

**AMENDMENT NO. 4 TO AGREEMENT NO. 47372B
BETWEEN
THE LOS ANGELES DEPARTMENT OF WATER AND POWER
AND
ORACLE AMERICA, INC.**

THIS AMENDMENT NO. 4 to Agreement No. 47372B (Agreement) is made and entered into by and between the City of Los Angeles, a municipal corporation acting by and through the Los Angeles Department of Water and Power, (hereinafter referred to as "LADWP") and Oracle America, Inc. (hereinafter referred to as "Oracle"). Individually, LADWP and Oracle are referred to under this Amendment as "Party" and collectively as the "Parties."

WITNESSETH

WHEREAS, on December 15, 2015, the Board of Water and Power Commissioners (Board) approved the Agreement for Oracle to furnish and deliver expert support and upgrade services for the Customer Information System (CIS); and

WHEREAS, the Board adopted Amendments Nos. 1 through 3 to the Agreement which provided upgrade services to assess, plan, train, implement, and document system changes to optimize the functioning of CIS for a term of eight (8) years and a not-to-exceed amount of \$116,500,000. Los Angeles City Council approved the extension of the term beyond five (5) years for Amendment No. 3; and

WHEREAS, LADWP has determined that due to the continuing need for highly-specialized technical expertise to support Customer Care & Billing (CCB), Mobile Workforce Management (MWM), Meter Data Management, Service Oriented Architecture, and Field Work Process Integration Pack, it is necessary to recommend Amendment No. 4 to the Agreement with Oracle to extend the term by one year with a one-year renewal option, with no increase in funding of the not-to-exceed contract amount of \$116,500,000 to: (i) integrate the new LADWP.com website and Interactive Voice Response with the CCB system; (ii) perform transition of merchant services from EBill-Express to Paymentus including integration with CCB and related systems; (iii) perform assessments of existing CCB and MWM systems to prepare for next upgrade to keep up with latest versions of the system; (iv) provide the expertise necessary to aid LADWP in integrating Distribution Automation (DA) Technology and Advanced Metering Infrastructure including digital meters and related systems with the CCB system; and (v) provide the expertise necessary to aid LADWP to configure and develop application code and integration in support of Bureau of Sanitation's rate restructure program as billing agent for the said City Department.

NOW THEREFORE, LADWP and Oracle agree to amend the Agreement as follows:

AMENDMENT

ARTICLE II: TERM OF THE AGREEMENT is amended to read as follows:

2.1 Term of the Agreement

The term of this Agreement shall commence upon execution of this Agreement by all Parties hereto and shall terminate nine (9) years thereafter, subject to the termination provisions herein. Performance shall not begin until the consultant has obtained LADWP approval of insurance required herein.

2.2 Extension Options

At LADWP's sole option, the term of this Agreement may be extended for up to an additional one (1) year, exercisable in one-year increments or any portion thereof.

Except as herein amended above, all other terms and conditions of the Agreement shall remain in full force and effect.

This Amendment No. 4 may be executed in one or more counterparts, and by the Parties in separate counterparts, each of which, when executed, shall be deemed to be an original but all of which taken together shall constitute one and the same amendment. The Parties further agree that facsimile signatures or signatures scanned into .pdf (or signatures in another electronic format designated by LADWP) and sent by email shall be deemed original signatures. This Amendment No. 4 consists of three pages.

[Signature page follow]

SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment No. 4 to Agreement No. 47372B to be executed by their duly authorized representatives.

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

By: _____
MARTIN L. ADAMS
General Manager and Chief Engineer

Date: _____

And: _____
CHANTE L. MITCHELL
Board Secretary

Oracle America, Inc.

By: DocuSigned by: Allison Schaaf Allison Schaaf
Deal Manager
6B758849E5F8489...
Name
Title

Date: 30-Aug-2023 | 9:51 AM PDT

APPROVED AS TO FORM AND LEGALITY
HYDEE FELDSTEIN SOTO, CITY ATTORNEY

BY AUG 30 2023
Bethany A. Burgess
BETHANY A. BURGESS
DEPUTY CITY ATTORNEY

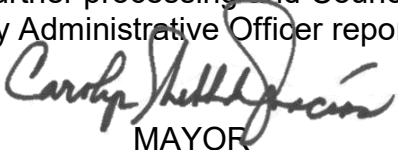
0150-11787-0001

TRANSMITTAL

TO Martin L. Adams, General Manager Los Angeles Department of Water and Power	DATE 01/11/2024	COUNCIL FILE
FROM The Mayor	COUNCIL DISTRICT	

**PROPOSED RESOLUTION AUTHORIZING THE EXECUTION OF AMENDMENT NO. 4 TO
THE LOS ANGELES DEPARTMENT OF WATER AND POWER CONTRACT NO. 47372B
WITH ORACLE AMERICA INCORPORATED FOR CUSTOMER INFORMATION SYSTEM
SUPPORT AND UPGRADE SERVICES**

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


MAYOR
(Carolyn Webb de Macias for)

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 27, 2023

CAO File No. 0150-11787-0001

Council File No.

Council District:

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Digitally signed by Edwin
Gipson II
Date: 2023.11.22 14:24:09
-08'00'

Reference: Communication from the Department of Water and Power dated September 1, 2023; referred by the Mayor for report on September 13, 2023

Subject: **Proposed Resolution Authorizing The Execution Of Amendment No. 4 To The Los Angeles Department Of Water And Power Contract No. 47372b With Oracle America Incorporated For Customer Information System Support And Upgrade Services**

RECOMMENDATION

That the Mayor:

1. Approve the Los Angeles Department of Water and Power's (LADWP) proposed Resolution authorizing Amendment No. 4 to Agreement No. 47372B with Oracle America Incorporated to extend the term of the agreement for one additional year plus one one-year renewal option from January 20, 2024 through January 19, 2026, for a total possible term of 10 years for Customer Information System support and upgrade services;
2. Authorize and direct, upon proper certification, the Chief Accounting Employee to draw demands on the Water and Power Revenue Funds over the term of the agreement incurred by such agreement; and,
3. Return the proposed Resolution to LADWP for further processing, including Council consideration.

SUMMARY

On August 14, 2023, the Los Angeles Department of Water and Power (LADWP) submitted a proposed Resolution that requests authority to execute Amendment No. 4 to Agreement No. 47372B with Oracle America Incorporation (Oracle) for Customer Information System (CIS) support and upgrade services. Amendment No. 4 will extend the term for Agreement No. 47372B an additional one year plus one one-year renewal option from January 20, 2024 through January 19, 2026, for a total possible term of 10 years. The not-to-exceed amount of \$116,500,000 and all other terms and conditions of the Agreement will remain unchanged.

Approval of Amendment No. 4 will allow LADWP to upgrade the system to the latest version and remain on a supported platform because the current version of the CIS will be out of support by summer 2025. Amendment No. 4 will also take advantage of new features such as: 1) integration, 2) Advanced Metering Infrastructure (AMI) enablement, 3) improved security, 4) reduced number of customizations, 5) more customer programs, and 6) a new model of applying updates to take advantage of system enhancements as they are released (three releases each year).

In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), Amendment No. 4 requires City Council approval because the total term of the agreement is greater than five years. This Office has reviewed the request and recommends approval.

BACKGROUND

The LADWP has been contracting for various customer information systems and upgrade services since 2015. On September 13, 2023, the LADWP submitted a proposed Resolution from the Los Angeles Board of Water and Power Commissioners (Board) requesting approval of Amendment No. 4 with Oracle for CIS support and upgrade services, Agreement No. 47372B.

Origin and Requirements of the Current Customer Care and Billing system – In September 2013, CIS was replaced with Oracle's Customer Care and Billing system (CCB), Mobile Workforce Management system (MWM), and Meter Data Management (MDM) system, Smart Grid Gateway, and Service Oriented Architecture (SOA). The CIS was to support multiple customer contact centers and provide billing services for over 1.6 million electric service accounts and over 640,000 water accounts. The CIS was to act as the billing agent for the City of Los Angeles, Department of Public Works, Bureau of Sanitation as well. The CIS was to significantly improve the system's technical flexibility, scalability, reliability, data management, and the ability to integrate with other enterprise applications. However, the systems integrator failed to implement the system properly which resulted in numerous system defects that disrupted LADWP's \$6.2 billion meter-to-cash operations and severely impacted customer service such as late bills, incorrect billing statements, and long wait times.

In late 2015, the City was named as a defendant in the Jones Class Action lawsuit alleging various billing errors and customer over-charges resulting from the defective implementation of the CCB system. In 2017, the Jones Class Action was settled and was approved by the court. In addition to refunding customer over-charges, the settlement agreement also required LADWP to achieve certain performance levels for 12 metrics and to satisfactorily pass two audits on the accuracy of the CCB system. Wipro Limited Liability Company (Wipro) and Oracle were awarded contracts to work with LADWP staff to assess, prioritize, plan, and implement changes to CIS to improve optimization, effectiveness, and LADWP's business practices.

To ensure compliance with the settlement terms and conditions, the court appointed an independent CCB billing system monitor to oversee the work. Oracle worked with LADWP to stabilize the CIS production systems and assisted LADWP with settlement related activities. LADWP personnel worked closely with Oracle and conducted end-to-end analysis of meter-to-cash processes to identify and fix system defects that stabilized the CIS production systems.

Original Oracle Agreement 47372B – On December 15, 2015, and through Resolution No. 016-135, the Board authorized the execution of Agreement No. 47372A to Wipro and Agreement No. 47372B to Oracle to work with LADWP staff to assess, prioritize, plan, and implement changes to CIS to improve optimization, effectiveness, and LADWP's business practices. Both agreements had a three-year term and a total cumulative not-to-exceed amount of \$40,000,000. The agreements included a \$3,000,000 minimum payment if services performed during the first 12 months is less than \$3,000,000. Therefore, the total agreement had an original not-to-exceed amount of \$37,000,000.

The agreement with Wipro was not renewed at the end of the original three-year term. Wipro was paid a total of \$6,000,000 during the term. Therefore, the not-to-exceed amount for Oracle's original agreement is \$34,000,000. The amendments and actions that have occurred during the life of Oracle's agreement through the pending Amendment No. 4 are detailed in Attachment 1, Pages 4-6, of LADWP's report and summarized in the table below:

Table 1: Oracle Agreement No. 47372B Amendments 1 through 4				
Contract / Amendment	Amendment Amount	Total Not To Exceed Amount	Total Contract Term	Notes
Original Contract	\$0	\$34,000,000	01/20/2016 to 01/19/2019	Dec 15, 2015. Agreement 47372B approved for three years and a not-to-exceed amount of \$34,000,000.
Amend No. 1	\$7,000,000	\$41,000,000	01/20/2016 to 01/19/2019	Jun 12, 2018. Increased funding, no term extension, no scope change.
Amend No. 2	\$35,500,000	\$76,500,000	01/20/2019 to 01/19/2021	Nov 27, 2018. Increased funding, term extension, scope change including performing a technical upgrade of CIS including upgrading CCB; performing operations and production support; providing necessary expertise in integrating Distribution Automation Technology; providing expertise to continue the completion of settlement agreement items by court mandated deadlines; continuing cybersecurity efforts to protect critical CIS and related systems.
Amend No. 3	\$40,000,000	\$116,500,000	01/20/2021 to 01/19/2024	Dec 8, 2020. Increased funding, term extension. No scope change.
Amend No. 4	\$0	\$116,500,000	01/20/2024 to 01/19/2026	<i>Proposed and one year plus one one-year renewal option term extension. No increase in funding and no scope change. Requires Council approval.</i>

Amendment Nos. 1-3 – The amendments to Agreement No. 47372B increased the total not-to-exceed contract amount by \$82,500,000 from the original not-to-exceed amount of \$34,000,000 to the current \$116,500,000. The term of the agreement was also extended a total of eight years from January 19, 2016 to January 20, 2024. The amendments added increased scope for upgrade services to assess, plan, train, implement, and document system changes to optimize the functioning of CIS. The CIS upgrade was successfully implemented during Memorial Day Weekend, May 28-31, 2021. After the CIS Upgrade project, Oracle continued to provide the expertise necessary for LADWP to implement various financial assistance programs to provide debt relief for LADWP customers who were impacted by the Covid-19 pandemic and had been unable to pay their electric, water, and sewer bills.

Proposed Amendment No. 4 – The proposed amendment would increase the term of the agreement by one additional year plus one-year renewal option from January 20, 2024 through January 19, 2026 for a new total potential term of 10 years. Amendment No. 4 is necessary due to the continuing need for highly specialized technical expertise to support CCB, MWM, MDM, SOA, and Field Work Process Integration Pack. This amendment will allow for the complete integration of the CCB and related systems with new Merchant Services and allows LADWP to be able to offer more payment options and better online customer service experiences. The amendment will also allow the current system to be upgraded so that the system can remain on a supported platform. Various LADWP systems will be part of this upgrade which makes it a complex and layered process. This project is slated to be completed by Summer 2025.

Alternatives Considered – LADWP reports that an alternative to Amendment No. 4 is to develop a new solicitation, advertise, and award a new contract. However, this alternative is not feasible, cost effective, nor in LADWP's best interest. This alternative would delay the necessary upgrade and likely result in CIS being unsupported by Oracle. The upgrade is also necessary to support critical LADWP initiatives to implement advanced and modern technologies such as AMI, a new LADWP.com website, Interactive Voice Response (IVR) system, and digital payment options for improved customer service. Continuation of the current work with Oracle is critical to the protection of CIS and successful completion of these LADWP projects.

The additional time proposed under Amendment No. 4 will provide LADWP Information Technology Services (ITS) continuous support while ITS works on a requisition of a new solicitation. ITS is actively working on a new requisition, anticipates releasing the Request for Proposal in January 2024, and estimates awarding a new contract in September 2024.

LADWP reports that Oracle has performed satisfactorily under this agreement.

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – The LADWP has determined, subject to Board approval, that the item is exempt from CEQA pursuant to Section 15060(c)(3) that states an activity is not subject to CEQA if the activity is not a project. Section 15378(b)(5) states organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment does not meet the definition of a project.

The City Attorney has approved the proposed amendment as to form. In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), the amendment requires City Council approval because the total term of the agreement is greater than five years. Our Office has reviewed the request and recommends approval.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. Approval of the proposed Amendment No. 4 only extends the term of the Agreement. The not-to-exceed amount will remain unchanged and is funded by LADWP's Water and Power Revenue Funds.

MWS/PJH/ECP/JVW:CMM:10240111

Attachments - LADWP September 1, 2023 Report; September 1, 2023 Board Correspondence, Resolution, and Amendment