



CITY COUNCIL STAFF REPORT

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Utilities

Meeting Date: May 1, 2023

Staff Report: 2302-0909

TITLE

Approval of Professional Services Contract Amendment Number 3 with Smart Energy Systems, Inc (S18165157) to add \$684,023 for a New Total Not-to-Exceed Amount of \$1,030,146; and to Extend the Contract Term for Three Years for the Utilities MyCPAU Customer Portal.

RECOMMENDATION

Staff recommends the City Council approve and authorize the City Manager or their designee, to execute Amendment No. 3 to Contract S18165157 with Smart Energy Systems, LLC ("SEW") for the existing MyCPAU Utilities customer portal, to extend the license subscription and increase the scope of professional services, adding an additional \$684,023 in compensation, over three additional years through March 2026. The new total not-to-exceed amount for the amended contract is \$1,030,146 over the eight-year and six-month term.

EXECUTIVE SUMMARY

MyCPAU fully launched in April 2020 and is a convenient and secure way for customers to view and pay their utility bill, display monthly consumption and charges, browse energy efficiency tips, and contact Utilities customer service. MyCPAU has been well received by the Palo Alto community with 78% (24,345) of all utility accounts currently enrolled as of January 2023; 55.5% of all utility bill payments were submitted via the portal for FY 2022, and traffic to the portal averages 656 distinct user logins per day over the past three months. The City of Palo Alto entered into a three-year contract with SEW in October 2017 for a new online customer portal, "MyCPAU." The contract was first amended in October 2019 which extended the contract to five years and two months ([Council Report #10619](https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2019/id-10619-mini-packet-10.07.2019.pdf))¹. Amendment No. 2 extended the contract term from December 2022 to March 2023 to allow staff sufficient time to determine the additional scope of services required and finalize the terms. Currently, the proposed Amendment No. 3 would provide funding and additional services for anticipated portal enhancements and

¹ Council Staff Report 10619 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2019/id-10619-mini-packet-10.07.2019.pdf>

functionality, additional user access, professional support services, and extends the contract term three additional years. In addition, the amendment includes the cost of a dedicated test environment and additional vendor support in preparation for the upcoming data integration with Advanced Metering Infrastructure (AMI) vendors in order to present interval meter reading and usage information. Upon completion of Amendment No. 3, in March 2026, staff plans to re-bid these services by submitting a Request For Proposal (RFP).

BACKGROUND

A Request for Proposal (RFP) was submitted in November of 2016 for the “Next Generation Utilities Customer Self-Service Portal.” The City received proposals from seven different service providers. SEW scored the highest score in the evaluation based on costs to the city, quality of the solution proposed (i.e. ability to meet requirements), and ability to provide future services. The original contract was approved in Oct 2017 for three years. As referenced above, MyCPAU fully launched in April 2020 and is a convenient and secure way for customers to view and pay their utility bill, display monthly consumption and charges, browse energy efficiency tips, and contact Utilities customer service. Key features that customers have requested in legacy portal My Utilities Account (MUA) are now available with MyCPAU including establishing recurring credit card payments and updating mailing addresses. Customers are able to track their tiered consumption and monthly utility expenditures through the interactive usage and graph modules. MyCPAU automatically fits to any device or screen and includes an enhanced modern look and feel. The portal offers the ability to maintain account information in real-time and includes enhanced security features and improved website analytics for City staff. MyCPAU is also integrated, via Single Sign-On (SSO), to such energy efficiencies service providers as WaterSmart, providing water reporting and benchmarking data, as well as Clean Power Research which provides easy to use solar and electric vehicle (EV) calculators. The integration to these service providers allows one stop access with customers only required to log-in to MyCPAU.

Since MyCPAU launched in April 2020, the number of utilities accounts registered has increased by 28.1% or an increase of 5,345 accounts. This met staff’s strategic goal to increase customer adoption (or portal registrations) by 10% per year. Similarly, there has been an increase of 3,034 accounts (or a 68% increase) in paperless billing enrollments since MyCPAU launched. This also exceeded staff’s strategic goal of 10% per year. Staff will continue to promote paperless billing since it will reduce printing and mailing costs and help the City’s sustainability goals. In addition, online move-outs (stop service) have increased by 53% since the MyCPAU launch which exceeds staff’s strategic goal of increasing the use of the move-out feature by 5% per year. In FY 2022, 1,354 move-outs were performed online out of the total of 3,451 move-outs. This represents 39% of total move-outs initiated through the portal and processed automatically in SAP. This reduces the number of calls into the call center, eliminates transaction processing time, enables staff to respond to other customer inquiries in a timelier manner, as well as provides convenience to customers.

ANALYSIS

Staff is dedicated to improving the functionality of the MyCPAU customer self-service online portal as part of its goal to make utility information readily available for customers to make informed decisions on their own utility costs, energy savings and climate reduction efforts. In addition, staff is committed to engaging with its residents, businesses, and technology experts to enhance the online portal to deliver more value. The following updates, changes, and enhancement have been completed over the past 18 months:

- WaterSmart Portal (integration) - Provides customers with additional water analytics and benchmarking comparison reports.
- Clean Power Research Calculators (integration) - Provides customers interested in learning more about solar and electric vehicles (EV) with calculator tools.
- Added communication banners at the top of several pages in the portal to be used to alert customers of important information such as emergency situations (e.g., wildfires or Covid-19), outage information, fraud alerts, portal instructions, or one-time messages to reduce customer calls into the call center (e.g., call center/phones are down or invoices will be delayed one day).
- Introduced a maximum monthly credit card payment amount per account to reduce credit card merchant fees.
- On-Bill Financing (OBF) - A dedicated page for customers to view their energy home loan information such as balance and monthly payment was introduced in February 2023. This page can be used/viewed for customers participating in the Advanced Heat Pump Water Heater program.

Summary of Proposed Contract Terms

Staff recommends approval of this contract amendment to extend the term of the contract, provide additional administrator and user accounts, provide funding for future enhancements, enable text notification options for portal users, and removes the maximum of sixty-five utility accounts per user (customer). In addition, the amendment will add a critical test environment as well as additional vendor support to support the integration and maintenance of AMI interval data. This will enable customers to view hourly usage in the customer portal. Additional funding was added for future professional services to support ongoing enhancements, IT development, SAP integration, and utility rate structure changes. Future enhancements may include electronic bill inserts, online installment plan registration, enhanced password, and default to paperless bill.

As we continue to expand the functionality and online self-services offered through MyCPAU, such as AMI interval data display, text notifications, and integration to other vendor portals, additional expenditures will be required. The final scope of work within Amendment No. 3 was vetted, negotiated, and prioritized over several months. The amount of \$684,023 was the final negotiated price and includes \$265,000 of future enhancements and professional services, which

are optional, and will be returned to utility reserves if unused. Below is a breakdown of the contract terms, costs and services:

	Original Contract	Amendment #1	Amendment #2	Amendment #3	Total
Term	Oct 2017 - Oct 2020	Oct 2020 - Dec 2022	Dec 2022 - Mar 2023	Apr 2023 - Mar 2026	Oct 2017 - Mar 2026
Not to Exceed Amount	\$130,623	\$215,500	\$0	\$684,023	\$1,030,146

	Task	Pricing			
		Original Contract	Amendment #1	Amendment #2	Amendment #3
Subscription	Annual Subscription Fee ¹	63,750	-	-	189,390
	Additional Admin Accounts	-	7,500	-	2,925
	Additional User Accounts	-	15,000	-	22,500
	SMS Text Notification	-	-	-	30,000
	Additional Test Environment (Non-Prod)	-	-	-	22,356
Implementation	Year 1 Implementation Fee	30,798	-	-	-
	Year 3 Implementation Fee ²	4,602	-	-	4,602
	SSO Integration ³	-	78,000	-	26,000
	Add to Home Screen Prompt	-	5,000	-	-
Additional Services	Supplemental SAP Prof Serv.	23,880	-	-	-
	Misc. Services	7,593	-	-	-
	Future Enhancements	-	85,000	-	150,000
	Future Professional Services	-	25,000	-	105,000
	Additional Vendor Support (Max. Plan)	-	-	-	117,000
	Create Instruction Videos	-	-	-	14,250
		\$ 130,623	\$ 215,500	\$ -	\$ 684,023
				Total	\$ 1,030,146

¹ The Original Contract included three years of annual subscription; however, the first annual payment was not required until the portal launched (in Jan 2020). The remaining two years carried over and, therefore, no additional subscription funding was required for Amendment #1

² AMI Implementation Fee carried over from Original Contract to Amendment #3

³ One of three single sign-on integrations carried over from Amendment #1 to Amendment #3

Amendment No. 3 Highlights:

- Extends the subscription and contract with SEW for three years from 2023 to 2026
- Provide the option for customers to receive text notifications for monthly bill and late notices. Currently, only an email option is available.
- Adds an additional 5,000 external users and 5 internal admin users
- Removes the current 65 utilities account restriction per customer/user
- Reserves funding for a separate dedicated User Acceptance Testing (UAT) environment for long term project testing (e.g., AMI)
- Carries over AMI Implementation Fee for interval usage data from original contract
- Carries over one additional single sign-on (SSO) integration of future service; single sign-on for EV and PV calculators and Water Smart portal are completed

- Adds a “max support” option for additional dedicated resources and services to resolve complicated issues in a timely manner especially with the upcoming AMI integration as well as the existing integration to the City’s SAP system and third-party systems (e.g., WaterSmart and CPR)
- Create two instructional videos to help guide customers through the more complex processes in the portal (e.g., bill autopay and registration or AMI)
- Reserves funding for future enhancements and professional services such as:
 - Future AMI features not currently in scope
 - Go Paperless program - Opt new registrations into paperless
 - Address the more challenging areas customers are currently experiencing since the portal’s launch (e.g., top customer issues) for example:
 - Add “Bill Inserts” to the left side menu in order for customers to easily locate monthly bill inserts
 - Add a status field to the home page (or dashboard) to inform customers if they are enrolled in a monthly autopay payment plan.
 - Expand the length of the password field to 30 characters and allow for additional special characters to accommodate the customers use of online password generators
 - Change messaging/text on several pages to clarify existing instructions
 - Ability to set up installment plans in MyCPAU and for these plans to automatically create in SAP
 - Additional SSO integrations to energy efficiency vendors or service providers.
 - Portal version upgrades/updates assistance
 - Single sign-on integration to additional energy efficiency vendors or service providers.
 - User interface changes to add new programs services online (e.g., On-Bill Financing)

FISCAL/RESOURCE IMPACT

Funding of \$254,183 for the first year is available in the FY 2023 Technology Utilities Customer Bill System Improvements CIP budget (TE-10001). Funding for contract years two and three are contingent upon Council appropriation and approval of funds through the annual budget process.

Description	Year 1	Year 2	Year 3	Total
Subscription Fee	\$ 63,130	\$ 63,130	\$ 63,130	\$ 189,390
User and Admin Accounts	\$ 8,475	\$ 8,475	\$ 8,475	\$ 25,425
Text Notification	\$ 10,000	\$ 10,000	\$ 10,000	\$ 30,000
QA Cloud Tenant	\$ 3,726	\$ 14,904	\$ 3,726	\$ 22,356
Enhancements	\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000
Professional Services	\$ 35,000	\$ 35,000	\$ 35,000	\$ 105,000
Max Support	\$ 39,000	\$ 39,000	\$ 39,000	\$ 117,000
Instruction Videos	\$ 14,250			\$ 14,250
AMI Implementation	\$ 4,602			\$ 4,602
Single Sign On	\$ 26,000			\$ 26,000
Total	\$ 254,183	\$ 220,509	\$ 209,331	\$ 684,023

Authorization of this contract does not represent any change to existing policy.

STAKEHOLDER ENGAGEMENT

The online MyCPAU customer account management system was presented to the UAC on March 6, 2019 (<https://cityofpaloalto.org/civicax/filebank/documents/69599>)². CPAU received input from Utility industry consultants, E Source; survey results from 1,200 CPAU customers; and system requirements from multiple divisions in Utilities including Customer Support, Billing and Utilities Program Services. In addition, Staff provided a detailed update on the key features, improvements, and metrics with MyCPAU to the Utilities Advisory Commission in June 2021 ([Staff Report #12179](#))³.

ENVIRONMENTAL REVIEW

Council's approval of this term agreement for subscription licensing and professional services is not a project under the California Environmental Quality Act (CEQA) Guidelines section 15378(b)(5) as an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment, thus no environmental review is required.

ATTACHMENTS

Attachment A: S18165157 Amendment 3

APPROVED BY:

² Utilities Advisory Commission March 6, 2019 Presentation

https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/utilities-advisory-commission/archived-agenda-and-minutes/agendas-and-minutes-2019/03-06-19-meeting/item-2_new-online-customer-portal.pdf

³ Utilities Advisory Commission June 2, 2021 Staff Report 12179

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/utilities-advisory-commission/archived-agenda-and-minutes/agendas-and-minutes-2021/06-02-2021-special/id-12179-item-3.pdf>

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