



Seattle City Light

CITY LIGHT'S JOURNEY TO ADVANCE PROCUREMENT & PM COLLABORATION

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Seattle City Light

October 16, 2018

CITY LIGHT

OUR MISSION

Seattle City Light is dedicated to delivering customers affordable, reliable and environmentally responsible electricity services.

OUR VISION

We resolve to provide a positive, fulfilling and engaging experience for our employees. We will expect and reinforce leadership behaviors that contribute to that culture. Our workforce is the foundation upon which we achieve our public service goals and will reflect the diversity of the community we serve.

We strive to improve quality of life by understanding and answering the needs of our customers. We aim to provide more opportunities to those with fewer resources and will protect the well-being and safety of the public.

We aspire to be the nation's greenest utility by fulfilling our mission in an environmentally and socially responsible manner.

OUR VALUES

Safety, Environmental Stewardship, Innovation, Excellence, Customer Care



Seattle City Light

OUTLINE

- Background & Motivation for Change
- Pilot Project
- Current Status & Next Steps

BACKGROUND & MOTIVATION FOR CHANGE



OPPORTUNITIES

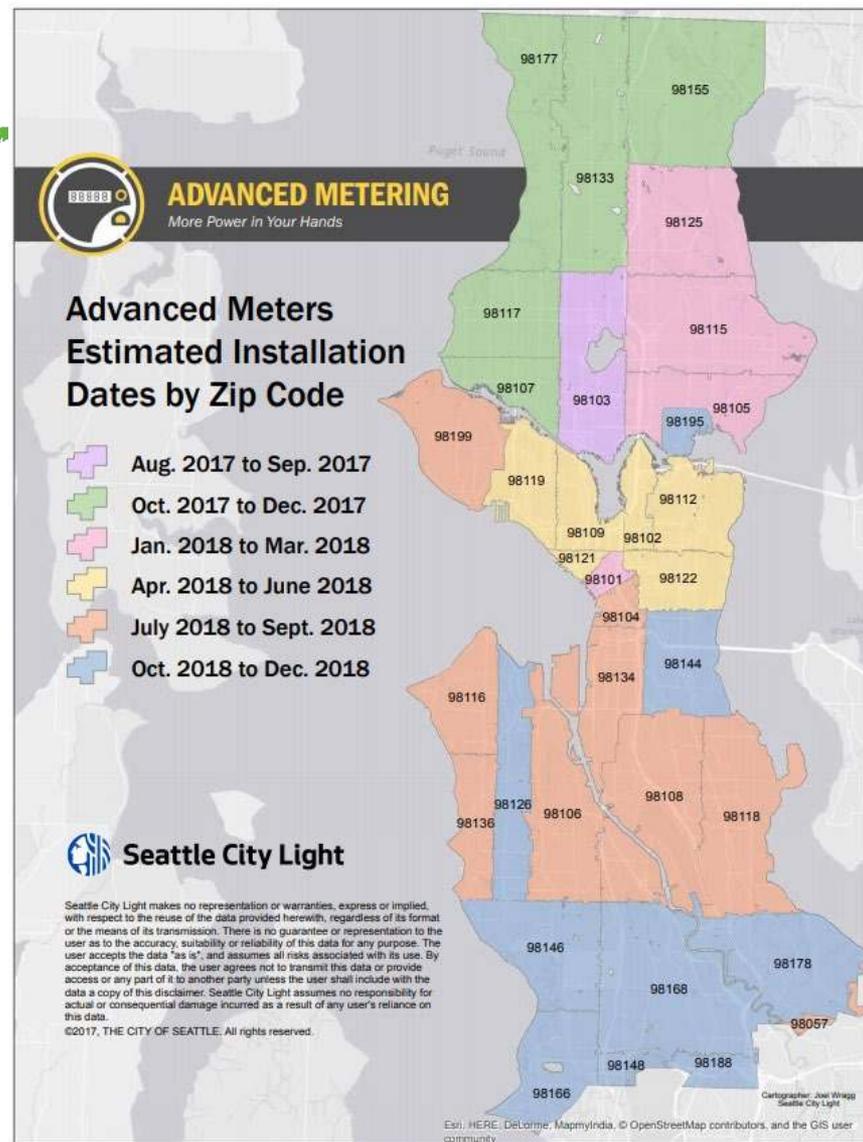
- Revamping Procedures
 - Reducing time & waste
- Relationships with External Vendors
 - Do not want to hear “Why should I send a proposal because you already have favorites”
- Creating Value
 - Procurement seen as a “fixer” not a “roadblock”

“WHAT DO WE HAVE TO LOSE?”

- Getting buy-in to get started
- “Us vs “Them” mentality
- Lets try it and see.

PILOT PROJECT

- Advanced Metering Infrastructure (AMI) Organizational Change Management Consultant
- RFQ in early 2016
 - 3 year term



PILOT PROJECT: INITIAL REACTIONS

- Blind evaluations

Risk Assessment – CONTROLLABLE

Instructions Provided to Proponents:

This includes risks, activities, or tasks that are controllable by the that are contracted to by the Consultant. This includes things that the Consultant is being hired to do. This may also include risks that the service begins due to the Consultant's expertise (i.e. risks that Consultant's expertise in delivering this type of service). All controllable risks and strategies to mitigate them must not be included in the Consultant's base proposal cost.

Submittal	Evaluation Score (1-5-10)	Comments <i>(For debriefing purposes, the evaluator must describe the risk. The evaluator may attach additional pages if necessary)</i>
A	5	Some practicable AMI CM experience
B	1	No practicable AMI CM experience
C	1	No practicable AMI CM experience
D	1	No practicable AMI CM experience
E	1	No practicable AMI CM experience

By signing your name below, you confirm that you have based your scores on the contents of each submittal and that you have had no prior knowledge of any plan and whom they belong to. You further agree that there is no collusion or conflict of interest between yourself and any other party involved.

Risk Assessment – NON-CONTROLLABLE

Instructions Provided to Proponents:

This includes risks, activities, or tasks that are not controllable by the Consultant that are controlled by City, City's agents or organizations, risks that are completely uncontrollable risks. Although these risks may not be controlled by the Consultant, the Consultant must identify a strategy that can be followed or used to mitigate them. All uncontrollable risks and strategies to mitigate them must not be included in the Consultant's base proposal cost.

Submittal	Evaluation Score (1-5-10)	Comments <i>(For debriefing purposes, the evaluator must describe the risk. The evaluator may attach additional pages if necessary)</i>
A	5	Some practicable AMI CM experience
B	1	No practicable AMI CM experience
C	1	No practicable AMI CM experience
D	1	No practicable AMI CM experience
E	1	No practicable AMI CM experience

By signing your name below, you confirm that you have based your scores on the contents of each submittal and that you have had no prior knowledge of any plan and whom they belong to. You further agree that there is no collusion or conflict of interest between yourself and any other party involved.

Value Assessment

Instructions Provided to Proponents:

The Consultant shall prepare and submit Attachment D. The purpose of the Value Added Plan is to provide Consultants with an opportunity to identify any value added options or ideas that may benefit Seattle City Light or the service. If the Consultant can include more scope or service within the constraints of Seattle City Light, the Consultant should provide an outline of potential value added options. This may include ideas or suggestions on alternatives in implementation timelines, service scope, service cost, goals, deliverables, methodologies, etc. Value added ideas must NOT be included in the base fee of the cost proposal. Prior to award (during the Clarification Period), Seattle City Light will determine if the value added items will be accepted or rejected.

Submittal	Evaluation Score (1-5-10)	Comments <i>(For debriefing purposes, the evaluator must describe/explain (justify their scores. The evaluator may attach additional pages if necessary)</i>
A	1	Stuff without practicable AMI CM...
B	1	Theoretical
C	1	Theoretical
D	1	Theoretical
E	5	Some practicable AMI CM recommendation

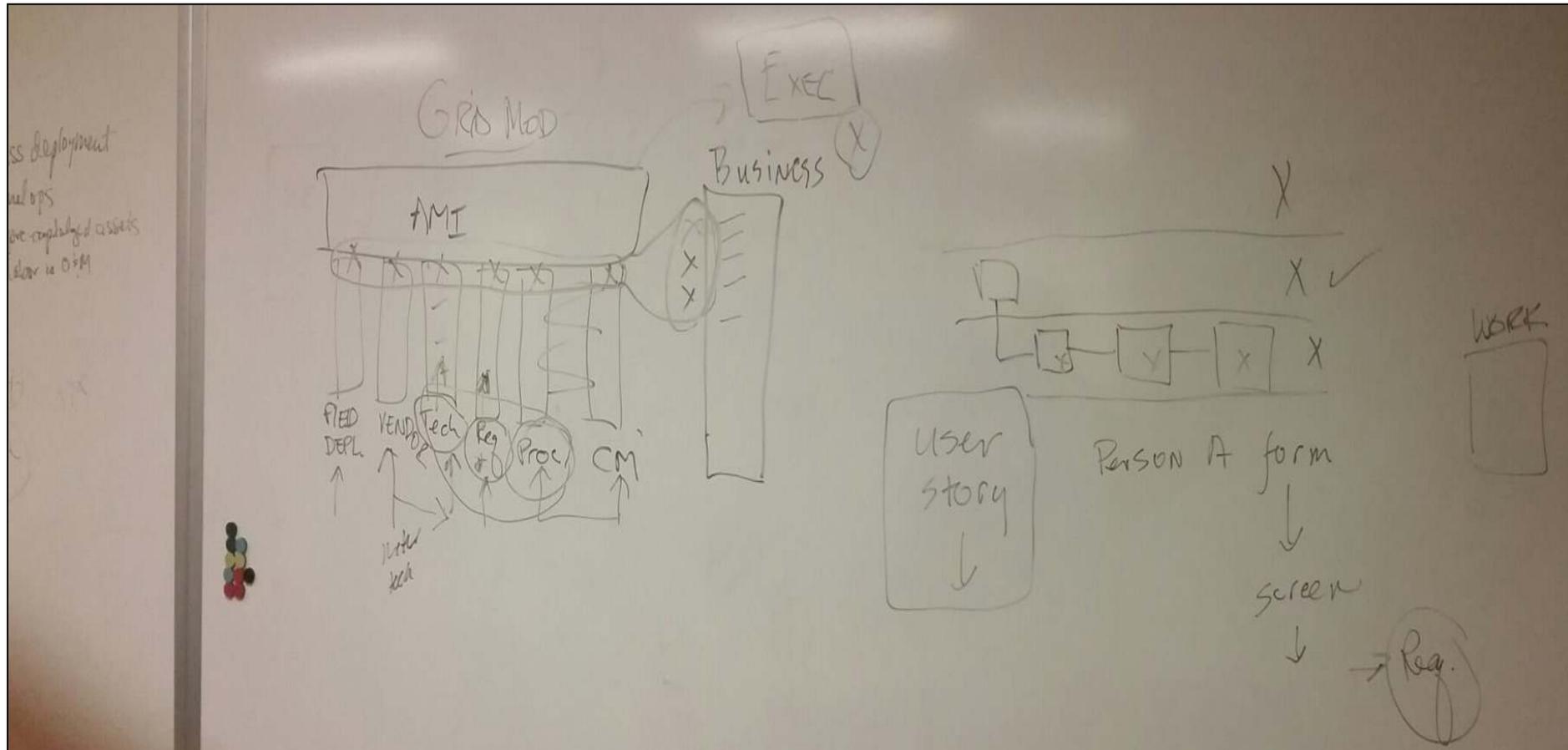
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PILOT PROJECT: GAINING SUPPORT

- The Interviews were an “ah ha” moment.
 - Eliminated the usual fluff
 - Focused on the actual people doing the work
 - Very apparent who knew their stuff
- City Light Project Team became comfortable.
 - “We are confident that we selected the best Consultant team...We know the people on [Consultant’s] team will fit this project very well.”

PILOT PROJECT: PRE-AWARD CLARIFICATION

- Formal avenue to address potential risks



PILOT PROJECT: PRE-AWARD CLARIFICATION

- Consultant struggles... unwilling (unable?) to define:
 - City Light resource commitments
 - Dates of deliverables
 - Tangible outputs of deliverables
 - Examples of previous deliverables (or templates)
 - How success will be measured

PILOT PROJECT: PRE-AWARD CLARIFICATION

- Risk avoidance
 - Several scope gaps were caught
 - Covered by over-assumptions the Consultant made in other areas (net zero change)
- A more complete Scope of Work
 - The Consultant told us that that this process resulted in a more thorough agreement when compared to previous SOWs they had signed.
 - [Consultant] noted that this gives us a significant leg up in being able to “move forward with purpose.”

CURRENT STATUS & NEXT STEPS: LIST OF PILOT PROJECTS

#	Project	Type	Size	Sched.
1	AMI Change Management	Professional Services	\$900K	3 yrs
2	Boundary General Overhauls	Engineering	\$3.1M	6 yrs
3	Annual Audit	Professional Services	\$1.2M	5 yrs
4	Continuous Improvement Roster	Professional Services	\$1M	3 yrs
5	Microgrid for Resiliency	Engineering	\$400K	2.5 yrs
6	Demand Side Management	IT Software	\$850K	3 yrs
7	Building Analytics	IT Software	\$850K	3 yrs
8	Skagit Relicensing	Engineering	\$1M	4 yrs
9	PCB Tracking & Condition Assessment	IT Software	\$900K	1.5 yrs



CURRENT STATUS & NEXT STEPS: INITIAL OUTCOMES AT CITY LIGHT

Time Savings on City Light's Major RFPs/RFQs

- 50% reduction in Evaluation time (per proposal)
 - 75% reduction in Interview time (per vendor)
 - 50% reduction in total procurement duration
 - 3mo from RFP/RFQ release to signature-ready
 - Elimination of marketing "fluff" results
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- Project Performance Improvements
 - Enhanced Scope of Work (SOW)
 - Fewer contract amendments

CURRENT STATUS & NEXT STEPS: SPREADING THE CHANGE AT CITY LIGHT

- All started when we went out on a limb. Since then, it has been a “slow burn” of growth
- Now business units are coming to us and requesting that their projects go this route
- From a training perspective, we are getting more and more proficient. We can do this and we ARE doing this!

QUESTIONS?

INITIAL OUTCOMES

- 50% reduction in evaluator time (per proposal review)
- 75% reduction in Interview time (per vendor)
- Elimination of marketing “fluff” results in strong selection outcomes
- 50% reduction in total procurement duration
 - 3 months from RFQ release to contract award
- Enhanced Scope of Work (SOW)
- Operational plan within the contract

ROI

- SCL average hourly unloaded rate of \$42.45
 - 50.01% overhead rate
 - SCL average hourly loaded rate of \$63.68
- 50% reduction in evaluator proposal reviews
 - Save 20 hours (1/2 work week) per person involved
 - Average 5 people (4-6) involved
 - **\$6,368 saved per proposal review** = 20 hours * 5 people * \$63.68 rate

ROI CONTINUED

- 75% reduction in time per interview (2-3 interviews per proposal, 4-6 people involved)
 - An average of 5 people involved per interview each save 2 hours
 - \$636.80 dollars saved per interview = 2 hours * 5 people * \$63.68 rate
 - **\$1,273.60 saved per proposal from interviews** (conservative estimate) = \$636.80 * 2 interviews

ROI CONTINUED

- 50% faster timeline duration from RFQ release to Contract Award
 - Typically 3-4 months in SCL procurement
 - SCL Evaluators: XPD could have completed selection AND clarification within 2 months if we hadn't run into vendor delays
 - Typically 6-8 months in City of Seattle procurement
 - SCL saves 2 months for average of 5 people involved
 - **\$20,377.60 saved during Contract Award = 8 weeks * 40 hours * \$63.68 rate**