; and

WHEREAS, the LADWP proposes Amendment No. 4 to Agreement No. 47894 (Amendment) with the Contractor to extend the original contract ending date of April 30, 2013 by six (6) months and one (1) day to make the new contract ending date October 31, 2013, for a total Agreement term of four (4) years, two (2) months, and 15 days, and to increase the contract amount of \$7,708,988 by \$2,000,400 for a not-to-exceed amount of \$9,709,388; and

WHEREAS, there is a current need to maintain consistency in quality assurance, training, and functional support services throughout the post implementation stabilization period; and

WHEREAS, the term of the original Agreement exceeds the total Contract time period set by ordinance, and in accordance with the City Charter Section 373, City Council approval is required.

NOW, THEREFORE, BE IT RESOLVED that Amendment No. 4 to Agreement No. 47894, approved as to form and legality by the City Attorney, and filed with the Secretary of the Board, between LADWP and Five Point Partners, LLC be and the same is hereby approved.

BE IT FURTHER RESOLVED that pursuant to Charter Section 1022, the services covered by this Amendment are expert in nature, highly specialized, and more feasibly performed by an independent contractor than by City of Los Angeles employees; and

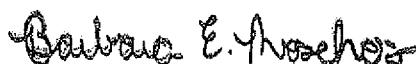
BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on both the Water Revenue Fund and the Power Revenue Fund in payment of the obligations arising under the Agreement and all amendments; and

BE IT FURTHER RESOLVED that the President or Vice President of the Board, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board be and they are hereby authorized and directed to execute said Amendment No. 4 to Agreement No. 47894 for and on behalf of the LADWP.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held **MAR 19 2013**

APPROVED AS TO FORM AND LEGALITY
CARMEN A. TRUTANICH, CITY ATTORNEY

FEB 27 2013
BY 
DIRK BRAGER
DEPUTY CITY ATTORNEY



Secretary

AMENDMENT NO. 4 TO AGREEMENT NO. 47894

BETWEEN
THE CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER
AND
FIVE POINT PARTNERS, LLC

This Amendment No. 4 to Agreement No. 47894 is made and entered into by and between the City of Los Angeles acting by and through its Los Angeles Department of Water and Power (LADWP), a municipal corporation, and Five Point Partners, LLC (Consultant), a Georgia Limited Liability Corporation. Individually, LADWP and Consultant are referred to under this Amendment as "Party" and collectively as the "Parties."

WHEREAS, effective August 17, 2009, the parties entered into Agreement No. 47894 (which together with all amendments thereto is hereinafter referred to as the "Agreement") for Consultant to provide LADWP professional quality assurance services for the replacement of its existing water and electric utility customer information, billing, accounting, reporting, and collections system; and

WHEREAS, LADWP is proposing Amendment No. 4 (Amendment) to extend the term of the Agreement for quality assurance services, training, and functional support services for an additional six (6) months and one (1) day from April 30, 2013 to October 31, 2013, and increase the expenditure authority by \$2,000,400 from \$7,708,988 to a not-to-exceed amount of \$9,709,388.

NOW, THEREFORE, the parties hereby agree to amend Agreement No. 47894 as follows:

AMENDMENT

1. **Section 201, Term of the Agreement** is amended to extend the Agreement duration and read as follows:

The term of this Agreement shall commence, provided the events identified in Exhibit E, PSC-4 have occurred, upon execution of this Agreement by all Parties hereto and shall terminate four (4) years, two (2) months, and 15 days thereafter, unless the Agreement is amended to extend the term. The original term and any extensions shall be subject to termination provisions herein. Performance shall not begin until Consultant has obtained LADWP approval of insurance required herein.

2. **Section 301.1, Not-to-Exceed Amount** is amended to increase total compensation from \$7,708,988 to \$9,709,388 and reads as follows:

The total compensation that may be paid to Consultant by the LADWP for complete and satisfactory performance of services under this Agreement shall not exceed Nine Million, Seven Hundred Nine Thousand, Three Hundred and Eighty-Eight dollars (\$9,709,388).

3. Except as herein amended above, all other terms and conditions of Agreement No. 47894 shall remain in full force and effect.
4. This Amendment is executed in one (1) original and one (1) duplicate original, each of which is deemed to be an original. This Amendment consists of three (3) pages.

IN WITNESS WHEREOF, the signatories hereto represent that they are authorized to enter into the Amendment No. 4 to Agreement No. 47894.

DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES BY
BOARD OF WATER AND POWER COMMISSIONERS
OF THE CITY OF LOS ANGELES

By: _____
RONALD O. NICHOLS
General Manager

Date: _____

APPROVED AS TO FORM AND LEGALITY
CARMEN A. TRUTANICH, CITY ATTORNEY

FEB 27 2013

BY

DIRK BROERSMA
DEPUTY CITY ATTORNEY

And: _____
BARBARA E. MOSCHOS
Secretary

FIVE POINT PARTNERS, LLC

By: _____
JAMES SESSOMS
Chief Financial Officer

Date: 03.11.2013