



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT:** SEE BELOW

**DATE:** June 21, 2004

Approved

Date

6/23/04

**SUBJECT:** AUTHORIZATION TO ENTER INTO EXCLUSIVE NEGOTIATIONS FOR THE PURCHASE OF AN INTEGRATED UTILITY BILLING, CUSTOMER SERVICE AND PERFORMANCE MANAGEMENT SYSTEM (CUSP) (CR No. 05-04-04-3.7)

Council District: Citywide

SNI: N/A

## REASON FOR ADDENDUM

On May 4, 2004, Council directed the City Auditor to conduct an internal audit on the Request for Proposal (RFP) process for the CUSP procurement. The City Auditor has indicated that he is in the final stages of completing the audit and his report will be included in the agenda for the Council meeting of June 29, 2004. After Council's deliberations on the Auditor's Report, if Council decides to move forward with the recommendation developed by the existing RFP process, staff recommends that Council approve entering into negotiations with the recommended CUSP software vendor and implementation partner.

## RECOMMENDATION

1. Adoption of a resolution authorizing the City Manager to enter into exclusive negotiations for sixty (60) days for the purchase, installation and integration of an Integrated Utility Billing, Customer Service and Performance Management System (CUSP) with BearingPoint/PeopleSoft with the option to return to the City Council for further recommendation in the event business terms are not reached with BearingPoint/PeopleSoft.
2. Direct staff to proceed with the necessary actions to expand the City's commercial paper program including the preparation of the necessary amendments to the Trust Indenture, certain financing documents, and preparation of a new Offering Memorandum for the City of San José Financing Authority Tax-Exempt Lease Revenue Commercial Paper Notes (the "CP Notes") for City Council and the City of San Jose Financing Authority Board approval by September 2004.

- 3 Direct staff to return to Council by September 2004 for Council's approval of a final agreement between the City and the recommended CUSP vendor solution and the related budget appropriations.

### **BACKGROUND**

On May 4, 2004, Council directed the City Auditor to conduct an internal audit on the Request for Proposal (RFP) process for the procurement of an integrated Customer Relationship Management (CRM), Utility Billing System (UBS), and Partner Relationship Management (PRM) System (CUSP). The City Auditor is in the final stages of completing the audit and his audit report is included in the agenda for the Council meeting of June 29, 2004. After Council's deliberations on the Auditor's Report, if Council decides to move forward with the recommendation developed by the existing RFP process, staff recommends that Council approve entering into negotiations with BearingPoint/PeopleSoft as the recommended CUSP software vendor and implementation partner, approve expanding the commercial paper program to fund the project and direct staff to return in September with a contract and the necessary commercial paper documents and the necessary budget appropriation for the project costs and staffing resources to facilitate the implementation of CUSP. A comprehensive staff report was presented to the City Council during the May 4, 2004 Council meeting on the analysis of the evaluation process, the cost to implement the project with the recommended vendor and the related Return on Investment analysis. In addition, an analysis was presented on the benefits of using the commercial paper program as the funding source for the project.

### **PUBLIC OUTREACH**

This procurement was posted on the City of San José web site.

### **COORDINATION**

This memorandum has been coordinated with the departments of Finance, Environmental Services, Information Technology and General Services (Purchasing Division) and the Offices of the City Manager, City Attorney, the City Manager's Budget Office and the Internal Auditor's Office.

### **CEQA**

Not a project.

  
SCOTT P. JOHNSON  
Director, Finance Department