



ANTONIO R. VILLARAIGOSA  
*Mayor*

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

RONALD O. NICHOLS  
*General Manager*

June 24, 2013

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

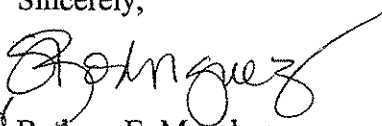
Honorable Members:

Subject: Agreement No. 47976 (Amendment No. 1) with PricewaterhouseCoopers, LLP

Pursuant to Charter Sections 373, enclosed for approval by your Honorable Body is Resolution No. 013 318, adopted by the Board of Water and Power Commissioners (Board) on June 19, 2013, approved as to form and legality by the City Attorney, which authorizes execution of Agreement No. 47976 (Amendment No. 1) for Systems Integration Services for the Customer Information System Replacement Project with PricewaterhouseCoopers, LLP. The amendment will increase the agreement by \$12,000,000 and extend the term by two years. 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:oja

Enclosures: LADWP Resolution  
Board Letter  
CAO Report  
Amendment No. 1 to Agreement No. 47976

Water and Power Conservation . . . a way of life

111 North Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles 90051-5700  
Telephone: (213) 367-4211 Cable address: DEWAPOLA



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

WHEREAS, effective August 13, 2010, the Los Angeles Department of Water and Power (LADWP) entered into Agreement No. 47976 (which hereinafter shall be referred to as the "Agreement") with PricewaterhouseCoopers, LLP (hereinafter referred to as "Contractor") for Systems Integration (SI) services for the Customer Information System Replacement project (CISCON); and

WHEREAS, the LADWP proposes Amendment No. 1 to the Agreement with the Contractor to extend the original contract ending date of August 12, 2013 by two (2) years to make the new contract ending date August 12, 2015, for a total Agreement term of five (5) years, and to increase the contract amount of \$57,200,000 by \$12,000,000 for a new not-to-exceed amount of \$69,200,000; and

WHEREAS, there is a current need to provide ongoing support of the CISCON project in the functional support of various system enhancements, interfaces, and reports previously deferred from the initial project support and to ensure sufficient support until the necessary knowledge, skills and abilities are gained by LADWP staff across the spectrum of support activities; 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, Los Angeles City Council approval is required.

NOW, THEREFORE, BE IT RESOLVED that Amendment No. 1 to Agreement No. 47976, approved as to form and legality by the City Attorney, and filed with the Secretary of the Board, between LADWP and PricewaterhouseCoopers, LLP be and the same is hereby approved.

BE IT FURTHER RESOLVED that pursuant to City Charter Section 1022, the services covered by this Amendment are more feasibly performed by an independent contractor than by City of Los Angeles employees.

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.

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. 1 for and on behalf of LADWP, upon approval by the City Council.

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 JUN 19 2013

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

APR 05 2013

BY

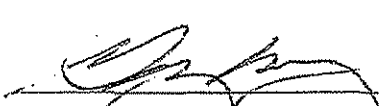
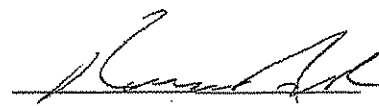
DIRK BROENSTRA  
DEPUTY CITY ATTORNEY

  
Secretary

013 318



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

<b>TO: BOARD OF WATER AND POWER COMMISSIONERS</b>	<b>DATE: June 6, 2013</b>	
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">   <hr style="width: 100%;"/> <p><b>GARY WONG</b> Assistant General Manager - Systems Support Division</p> </div> <div style="text-align: center;">   <hr style="width: 100%;"/> <p><b>RONALD O. NICHOLS</b> General Manager</p> </div> </div>	<p><b>SUBJECT:</b></p> <p align="center">Amendment No. 1 to Agreement No. 47976 for Systems Integration (SI) Services for the Customer Information System Replacement Project</p> <p align="center">Contract With: PricewaterhouseCoopers, LLP</p>	
	<p><b>FOR COMMISSION OFFICE USE:</b></p> <p align="center">RESOLUTION NO. _____</p>	
<p><b>CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></b></p>	<p><b>IF YES, BY WHICH CITY CHARTER SECTION: 373</b></p>	

- 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. 1 to Agreement No. 47976 (Amendment) between the Los Angeles Department of Water and Power (LADWP) and PricewaterhouseCoopers, LLP (PwC) for Systems Integration (SI) services for the Customer Information System Replacement project (CISCON).

Under the terms of the Agreement, PwC would provide professional advice and assistance in software selection and implementation activities to replace LADWP's Customer Information System (CIS) which includes water and electric utility customer information, billing, customer accounting, reporting and collections systems. In addition, the replacement solution would include capabilities for Meter Data Management (MDM) and Mobile Dispatch System (MDS).

### **COST AND DURATION**

Amendment No. 1 will extend the contract duration by two (2) years, from August 13, 2013 to August 12, 2015, for a total Agreement term of five (5) years. This Amendment also increases the Agreement by \$12,000,000, from \$57,200,000 to a cumulative total of \$69,200,000.

### **BACKGROUND**

Effective August 13, 2010, LADWP entered into the Agreement with PwC for SI services for the CIS Replacement project (CISCON). Under the terms of the Agreement, PwC would provide professional advice and assistance in software selection and implementation activities to replace LADWP's CIS which includes water and electric utility customer information, billing, customer accounting, reporting and collections systems. In addition, the replacement solution would include capabilities for MDM and Mobile Workforce Management (MWM).

The project scope consisted of two phases. Phase 1 included evaluation and selection of the CISCON software, as well as preparation for implementation of CISCON. Phase 2 would focus on the successful implementation and integration of CISCON.

In working through the massive changes that converting a 39 year old legacy is bringing to the business, the Project Sponsors have had to manage the pace of change for both our customers and our business, while realizing the benefits of the new system as quickly as possible. This has resulted in deferring a number of items from the original scope until we have implemented the new system.

For example, the original contract scope did not include migrating residential customers to monthly billing. However, as the project progressed we recognized it was important to provide monthly billing to customers sooner rather than later, and did absolutely align with current utility best practices for billing frequency. To accomplish this work, PWC and LADWP completed the design of how this would work in the new system and configured the system to provide this functionality. After assessing customer benefit and risk of moving to monthly billing on top of the enormous changes already being implemented, it became clear that putting in a new system and a new billing frequency at the same time added too much risk to the implementation. Therefore at system go-live all residential customers will remain on bi-monthly billing.

The purpose of Amendment No. 1 will provide LADWP support in the following areas:

- The significant deferred items including the following:

1. Residential Monthly Billing and the corresponding credit cycles
  2. Migrating complex billing customers into the new system
  3. Credit and Collections- Write Off Algorithm - Hold Collection (No Active Collection Agency)
  4. Letters - Cash Only Notification (Customer Contact) Batch Control
  5. Letters - Risk Assessment Notification (Customer Contact) Batch Control
  6. Mass Cancel / Rebill Algorithm
  7. Landlord Reversion Algorithm - Stop Reversion if disconnected
  8. Rebate Claim Inbound Interface
  9. Experian CRA Interface - Commercial Risk Score
  10. Check for Premise Life Support Indicator (Service Agreement Type - Severance Criteria Algorithm)
  11. Water Meter Vault Inspections (Modification to ENH081)
  12. Bureau of Sanitation - Proration of Extra Capacity Charge Changes
  13. Automate the Enterprise Zone discount data entry
  14. Modification of Letter 36 – Low-Income Discount Cancellation
- Unanticipated system problems and/or additional modifications to configuration and code regarding business rule and process changes post go-live.
  - System support and further knowledge transfer to LADWP's technical staff.

The LADWP Executive Sponsors will approve any task assignment under this Amendment.

Pursuant to Los Angeles City Charter (City Charter) Section 1022, the services covered by this Amendment are more feasibly performed by an independent contractor than by City of Los Angeles employees.

Per City Charter Section 373, Los Angeles City Council (City Council) approval is required when contracts with one (1) vendor exceed the time period set by Ordinance. Amendment No. 1 to Agreement No. 47976 will extend the contract for an additional two (2) years; therefore, City Council approval is required. Accordingly, attached is the City Administrative Officer (CAO) report dated May 16, 2013.

#### **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**

The tables below show PwC's subcontracting performance through March 12, 2013.

**MBE SUBCONTRACTING**

Name	Description of Subcontracting Work	Original Contract Amount (\$57,200,000)		Participation through March 12, 2013 (Actual Contract Expenditure to Date \$26,182,599)		Projected Participation Due To Proposed \$12M Amendment (Proposed Contract Amount \$69,200,000)		
		Target Dollar Amount	Target Participation Percentage	Actual Dollar Amount to Date	Actual Percentage to Date	Proposed \$ in Amendment	Revised Total Sub Amounts	Revised Percent of Contract
3Di	Design, development and testing of the integration of the CIS Solution	\$4,004,000	7.00	\$6,413,882	24.50	\$1,320,000	\$7,612,000	11.00
MalikCo LLC	CIS Requirements and implementation support	\$2,288,000	4.00	\$0.00	0.00	\$0.00	\$0.00	0.00
<b>Total:</b>		<b>\$6,292,000</b>	<b>11.00</b>	<b>\$6,413,882</b>	<b>24.50</b>	<b>\$1,320,000</b>	<b>\$7,612,000</b>	<b>11.00</b>

**WBE SUBCONTRACTING**

Name	Description of Subcontracting Work	Original Contract Amount (\$57,200,000)		Participation through March 12, 2013 (Actual Contract Expenditure to Date \$26,182,599)		Projected Participation Due To Proposed \$12M Amendment (Proposed Contract Amount \$69,200,000)		
		Target Dollar Amount	Target Participation Percentage	Actual Dollar Amount to Date	Actual Percentage to Date	Proposed \$ in Amendment	Revised Total Sub Amounts	Revised Percent of Contract
Lynx Consulting	Support of change management and training	\$1,716,000	3.00	\$0.00	0.00	\$0.00	\$0.00	0.00
Vignon	CIS Requirements and implementation support	\$1,716,000	3.00	\$3,080,106	11.76	\$720,000	\$4,152,000	6.00
<b>Total:</b>		<b>\$3,432,000</b>	<b>6.00</b>	<b>\$3,080,106</b>	<b>11.76</b>	<b>\$720,000</b>	<b>\$4,152,000</b>	<b>6.00</b>

At the time of the original Agreement, subconsultant participation was pending final determination based on the selection of the software vendor. The chosen software was Oracle; however, Lynx Consulting is an SAP provider without the necessary Oracle skillset. MalikCo LLC was out of business when the Agreement got underway.



**CONTRACT AND VENDOR HISTORY**

Contract History					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
47976	PwC	3 Years	08/13/2010	08/12/2013	\$57,200,000

Vendor History					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
47976	SI Services for the CISCON Project	3 Years	08/13/2010	08/12/2013	\$57,200,000
47962	Smart Grid Consulting Services	30 Months	05/18/2010	02/17/2013	\$2,700,000
47913	Implementation of Oracle Identity Management System	1 Year	03/30/2010	03/29/2011	\$660,000
47774	Accounting and Financial Duties	3 Years	01/6/2009	01/08/2012	\$750,000

**ENVIRONMENTAL DETERMINATION**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the action of entering into an Agreement with PwC for SI services for the CISCON 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.

**RECOMMENDATION**

It is recommended that your Honorable Board adopt the attached Resolution recommending City Council's approval of Amendment No. 1 to Agreement No. 47976 between LADWP and PwC for SI services for the CISCON project.

AB:ac:vnc

Attachments

e-c/att: Ronald O. Nichols

Richard M. Brown

Aram Benyamin

James B. McDaniel

Philip Leiber

Gary Wong

Gwendolyn W. Williams

Sharon B. Grove

Matthew M. Lampe

Armando Bolivar



0150-09980-0000

**TRANSMITTAL**

TO Ronald O. Nichols, General Manager Department of Water and Power	DATE <b>MAY 23 2013</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**APPROVAL OF AMENDMENT NO. 1 TO AGREEMENT NO. 47976  
WITH PRICEWATERHOUSECOOPERS, LLP.**

Transmitted for further processing including Council consideration.  
See the City Administrative Officer report attached.

  
MAYOR

MAS:OAV:10130135T



REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: May 16, 2013

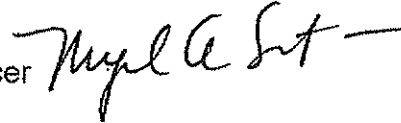
CAO File No.: 0150-09980-0000

Council File No.: None

Council District: City-wide

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated April 5, 2013

Subject: **PROPOSED RESOLUTION AUTHORIZING THE FIRST AMENDMENT TO AGREEMENT NO. 47976 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND PRICEWATERHOUSECOOPERS, LLP**

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### SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing the execution of the First Amendment to Agreement No. 47976 with PricewaterhouseCoopers, LLC. (PwC) for systems integration services for DWP's Customer Information System Replacement Project. The First Amendment to the PwC Agreement extends the term two years expiring August 12, 2015 and provides additional funding authority in the amount of \$12,000,000 for an Agreement total of \$69,200,000. 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 PwC was executed on August 13, 2010, with expenditure authority not to exceed \$57.2 million and a three year term expiring August 12, 2013. The Agreement authorized PwC to provide professional advice in software selection and implementation activities for the Customer Information Service (CISCON) Replacement Project which involves customized systems for both customer service and billing for water and power.

This Agreement is part of an overall DWP Plan to integrate all of their computer information throughout the Department into the Customer Information System (CIS), which has been lacking in the past. This will allow for complete access to information throughout the Department, improved efficiencies in all areas and improved customer service.

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, although not in the original scope of the project, 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.

However, as the completion date for the CIS system was nearing, the DWP Project management determined that there were still testing issues that needed to be resolved and the corrections would require additional time. In addition, DWP decided to delay the conversion of customer billing from bi-monthly to monthly until after implementation of the new CIS system and was completed. The phasing in approach would allow DWP to isolate any problems before adding a new component such as the billing system change to the CIS integration effort.

### **First Amendment**

In the overall detailed project plan, approved by DWP executive management, the start date for utilizing the new CIS system was tentatively scheduled in April 2013; however, PwC will have to resolve all the issues that were identified by testing and implement CIS soon thereafter.

Amendment No. 1 will provide PwC support for the CISCON project in the following areas:

- Functional support for the rollout of the monthly billing for residential customers and the synchronization of Credit and Collections for the monthly billing timeframes;
- Functional support for integration of various system enhancements, interfaces, and reports previously deferred from the initial scope;
- Develop services for enhancements, interfaces, and reports on a task order basis;
- Application support services;
- 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.

DWP anticipates that long term CIS support and maintenance will be provided by Department staff.

As part of developing the new CIS system DWP also contracted with Five Point Partners, LLC (FFP) to provide quality assurance oversight for all the implementation and integration activities of the CIS system. This included the selection of PwC and the quality assurance oversight of the system plan development as well as enhancements and training program. FFP responsibilities' for the quality of the system and training development is estimated to be complete by October 31, 2013. Therefore, the FFP Agreement amendment approved in the Energy and Environment Committee and City Council in May 2013 (C.F. 12-110) totaling \$9.7 million will terminate on October 31, 2013 because it will no longer be needed.

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 Mayor:

1. Approve the proposed resolution authorizing the execution of the First Amendment to Agreement No. 47976 with PricewaterhouseCoopers, LLC., extending the term of the Agreement two years expiring August 12, 2015, and increasing the contract funding authority by \$12,000,000 to \$69,200,000 for systems integration services for the Customer Information System Replacement Project: and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed resolution will extend the term of the current agreement for two years and increase the funding authority by \$12,000,000 to \$69,200,000. The proposed First 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.

*MAS:OAV:10130135*

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## AMENDMENT NO. 1 TO AGREEMENT NO. 47976

**BETWEEN  
THE CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER  
AND  
PRICEWATERHOUSECOOPERS, LLP**

**This Amendment No. 1** to Agreement No. 47976 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 PricewaterhouseCoopers, a Delaware Limited Liability Partnership. Individually, LADWP and Consultant are referred to under this Amendment as "Party" and collectively as the "Parties."

**WHEREAS**, effective August 13, 2010, the parties entered into Agreement No. 47976 (which hereinafter is referred to as the "Agreement") for Consultant to provide LADWP Systems Integration (SI) services for the Customer Information System Replacement project (CISCON); and

**WHEREAS**, there is a current need to accomplish tasks that were previously deferred from the initial Agreement period, make additional modifications to support further process improvements and a need to ensure sufficient support until the necessary knowledge, skills and abilities are gained by LADWP staff across the spectrum of support activities; and

**WHEREAS**, these additional tasks, modifications, and support will be provided by Consultant under the Task Management provisions of the Agreement; and

**WHEREAS**, LADWP proposes Amendment No. 1 (Amendment) to extend the term of the Agreement for Systems Integration (SI) services for the Customer Information System Replacement project (CISCON) for an additional two (2) years from August 13, 2013 to August 12, 2015, and increase the expenditure authority by \$12,000,000 from \$57,200,000 to a new not-to-exceed amount of \$69,200,000.

**NOW, THEREFORE**, the parties hereby agree to amend Agreement No. 47976 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 of Exhibit (Standard Provisions for Department of Water and Power Professional Service Contracts) which Exhibit is hereby attached to this Agreement and made a part hereof, and shall terminate five (5) years thereafter, subject to the earlier provisions herein.

2. **Section 301.1, Not-to-Exceed Amount** is amended to increase total compensation from \$57,200,000 to \$69,200,000 and reads as follows:

The total compensation that may be paid to Consultant by LADWP for complete and satisfactory performance of services under this Agreement shall not exceed Sixty Nine Million, Two Hundred Thousand dollars (\$69,200,000).

3. Except as herein amended above, all other terms and conditions of Agreement No. 47976 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. 1 to Agreement No. 47976.


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: \_\_\_\_\_


And: \_\_\_\_\_  
BARBARA E. MOSCHOS  
Secretary

PRICEWATERHOUSECOOPERS, LLP

By:  \_\_\_\_\_  
NAME TREVOR LABOCQUE  
TITLE PRINCIPAL

Date: 06-09-2013

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

JUN 10 2013  
BY:  \_\_\_\_\_  
DIRK BROERSMA  
DEPUTY CITY ATTORNEY

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