



CAC Item C7  
Staff Report Item 15

**TO:** East Bay Community Energy Board of Directors

**FROM:** Taj Ait-Laoussine, VP Technology & Analytics

**SUBJECT:** Amendment to Master Services Agreement and Task Order No. 2 with SMUD

**DATE:** October 20, 2021

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**Recommendation**

Adopt a Resolution authorizing the CEO to negotiate and execute, subject to the approval of General Counsel, an amendment to the SMUD Master Services Agreement and an amendment to Task Order No. 2, for the purposes set forth below, for a term ending on December 31, 2024.

Direct Staff to work to evaluate sites for a future customer service center and to report back to the Board of Directors in the first six months of 2022.

**Background and Discussion**

EBCE executed its first contract with the Sacramento Municipal Utilities District (SMUD) for Call Center and Data Management Services (CCDMS) in February 2018. The contract was subsequently amended and extended with an effective date of January 1, 2021, for a term of up to two additional years.

Based on feedback received from the Board and the community when the SMUD Master Services Agreement was first amended, and to conform with EBCE's updated technology roadmap, EBCE staff issued a Request for Proposals (RFP) for Call Center and Data Management Services, requesting proposals from all qualified providers with specific emphasis on call center flexibility, cost-effective service delivery, and integration with EBCE's roadmap. The RFP was issued in March 2021 and responses were due April 2021.

EBCE received qualified responses to the RFP from three bidders, including SMUD. Staff reviewed all responses and conducted in-depth interviews with all 3 respondents in May 2021. Staff then scored the proposals based on the written responses and the interviews. Finally, staff conducted follow-up interviews with the top two respondents, as well as reference checks. Staff also met with the CCDMS Ad Hoc Committee on May 17, 2021, to review the process and obtain feedback on the respondents and call center options provided.

Upon review of the responses provided and tabulation of the scores, and consideration of feedback from the Ad Hoc Committee, staff determined that the most prudent course of action would be to proceed with negotiations with SMUD, provided SMUD was willing to negotiate certain concessions related to scope improvements and system enhancements, the pricing schedule, and flexibility on call center options.

Upon receipt of SMUD's favorable written response to these requests, and upon consideration of the potential additional costs and risks associated with transitioning to a new CCDMS provider, staff selected SMUD for final negotiations. These negotiations are now almost complete, and staff is pleased to bring a Resolution to the Board to authorize the CEO to negotiate and execute an amendment to the existing SMUD Master Services Agreement and to Task Order No. 2.

### **Highlights of the Contract Amendment**

Here are some highlights of what the amended SMUD Master Services Agreement and Task Order No. 2 with SMUD would mean to EBCE:

- Term of 36 Months, starting on 1/1/2022 through 12/31/2024;
- Per-Meter Fee reduced to \$1.00/meter/month from a current fee of \$1.05/meter/month - a savings of \$384,000 per year based on 640K meters
- A decreasing fee schedule for additional meters, progressively decreasing from \$0.975/meter/month for meters beyond 700K, down to \$0.90/meter/month for meters beyond the 1 million mark;
- A commitment to provide essential system enhancements for EBCE operations without additional change orders;
- A commitment to execute several in-flight or potential upcoming change orders without charge, such as NEM true-up policy changes, Brilliant 100 sunset, product defaults, and expansion to new communities;

- A further budget for system enhancements of \$100K per year, which can roll-over from year to year while under contract, for changes that are deemed non-essential;
- A credit of \$5K per month per EBCE Call Center Employee, for up to three full-time EBCE employees that EBCE hires, and whose work is managed and scheduled by the SMUD call center;
- If SMUD Customer Service Representatives (CSR) work in an EBCE brick and mortar facility (if EBCE chooses to invest in such a facility), a facilities credit of \$1.5 per square foot per month of space occupied by the SMUD CSRs, up to 250 square feet;
- 100 hours of Local Development Program Support;
- 20 hours per month of Call Center Support for Local Development.

The key terms are summarized in the table below.

Term	Summary
Duration	36 Months, starting on 1/1/2022 through 12/31/2024
Per-Meter Fee	<ul style="list-style-type: none"> <li>• Reduced to \$1.00/meter/month from a current fee of \$1.05/meter/month;</li> <li>• A decreasing fee schedule for additional meters, progressively decreasing from \$0.975/meter/month for meters beyond 700K, down to \$0.90/meter/month for meters beyond the 1 million mark</li> </ul>
System Enhancements	<ul style="list-style-type: none"> <li>• All system enhancements that are deemed essential for EBCE operations would be provided by SMUD without additional charge</li> <li>• Budget of \$100K per year, which can roll-over from year to year while under contract, for changes that are deemed non-essential</li> <li>• Agreement to execute several in-flight or potential upcoming change orders without charge, such as NEM true-up policy changes, Brilliant 100 sunset, product defaults, and expansion to new communities</li> </ul>
Call Center	<ul style="list-style-type: none"> <li>• A credit of \$5K per month per EBCE Call Center Employee, up to three, for each full-time EBCE employee that EBCE hires, and whose work is managed and scheduled by the SMUD call center;</li> <li>• If SMUD CSRs work in an EBCE’s brick and mortar facility, a facilities credit of \$1.50 per square foot per month of space occupied by the SMUD CSRs, up to 250 square feet</li> <li>• 20 hours per month of Call Center Support for Local Development</li> </ul>
Local Programs	<ul style="list-style-type: none"> <li>• 100 hours of Local Development Program Support</li> </ul>

## Fiscal Impact

Here are summary cost numbers for reference, based on staff analysis using the current base of 640K customers:

- **\$8.25M / year** - Current estimated annual cost to EBCE for CCDMS Services from SMUD, including about 10K per month for system enhancements;
- **\$7.75M / year** - New estimated annual cost to EBCE for CCDMS Services from SMUD, reflecting a reduced per meter fee, the inclusion of essential system improvements, and a budget for additional improvements;

As detailed above, the RFP process yielded significant improvements from the existing agreement with the incumbent provider, SMUD. This includes cost savings related to some options for how to hire and manage in-territory call center reps. At a minimum, staff anticipates an annual savings of approximately \$500K per year stemming from the amended SMUD Master Services Agreement and Task Order No. 2.

While it is challenging to do a direct comparison between respondents due to the differences in cost schedules and options, EBCE staff estimates that had it selected the second highest rated respondent rather than SMUD, the annual fees paid to the CCDMS Provider could have been further reduced by about \$500K to \$750K per year, when accounting for most variables, including transition credits as well as early exit penalties stemming from the current SMUD contract.

Staff also believes that selecting SMUD will also allow a continuity of service, which will avoid potential significant additional costs due to transitioning to a different billing provider, potential disruption/billing errors that can commonly occur with such a significant transition, as well as disruptions to customer service related to call center capabilities. At a minimum, staff estimates that EBCE would have incurred an additional one-time cost of \$500K to manage the transition to a new CCDMS provider.

Selecting SMUD will also provide a better experience for our customers when compared to other respondents, including the avoidance of customer service interruptions due to the transition. Finally, staff anticipates being able to capture additional value from the SMUD call center with programs such as the Arrearage Management Program and local Program marketing.

## **Conclusion**

Based on the totality of the RFP responses and interviews, the cost/benefit analysis, and the reference checks, staff determined that the best course of action was to proceed with negotiations with SMUD. It is important to note that the amended agreements with SMUD will provide concrete options and savings opportunities for EBCE to begin transitioning the call center to a more local presence, whether that be through the hiring by SMUD of local call center employees, EBCE adding staff to handle call center responsibilities, or a combination of both, and either at SMUD facilities or EBCE facilities. The amended SMUD Master Services Agreement and Task Order No. 2 will also provide more flexibility for EBCE to pursue its internal systems roadmap, especially as it relates to its Customer Relationship Management System.

## **Attachments**

- A. Resolution Authorizing the Chief Executive Officer to Negotiate and Execute Contract Amendments with Sacramento Municipal Utilities District for Call Center and Data Management Services
- B. Presentation

**RESOLUTION NO. \_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE EAST BAY COMMUNITY ENERGY AUTHORITY TO AUTHORIZE THE CHIEF  
EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE CONTRACT AMENDMENTS WITH  
SACRAMENTO MUNICIPAL UTILITIES DISTRICT FOR CALL CENTER AND DATA  
MANAGEMENT SERVICES**

**WHEREAS** The East Bay Community Energy Authority (“EBCE”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of EBCE and parties to the JPA in March of 2020.

**WHEREAS** Call Center and Data Management Services (“CCDMS”) are fundamental to the efficient operation of EBCE as a CCA;

**WHEREAS** EBCE executed a contract with the Sacramento Municipal Utilities District (“SMUD”) in February 2018 to provide CCDMS, and subsequently extended that contract for a term of up to two years starting on January 1, 2021 (the contract and amendment collectively the “SMUD Master Services Agreement”);

**WHEREAS** EBCE issued a Request for Proposals for CCDMS in March 2021, received multiple proposals from qualified vendors, and upon careful evaluation selected the proposal from SMUD for further consideration;

**WHEREAS** the proposal from SMUD includes significant price and cost reductions, along with flexible options for Call Center Services, for an additional term of up to three (3) years;

**WHEREAS** EBCE now desires to amend the SMUD Master Services Agreement to extend the term of the SMUD Master Services Agreement and make other clarifications, and additionally amend Task Order No. 2 to the SMUD Master Services Agreement to revise the scope of work, extend the term of Task Order No. 2 and revise the amount and terms of compensation.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The Board hereby authorizes the Chief Executive Officer to enter into negotiations and execute, subject to the approval of General Counsel, an amendment to the SMUD Master Services Agreement and an amendment to Task Order No. 2, for the purposes set forth above, for a term ending on December 31, 2024, and for

compensation in conformance with the terms set forth in the staff report associated with this resolution.

ADOPTED AND APPROVED this 20<sup>th</sup> day of October, 2021.

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Dianne Martinez, Chair

ATTEST:

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Adrian Bankhead, Clerk of the Board

OCTOBER 20, 2021

# SMUD Contract Amendments

## Meeting - EBCE Board of Directors





# Background – Call Center and Data Management

- CCAs have historically contracted with 3<sup>rd</sup> parties for Call Center and Data Management Services (CCDMS)
- In 2017, EBCE selected SMUD as its CCDMS provider, and subsequently executed an agreement in 2018
- That agreement was amended and extended in late 2020 for an additional term of up to 2 years
- Staff then issued a Request for Proposals in April 2021 to solicit CCDMS bids, with the following objectives:
  - Obtain better understanding of price, pricing options, pricing breakdown and competitiveness
  - Obtain options for various Call Center models
  - Lay out the EBCE Systems Roadmap, and assess options based on roadmap fit.

# RFP Timeline & Evaluation

- RFP issued March 2021; EBCE received responses from 3 vendors in April 2021
- Staff reviewed and scored through May; met with respondents for follow up interviews
- Staff met with Ad Hoc Committee of the EBCE Board of Directors on May 17; reviewed responses
- Based on scoring, respondent interviews, reference checks and Board Ad Hoc Committee feedback, staff selected the incumbent SMUD in June to begin negotiations for contract extension
- Resolution to Authorize Amendment to SMUD Contracts brought forth today
- Many improvements to agreement, including lower cost, credits related to Call Center & roadmap flexibility

# Summary of Key Terms of Contract Amendment

Term	Summary
Duration	36 Months, starting on 1/1/2022 through 12/31/2024
Per-Meter Fee	<ul style="list-style-type: none"><li>• Reduced to \$1.00/meter/month from a current fee of \$1.05/meter/month;</li><li>• A decreasing fee schedule for additional meters, progressively decreasing from \$0.975/meter/month for meters beyond 700K, down to \$0.90/meter/month for meters beyond the 1 million mark</li></ul>
System Enhancements	<ul style="list-style-type: none"><li>• All system enhancements that are deemed essential for EBCE operations would be provided by SMUD at no additional charge</li><li>• Budget of \$100K per year, which can roll-over from year to year while under contract, for changes that are deemed non-essential</li><li>• Agreement to execute several in-flight or potential upcoming change orders without charge, such as NEM true-up policy changes, Brilliant 100 sunset, product defaults, and expansion to new communities</li></ul>
Call Center	<ul style="list-style-type: none"><li>• A credit of \$5K per month per EBCE Call Center Employee, up to three, for each full-time EBCE employee that EBCE hires, and whose work is managed and scheduled by the SMUD call center;</li><li>• If SMUD CSRs work in an EBCE's brick and mortar facility, a facilities credit of \$1.50 per square foot per month of space occupied by the SMUD CSRs, up to 250 square feet</li><li>• 20 hours per month of Call Center Support for Local Development</li></ul>
Local Programs	<ul style="list-style-type: none"><li>• 100 hours of Local Development Program Support</li></ul>

- **\$8.25M / year** - Current estimated annual cost to EBCE for CCDMS Services from SMUD, including about 10K per month for system enhancements
- **\$7.75M / year** - New estimated annual cost to EBCE for CCDMS Services from SMUD, reflecting a reduced per meter fee, the inclusion of essential system improvements, and a budget for additional improvements
- SMUD was not the lowest cost option; Staff estimates that switching to another provider could have yielded an additional fee reduction of \$500K to \$750K per year
- On the other hand, Staff also estimates that switching to an alternate provider would result in additional one-time costs to EBCE on the order of \$500K (including EBCE staff time, service disruptions, customer satisfaction impacts)
- Staff believes incumbent provides a higher level of customer service and satisfaction that justifies the price premium

- SMUD call center staff currently all working remotely.
- In 2022, SMUD will commence proactive efforts to hire customer service representatives (CSR) from within EBCE service territory
- At this time, it is difficult to determine the timing of a brick-and-mortar call center within our service territory given COVID-19 risks and SMUD's current remote work policy.
- Once SMUD establishes a return-to-work policy with their unionized SMUD CSRs, EBCE will engage with SMUD to further evaluate and design a local brick-and-mortar call center.

## Call Center Credits

*For SMUD CSRs working in an EBCE brick and mortar facility, a facilities credit of **\$1.50 per square foot per month of space occupied by the SMUD CSRs, up to 250 square feet***

***\$5K per month per EBCE Call Center Employee, up to three, for each full-time EBCE employee that EBCE hires, and whose work is managed and scheduled by the SMUD call center***