



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell
Drew Corbett
Jim Shannon

SUBJECT: See Below

DATE: October 28, 2024

Approved

Date:

11/7/24

COUNCIL DISTRICT: Citywide

SUBJECT: Agreement with N. Harris Computer Corporation for the Upgrade of the CIS Infinity Utility Billing System

RECOMMENDATION

(a) Adopt a resolution authorizing the City Manager or her designee to:

- 1) Negotiate and execute an agreement for the Customer Information System Infinity Utility Billing System Upgrade with N. Harris Computer Corporation, doing business as Advanced Utility Systems (Ottawa, Ontario, Canada) for an initial two-year term, beginning on or about December 1, 2024, and ending on or about November 30, 2026, or as may be adjusted to align with the software subscription term, with a maximum compensation not to exceed \$1,211,865, subject to the appropriation of funds;
- 2) Negotiate and execute change orders as required for any unanticipated changes to the agreement with Advanced Utility Systems not to exceed a total amount of \$175,000 during the initial term, subject to the appropriation of funds; and
- 3) Exercise up to nine additional one-year options to extend the term through November 30, 2035, or as may be adjusted to align with the software subscription term, subject to the appropriation of funds.

(b) Adopt the following 2024-2025 Appropriation Ordinance amendments in the Integrated Waste Management Fund:

- 1) Increase the Non/Personal Equipment Appropriation to the Environmental Services Department by \$318,979; and
- 2) Decrease the Ending Fund Balance by \$318,979.

- (c) Adopt the following 2024-2025 Appropriation Ordinance amendments in the Sewer Service and Use Charge Fund:
 - 1) Increase the Non/Personal Equipment Appropriation to the Environmental Services Department by \$221,898; and
 - 2) Decrease the Ending Fund Balance by \$221,898.

- (d) Adopt the following 2024-2025 Appropriation Ordinance amendments in the Storm Sewer Operating Fund:
 - 1) Increase the Non/Personal Equipment Appropriation to the Environmental Services Department by \$208,030; and
 - 2) Decrease the Ending Fund Balance by \$208,030.

- (e) Adopt the following 2024-2025 Appropriation Ordinance amendments in the Water Utility Fund:
 - 1) Increase the Non/Personal Equipment Appropriation to the Environmental Services Department by \$637,958; and
 - 2) Decrease the Ending Fund Balance by \$637,958.

SUMMARY AND OUTCOME

Authorizing the City Manager or her designee to take these actions provides the City with an upgrade to the current version of the Customer Information System (CIS) utility billing system software that is no longer supported and lacks key functionality essential to modern billing systems. This upgrade is critical to maintain a functioning and supported utility billing system. It will allow continued utility customer information management, an improved customer service experience, and billing of approximately \$500 million in annual utility services revenues from the Sanitary Sewer Service and Use Charge, Storm Sewer Service Charge, Garbage and Recycling, and San José Municipal Water System.

BACKGROUND

The CIS software is utilized by multiple City departments, including the Environmental Services Department (ESD), Finance Department, and Information Technology Department, to provide customer information management and utility services billing for the sanitary sewer, storm sewer, garbage and recycling, and San José Municipal Water System utility programs. Additionally, the CIS is used to manage field service work orders for the San José Municipal Water System. Together, these utilities generate about \$500 million in revenue annually for the City. This revenue provides the funding for the operation, maintenance, and rehabilitation of the sanitary and storm sewer systems, San José/Santa Clara Regional Wastewater Facility, San José Municipal

Water System, as well as for garbage and recycling services throughout the City. In all, the CIS platform manages approximately 500,000 total accounts for ESD's utility services.

The customer management and billing system currently used by ESD is the CIS software version 3 developed by N. Harris Computer Corporation, doing business as Advanced Utility Systems (Advanced.) This system and related software were deployed in 2015. The platform on which the system was built is no longer being supported by Microsoft. Additionally, because the system is now very dated and has limited capabilities, it is increasingly becoming difficult to integrate several newer software systems that are integral to efficient billing systems and utility operations.

The City conducted a cost-benefit analysis of a system upgrade. The results of the analysis indicated that an upgrade to the system would not only modernize the system and lower overall cost, it would also make it easier to seamlessly integrate the functionalities of the new Advanced Metering Infrastructure system that the City is currently procuring.

An upgrade from the current version 3 to version 5 of the system software is necessary to ensure that the City will continue to have the ability to produce customer bills, create a customer service portal, integrate with the new Advanced Metering Infrastructure system for San José Municipal Water System customers, and integrate securely, efficiently, and reliably with the City's financial revenue and payment processing systems. Implementation of this upgrade and integration with the new Advanced Metering Infrastructure system will implement multiple City Auditor recommendations.

ANALYSIS

In January 2022, the Cucamonga Valley Water District issued a competitive Request for Proposals for Utility Billing/Customer Information System and Implementation Services. The scope of the proposed City project aligns with the scope of the Cucamonga Valley Water District procurement. Twelve vendors submitted proposals that were evaluated based on the solicitation's predetermined scoring criteria. Advanced's proposal was the highest scoring proposal resulting from the Request for Proposals and it was awarded the contract for the services. Staff met with Advanced to discuss the City's specific requirements for the upgrade of the current system from version 3 to version 5 and Advanced confirmed it can meet the City's project requirements. Staff reviewed the solicitation conducted by the Cucamonga Valley Water District and determined that it satisfies the requirements in [Section 4.12.225.B.3](#) of the San José Municipal Code and therefore can be leveraged to make direct purchases from the responding vendors. The project is expected to take approximately 18 months from kick-off until project completion.

CIS version 5 is built on a modern architecture ensuring a stable system and reduces concerns about the current obsolete systems and processes. The upgraded CIS version 5 will provide improved functionality and added security as outlined below.

- The proposed database will be cloud-hosted by Advanced, which will ensure the software is readily available with future updates, enhancements, and upgrades applied by Advanced and completed with no additional cost. This offers new functionality for continuous improvement and expansion over the life of the system as utility requirements grow and change. Furthermore, relying on Advanced to provide system upgrades reduces the City's reliance on in-house staff to manage the system, reducing future operational costs.
- Improve and simplify integration with other systems via current Advanced Programming Interface standards, an update from file-based integrations and legacy Advanced Programming Interface standards currently in place.
- Ability to run multiple CIS browser tabs concurrently to run multiple billing processes at once, which will improve staff efficiency. Currently, only one screen can be used at a time and the process can be slow and laborious leading to excessive staffing costs.
- Easy-to-navigate and highly customizable dashboard that allows easy navigation and quick access to key information to address customer inquiries during calls.
- Schedule and automate repetitive customer service and billing functions.
- Improved reporting capabilities that streamline the management and oversight of the system.
- Integrate with the Geographic Information System and addressing datasets to improve location-based information.

Following a comprehensive internal assessment, it was also determined that a lack of a central customer portal for utility service requests, billing, payments, and water consumption and conservation has been a significant source of complaints and in many cases results in several repeated calls to the City's 311 contact center. This upgrade will include the installation and configuration of a customer engagement portal for customers to view their bills and manage their utility accounts. The addition of this portal has the potential to reduce calls and other time-intensive staff requests by having the information available in a portal for the customer to view and engage with independently. Industry research has shown reductions of up to 30% fewer calls can be attributed with a customer engagement portal.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

COST SUMMARY/IMPLICATIONS

The estimated cost of the agreement during the initial two-year term is not expected to exceed \$1,386,865, which is the contract amount of \$1,211,865 and a contingency of \$175,000. Increases in the Water Utility Fund of \$637,958, Integrated Waste Management Fund of \$318,979, Sewer Service and Use Charge Fund of \$221,898, and Storm and Sewer Operating Fund of \$208,030 are being recommended to fund the initial term of the project. This funding is divided between these funding sources based on the expected division of usage between the four enterprise functions. The ongoing subscription, maintenance, and support costs after the initial two-year years are estimated to be approximately \$166,000 per year and will be included in the development of the base operating budget beginning in 2026-2027.

1. TOTAL COST OF AGREEMENT (INITIAL 2-YEAR TERM) \$1,211,865

2. COST ELEMENTS:

Initial 2-Year Term Agreement Amount	
• Implementation Services for CIS Infinity V3 to V5 upgrade	\$954,393
- Project Management	
- Installation	
- Configuration	
- Data Integrity	
- Conversion (Including Advanced created reports)	
- Training	
- Integrations	
- Go-Live Support	
- Post Go-Live Support	
• Business Process Review	55,200
• Annual Software Subscription, Maintenance, and Support	166,272
• Estimated Travel Expenses (nine on-site trips)	36,000
TOTAL NOT TO EXCEED (INITIAL TERM)	\$1,211,865
Contingency Amount	\$175,000
TOTAL AMOUNT OF RECOMMENDATION	\$1,386,865

BUDGET REFERENCE

The table below identifies the funds, appropriations, and budget actions to fund the contract and contingency costs recommended as part of this memorandum.

Fund No.	Appn. No.	Appropriation Name	Total Appropriation	Rec. Budget Action	Amount for Contract	2024-2025 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
423	0762	ESD Non-Personal /Equipment	\$5,355,912	\$318,979	\$278,729	978	10/22/2024, 31130
423	8999	Unrestricted Ending Fund Balance	\$17,981,202	(\$318,979)	N/A	978	10/22/2024, 31130
541	0762	ESD Non-Personal /Equipment	\$704,008	\$221,898	\$193,898	1017	06/18/2024, 31102
541	8999	Unrestricted Ending Fund Balance	\$12,472,793	(\$221,898)	N/A	1018	10/22/2024, 31130
446	0762	ESD Non-Personal /Equipment	\$3,326,795	\$208,030	\$181,780	1023	06/18/2024, 31102
446	8999	Unrestricted Ending Fund Balance	\$9,280,748	(\$208,030)	N/A	1024	10/22/2024, 31130
515	0762	ESD Non-Personal /Equipment	\$47,509,687	\$637,958	\$557,458	1028	06/18/2024, 31102
515	8999	Unrestricted Ending Fund Balance	\$4,967,893	(\$637,958)	N/A	1029	10/22/2024, 31130

COORDINATION

This memorandum has been coordinated with the City Attorney’s Office and the Information Technology Department.

PUBLIC OUTREACH

This memorandum will be posted on the City’s Council Agenda website for the November 19, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

October 28, 2024

Subject: Agreement with N. Harris Computer Corporation for the Upgrade of the CIS Infinity Utility Billing System

Page 7

CEQA

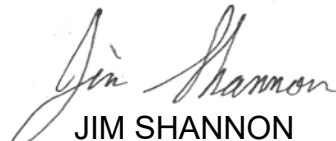
Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
LORI MITCHELL
Acting Director of
Environmental Services Department

/s/
DREW CORBETT
Acting Director of Finance


JIM SHANNON
Budget Director

For procurement- and contract-related questions, please contact Albie Udom, Deputy Director of Finance – Purchasing and Risk Management, at albie.udom@sanjoseca.gov.

For program-related questions, please contact Nick Ajluni, Division Manager of Administrative Services – Environmental Services Department at nick.ajluni@sanjoseca.gov.