

AGENDA ITEM SUMMARY

July 17, 2018

City Council

STAFF

Mike Beckstead, Chief Financial Officer
Lisa Rosintoski, Utilities Customer Connections Manager
Dan Coldiron, Chief Information Officer
John Duval, Legal

SUBJECT

Second Reading of Ordinance No. 093, 2018, Appropriating Prior Year Reserves in the Light and Power Fund, the Water Funds, the Wastewater Fund and the Storm Drainage Fund for the Utilities Customer Information Billing System Project.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on July 10, 2018, appropriates \$6,297,001 to purchase a Customer Information System with an Operational Support System (CIS/OSS) for electric, water, wastewater, stormwater and broadband billing services, replacing the 18-year old billing system. The CIS/OSS is the billing system that will collect revenues for utility and broadband services, serving as the accounting ledger for Utilities revenue, which currently generates over \$200 million in annual total revenue through an average of 80,000 monthly utility bills and service requests for residential and commercial customers.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. First Reading Agenda Item Summary, July 10, 2018 (w/o attachments) (PDF)
2. Ordinance No. 093, 2018 (PDF)

AGENDA ITEM SUMMARY

July 10, 2018

City Council

STAFF

Mike Beckstead, Chief Financial Officer
Lisa Rosintoski, Utilities Customer Connections Manager
Dan Coldiron, Chief Information Officer
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SUBJECT

First Reading of Ordinance No. 093, 2018, Appropriating Prior Year Reserves in the Light and Power Fund, the Water Funds, the Wastewater Fund and the Storm Drainage Fund for the Utilities Customer Information Billing System Project.

EXECUTIVE SUMMARY

The purpose of this item is to appropriate \$6,297,001 to purchase a Customer Information System with an Operational Support System (CIS/OSS) for electric, water, wastewater, stormwater and broadband billing services, replacing the 18-year old billing system. The CIS/OSS is the billing system that will collect revenues for utility and broadband services, serving as the accounting ledger for Utilities revenue, which currently generates over \$200 million in annual total revenue through an average of 80,000 monthly utility bills and service requests for residential and commercial customers.

The CIS/OSS will be the system interface customers rely on for accurate utility and broadband billing that includes a robust customer self-service platform that will assist customers towards understanding interval utility usage and costs in order to make energy and water conservation/efficiency investments.

Staff has completed the robust Request for Proposal (RFP) process for a comprehensive integrated CIS/OSS solution and selected a vendor that will provide the solution with the following key technology deliverables:

- delivering timely and accurate customer utility and broadband bills
- providing customer web-portal interfaces for utility and broadband services
- maintaining accurate customer contact information
- processing customer payments and service requests
- supporting exceptional customer service experience through on-line services
- increasing operational efficiency with advanced metering infrastructure
- providing enhanced rate, product, payment and service offerings
- automating Broadband service provisioning; and
- including mobile workforce management functionality to enhance field services

STAFF RECOMMENDATION

Staff recommends adoption of this Ordinance on First Reading.

BACKGROUND / DISCUSSION

Utilities implemented the "Banner" customer information billing system in 2000, and managed an upgrade to version 4.1 in 2009. In early 2016, Utilities evaluated whether to upgrade the existing billing system or purchase

a new system, i.e. replacement. The comprehensive evaluation assessed the functionality, resources, costs, risks, and value of upgrading or replacing the then 16-year old system. The evaluation also drilled into the specifics of Utilities' business needs, technical requirements, customer service expectations, and integration with the advanced metering infrastructure. The determination was the system is antiquated in both functionality and technology, and replacement of the system was necessary. The evaluation included an estimate to replace the billing system platform of \$6.6 to \$10.1 million.

In 2016, as part of the Budget for Outcomes process, a capital improvement project enhancement offer was submitted (Offer 7.24) for \$6.8 million. While the full 2016 estimated cost of \$6.8 million to replace the billing system platform was approved in the biannual budget, the offer was approved based on a phased timeline with approximately one-third of the project cost being appropriated in 2018, a total of \$2.3 million.

Beginning in the fourth quarter of 2017, Utilities began developing a rigorous request for proposal (RFP) process to procure a comprehensive and integrated billing solution for both utility and broadband billing services. The RFP focused on seeking a comprehensive and integrated solution that will function as the accounting software for utility revenues, as well as provide new functionality, tools and processes resulting in increased employee productivity and efficiency in supporting the customer experience.

Specifics of the proposed solution identified: Customer Information, Billing, Broadband Operational Support, Customer Self Service, and Reporting. In addition, the solution should consider Mobile Workforce Management, and meet multiple utility and broadband business needs, accommodate both regulatory and ancillary service requirements, as well as provide a wide array of customer-facing opportunities, and greatly enhanced functionality to Fort Collins customers.

The process was completed in January 2018, and an RFP was released in February 2018. Staff completed the review of the vendor proposals, including vendor demonstrations, and selected its preferred vendor. Staff has completed the successful negotiations with the vendor and is prepared to complete the contractual arrangements. In addition, staff has completed the review of the costs associated with the information technology hardware, licensing, data conversion, and project implementation staffing that will be necessary for the successful deployment of the CIS/OSS capital project.

Key features of the CIS/OSS billing system are:

- Billing and operations functionality for new broadband services (Internet, video and phone) as well as state-of-the-art billing and operations for four existing utility services (electric, water, wastewater and stormwater).
- Comprehensive, real-time customer web self-service capability with single-sign-on functionality for *all* customer classes (residential, commercial and industrial). This capability would include starting, stopping or modifying services; viewing and paying bills; viewing account status, usage and cost information; participating in programs, services and promotions; and scheduling appointments.
- Configurable, well-documented functionality with logical and flexible user interface. Includes a scheduler that is configurable, well documented, flexible and easy to use, including the ability to perform multi-processing and to receive calculated inputs and external data.
- Clear and robust technology road map with regular improvements and support for functionality, fixes, tools and security.
- Streamlined, configurable workflows that increase employee efficiency and bill accuracy, and require few manual processes to complete routine functions.
- Service Oriented Architecture capability which would allow for seamless integrations with other technology systems. System consumes and exposes services.
- Strong easily configured and tailorable system security features, including role-based access and cybersecurity.

- Vendor management of version control and component compatibility, as well as accessible, skilled and reasonably priced vendor support and product warranty from selection through implementation and post go-live.
- Stable technology stack with good data integrity and transactional boundaries to roll back processes easily if necessary.
- Ability to manage complex rates, such as net metering, time-of-use, time-of-use tiered or on-bill financing.
- Clear and transparent audit functionality for financial and other transactions and configuration to comply with legal and regulatory requirements.
- Library of standard and user-generated reports, including financials (A/R, balancing, write-offs, etc.), customer transactions (service orders, delinquency, payment types, etc.), key performance indicators and exceptions.
- Ability to interface/integrate with Broadband network electronics in order to provide automated provisioning (turn up, turn down, suspension, etc.) of Internet data, phone, and video services.
- Mobile work management for handling service orders in the field.
- Configurable bill format and design with customer features such as metered utility use and graphs.

CITY FINANCIAL IMPACTS

This appropriation is being requested from available Reserves in each Enterprise Fund. Because \$2.3 million was previously appropriated in the 2017-18 budget cycle and the broadband appropriation has already been made, it is only necessary to appropriate \$6,297,001 to fully fund the purchase and implementation of the new billing system.

(\$ 000's)	Current Estimate w/ BB	Light & Power	Water	Waste Water	Storm Water	Broadband
Total Cost	\$ 9,546	\$ 3,315	\$ 2,227	\$ 1,605	\$ 1,450	\$ 949
Less Prior Appropriations	\$ 3,249	811	637	507	345	949
	\$ 6,297	\$ 2,504	\$ 1,590	\$ 1,098	\$ 1,105	\$ -

Each of the utility Enterprise Funds currently have reserves available above and beyond the minimum required reserves and those reserves already appropriated for other capital improvements. This appropriation is allocated between the utilities as follows:

Utility	Available Fund Balances	Appropriation Request	Remaining Available Reserves
Electric	\$5.5	\$2.5	\$3.0
Water	\$22.1	\$1.6	\$20.5
Wastewater	\$20.0	\$1.1	\$18.9
Stormwater	\$7.5	\$1.1	\$6.4

These shares have been determined based on the current customer counts of the existing utilities and an estimate of the expected number of broadband customers at build-out, and to this has been applied an allocation factor based on the complexity of the billing. The billings for the Electric Utility are the most complex and the billings for the Stormwater Utility and future broadband customers are the least complex.

BOARD / COMMISSION RECOMMENDATION

Utilities staff presented to both Energy and Water Board the annual customer satisfaction survey in April 2018. Included in the presentation was an update on the CIS capital project enhancement offer, to include broadband billing services. In addition, Utilities staff highlighted the key features customers have expressed through the customer satisfaction survey related to utility billing and service offerings, such as on-line and web-portal. **(Attachment 1)**

PUBLIC OUTREACH

Utilities regularly captures customer preferences for utility bill enhancements, as well as additional service features both on the utility bill, web-portal, and on-line. Customer feedback is captured through telephone interactions, electronic mail, and in-person at customer service counter. Themes on the feedback include: near real-time payment application, easy access and visual display of use, and useful bill data.

The annual statistically valid customer satisfaction survey recognizes the importance the billing system and on-line services provide towards exceptional customer service. Below are the 2017 ratings, to which the target is 80%, for both residential and commercial customers.

Please rate Fort Collins Utilities for their performance on each of the following:

- *“information and tools provided to help you manage your use and costs.”* The satisfaction ratings for residents was 73% and commercial was 69%.
- *“technology tools, similar to those used by banks, cell phone or cable companies.”* The satisfaction ratings for residents was 67% and commercial was 64%.
- *“convenience of bill payment options, including in-person locations and online.”* The satisfaction ratings for residents was 81% and commercial was 82%.
- *“Online security provided to protect your personal and financial data.”* The satisfaction ratings for both residents and commercial was 77%.”

ATTACHMENTS

1. Energy Board minutes, April 19, 2018 (PDF)
2. Powerpoint presentation (PDF)

ORDINANCE NO. 093, 2018
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING PRIOR YEAR RESERVES IN THE LIGHT AND
POWER FUND, THE WATER FUNDS, THE WASTEWATER FUND
AND THE STORM DRAINAGE FUND FOR THE UTILITIES
CUSTOMER INFORMATION BILLING SYSTEM PROJECT

WHEREAS, the purpose of this item is to appropriate \$6,297,001 to purchase a Customer Information System with an Operational Support System for electric, water, wastewater, stormwater and broadband billing services to replace the current 18-year old billing system (“Customer Information Billing System Project”); and

WHEREAS, the Customer Information Billing System Project will allow the efficient collection of revenues for all utility and broadband services, serving as the accounting ledger for the revenue of these utilities, which currently generate over \$200 million in total annual revenue through an average of 80,000 monthly utility bills and service requests for residential and commercial customers; and

WHEREAS, the initial cost of the Customer Information Billing System Project being appropriated in this Ordinance is being shared by the funds of the City’s existing utilities (Electric, Water, Wastewater and Stormwater) and by the City’s future broadband system to be operated within the Electric Utility; and

WHEREAS, these shares have been determined based on the current customer counts of the existing utilities and an estimate of the expected number of broadband customers at build-out, and to this has been applied an allocation factor based on the complexity of the billing, with billings for the Electric Utility being the most complex and the billings for the Stormwater Utility and future broadband customers being the least complex; and

WHEREAS, Article V, Section 9 of the City Charter permits the City Council, upon the City Manager’s recommendation, to appropriate by ordinance at any time during the fiscal year such funds for expenditure as may be available from reserves accumulated in prior years, notwithstanding that such reserves were not previously appropriated; and

WHEREAS, the City Manager has recommended the appropriation described herein and determined that these appropriations are available and previously unappropriated from the Light and Power Fund, the Water Fund, the Wastewater Fund and the Storm Drainage Fund, as applicable, and will not cause the total amount appropriated in Light and Power Fund, the Water Fund, the Wastewater Fund and the Storm Drainage Fund, as applicable, to exceed the current estimate of actual and anticipated revenues to be received in these funds during the fiscal year; and

WHEREAS, these project funds are ineligible for a contribution to art in public places as provided in Article XII of City Code Chapter 23 because this is not an appropriation for a “construction project” as defined in Article XII; and

WHEREAS, this appropriation benefits the health, safety and welfare of the public and the ratepayers of Fort Collins and serves the utility purposes of improving water and electric service reliability and controlling cost of service increases.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. That there is hereby appropriated from prior year reserves in the Light and Power Fund the sum of TWO MILLION FIVE HUNDRED THREE THOUSAND SIX HUNDRED SIXTY-SIX DOLLARS (\$2,503,666) for the Utilities Customer Information Billing System Project.

Section 3. That there is hereby appropriated from prior year reserves in the Water Fund the sum of ONE MILLION FIVE HUNDRED NINETY THOUSAND TWO HUNDRED NINETY-SIX DOLLARS (\$1,590,296) for the Utilities Customer Information Billing System Project.

Section 4. That there is hereby appropriated from prior year reserves in the Wastewater Fund the sum of ONE MILLION NINETY-EIGHT THOUSAND FOUR HUNDRED FORTY-ONE DOLLARS (\$1,098,441) for the Utilities Customer Information Billing System Project.

Section 5. That there is hereby appropriated from prior year reserves in the Storm Drainage Fund the sum of ONE MILLION ONE HUNDRED FOUR THOUSAND FIVE HUNDRED NINETY-EIGHT DOLLARS (\$1,104,598) for the Utilities Customer Information Billing System Project.

Introduced, considered favorably on first reading, and ordered published this 10th day of July A.D. 2018, and to be presented for final passage on the 17th day of July, A.D. 2018.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 17th day of July, A.D. 2018.

Mayor Pro Tem

ATTEST:

City Clerk