



Minutes

Lakewood City Council

Special Meeting held
November 26, 2019

MEETING WAS CALLED TO ORDER at 6:00 p.m. by Mayor Rogers in the Executive Board Room at the Civic Center, 5000 Clark Avenue, Lakewood, California.

ROLL CALL: PRESENT: Mayor Todd Rogers
Vice Mayor Jeff Wood
Council Member Steve Croft
Council Member Diane DuBois
Council Member Ron Piazza

CONSIDERATION OF WATER UTILITY SERVICES VENDOR

City Manager Thaddeus McCormack reported that on November 9th, the City had been informed that its current water billing services vendor, Global Water Management, Inc. (Fathom), would no longer be providing service to its clients and would cease operations on November 30th. He stated that Fathom offered a solution that involved contracting with an alternate service provider, Vertex Data Utility Services, LLC (Vertex), which proposed to acquire the rights to utilize Fathom's software and billing platform to provide uninterrupted billing services to its customers for a period of time until the migration to Vertex's platform. He explained that this was contingent upon Vertex receiving contract commitments from a minimum number of utilities; however, Vertex indicated that the necessary level of commitment from other utilities had not been secured, effectively rendering Fathom's proposed solution unviable. He outlined the only two viable options available to the City that would provide for some semblance of continuity and the least disruption for customers, which were for either a new entity to purchase Fathom or contracting with the various Fathom subcontractors and taking on the "back office" functions that Fathom had been performing. He noted that since the City of Huntington Beach had been using the conglomeration of subcontracts to perform its water billing functions, Lakewood staff would visit and observe their operations. He further stated that the conglomerate solution would entail bringing back in-house the customer call center operations.

Council Member Croft acknowledged staff's hard work over the last couple of weeks as the situation continued to change. He indicated that in addition to the options presented, a working group of other Fathom customers had been formed and communications with them had been initiated. He stated anticipation that the Huntington Beach visit would suggest a process flow and provide an understanding of the various pieces.

Vice Mayor Wood inquired whether contracting with Huntington Beach would be an option. Council Member Croft responded by stating that such a relationship might not provide any savings and that if the recommended software worked well enough together, labor costs would be minimal for Lakewood.

CONSIDERATION OF WATER UTILITY SERVICES VENDOR - Continued

Mr. McCormack expressed confidence that the call center operations could be brought back without relying on outsourcing noting that such duties had been performed by City staff in the past under a more manual system. He explained that Fathom had been forthcoming with cities in moving to a next phase and that by working with them and Huntington Beach staff, the transition could be accomplished.

In response to Council Member DuBois' inquiry, Mr. McCormack replied that depending on the option selected, the impacts to residents should be fairly minimal.

Steve Skolnik, for the City Attorney, responded to Mayor Rogers' questions by stating that if the Vertex option had been achieved, that would have been the most seamless transition. He further noted that if they were to be acquired by new owners, the City would be obligated to continue under the Fathom agreement.

Mr. McCormack concurred with Mayor Rogers' observation that operating costs would continue to exist for any company that would buy Fathom. He added that their potential inability to provide the customer service aspect might present an opportunity to negotiate a better deal for the City's having to reestablish a call center component.

Vice Mayor Wood emphasized the importance of exercising due diligence prior to entering into any new agreement.

Council Member Croft stated that with some of the long-term arrangements Fathom had with the various companies, the City would be in competition for those same services and it would be difficult to anticipate their cooperation as far as transferring the data for Lakewood.

Mr. Skolnik acknowledged the significant potential for lawsuits and stated the preference to refrain from taking any action until receiving a better understanding of the circumstances. He further stated that with regards to a breach of contract suit against Fathom, a bankrupt corporation based in Delaware and with no assets, such a judgment for monetary damages would not necessarily be successful and would not be a productive use of funds.

Council Member Croft explained that there were twelve years remaining on the Fathom agreement and opined that another positive outcome on moving forward with the alternative would be that the City would not be tied in for as long an agreement.

Responding to questions from Vice Mayor Wood regarding the amount and types of calls received from customers, Water Resources Director Jason Wen stated that there were approximately 1,200 calls per month and mostly related to billing and payment inquiries.

Mr. Skolnik reported that the pricing for outsourcing the call center was based on a per meter charge. He clarified that all of the companies would be required to operate the system and would be contracted individually.

Council Member Croft identified the various companies and the services they provided, which included meter reading; billing calculations; service requests; electronic payments; bill printing; and customer portal interface.

CONSIDERATION OF WATER UTILITY SERVICES VENDOR - Continued

Mr. McCormack stated, in response to Vice Mayor Wood's suggestion regarding billing issues, that data on calls received were analyzed to better understand inquiries and to make modifications as necessary.

In response to Mayor Rogers' question, Mr. McCormack explained that in discussing options, the Water Committee considered continuity of services without disruption as a critical factor more so than taking any legal action against Fathom.

Concurring with Council Member Croft, Mayor Rogers commented that on a positive note, the situation could provide an opportunity for significant cost savings and that by returning the call center to the City, concerns over customer service issues could be addressed more satisfactorily.

Responding to remarks from Mayor Rogers and Council Member Croft, Mr. McCormack stated that there had been no way to foresee the situation in which Fathom had placed the City regardless of performance measures and financial indicators. He added that the services of a consultant were being utilized to assist with water issues and to obtain some insight from her familiarity with the Huntington Beach operation.

Mr. Wen confirmed for Mr. Skolnik that Huntington Beach served more than twice as many customers as Lakewood.

Jose Gomez, Director of Finance and Administrative Services, responded to Vice Mayor Wood's question regarding call center staffing by stating it was proposed that one and a half full time equivalent positions would be added for the in-house operations.

Council Member Piazza commented that the Committee's prevailing concern had been to prevent disruption to residents and spoke on the importance of being prepared for any eventuality citing as an example the potential for the other software providers to go out of business.

Mr. McCormack also remarked on the value of maintaining the customer data in an easily accessible and useable format.

ADJOURNMENT

There being no further business to be brought before the City Council, Mayor Rogers adjourned the meeting at 6:58 p.m.

Respectfully submitted,

Jo Mayberry, CMC
City Clerk