



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	December 1, 2022
SUBJECT/REPORT NO:	In-House Bid for Utility Billing Contact Centre Services Request of Proposal (RFP) (FCS21082(c)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

That the General Manager, Finance and Corporate Services, be authorized and directed to establish an in-house bid team for the Utility Billing Contact Centre Services to prepare and submit a bid to the Request for Proposals (RFP) as outlined in the City's Procurement Policy #22 – In-House Bid Submission.

EXECUTIVE SUMMARY

On August 6, 2021, the City was advised that Alectra's Board of Directors, at its May 21st meeting, approved an Alectra staff recommendation to discontinue water billing services by the time of the current contract expiry, being December 31, 2024 (for details refer to Report FCS21082). It should be noted that Alectra similarly provided notice of termination to the municipalities of Guelph, Markham and Vaughan.

As part of the ongoing work to transition to a new Utility Billing System, collectively, the four municipalities currently with Alectra have engaged Kaihen Inc, (Kaihen) as a consultant resource to conduct assessments of each municipality's current systems and processes during an initial Discovery Phase (Phase 1) of the Water Billing Transition Project (Project) (refer to Report FCS21082(a) for details).

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Kaihen has completed an analysis of utility billing service delivery models both on a collective group and individual municipality basis. Kaihen's recommendation is to move forward with a Hybrid Billing Model which would entail each municipality acquiring a billing software solution referred to as a Customer Information System (CIS). The municipalities will be leveraging a combined procurement process to acquire a CIS whereby each municipality can select its own vendor solution. The CIS procurement has commenced with the expectation of releasing the RFP in January 2023. Once the CIS is selected, staff will proceed to procure externally provided Customer Portal, Contact Centre, Meter Reading and Bill Print services and establish an in-house Back Office unit (refer to Report FCS21082(b) for details).

With respect to contact centre services, staff is recommending an in-house bid be prepared by a Corporate Services in-house bid team and submitted in response to a City Request for Proposals (RFP) competitive procurement process in competition with external vendors. The General Manager, Finance and Corporate Services, is required to obtain Council approval prior to the preparation and submission of the in-house bid as per Procurement Policy #22.

A team consisting of Corporate Services staff will prepare the in-house bid. The bid team will not be involved in developing the RFP or evaluating the bids received.

The internal bid team will not be required to provide bid security, insurance or indemnification. Any other advantages to which the internal bid team is entitled will be specified in the RFP.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The estimated operating cost of the Utility Billing Contact Centre Services is unknown at this time.

Staffing: The team preparing the Utility Billing Contact Centre Services in-house bid will consist of the Manager, Customer Contact Centre, the Manager, Business and Support Services, the Director, Customer Service, POA and Financial Integration and the Business Administrator – Corporate Services Department.

The team preparing the RFP will consist of the Senior Policy Advisor Corporate Services, Kaihen, Customer Relationship Management (CRM) Solutions Analyst and the Supervisor from Customer Contact Centre (CCC) Corporate Services.

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Legal: There are no legal implications from the recommendation of Report FCS21082(c). Assistance from Legal Services will be required for the finalization and execution of any agreements and contracts.

HISTORICAL BACKGROUND

Alectra Utilities Corporation (“Alectra”) has been providing water and wastewater / storm account management and billing services to the City of Hamilton (“City”) since December 2001 with a renewed service agreement executed in May 2020 extending terms to December 31, 2024 (for details refer to Report FCS19095(a)). The proposed budgeted cost of these services for 2023 is \$6 M. This shared services delivery model is not unique in Ontario as many municipalities have partnered with local electric utilities to provide meter reading, billing and other customer services related to their water and wastewater / storm utilities.

On August 6, 2021, the City was advised that Alectra’s Board of Directors, at its May 21st meeting, approved an Alectra staff recommendation to discontinue water billing services. Alectra has committed to upholding the Water Billing Services Agreement (Service Agreement) that is currently in place with a focus on winding-down providing water billing services to the City at the time of contract expiry, being December 31, 2024.

Alectra also provides utility billing services to the municipalities of Guelph, Markham and Vaughan, serving a total of approximately 400,000 water customers with combined electricity and water billing and related customer services. These municipalities also received notice from Alectra of plans to discontinue billing services. Staff has collaborated with Guelph, Markham and Vaughan with the intent to potentially engage in joint procurements with the expectation that there will be enhanced value for money by doing so.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

City of Hamilton Procurement Policy By-law, Policy #22 - Policy for In-House Bid Submissions will be followed.

RELEVANT CONSULTATION

Corporate Services – Procurement and Customer Services divisions have been consulted during the preparation of Report FCS21082(c).

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The Procurement Policy By-law, Policy #22 - In-House Bid Submissions requires the General Manager of the department to obtain Council approval prior to submitting an in-house bid. The report to Council seeking such approval shall include as a minimum:

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- the members of the in-house bid submission team;
- which costs will be included in the bid and how costs will be determined; and
- the rationale for submitting an in-house bid.

The Procurement Policy By-law, Policy #22 - In-House Bid Submissions requires the RFP to clearly indicate:

- an in-house bid is being considered for the RFP;
- any advantages that the in-house bid will have over other bidders by virtue of it being an in-house bid.

Kaihen has recommended to procure billing contact centre services with a competitive procurement process with external vendors. The recommendation recognizes that an outsourced billing contact centre is a mature service delivery model with a broad vendor market and an expectation of lower costs. However, given the completion of the call consolidation program and the Customer Contact Centre's (CCC) proven track record of high quality and responsive service, staff is recommending an in-house bid be prepared by a Corporate Services in-house bid team. The CCC RFP is expected to be released once the CIS procurement is awarded likely in March / April 2023.

The members of the in-house bid submission team are:

- Manager, Customer Contact Centre
- Manager, Business and Support Services
- Director, Customer Service, POA and Financial Integration
- Business Administrator, Corporate Services Department

Costing of the in-house bid will include customer service wages and benefits and overhead costs to cover the management and delivery of providing a utility billing contact centre. The in-house bid team will not be required to submit bid security or provide performance security. Where not already identified in the in-house bid, additional internal City costs will be added by the evaluation team into the bid, such as, insurance, facility and equipment costs, payroll / pension / administration for required finance and administration staff and a percentage of any additional overhead costs required to deliver the service. The evaluation of the in-house bid will consider elements of the bid that would normally be required of a submission from external bidders and will evaluate the ability of the bidder to meet the objectives of the City and the requirements of the RFP documents.

The RFP requirement that the successful bidder shall obtain and keep in good standing all licenses and permits that are required under provincial and municipal laws, regulations and all other applicable laws for the conducting of business and the provision of services specified in the contract will be waived when reviewing the in-house bid. These concessions will be stated in the RFP documents issued to all potential bidders.

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Staff will assess any other additional costs and special considerations applicable to the in-house bid during the preparation of the RFP and will disclose them in the RFP.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

N/A

JS/dt