



Request for Proposals

COMPUTER HOSTING & APPLICATION SUPPORT SERVICES

RFP #2009-3463-2205
November 17, 2008

City of Newport News, Dept. of Purchasing
Office of the Purchasing Director
2400 Washington Avenue, 4th Floor, City Hall
Newport News, VA 23607

Phone: (757) 926-8031/ Fax: (757) 926-8038
www.nngov.com/purchasing

Sealed proposals, subject to the conditions and instructions contained herein, will be received at the above office of the Purchasing Director, until the time and date shown below (local prevailing time), for furnishing the services described in the solicitation.

Scope of Work: To engage a qualified Prime Contractor to provide computer hosting and application support services for the Newport News Department of Public Utilities (Waterworks) SAP Customer Information System (CIS).

Proposals Due: December 15, 2008, at Close of Business

Contract Officer: _____
Bill Lindsey, CPPO, C.P.M., Procurement Administrator, (757) 926-8031

AN ORIGINAL AND SIX (6) COPIES OF YOUR SUBMITTAL IS REQUESTED
In compliance with this Request for Proposals, and subject to all the conditions thereof, the undersigned offers to furnish the services requested and certifies he has read, understands, and agrees to all terms, conditions, and requirements of this proposal and is authorized to contract on behalf of the firm named below. Each proposal shall be firm for one hundred and twenty (120) days immediately following the proposal due date.

Company Name: _____

Address: _____

City/State/Zip: _____

Telephone: _____ FAX No.: _____

Email address _____

Federal Tax ID (or Social Security #): _____

Print Name: _____ Title: _____

Signature: _____ Date: _____

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3. Conditions and Instructions

1. All proposals must be submitted on and in accordance with this form. If more space is required to furnish a description of the commodities and/or services offered or delivery terms, the offeror may attach a letter hereto, which will be made a part of the proposal. All proposals must be submitted in a sealed package, plainly marked using RFP number, date and time.
2. It will be the responsibility of the offeror to see that his proposal is in this office by the specified time and date. Date of postmark will not be considered. Telephone, fax, electronic and verbal offers will not be accepted.
3. Prices shall include all delivery, set-up fees, and federal, state, and local taxes.
4. The offeror certifies by signing this proposal that this proposal is made without prior understanding, agreement or accord with any other person submitting a proposal for the same product or service and that this proposal is in all respects bona fide, fair and not the result of any act of fraud or collusion with another person engaged in the same line of business or commerce. Any false statement hereunder constitutes a felony and can result in a fine and imprisonment as well as civil damages.
5. In event of default by the offeror, the City of Newport News reserves the right to procure the services from other sources, and hold the offeror liable for any excess cost occasioned thereby. If, however, public necessity requires use of materials or supplies not conforming to the specifications, they may be accepted and payment therefore shall be made at a proper reduction in price.
6. Availability of Funds: A contract shall be deemed executory only to the extent of appropriations available to each Department for the purchase of such articles or services. The City of Newport News' extended obligations on those contracts that envision extended funding through successive fiscal periods shall be contingent upon actual appropriations for the following years.
7. The offeror guarantees to save the City of Newport News, its agents or employees, harmless from liability of any nature or kind, for use of any copyright, composition, secret process, patented or unpatented invention, articles or appliances furnished or used in the performance of the contract, or which the offeror is not the patentee, assignee, or licensee.
8. All proposals must be signed with the firm name and by a responsible officer or employee. Obligations assumed by such signature must be fulfilled.
9. By signing this proposal, the offeror assigns to the City of Newport News, any and all rights that he may have under the antitrust laws of the United States and the Commonwealth of Virginia in any way arising from or pertaining to this offer. This provision is remedial in nature and is to be liberally construed by any court in favor of the City of Newport News.
10. Appeals Procedure: Upon request, administrative appeals information will be provided which shall be used for hearing protests of a decision to award or an award, appeals from refusals to allow withdrawal of proposals, appeals from disqualifications and determinations of non-responsibility and appeals from decisions or disputes arising during the performance of a contract.
11. **Non-Discrimination:** During the performance of this contract, the successful bidder agrees as follows:
 - a. He will not discriminate against any employees or applicants for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where one or more of these are

a bona fide occupational qualification reasonable necessary to the normal operations of the contractor. The contractor agrees to post in conspicuous places available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

- b. The contractor will be and state that he is an equal opportunity employer in all solicitations or advertisements for employees.
- c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

The contractor will include the provisions of the foregoing paragraphs (a), (b) and (c) in every subcontract or purchase order of over ten thousand dollars so that the provisions will be binding upon each subcontractor or vendor.

During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this subsection, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor in accordance with this subsection, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract

- 12. Direct contact with any City Department other than Purchasing, on the subject of this proposal is expressly forbidden except with the foreknowledge and permission of the Director of Purchasing or their representative.
- 13. Assignment of Contract: A contract shall not be assignable by the Offeror in whole or in part without the written consent of the City of Newport News.
- 14. Applicable Law and Courts: Any purchase order/contract resulting from this solicitation shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Offeror shall comply with applicable federal, state and local laws and regulations. These Conditions and Instructions shall be applicable to the extent that they are non-contradictory to the proposal terms and/or instructions on the following pages. The Contractor certifies that he does not and will not during the performance of the Contract violate the provisions of the Federal Immigration Reform and Control Act of 1986, which prohibits employment of illegal aliens. Every business must register with the Virginia State Corporation Commission before transacting business in Virginia.
- 15. If City Hall is closed for business at the time scheduled for the proposal opening, sealed proposal will be accepted and opened on the next business day of the City, at the originally scheduled hour.
- 16. If you have obtained this proposal from our home page or from a source other than directly from the City of Newport News or from demandstar.com, you are not on record as a plan holder. The Purchasing Department takes no responsibility to provide addenda to parties not listed by the City

as plan holders. It is the offeror's responsibility to check with our office prior to submitting your bid to ensure that you have a complete, up-to-date package.

The original copy maintained at our offices, in the proposal file folder, shall be considered the official copy. In the case of any inconsistency between proposal documents submitted to the City, but not clearly listed on the exception page of the document as an exception by the offeror, the language of the official copy shall prevail. Furthermore, any exception or changes to the specifications made by the offeror may be cause to disqualify your proposal.

17. The offeror acknowledges that their offer does not commit the City of Newport News to pay any costs incurred in the preparation and submission of proposals or in making any necessary studies or designs for the preparation thereof, not to enter into a contract.

18. Questions

Submit questions regarding the RFP in writing to Bill Lindsey, CPPO, C.P.M., Procurement Administrator, no less than ten (10) calendar days prior to the closing date of the Request For Proposal. Questions shall be submitted by email to: blindsey@nngov.com

This public body does not discriminate against faith-based organizations

It is the policy of the City of Newport News to facilitate the establishment, preservation, and strengthening of small businesses and businesses owned by women and minorities and to encourage their participation in the City's procurement activities. Toward that end, the City of Newport News encourages these firms to compete and encourages non-minority firms to provide for the participation of small businesses and businesses owned by women and minorities through partnerships, joint ventures, subcontracts, and other contractual opportunities. The Offeror is requested indicate how such businesses shall be utilized in the performance of this contract.

**SMALL, MINORITY, WOMEN-OWNED
BUSINESS OBJECTIVES**

It is an important business objective of the City to promote the economic enhancement of small businesses (SBE), minority businesses (MBE), and women-owned businesses (WBE). The success of the City to track the amount of business received by SBE, MBE and WBE FIRMS (whether as a prime contractor or a subcontractor) is dependent upon the business community partnering with us in this important endeavor.

If you anticipate **sub-contracting** to any of these businesses in the performance of this contract, you are requested to individually report the total dollars for each business classification. Failure to report the dollars in the categories below may result in the application of stronger requirements being placed on bidders to assure that SBE, MBE and WBE firms receive benefits from City contracts.

Complete the following information and return the form with your package.

1. If you are a SBE, MBE or WBE, please check one of the following boxes:

SBE MBE WBE

2. In the spaces below, report the anticipated dollars that you intend to subcontract to each business type if a contract is awarded to your firm. (If you do not intend to sub-contract any work to others, even if you are a S/M/WBE, put zeros in the spaces below).

Total **SBE** Dollars to be Sub-contracted \$ _____

Total **MBE** Dollars to be Sub-contracted \$ _____

Total **WBE** Dollars to be Sub-contracted \$ _____

3. If you are not a SBE, MBE, or WBE and you do not plan to utilize such firms in this contract, please state your reasons:

ANTI-COLLUSION CERTIFICATION

The offeror certifies that this offer is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a offer for the same product and that this offer is in all respects bona fide, fair and not the result of any act of fraud or collusion with another person or firm engaged in the same line of business or commerce. The offeror understands collusive offering is a violation of Federal Law and that any false statement hereunder constitutes a felony and can result in fines, imprisonment, as well as civil damages. The offeror also understands that failure to sign this statement will make the offer non-responsive and unqualified for award.

Signed: _____

Date: _____

Name of Company: _____

4. Introduction and General Information

4.1 Introduction

The City of Newport News Department of Public Utilities (Waterworks) is seeking proposals from an Offeror to provide computer hosting and application support services for its SAP Customer Information System (CIS). Waterworks anticipates entering into a contract with a “Prime Contractor”. The Prime Contractor will be required to assume responsibility for all contractual activities offered in this proposal whether or not that Contractor performs them. Further, Waterworks will consider the Prime Contractor to be the sole point of contact with regards to contractual matters, including payment of any and all charges resulting from the anticipated contract.

If any of the work is to be provided by subcontractors, responses to this RFP should include a list of the subcontractors, including: firm name and address, contact person, complete description of the work to be subcontracted and the descriptive information concerning the subcontractor’s abilities as they pertain to this procurement.

RFP Scope

The scope of the services to be provided is discussed in Section 0 - Services Requested and in the detailed chart in Appendix B - Tasks and Responsibilities Chart. The CIS scope is documented in Current System and Appendix C - Application and FRICE Scope.

Timeline and Term of Contract

Waterworks went live with its CIS in July 2007 and the CIS is currently hosted and supported under an existing contract which expires May 31, 2009. The objective of this RFP is to establish a two-year contract to provide hosting and application support services with the option to renew annually thereafter for a maximum contract term of five years. This term includes the timeframe necessary for transition of hosting and support from the current providers to the successful Offeror.

Minimum Requirements

Prospective Offerors must be SAP certified as a Qualified Hosting Partner and Application Management Provider.

Prospective Offerors must submit, as a component of their Technical Proposal, a SAS 70 type II Report demonstrating a sufficiency of operational controls and their effectiveness.

This report must be provided on at least a biennial basis.

All Services provided under any contract resulting from this RFP will be delivered in written and spoken English.

4.2 Utility Overview

The City of Newport News Department of Public Utilities (Waterworks) supplies drinking water on a retail basis to approximately 400,000 people on the lower Virginia Peninsula, including the Cities of Newport News, Hampton, Poquoson, and parts of York County and James City County. The average daily demand of the system is approximately 50 million gallons per day (MGD). Water is distributed through a water pipeline transmission and distribution system covering 250 square miles and extending over 1,700 miles in length. Waterworks is a regional water utility owned by the City of

Newport News and operates as an enterprise fund.

The primary sources of raw water are the Chickahominy River and Diascund Reservoir with lesser contributions from three other reservoirs. Raw water is pumped about 30 miles through three pipelines to the terminal reservoirs at the Lee Hall and Harwood's Mill water treatment plants. To accomplish this, Waterworks' 381 employees are organized into the Director's Office and six divisions whose functions include:

- Treating water;
- Controlling and monitoring the water treatment process;
- Monitoring and testing water quality;
- Maintaining both the raw water and the treated water distribution pipelines and systems;
- Maintaining all facilities and equipment;
- Repairing and installing water meters;
- Monitoring and tracking water consumption;
- Billing customers for water consumption and other services;
- Collecting monies in payment for water consumption and other services and fees;
- Billing and collecting monies for other jurisdictional related services;
- Procuring and maintaining a fleet of vehicles and heavy equipment;
- Procuring and maintaining supplies and materials for installing and maintaining water distribution systems;
- Monitoring, regulating and inspecting taps and other connections into the water distribution system;
- Evaluating water needs and system usage for anticipated replacement, growth and/or expansion; and
- Providing technological and administrative support for all functions.

There are currently 128,000 metered water services maintained by Waterworks. In addition, Waterworks is the billing/collection agent for solid waste and sewer maintenance for the cities of Newport News and Hampton. Waterworks also provides meter readings to Hampton Roads Sanitation District (HRSD), so that HRSD can bill for sewer treatment based on water usage. Finally, Waterworks sells wholesale water to various customers.

Waterworks bills its residential customers bimonthly and larger customers monthly. Approximately 123,000 regular bills are sent out in a two-month period and 10,000 past due notices are sent out monthly. Over 13,000 calls are received monthly from Waterworks' regional customer base. Waterworks current rates can be found in Appendix D – Waterworks Rates.

4.3 Current System Landscape

Waterworks is currently using SAP Enterprise 4.72, CRM 4.0, BW 3.5, XI 3.0, Solution Manager 3.2, and eServices. The operating system is Windows 2003 enterprise edition, service pack 1. The database is SQL Server 2000.

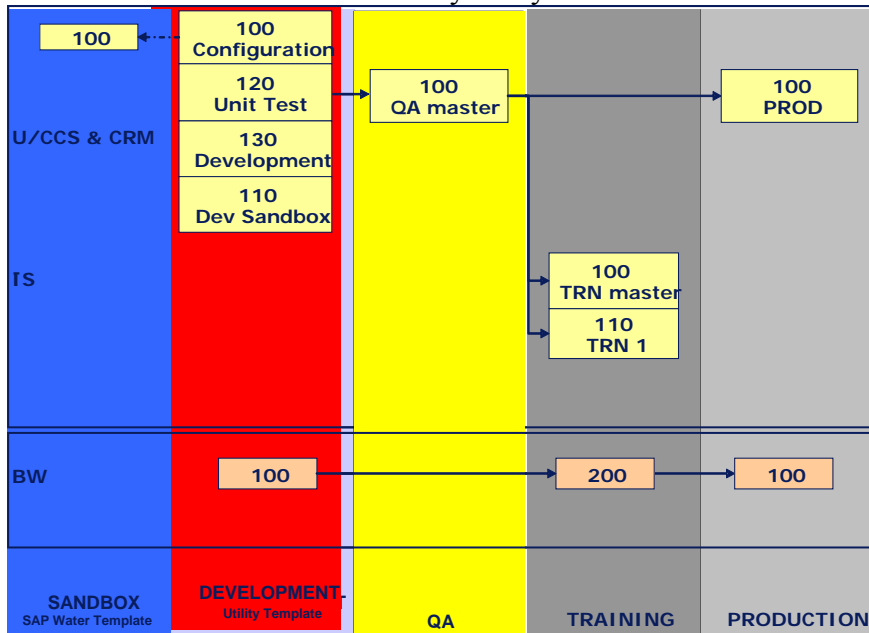
Number of users by type of user

Waterworks current license count for SAP is as follows:

- 162 – Limited Professional Users
- 15 - Professional Users
- 20 – Developer Users
- 65 – Business Warehouse Users
- 15 – Dashboard Users

System Overview

Waterworks' SAP current client layout by environment is as follows:



The following servers are currently being hosted. In addition, the current hosting vendor is providing SAN.

Environment		Server Model	CPU	Memory	SAN	Application
QA	nnwqar3	DL385	2	8	154	R3/CCS
QA	nnwqacrm	DL385	2	8	56	CRM 4.0
QA	nnwqabw	DL385	2	8	154	BW 3.5
SBX	nnwsbr3	DL385	2	8	56	R3/CCS
DEV	nnwdevbw	DL385	2	8	56	BW 3.5
SBX	nnwsbcm	DL385	2	8	28	CRM 4.0
DEV	nnwdevcrm	DL385	2	8	28	CRM 4.0
DEV	nnwdevxi	DL385	2	8	28	XI 3.0
TRN	nnwtrnr3	DL385	2	8	56	R3/CCS 4.72
TRN	nnwtrncrm	DL385	2	8	28	CRM 4.0
TRN	nnwtrnbw	DL385	2	8	70	BW 3.5
QA	nnwqar31	DL385	2	8		R/3
QA	nnwqaxi	DL385	2	8	42	XI 3.0
SOL	nnwsolmgr	DL385	2	8	56	Solution Manager
DEV	nnwdevr3	DL385	2	8	70	R3/ISU-CCS
PRD	nnwprdbw	DL385	2	8	154	BW 3.5
PRD	nnwprdwd1	DL385	2	8		Web Dispatcher
PRD	nnwprdwd2	DL385	2	8		Web Dispatcher
PRD	nnwprdesr1	DL385	2	8		E-SERVICES
PRD	nnwprdesr2	DL385	2	8		E-SERVICES
PRD	nnwprdr3ci	DL385	2	16		R3/CCS - CI - 4.72
PRD	nnwprdr3db	DL385	2	16	154	R3/CCS - DB - SQL
PRD	nnwprdcrmci	DL385	2	16		CRM - CI 4.0
PRD	nnwprdcrmdb	DL385	2	16	56	CRM DB - SQL
PRD	nnwprdxi1	DL385	2	16		XI 3.0 - CI
PRD	nnwprdxi2	DL385	2	16	56	XI DB - SQL
PRD	nnwprdits1	DL385	2	8		ITS WGATE
PRD	nnwprdits2	DL385	2	8		ITS WGATE
PRD	nnwprdits3	DL385	2	8		ITS AGATE
PRD	nnwprdits4	DL385	2	8		ITS AGATE
DEV	nnwdevits	DL385	2	4		ITS AGATE WGATE
DEV	nnwdevesr	DL385	2	4		E-SERVICES
SAPRTR	nnwsaprtr	DL385	2	4		SAP Router
DOMAIN	nnwdomain1	DL385	2	4		Domain Controller

Environment		Server Model	CPU	Memory	SAN	Application
TRN	nnwtrninfo	DL385	2	4		InfoPak
			Total SAN (GB)		1302	

The SAN allocation shown above is what Waterworks originally went live with. In November 2007, Waterworks added an additional 350 GB (25 LUN) of SAN allocated as shown next.

System Name	Description		SAN to be allocated in LUN
NON- Production systems			
DCNT011/DCNT022	D:New Volume	QU1	4
DCNT011/DCNT022	E:New Volume	QU1	4
DCNT025	D:New Volume [NTFS]	DU1	1
DCNT025	H:New Volume	DU1	1
DCNT014	D:New Volume [NTFS]	SU1	5
DCNT013	D:New Volume [NTFS]	QB1	1
DCNT012	D:New Volume [NTFS]	QC1	1
DCNT017	D:New Volume [NTFS]	DC1	1
DCNT024	D:New Volume [NTFS]	SM1 (Solution Mgr.)	1
DCNT23	D:New Volume [NTFS]	QX1	2
Production systems			
DCNT031/DCNT032	D:New Volume	PU1	4
			25

At the time of writing this RFP, Waterworks was in the process of adding an additional 700 GB to the SAN; however it had not been allocated such that it could be shown on the chart above. Offeror is to propose a total of 3.0 TB for the SAN.

Cluster information for the servers is shown next.

	Cluster Info
QA	SAPQAR3
QA	DBQAR3
QA	QAR3CLS
PRD	PRDR3CLS
PRD	SAPPRDCRM
PRD	DBPRDR3
PRD	PRDCRMCLS
PRD	SAPPRDR3
PRD	PRDCRM
PRD	PRDXICLS
PRD	SAPPRDXI

	Cluster Info
PRD	DBPRDXI

Additionally, Waterworks' inline Cisco Intrusion Detection Device is hosted.

Software Licenses

Waterworks will provide the operating systems, antivirus and SAP software to the hosting and support vendor.

Other involved companies and their role

Waterworks has an IVR that is used by customers to get account information from SAP and to request payment arrangements that are updated in SAP. The IVR is located at Newport News Waterworks and is managed by Newport News Waterworks IT with support from Siemens.

Waterworks customers can make payments over the phone using the IVR. Customers dial into Waterworks IVR and upon selecting the option to make a payment, they are routed to Link2Gov (L2G) IVR. L2G then connects to SAP through web services to retrieve customer information and to post payments. Customers may also make credit cards payment over the counter and via the internet though L2G. L2G provides credit card validation and payment processing.

Waterworks' network is connected to the current hosting site via an MPLS link with a VPN connection as backup. The application support provider also connects to the hosting site via MPLS. The MPLS was installed and is managed by Verizon. The end routers are both operated and configured by Verizon.

4.4 Current and Future Initiatives

Bill Printing and Mailing

Currently, Waterworks' bills, past due notices, and customer letters are formatted by SAP and sent to an in-house printer. In order to adhere to upcoming postal changes and to get the best postage rates possible, Waterworks is in the process of outsourcing bill printing, sorting, and mailing. It is anticipated that this initiative will be complete prior to initiation of the transition period for this contract.

EAMS Project

The CIS implementation was part of a larger system replacement project at Waterworks. Waterworks is now at the early stages of a project to replace its work order system with an Enterprise Asset Management System (EAMS). Depending on the timeframes in which various milestones of the EAMS project are achieved, it could overlap with the potential five-year term of this contract.

In that event, Waterworks could elect to have the successful Offeror provide hosting services for the implementation. Waterworks could also elect to have the successful Offeror make modifications needed to SAP to remove the interface to the current work

order system, interface to the new EAMS, and other changes needed for the two systems to work together correctly.

These optional services, if desired, would be handled as change orders. Offerors are not asked to provide pricing at this time but are asked to show their experience and capacity to handle such an effort if required.

SAP Upgrade

There is the potential that during the course of the up to five-year term of this contract that Waterworks could choose to upgrade SAP. If that happens, Waterworks could opt to have Offeror provide hosting and support services related to the upgrade. Again, these optional services, if desired, would be handled as change orders. Offerors are not asked to provide pricing but again, are asked to show their experience and capacity to handle such an effort if required.

5. Services Requested

Waterworks is seeking hosting and application support services as detailed in this section. Additionally, Waterworks is seeking a single governance structure for management of both hosting and application support services.

5.1 Governance

Account Management

Offeror shall provide a detailed explanation of their proposed process for contract governance and overall management including roles and responsibilities, reporting, communications, coordination, handling of contract issues, change requests, conference calls, on-site meetings, and other activities.

Overall Support Process

Offeror shall propose their approach to handling overall support to include support levels, their proposed use of a help desk and tracking tool, service request resolution process, prioritization, service level failures, escalation, and issues management. Offeror shall provide a help desk staffed at all times (24x7) for critical, high priority problem resolution. Offeror shall provide a customer support center, staffed by experienced SAP resources who will be available from 8:00am - 5:00pm (EST/EDT). Offeror shall explain their performance targets, metrics, how they are reported, and any options for service that may be available.

Reporting

Offeror shall provide comprehensive details on the types and frequency of reporting to keep Waterworks fully informed on the status of service delivery. These reports should include management, operational and service level performance metrics and statistics. Offeror must implement a management structure to facilitate communications with Waterworks. Waterworks will not resolve issues or disputes between any subcontractors retained by Offeror.

In terms of reporting, articulate:

- What is/are the electronic formats of reports that will be compiled and distributed to Waterworks' management?
- What is your organization's plan for routine and continuous interaction with Waterworks?
- How will your organization monitor and report on its performance of services?

Offeror shall propose their approach to reporting to include the frequency and expected content of the reports. Sample reports can be included as attachments.

Change Management

Waterworks' SAP CCS_ISU must constantly evolve and adapt to the changing environment and Waterworks' needs and requirements.

- Articulate how you will accommodate changes in services, scope of services, service levels, service volumes, and system requirements
- Describe how your organization's change control processes will ensure that changes will be implemented with minimal impact on Waterworks' processing.
- Describe the rate structure that will be utilized to price any out-of-scope services that may be requested.
- Describe the process that will be used to continually train end-users as changes to the environment and systems affect their daily operations. Include your approach to on-going training of Waterworks' employees as the environment and systems evolve and change.
- Explain how your organization's quality assurance processes will integrate with the change management processes that will take place.
- Describe the review and reporting process your organization will use to track the effect of implemented changes.
- Describe how you expect Waterworks to be involved in the change control process.

Resource Deployment

- Offeror is responsible for resource planning, acquisition, and control function for Waterworks with regard to SAP CCS_ISU application management and hosting support services. The successful Offeror must procure all resources required to perform its service obligations.
- Describe your resource planning for Waterworks, including the location, assignment, and usage of all resources that you anticipate using to deliver services.
- Describe any existing relationships that your organization has with vendors or other entities that may be included in the resource plan.

- Describe how you ensure continuity and knowledge retention in an engagement of this nature, including how you manage turnover in your staff that will primarily support Waterworks (e.g., communication, knowledge transfer, etc.)

Quality Management

- Offeror is to establish, maintain, and administer a quality assurance program for Waterworks. Offeror must ensure that effective control over hardware and software is acquired, developed, maintained, and supported. Offeror must have a total quality management plan and must conduct quality audits with some regularity.
- Describe how your organization will ensure that effective control over hardware and software is acquired, developed, maintained, or supported.
- Describe your quality assurance methodology and procedures and how your organization will ensure that employees and agents have procedures and work instructions that meet quality requirements.
- Describe with what regularity, your organization will conduct quality reviews. Describe Waterworks' role in such reviews.
- For what relevant standards have you been certified?

Transition

Offeror will provide a seamless and transparent migration from the current hosting and application support provider.

Offeror will provide a detailed explanation of how the current systems will be migrated from the current hosted environment to the Offeror's data center. This explanation must include a schedule, a task list with responsible parties identified, system validation steps, close out process of any existing/open application support tickets, and all prerequisites to enable and ensure a smooth system relocation. Failure to provide a seamless transition may result in liquidated damages claims. Failure to assimilate a support team knowledgeable of Waterworks specific SAP CIS application due to an ineffective transition process may result in liquidated damages claims.

Offeror shall:

- Provide detailed transition plans that outline how your organization will meet Waterworks' requirements to include a "mock go-live" and other events required to ensure a seamless and transparent transition for both hosting and application services support. These plans should articulate how Offeror anticipates executing a seamless transition of the application management support services and hosted environment from the current Support Provider to the Offeror. Further, Offeror needs to fully articulate a backup plan should issues arise during this process, and recourse action that Waterworks will be entitled to should a disruption in service occur.

- All plans should include sections that identify tasks, timeframes for the tasks, milestones, and roles and responsibilities for Waterworks, Offeror, and current hosting and support provider. The plans should also address communication with Waterworks, ownership and management of resources and deliverables, subcontracting agreements and relationships, and any other contingencies.
- For all tasks identified in the plans, provide a responsibility matrix that identifies the key party responsible for the task and the supporting party, if any. For all tasks where Waterworks responsibilities are identified (including support), provide a description of the task, the expected outcome, and the estimated level of effort, based on your organization's experience in performing similar transitions.
- Describe in detail your organization's experience in managing complicated transitions involving SAP CCS_ISU application management and hosting support. Provide a reference example with similar characteristics as Waterworks including the parameters driving the process and the length of time the transition/upgrade project took place.
- What tools/processes does your organization use to manage the transitions? Where have you used these tools/processes for previous clients, and describe the benefits of your tools/processes.
- Describe the anticipated impact that the transition and upgrade will have on normal Waterworks business operations. Identify the anticipated disruption that transition will have on Waterworks' normal work environment and how your organization will minimize and manage any disruption.
- Waterworks recognizes that during the transition period, there will be considerable activity, potentially including new employees being brought in by your organization. Because of its position as a public entity, Waterworks is particularly sensitive to potential breaches in security which could have serious impact on Waterworks' operations. Describe the process your organization will implement during the transition period to ensure the integrity and security of Waterworks' operations.

5.2 Hosting

Offeror shall propose their capabilities and approach to providing hosting services. Waterworks does not have a data center or the ability at the present time to host all of the CIS servers itself. Waterworks requires the stability and reliability that a hosting can provide but also has an obligation to support the CIS in the most cost efficient way possible. Offeror shall propose any ideas or approaches that would allow Waterworks to lower costs such as transitioning the sandbox and/or training servers to Waterworks facilities.

Offeror shall provide a detailed explanation of the hosting services offered and provided at their data center. Provide the data center locations and capabilities of each, if differentiated. Address each of the hosting service elements defined in this section. Provide a detailed explanation of the backup and recovery strategy and options for business continuity. Include the data retention policy and period, off-site storage, and

recovery processing time. Explain the level of data center component redundancy and how the various points of failure are addressed.

Offeror shall provide any distinguishing characteristics of their service offering such as Tier 4 Data Center certification, pay-as-you-go disk utilization, and on-demand compute capacity.

Hosting Setup

Offeror will propose their approach to:

- Confirmation of hardware, operating system, database and storage needs
- How installation planning, acquisition, installation and commissioning of hardware and software will be performed, including transfer if required of existing hardware from current service provider to Offeror's facility
- Offerors responsibilities regarding the network connection and equipment between Waterworks locations and Offeror's Data Center
- Plan and set-up of the SAP CIS instances
- Set-up Monitoring Agents
- Set-up and integration of support processes and tools for support delivery
- Set-up of high availability and redundancy
- Migration of Waterworks' SAP CIS instances and SAP CCS_ISU Solution to Offeror's Data Center
- Recourse and fall-back plan should the migration of Waterworks' production system cause downtime beyond that which is documented in Offeror's transition plan

Asset Management

Offeror will propose their approach to:

- Providing support for the procurement of hardware and associated maintenance including, servers, disk systems, tape backup and recovery systems, LAN infrastructure equipment, and firewall servers and cabinets, for Waterworks' CIS environment.
- Performing hardware installation, hardware set-up, tuning capacity planning, and hardware upgrade planning and execution.
- Providing recommendations to Waterworks regarding upgrades and changes in system configurations and capacity planning.
- Establishing a secure SAN environment and the provision of capacity planning for SAN growth requirements.

- Architectural planning and maintenance of a current architectural diagram showing all devices, processors, routers, switches, firewalls, storage devices, circuits, and gateways.

Security Management

Waterworks's SAP CCS_ISU systems and databases contain private and confidential information. Some of this information is subject to special statutory protection including, but not limited to, confidential data. It is of particular concern that such data is handled appropriately with sufficient security measures and confidentiality practiced at all times. The successful Offeror will have no rights to use or access any Waterworks data or information, except as required to provide the in-scope services.

- What methodology does your organization propose to use in order to protect the security and confidentiality of data and information proprietary to Waterworks or subject to special statutory protection?
- Describe your organization's current security screening practices for new hires, and any on-going security screenings that may take place (e.g., random drug testing). Include a description of any security clearances or certifications that your organization requires of its employees.

The successful Offeror must be fully and solely responsible for security with respect to all services their organization will provide.

- Describe your organization's experience in protecting highly sensitive and confidential information in providing the SAP CCS_ISU Solution services to either the public or private sector.
- Describe how your organization will protect against unauthorized and fraudulent use of Waterworks's information and database. Describe your strategy, including methodologies and any management, and maintenance applications and tools, which your organization will implement.
- Describe the physical security and environmental controls of your hosting facility.

Offeror will propose their approach to:

- Security management services to include controlling access to the data center and connectivity access through the network connections.
- System security implementation and administration
- Managing firewalls for telecommunications access into and out of the data center.

Systems Operations, Maintenance and Monitoring

Offeror will propose their approach to:

- Computing environment administration and maintenance including server, storage, and network,

- Operating system administration to include patches and periodic upgrades,
- SQL Server database administration to include performance tuning, troubleshooting, patches, and periodic upgrades,
- Application installation, administration, maintenance and support,
- Performance tuning to include all servers, disk devices, and network devices,
- Supporting the implementation of normal or emergency/hot pack upgrades
- 24 X 7 operations management and support for Waterworks' production environments
- Operations management and support for the Waterworks' non-production environments, including development, quality assurance, test, sandbox, training or other environments to be defined in the future.
- Server performance monitoring to include sharing of monitoring information
- Network and ancillary equipment monitoring
- Certification of data destruction when data storage areas are taken out of service

Maintenance Window Process

- Offeror will propose their approach to implementing a standard weekly and monthly maintenance window for the SAP CIS hosted environment. Any planned outages will be performed within this maintenance window with prior notification to Waterworks.

Backup and Recovery Procedures

- Offeror will propose their approach to backup and recovery services to include planning, test and validation for the operating system and databases for all supported environments, and recovery times.
- At a minimum, Offeror will perform regular daily incremental and weekly full backups for all supported environments. A restore test of one of the supported productive environments will be performed a minimum of once per year.
- Offeror will provide tapes, tape operations and administration for backups and provide storage for tapes on a thirteen month rotating schedule.

Service Level Agreement

Offeror shall describe their approach to service level agreements regarding availability, database and operating system performance, SAP system response time, technical support response and resolution time.

Offeror shall describe their approach to maintaining service levels. Explain the metrics used, how they are measured, how they correlate to the Waterworks requirements, and how they will be reported on a monthly basis. Offeror shall explain their approach to maintenance downtimes, their frequency, and the time required.

Production System Environment

Production System environment availability is planned for use 24 hours per day, 7 days per week and 365 days per year, excluding agreed upon maintenance windows.

Production system availability is required to be 99.5%. System availability metrics will be provided by the selected vendor as a component of the required monthly status report.

Offeror must agree to the conditions defined in section 0 regarding Liquidated Damages for failure to maintain the agreed upon service levels.

Development and Quality Assurance System Environments

Development and Quality Assurance System environments will be available during the same timeframe as Production to allow for off-hours support; however, system availability requirements and maintenance periods will be treated more flexibly by Waterworks provided adequate notice is given. Any scheduled maintenance for these systems shall be mutually agreed upon by Waterworks and the selected Offeror and shall be announced at least 48 hours before the maintenance work will be executed. System availability requirements are:

- Quality Assurance System – 98.0%
- Development System – 98.0%

Database and Operating System Performance

The Offeror must perform database, hardware and operating system tuning, maintenance, and resource allocation to ensure performance consistent with the above requirements. System performance and availability monitoring and reporting must be enabled for all supported environments. The Offeror will provide Waterworks with read-only access to monitor supported environments and to review system-level configuration and settings.

SAP System Response Time

As defined in OSS Note 8963, SAP response time of a transaction step is the difference in time between the point when the request arrives in the system and the point when the system completes the processing. The Offeror must ensure the following:

- 87.5% of Production system tasks of type Dialog will be completed in less than one second
- 92.5% of Production system tasks of type Dialog will be completed in less than two seconds

This performance metric will be included as a component of the monthly service report to be provided by the selected Offeror.

Liquidated Damages

Availability is required as specified below. It is understood and agreed by the Offeror that time is of the essence in providing the contracted level of availability. In the event that the specified level of availability is not provided, there will be deducted, not as a penalty but as liquidated damages, the sum specified below except that if the availability be delayed by any act, negligence, or default on the part of Waterworks, public enemy,

war, embargo, fire, or explosion not caused by the negligence or intentional act of the Offeror or his supplier(s), or by riot, sabotage, or labor trouble that results from a cause or causes entirely beyond the control or fault of the Offeror or their supplier(s), a reasonable extension of time as the procuring public body deems appropriate may be granted. Upon receipt of a written request and justification for any extension from the Offeror, the Purchasing Department may extend the time for performance of the contract or delivery of goods herein specified, at the Purchasing Department's sole discretion, for good cause shown.

Required availability and amount of liquidated damages will be calculated in the following manner. In the event that a hosted system does not achieve the required monthly availability, a percentage of the monthly total hosting charges for the affected period will be deducted from the next monthly invoice by the liquidated damages amount defined below. Calculations will be based on minutes and will begin from the minute of system error and continue until system service is resumed.

Liquidated Damages

For production systems		For quality and development systems	
Availability	Amount	Availability	Amount
99.5%	0%	98.0%	0%
99.0%	1%	97.0%	1%
97.0%	2%	95.0%	2%
95.0%	3%	90.0%	5%
90.0%	5%	85.0%	10%
85.0%	10%	80.0%	20%
80.0%	20%	75.0%	50%
75.0%	50%		

System availability will be calculated using the following formula:

- Total time (A)
- Scheduled outages (B)
- Available system time plan (C) = A - B
- Unscheduled outages (D)
- Available system time actual (E) = C - D
- Availability threshold (F) = E / A

Disaster Recovery/Business Continuity

Waterworks is particularly concerned that Offeror of choice have a strong, reliable, and responsive Disaster Recovery Plan. Offeror will be responsible for documenting, and maintaining a Disaster Recovery Plan for recovering Waterworks' systems within established recovery requirement timeframes.

Offeror must have a solid structure to ensure continuous operations of Waterworks' systems. The facility should have appropriate safeguards against power supply, network, and/or telecommunications failure. Offeror must ensure availability of data during disaster recovery.

Offeror must have a reliable approach for implementing network connectivity between regular facilities and the proposed recovery sites.

- Describe the Disaster Recovery Plan that your organization has for recovering Waterworks' systems within established recovery requirement timeframes.
- Describe your approach to continuous operations of Waterworks' systems.
- Describe how your organization will ensure availability of data during disaster recovery.
- Specifically describe your organization's proposed approach for implementing network connectivity between regular facilities and the proposed recovery sites.
- Describe your approach to conducting periodic disaster recovery testing.
- Provide a copy of the disaster recovery plan and recovery services with proposal documents.

Offeror shall propose disaster recovery/business continuity services as an option with separate pricing.

Hosting Facility Information and Site Inspection

The Offeror shall provide detailed information about their hosting site(s) to include the tier and address the following:

- Power
- Cooling
- Fire control
- Monitoring systems
- Security services
- Communication services
- Structured wiring and LAN communications
- Encryption

As part of the evaluation process, Waterworks may conduct a site survey of the Offeror's hosting location. Additionally, Waterworks reserves the right to inspect the facility throughout the contract term. The site survey will review all aspects of the facility that will be used to host Waterworks. During the inspection, the Offeror must exhibit to Waterworks its ability to provide the hosting services described in this solicitation. Areas of particular interest are physical security, data security and data center operations.

5.3 Application Support

Offeror shall propose their approach to providing SAP CIS application support. Currently, Waterworks' application is supported by four full-time equivalents (FTE). In addition, Waterworks has an internal BW resource. Offeror should not propose a BW resource in the regular monthly hours but should indicate their ability to provide BW expertise on an as-needed basis.

Offeror shall propose their methodology and strategy regarding all levels of testing – unit, integration, etc to include Waterworks and Offerors' roles and responsibilities.

Application Support Services

In this section, Offeror should provide a detailed explanation of the SAP support services offered and provided by their support staff. Address each of the SAP services elements listed in this section. Include an explanation of the frequency of maintenance activities. Offeror should discuss but not be limited to the following:

- SAP Basis Services
- SAP Support Break/Fix Services
- SAP Enhancement Services
- SAP Environment Management to include non-production refresh schedule and approach
- SAP Support Pack Application Approach and Schedule

Additionally, Offeror must be certified by SAP to provide the Basis Services listed below. Offeror should address each of the SAP services elements defined in this section and include an explanation of the frequency of maintenance activities.

1. SAP Basis and landscape administration, maintenance and support,
2. SAP component installation, configuration, upgrades, patching, and tuning,
3. Java system installation, configuration, upgrades, patching, and tuning,
4. SSL security setup, configuration, maintenance and support including SSL certificate generation,
5. SAP performance monitoring and tuning,
6. SAP application troubleshooting,
7. SAP Early Watch and Go-Live reviews and findings implementation,
8. SAP system profile administration and maintenance,
9. SAP license administration,
10. SAP batch process monitoring,
11. Transport Management System setup and staging,
12. Process and tools for the migration, testing and approval of all changes to production,

13. FTP setup, configuration and support,
14. Support Pack research, recommendation, and implementation,
15. Kernel patches and updates,
16. Version or component upgrades
17. Client copies, system copies and system refreshes

Support Staffing

Offeror should provide detailed information on the FTE levels proposed by functional area and their methodology to insure ongoing knowledge transfer to Waterworks. For each FTE listed by functional area include any specific areas of expertise and years of SAP application experience. A support organization chart with management and oversight levels noted should be included.

Any application support services not included in the monthly application services fee must be clearly listed and noted with the additional costs.

5.4 Hardware

Offeror shall propose options for Waterworks to purchase or lease new equipment or move the existing equipment from the current to the proposed hosting site along with their recommendation as to the preferred approach. Currently, the hardware that is located at the hosting site is owned by the City of Newport News Waterworks. The servers currently in use are HP DL 385's that were purchased in 2006. They are running Windows 2003 Server and SQL Server 2000. The proposal should include the option of purchasing or leasing SAN storage from Offeror.

5.5 Project and Implementation Support

Offeror shall propose their experience and capabilities in providing project support in the event that Waterworks requests additional services in support of an EAMS implementation or SAP upgrade. Offeror shall describe how future environments will be prepared for implementation and the associated time requirements for the preparation of operational computing resources.

As projects are defined, Waterworks will notify Offeror and will define the requirements for the project. Offeror will then submit a technical and cost proposal to Waterworks for the additional work. Acceptance of the cost proposal and authorization to proceed will be issued in the form of an official change order issued by the City of Newport News.

6. Proposal Instructions

6.1 Transmittal Letter

The transmittal letter will indicate the intention of the Offeror to adhere to the provisions described in the RFP without modification. The letter of transmittal will:

- Include an attached signed copy of the RFP in its entirety with each page initialed.
- Identify the submitting organization;

- Identify the person, by name and title, authorized to obligate the organization contractually;
- Identify the contact person responsible for this response. Specify, phone, fax, and email address;
- Explicitly indicate review and acceptance of the Terms and Conditions and identify any exceptions.
- Acknowledge the proposal is considered firm for one hundred eighty (180) days after the due date for receipt of proposals or receipt of the last best and final offer submitted;
- Acknowledge all costs that are outlined in detail in your proposal.
- Acknowledge completion of the Cost Proposal;
- Acknowledge completion of a technical proposal for all proposed services requested in Section 2 and completion of the Task and Responsibilities Chart;
- Be signed by the person authorized to contractually obligate the organization.

6.2 Executive Summary

This part of the RFP shall be limited to a brief narrative highlighting the Offeror's proposal and should not contain cost quotations. In addition, the Offeror must clearly and specifically detail all exceptions to the requirements desired by this RFP.

6.3 Technical Proposal

Offeror Profile

Offeror must provide the information about their company so that Waterworks can evaluate the Offeror's stability and ability to support the commitments set forth in their offer. This information may include, but is not limited to:

- How long the company has been in business
- Whether the company is a public or privately owned firm. If private, are there pending buyouts, mergers or acquisition offers which should ethically be disclosed at this time?
- A brief description of the company size and organization
- The number of hosting clients broken out by system landscape size
- The number of SAP application support clients indicating those that are public sector or water utility clients
- Acquisition or merger history

Financial Requirements of Offerors

The following financial documents must be included in the proposal for the prime vendor and any subcontractor who will be utilized to provide services to Waterworks. Items listed below must be Certified Audited Statements in which the accountant expresses an

opinion on financial statements taken as a whole:

- Financial position
- Changes in financial position of the Offeror

Consolidated Certified Audited Statements for corporations and their subsidiaries are not acceptable unless the financial condition of the Offeror is uniquely determined from each individual statement. If the proposal is a joint venture, a copy of the joint venture agreement must be submitted with the proposal.

Financial statements must be submitted for each vendor included in the proposal. If Certified Audited Statements are not available for one or more vendors, a compilation review statement signed by certified public accountant will be acceptable:

- Balance Sheet for the prior three years
- Statement of Changes in financial position for the prior three years
- Statement of Changes in Retained Earnings for the prior three years
- Income statement for the prior three years
- Notes in financial statements for the prior three years
- Current credit report (i.e. Dunn & Bradstreet report)

Written Narrative for Services Requested

Offeror shall describe in detail their approach to providing the services requested in section 0 - Services Requested covering all points raised and complete the chart in Appendix B - Tasks and Responsibilities Chart.

Insurance and Insurance Claims Against Offeror

Offeror will have and maintain in force during the Term the following insurance coverages:

- Worker's Compensation Insurance, including occupational illness or disease coverage, or other similar social insurance in accordance with the laws of the country, state, or territory exercising jurisdiction over the employee; and Employer's Liability Insurance with a minimum limit of \$1,000,000 per occurrence or the greater minimum limit as may be required by applicable law.
- Commercial General Liability Insurance, including Products, Completed Operations Liability and Personal Injury, Contractual Liability and Broad Form Property Damage Liability coverage for damages to any property with a minimum combined single limit of \$1,000,000 per occurrence. This policy will include the City of Newport News as an additional insured.
- Automotive Liability Insurance covering use of all owned, non-owned, and hired automobiles with a minimum combined single limit of \$1,000,000 per occurrence for bodily injury and property damage liability. This policy will include the City of Newport News as an additional insured.

- Errors and Omissions Liability Insurance in an amount of at least \$2,000,000.

The foregoing insurance coverages (other than workers compensation insurance and errors and omissions liability insurance) shall, with respect to Offeror's performance of the Services, be primary and non-contributing with respect to any other insurance or self insurance which may be maintained by the City of Newport News. Upon request by Waterworks, Offeror will cause its insurers (other than with respect to the errors and omissions liability insurance) to issue certificates of insurance evidencing that the coverages and policy endorsements required under this Agreement are maintained in force and reflecting that the insurers will endeavor to give not less than thirty (30) days' written notice to Waterworks prior to any cancellation of the policies. The insurers selected by Offeror will have an A.M. Best rating of A- or better or, if the A.M. Best ratings are no longer available, a comparable rating from a recognized insurance rating agency and will be licensed to do business in the Commonwealth of Virginia. In addition to the mandatory insurance requirements listed above, Offeror shall include in its bid a list of all insurance claims made against it within the past 36 months. Waterworks reserves the right to reject any offer if in Waterworks opinion the amount or number of claims is deemed excessive. Failure to include this information may result in rejection of Offeror's proposal.

References

The Offeror should demonstrate a proven track record in providing reliable hosting and application support services for multiple clients with application landscapes similar to or more complex than Waterworks. The Offeror's record should reflect experience in work of a similar nature and magnitude to that being proposed.

Offerors are encouraged to supply references that demonstrate their project management, hosting and support capabilities. Offeror may indicate any application support experience with ECC5 or ECC6. Waterworks reserves the right to require additional references from the Offeror, or to obtain additional references from other sources not provided by the Offeror.

At a minimum, the following references shall be provided:

- Offeror shall provide five references of clients of similar industry, and similar or larger size and complexity for which part or all services are being provided by the Offeror individually or through a partnership. The references shall also provide to Waterworks their assessment of how Offeror is customer-focused and able to provide and maintain a customer friendly, professional staff to work with all levels of client staff.
- Offeror shall provide a listing of clients of similar (or larger) size, nature of business, and complexity for which comparable services are being provided from the past three (3) years. Please provide the client name, client location, type of organization, type of service you are providing, and relative statistics (e.g.,

employee count). . At least three references must be for clients that they have provided at least one complete year of services.

- Offeror shall have a minimum of three (3) years experience hosting SAP CCS_ISU applications.
- Offeror shall have sufficient staff of experienced SAP support technicians dedicated to supporting customers running SAP applications including expertise in SAP technical support, SAP application development and programming, SAP database administration, and SQL database system expertise. Offeror to provide a list of technical personnel including years of experience, education, training, certifications, etc.

Resumes

Offeror shall provide resumes for all personnel proposed to provide the services requested in this RFP. Resumes shall delineate job experience in reverse chronological order.

Termination/Expiration Assistance.

Waterworks expects full, complete, and timely cooperation in terminating the relationship in the event that the any contract resulting from this RFP expires or terminates. In the event of expiration or termination, the successful Offeror must return all Waterworks data, documentation, and other property to Waterworks and allow Waterworks access to any systems, infrastructure, or processes that have been employed in servicing Waterworks.

In the event of the expiration or termination of the relationship between Waterworks and your organization, will your organization:

- Agree to cooperate with Waterworks and otherwise take all reasonable steps to assist Waterworks in effecting a smooth termination upon the expiration or termination of the Service Agreement.
- Provide Waterworks for a period of time with continued access to any specialized systems, technology, or processes that have been employed in servicing Waterworks.
- Agree not to interrupt the provision of services to Waterworks or any obligations related to termination, disable any hardware used to provide services, or perform any other action that prevents, slows down, or reduces in any way the provision of services or Waterworks's ability to conduct its activities, unless Waterworks agrees that a satisfactory termination has occurred. Describe your organization's general approach to the termination process.

Offeror shall propose the termination assistance they would provide Waterworks in the event of termination by cause or convenience; or end of contract term. Termination assistance shall be provided upon request by Waterworks and the costs for such assistance shall be included as a separate item in the cost proposal.

6.4 Cost Proposal

The cost of the proposed solution shall be described in sufficient detail to allow understanding of all cost elements. Offeror shall provide price information to include the following:

- Hosting services – the firm, fixed monthly fee for all hosting services for years one and two
- Application support – the number of hours proposed by month, the hourly rate, and total costs per month for years one and two. This information shall be shown at five, four, and three FTE levels.
- Change orders – the hourly rates for application enhancement change orders for years one and two. The additional monthly fee for adding another 350 GB (25 LUN) during years one and two.
- Termination assistance costs
- Optional disaster recovery/business continuity costs
- Any other costs Waterworks would be expected to pay during years one and two of the contract.

The hourly payment rates shall be fully loaded to include all costs, administrative, travel or otherwise, that the Offeror expects to charge. Travel charges included in the hourly payment rates shall be for travel specified in Offeror's proposal. Costs for additional travel requested by Waterworks will be in accordance with the City of Newport News' travel policy and Publication 1542 of the Internal Revenue Service.

In the case of annually renewable contracts, the Offeror may submit a request to Waterworks for an economic price adjustment no more than once annually. Such requests must be submitted at least 30 days prior to the end of the then current contract period or renewal period, as the case may be, and shall apply prospectively to the following renewal period or periods.

For service performed during year three through five, rates per hour shall be based upon the prior year rates adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, all items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics for the 12 month period ending ninety days prior to the expiration date for the then current contract period and that figure published in the same month, 12-months prior, up to a maximum of five percent (5%).

Waterworks reserves the right to expand or contract the scope of the contract and contract costs may increase or decrease accordingly. Waterworks must approve changes proposed by the Offeror in writing prior to implementation. The Offeror will be given reasonable advance notice of any changes in the scope of the contract by Waterworks.

7. GENERAL REQUIREMENTS

1. **RFP Response:** In order to be considered for selection, Offerors must submit a complete response to this RFP. One (1) original and six (6) copies of each proposal must be submitted. No other distribution of the proposal shall be made by the Offeror.
2. **Proposal Preparation:**
 - a. Proposals shall be signed by an authorized representative of the Offeror. All information requested should be submitted. Failure to submit all information requested may result in the purchasing agency requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals which are substantially incomplete or lack key information may be rejected by the purchasing agency. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.
 - b. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.
 - c. Each copy of the proposal should be bound or contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume.
 - d. Ownership of all data, materials and documentation originated and prepared for the RFP shall belong exclusively to the City of Newport News and shall be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of Section 2.2-4342 (F) of the Code of Virginia, in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material should be submitted in a separate sealed envelope and marked proprietary. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposal.

Debriefing: The entire RFP file, including ratings and justifications of award, will become public information and be available for review only after an award is made.

8. EVALUATION CRITERIA

Each proposal will first be reviewed for compliance with the requirements of this RFP. The Offeror assumes responsibility for addressing all sections and components of the RFP. Each proposal will be evaluated according to the criteria listed below. Individual criteria may be assigned varying weights at the City's discretion to reflect relative

importance.

- Responsiveness and completeness of the proposal,
- Company history and qualifications,
- Past performance and relevant experience – Demonstrated capabilities in hosting and application support of SAP CCS_ISU Solutions of similar size, scope, and complexity,
- Governance, hosting, and application support understanding and approach,
- Service Level Agreement – Completeness of service level agreements for the services to be performed.
- Service delivery interruption - Demonstrated ability to deliver services with minimal disruption, i.e., transition, setup, and ongoing support.
- Demonstrated ability to grow solution – Clear ability to understand Waterworks’ business process, SAP ISU solution, and ability to grow the ISU solution applying new SAP technologies and services.
- References – Reference checks may include references other than specific customer references cited in the proposal. References will be checked for quality of prior work performance,
- Personnel proposed, and
- Cost – The best value (not necessarily the lowest cost) to Waterworks for the services to be provided.

9. EVALUATION PROCESS

Proposals will be evaluated and interviews scheduled with selected firms in accordance with the “other than professional services” method of selection outlined in the Code of Newport News, Virginia Section 2-570-2. Selection shall be made of two or more offerors deemed to be fully qualified and best suited among those submitting proposals, on the basis of the factors involved in the Request for Proposals (RFP). Interviews shall then be conducted with selected offerors. After interviews and negotiations have been completed, the City shall select the offeror, which, in its opinion, has made the best proposal, and shall award the contract to that offeror. Should the City determine that only one offeror is fully qualified or that one offeror is clearly more highly qualified than others, a contract may be negotiated and subsequently awarded to that offeror.

10. AWARD

Award will be made in accordance with Section 2-570, Award, of the Newport News City Code. Award shall be made to the responsible offer whose proposal is determined in writing to be the more advantageous to the city taking into consideration price and the evaluation factors set forth in the request for proposals. The contract file shall contain the basis on which the award is made. The award of a contract shall be the sole discretion of the City. The award shall be based on the evaluation of all information as

the City may request. The City reserves the right to accept or reject any or all proposals in whole or in part and to waive any informalities in the RFP. Further, the City reserves the right to enter into a contract deemed to be in its best interest.

Upon making an award, or giving notice of intent to award, the City will place appropriate notice on the public bulletin board located outside of the Purchasing Department at City Hall. Notice of Award may also appear on the purchasing website: www.nngov.com/purchasing.

The right is reserved to accept or reject any or all submittals in whole or in part and to waive any informalities in the RFP, and to enter into any contract deemed to be in the best interest of the City of Newport News.

11. ADDITIONAL SERVICES

Throughout the original contract term and any subsequent renewal, the Contractor may be utilized, at the sole discretion of the City, to provide additional enhanced services within the scope of the original contract. Rates/cost for additional services shall be negotiated between the parties; however, they shall not be greater than those usual and customary rates charged for the same or similar services.

12. CONTRACT TERM

At a minimum, it is the City's desire to enter into an initial two (2) year contract with a qualified offeror with the City's sole option to renew the contract for three (3) additional, one (1) year terms.

13. CONTRACT CANCELLATION

The City of Newport News may cancel any resulting contract with the contractor at any time by giving thirty (30) days written notice. The contract may be canceled without notice for vendor non-performance. Cancellation shall not release the vendor from legal remedies available to the City.

The Contractor may cancel the contract upon ninety (90) days written notice to the City. The Contractor shall not be entitled to lost profits or any further compensation not earned prior to the time of cancellation.

Termination

Termination for Cause.

In the event that Offeror: (1) fails to deliver any Commodity in accordance with the time period established therefore in the Contract; or (2) fails to furnish any Commodity which conforms in all respects to the requirements of the Contract; then Waterworks, without prejudice to any other rights or remedies it may have at law or in equity (including its right to seek damages from Offeror), shall have the right to terminate the Contract and

any outstanding Purchase Orders by issuing a written notice of termination to Offeror. Such notice of termination shall describe in reasonable detail the grounds for the termination and shall take effect immediately upon receipt by Offeror.

If, after issuance of a notice of termination under this Section it is determined for any reason that cause for such termination did not exist, then the rights and obligations of the parties shall be the same as if the notice of termination had been delivered under the provisions of subsection 0 (termination for convenience) hereof; provided, however, that Offeror in such event shall be deemed to have received three months prior written notice of such termination. Any compensation due Offeror shall be offset by the cost to Waterworks of remedying the default by Offeror. Offeror shall in no event be entitled to receive any consequential damages or any anticipated profits with respect to Commodities not yet furnished to, and accepted by, Waterworks as of the effective date of any such termination.

Termination for Convenience

Waterworks shall have the right to terminate the Contract and/or any outstanding Purchase Orders issued hereunder at its own convenience for any reason by giving the other party at least three (3) months' prior written notice designating the termination date. In such event, Offeror shall be paid an amount equal to the actual cost of any Commodity delivered to, and accepted by, Waterworks and the actual cost of any equipment, goods or materials ordered by Offeror in good faith, which could not be canceled, less the salvage value thereof, provided sufficient substantiation is furnished to Waterworks. Any subcontract entered into by Offeror in connection with the transactions contemplated hereby shall contain a similar termination provision for the benefit of Offeror and Waterworks. Offeror shall in no event be entitled to receive anticipated profits on any Commodities not yet furnished to and accepted by Waterworks as of the effective date of any such termination.

14. SUBCONTRACTS

No portion of the work shall be subcontracted without prior written consent of the City of Newport News. In the event that the Consultant desires to subcontract some part of the work specified herein, the Consultant shall furnish the City with the names, qualifications and experience of their proposed subcontractors. The Consultant shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the contract.

15. METHOD OF PAYMENT

Unless otherwise negotiated, payment will be made upon completion/delivery of project, with Invoice Terms of Net 30.

16. TRADE SECRETS AND PROPRIETARY INFORMATION

Trade Secrets or Proprietary information submitted by an offeror in connection with a procurement transaction shall not be subject to public disclosure under the Virginia

Freedom of Information Act; however, the offeror must invoke the protections of this section prior to or upon submission of data or other materials to be protected and state the reasons why protection is necessary. Information leading to the decision to award, including prices and other factors, shall be made public (section 2-557.2 of City Code).

Please mark One:

- No**, the submittal I have turned in does not contain any trade secrets and/or proprietary information.

- Yes**, the submittal I have turned in does contain trade secrets and/or proprietary information.

If **YES**, please list the page numbers and the reasons for why the information is considered a trade secret and/or proprietary information. **Do Not Mark the Whole Proposal Proprietary.**

Appendix A - Client Holiday Schedule

Waterworks observes the following holidays. All other week days are considered to be regular work days.

New Years Day	January 1
Martin Luther King, Jr. Birthday	Third Monday in January
President's Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Veteran's Day	November 11
Thanksgiving	Fourth Thursday in November and the following Friday
Christmas Eve (half-day)	December 24
Christmas Day	December 25

Except for Christmas Eve, those holidays falling on a Saturday will be observed on the preceding Friday. Except for Christmas Eve, those holidays falling on a Sunday will be observed on the following Monday.

Appendix B - Tasks and Responsibilities Chart

Offeror is to complete the tasks and responsibilities chart below designating for each line item where the responsibilities lies given the scope of services being proposed. If there is no entry for a given item to one party, the responsibility for that item rests solely with the other party. If there is a “P” in both responsibility columns, it indicates that both parties have a responsibility. Offeror may provide supplemental explanations or clarifications where needed.

<p>Responsibility Matrix Legend</p> <p>P (Perform) – The designated Party has the obligation and responsibility for performing the services.</p> <p>H (Help) – The designated Party will provide assistance to enable the performer to complete the designated service.</p> <p>A (Approve) – The performance of the services is subject to the designated Party’s approval.</p>

	CLIENT	OFFEROR
Management		
Provide a central point of contact to Waterworks for all application support related services		
Coordinate the approval and prioritization of break fix, minor patches, bug fix or patches, minor enhancements, minor configurations, minor upgrades, and any new reports		
Determine and proactively manage business risks associated with service delivery		
Conduct service level review and resource planning		
Implement and administer account management		
Notify Client Account Manager if maintenance operations involve system downtime or severe response time degradation		
Manage the Hosted Environment to support on-line access schedules in material compliance with the applicable service levels		
Manage the Hosted Environment so that it can accommodate batch processing schedules in		

	CLIENT	OFFEROR
material compliance with the applicable service levels		
Provide computer room operations support		
Provide a report of outages and changes (infrastructure, database, and operating system)		
Maintain operations logs so as to create an audit trail of all production data center activities and system problems		
Schedule system maintenance and backups so as to minimize interference with the business operations of Client		
Set-up and integrate support processes and tools for support delivery		
Incident Management, Problem Resolution & Escalation		
Provide mechanism and process for Client to make requests		
Provide help desk services, tools, and tracking		
Establish guidelines for indicating the severity or criticality of requests		
Implement the issue resolution process		
Provide an escalation process for issues and problems		
Diagnose and work diligently to correct production failures; and notify the Client of the production failure.		
Maintain the current status of service requests, provide open issues reports, and report progress towards resolution		
Close resolved incidents or enhancement requests in the Client's Systems		
Application Maintenance and Support		
Review defects and enhancement requests		
Migrate to DEV/QA/PROD environment using		

	CLIENT	OFFEROR
appropriate processes and procedures		
Maintain and support application monitoring tools		
Implement and configure application monitoring tools		
Migrate to Production system using appropriate processes and procedures		
Provide support for interfaces and other customizations		
Documenting functional configuration and technical changes		
Monitoring the SAP system environment applications and taking corrective action when problems are encountered		
Problem determination for interfaces		
Perform testing including setup of case data		
Perform data migration from one application environment to another (e.g. test to production, etc.)		
Engage vendor technical support services for application issues		
<i>Application Administration Services</i>		
Apply vendor supplied patches		
Perform SAP application technical upgrades		
Approve Job Scheduling		
Database Administration		
Client copies/refreshes		
System copies/refreshes		
OSS Note application		
Support package application		
Perform SAP system restores		
SAP Kernel patch/upgrade		
SAP Spool maintenance		

	CLIENT	OFFEROR
CTS administration/transport		
Plug-in/add-on installation		
Print queue monitoring		
Install and maintain the SAP instances		
Monitoring the System Console and resolving system related problems or performing system maintenance		
Maintain Client SAP CIS production backup control schedules		
System and application performance tuning and advice		
Functional Application Management Services		
SAP module configuration (Break/Fix)		
Complex application functionality issue resolution		
Problem resolution of unexpected transaction results		
System bug identification and resolution		
Security and Authorization Support		
Modifying existing groups / profiles		
Creating new job roles and activity groups		
Managing and monitoring internal security and change controls		
Security area functionality questions resolved		
Create new SAP users		
Maintain SAP users		
Maintain logon groups		
Maintain authorization		
Minor Enhancement and Development (Approved)		
Design, develop and implement approved minor enhancement requests for supported applications		

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Prepare functional/technical specifications for approved application minor enhancements		
Development of new programs, reports and documentation		
Database/SAN Administration and Support		
Identify and apply database technology patches as required		
Perform and monitor database availability		
Maintain and support database monitoring tools		
Perform database monitoring and tuning		
Perform daily database maintenance activities		
Perform database reorganizations		
Maintain availability of the production system and all supporting systems including development, patching, testing, and preproduction environments		
Schedule and request changes to infrastructure if required by database (e.g. Operating patches)		
Upgrade technology executables and coordinate compatibility with technical system and hardware administrator		
Install and upgrade DBMS		
Configure and maintain DBMS instances		
Allocate disk space to table space / db space; expand as needed		
Configure DBMS monitoring tool		
Adjust DBMS configuration parameters		
Recommend database reorganization strategies		
Owns DBMS administrator user-id and is accountable for its use (e.g. user-id's)		
Plan table space, db space threshold limits		
Configure DBMS options		

	CLIENT	OFFEROR
Configure DBMS data replication service for high availability		
Define, document, and publish standard monitoring tool alerts		
Monitor the SAP system environment database and taking corrective action when problems are encountered		
Tune the database initialization parameter files, monitor database performance, and tune again as necessary		
Provide database support for such tasks as cloning databases, moving data between instances and clearing out test data		
Perform DB Upgrades		
Database Administration		
Monitor DBMS and respond accordingly to alerts		
Ensure DBMS is operational and accessible to an application		
Ensure DBMS parameters meet standard configuration		
Perform database re-organization.		
Ensure required DBMS options are enabled		
Ensure DBMS high availability data replication service is operational, if applicable		
Define database recoverability, disaster recovery plan and availability requirements		
Planning		
Perform capacity planning activities		
Support database/SAN sizing and capacity planning analysis to determine disk storage requirements		
Backup and Recovery		
Implement the backup/recovery strategy as		

	CLIENT	OFFEROR
proposed		
Configure and schedule backup and recovery tools		
Monitor scheduled database backups		
Ensure backups complete successfully		
Perform database system recovery		
Define, document, maintain, and implement standard retention procedures for recovery media		
Provide logging and tracking of all physical tapes in and out of the Facility, and provide required rotation of tapes for off-site vault storage, including exercising appropriate controls over tape transport and storage		
Ensure tape media is reliable and read/write errors are kept to a minimum. Replace faulty tape media with reliable media		
Retrieve archived tapes and restore required files and data sets within mutually agreed upon time frames, or upon appropriate and reasonable Waterworks request		
Provide tapes and tape operations and administration for backups		
Provide storage for tapes on a thirteen month rotating schedule		
Documentation		
Create documentation of database structures if necessary		
Update and maintain database documentation if necessary		
Define, document, maintain and publish DBMS configuration guidelines and standards		
Infrastructure		
Hardware Services (for Waterworks' hosted		

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hardware)		
Coordinate and perform hardware upgrades		
Perform preventative and other maintenance activities		
Monitor hardware for potential issues		
Provide data center housing for hardware		
Monitor the SAP system environment hardware and take corrective action when problems are encountered		
Maintain appropriate backup and recovery of the Facility's internal network infrastructure		
Confirm hardware, operating system, database and storage needs, and perform installation planning, acquisition, installation and commissioning of the hardware and software		
Install and commission the hardware		
Set-up high availability and redundancy		
Set-up monitoring agents		
Tuning capacity planning, and hardware upgrade planning and execution		
Operating System Services		
Provide Operating System (OS) and OS maintenance services		
Install and/or upgrade of OS		
Optimize OS parameters in accordance to SAP requirements		
OS, database, and SAP system tuning		
Check and resolve system log errors		
Set up and maintain OS security		
Monitor the operating system software including table and parameter updates as required		
Upgrade the operating systems software to remain compliant with the operational		

	CLIENT	OFFEROR
requirements of SAP		
Coordinate and manage implementation and timing of operating systems software upgrades with Waterworks to address any compatibility or integration issues		
Provide and maintain documentation at the facility for any new, enhanced or modified operating systems software		
Monitoring the SAP system environment operating system and taking corrective action when problems are encountered		
Server Administration		
<i>Server Disk, File, and Share Management</i>		
Monitor hosted storage devices		
Escalate disk, file, and share problems, as needed in accordance with Offeror's proposed escalation procedures		
Troubleshoot the logical and physical disk configurations when an error condition or event is detected		
Monitor and manage share-ownership, privileges, and communication to end-users of normal business operations		
Provide regular reports detailing storage changes, exceptions, or incidents		
Run/Monitor native OS or Client-provided defragmentation utilities and procedures		
Provide second-level quota-management support in accordance with Client -provided policy		
Perform storage management and capacity planning functions		
<i>Server Login and Script Management</i>		
Maintain server startup scripts		
Provide user login requirements		

	CLIENT	OFFEROR
Provide server startup requirements		
Review and consultation on scripting requirements and implementation		
<i>Server Monitoring</i>		
Provide server monitoring tooling agents		
Configure server monitoring tooling agents		
Install server monitoring tooling agents		
Maintain server monitoring tooling agents		
Provide/configure/install/maintain consolidation servers		
Provide OS-specific agents		
Configure and integrate OS-specific agents		
Monitor in-scope servers 7 x 24		
Provide a set of required resources to be monitored		
<i>Server Patch Management and Revision Control</i>		
Co-ordinate hardware and/or firmware update/patch (including reactive patches)		
Confirm that OS patches or service packs will not impact application availability or functionality		
Ensure that appropriate version(s) of appropriate patches, and appropriate device drivers are available to be installed at each physical location where servers are located		
Review and recommend software patch and/or service pack implementation		
Implement and maintain revision tracking system for in-scope server(s)		
Schedule required downtime for maintenance and patch installation		
Provide development/test server for patch and/or service pack implementation		

	CLIENT	OFFEROR
Perform testing of patch and/or service pack		
Configure a standard set of identified events, defined in this Exhibit, and the required resources to be monitored		
<i>Server Production Job Scheduling</i>		
Maintain and execute system management functional job schedule		
Track server management scheduling changes using change management tools		
Co-ordinate rearrangement of scheduled tasks to accommodate planned downtime for in-scope servers		
Resolve scheduling conflicts		
<i>Server User Administration</i>		
Provide auditing and reporting on account usage, monitoring, and violations		
Check file system and access permissions		
Remove or change default passwords		
Troubleshoot and resolve resource-access problems		
Add, modify or delete groups		
Change default passwords and perform password changes to Hosting Vendor-owned user and administration accounts in accordance with mutually agreed to policy		
Add, modify, or delete end users		
Record end-user information		
Provide user management and security documentation/policies		
<i>Server Security Management</i>		
Provide/install/configure/maintain Security Management software tooling		
Install and operate Waterworks-supplied anti-		

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virus management software		
Perform virus software scans according to a mutually agreed schedule		
Assess the scope of damage resulting from any virus identified and arrest the spread and progressive damage from the virus		
Maintain/update virus definition files according to the frequency determined by Waterworks and in concert with availability of virus software vendor		
Provide security policies/requirements to be monitored and managed by Offeror's facility		
Server Resource Usage Measurement and Trend Analysis		
Provide/install/configure measurement and trend analysis tools/mechanisms		
Consolidate and store measured and trend data as agreed by both parties		
Analyze collected data and provide proactive and reactive problem resolution		
Produce capacity, performance reports		
Isolate performance problems and resolve or refer them in accordance with the escalation procedures		
Measure/report the availability of required system resources		
Purchase additional hardware and/or software required to correct a performance problem		
Install additional hardware and/or software required to correct a performance problem		
Schedule downtime, as necessary, to resolve performance problems		
Application Job Scheduling and Batch Processes		
Establish and maintain batch schedule		

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Prioritize jobs in accordance with business requirements		
Run jobs in accordance with batch schedule		
Request special batch jobs		
Monitor the schedule to ensure jobs execute		
Monitor system performance during job execution		

Appendix C - Application and FRICE Scope

The SAP Application support scope includes the components defined in this appendix. In summary, the SAP Application support scope includes:

- Customer Relationship Management: Interaction Center, Integration with SAP Account Management.
- Customer Care Services:
 - Billing: Pricing Rates and Invoicing.
 - Meter to Cash Operations: Credit Management, Pricing.
 - FI-CA: Contract Accounts Receivable, Dunning, Payments.
 - Device Management: Meter Reading and Meter Management
 - Service Order Management: Customer Service Orders (e.g., Move, Add, and Disconnect) and Meter Management Service Orders (e.g. Change-Out Program; Meter Repair, etc)
 - Service Notification: Water Quality Orders (e.g. Pressure/Flow, Discolored, Taste/Odor, Illness) and Backflow Inspection Orders
- ABAP and BW: Includes FRICE – forms (including Print Workbench), reports, interfaces, conversions, workflows and enhancements of SAP that were developed as part of Waterworks CIS implementation project or application support services (including BW cubes and workflows).
- System Management: BASIS Support for the SAP Application’s instances and environments (SAP Enterprise 4.72, CRM 4.0, BW 3.5, XI 3.0, Solution Manager 3.2, eServices) which includes: providing system backup and recover recovery, monitoring of the batch schedule for performance and error detection, system performance monitoring & tuning, instance management, assistance with SAP profile maintenance (CUA), correction and transport support (CTS), SAP router, printers support, SAP graphical user interface installs, online system support administration, SAP administration and health check execution.

SAP Modules

The table below includes the SAP Modules/Components included in the software license between SAP and Waterworks. The scope of support services is limited to those modules and components identified with a “Y” in the “Application Support Services Provided” column in the table below. All SAP modules identified with an “N” in the “Application Support Services Provided” column in the table below are not within the scope for this RFP, they could however be brought into scope with a change order.

SAP Module/Component	Licensed	Application Support Services Provided
Industry Solution Utilities (IS-U) CCS Version 4.72		
- Contract Billing	Y	Y
- Accounts Receivable	Y	Y
- Credit & Collections	Y	Y
- Financing	Y	Y
- Non-energy Billing	Y	Y
- Customer Interaction (Agent Interaction Center and Self Service)	Y	Y
-Service/Work Order Initiation	Y	Y
mySAP CRM		
- Marketing	Y	N
- Sales	Y	N
- Service	Y	Y
IS-U Energy Data Management (EDM)		
- Device Management	Y	Y
- Meter Reading Management	Y	Y
- Energy Data Repository	Y	Y
- Real Time Pricing (Complex Billing)	Y	N
- Reconciliation & Settlement	Y	N
Project & Work Order Management		
- Work planning and execution	Y	N
- Constructing, upgrading, and retiring distribution facilities	Y	N
- Real-time event notifications	Y	N
- Work order planning with real-time costing, scheduling, and approval processing	Y	N
- Resource management and work order execution	Y	N
- Compatible unit planning via configurable task lists	Y	N
- Procurement and inventory planning	Y	N
- Internet-enabled processes, including customer, vendor, and contractor access	Y	N
- Time entry functions	Y	N
- Measurement and calibration capturing	Y	N
- Technical Asset Management	Y	N
- Mobile Asset Management	Y	N
- Maintenance Execution	Y	N
- Preventative and Predictive Maintenance	Y	N
- Asset Service Management	Y	N
- Maintenance KPIs and Cost Analytics	Y	N
Quality Management		
- Quality Engineering & Control	Y	N
- Quality KPIs and Cost Analytics	Y	N
Financial Accounting		
- Balance Sheet	Y	N
- Profit & Loss Statement	Y	N
- Cash Flow Statement	Y	N
- Segment Reporting & Notes	Y	N
- IAS, US GAAP, Local GAAPs	Y	N
- General Ledger	Y	N
- Accounts Receivable	Y	N
- Accounts Payable	Y	N

SAP Module/Component	Licensed	Application Support Services Provided
- Fixed Assets Accounting	Y	N
- Bank Accounting	Y	N
- Material Ledger	Y	N
- Tax Accounting	Y	N
Management Accounting		
- Cost Center Accounting	Y	N
- Activity Cost Accounting	Y	N
- Profitability Accounting	Y	N
- Profit Center Accounting	Y	N
- Project Accounting	Y	N
- Internal Order Accounting	Y	N
- Investment Accounting	Y	N
- Cost Object Accounting	Y	N
- Actual Product Cost Calculation	Y	N
- Transfer Pricing	Y	N
- Manager Self-Service	Y	N
Employee Relationship Management		
- Information Collaboration	Y	N
- Manager Self-Service	Y	N
- Employee Self-Service	Y	N
- Employee Collaboration	Y	N
Employee Lifecycle Management		
- Organizational Development	Y	N
- Workforce Cost Planning & Simulation	Y	N
- Workforce Management	Y	N
- Performance Management	Y	N
- Compensation	Y	N
- Training & Employee Development	Y	N
Employee Transaction Management		
- Personnel Administration	Y	N
- Benefits	Y	N
- Organizational Management	Y	N
- Time Management	Y	N
- Legal Reporting	Y	N
Purchasing		
- Demand Determination	Y	N
- Source Determination	Y	N
- Direct Material Procurement	Y	N
- External Service Procurement	Y	N
- Self-Service Procurement	Y	N
- Invoice Verification	Y	N
- Contract Management	Y	N
- Vendor Evaluation	Y	N
- Purchasing Statistics	Y	N
Inventory Management		
- Goods Receipt & Goods Issue	Y	N
- Stock Transfer	Y	N
- Physical Inventory Management	Y	N
- Material Valuation	Y	N

SAP Module/Component	Licensed	Application Support Services Provided
- Warehouse Management	Y	N
- Handling Unit Management	Y	N
- Reservations	Y	N
- Inventory Controlling	Y	N
Production		
- Materials Requirements	Y	N
- Planning	Y	N
- Make-to-Order	Y	N
- Product Cost Controlling	Y	N
- Production Statistics	Y	N
Basic Functions		
- Company, Postal and Political Regional Structure	Y	Y
- Organizational Structure	Y	Y
- Scheduling	Y	Y
- Master Data	Y	Y
- Security	Y	Y
- Standard Integration (BAPI's, RFC's, IDOC's)	Y	Y
Archiving Objects	Y	Y
SAP Netweaver Platform	Y	Y
Business Intelligence for Utilities (BW)	Y	Y
Enterprise Portals for the Utilities Industry	Y	N
SAP e-Services for Utilities	Y	Y

Interfaces

#	Interface Name	Interface Description	Direction	Complexity
1	ACH	Interface to financial institution for direct debit of customer payments and for electronic payments	Outbound	Medium
2	CDFC-- Delinquent Solid Waste	Interface of delinquent solid waste customers for collections and court processing	Outbound	Medium
3	CFAS Financial System – Refunds	Interface to city financial systems requesting customer refunds	Outbound	Medium
4	GIS	Interface to GIS system to pass device location, meter, and BP information to GIS and update cross street, meter reader routes, service areas, map page and grid and other items in SAP. Also present a GIS map in the 80% screen – “Map It Button”.	Bi- Directional	High
5	HRSD - BP File	Customer data sent to HRSD to include new BP's and BP changes (phone number, mailing address, etc.)	Outbound	Medium
6	HRSD - connection object file	File containing data regarding new, changed, or deleted connection objects	Outbound	Medium
7	HRSD - consumption/ adjustments	Interface of consumption, initial and final bill data provided to Hampton Roads Sanitation District for all customers. File also contains consumption	Outbound	Medium

#	Interface Name	Interface Description	Direction	Complexity
	file	adjustments which are updates to previous consumption data		
8	HRSD - device data file	File containing device information – newly installed, removed, exchanged devices (meters)	Outbound	Medium
9	HRSD – installation file	File containing data regarding new, changed, or deleted installations	Outbound	Medium
10	HRSD - sub meters	Interface of sub-meter consumption data from HRSD for consumption not relevant to sewer charges	Inbound	Medium
11	Hydraulic Model	Interface of consumption data to the GIS to be aggregated for the hydraulic model	Outbound	High
12	Inquiry System	Outbound file for Waterworks' read-only system to be used when CIS is unavailable	Outbound	Medium
13	IVR	Interface between CIS and IVR to provide customer information and perform transactions such as payment arrangements	Bi-Directional	High
14	Link 2 Gov	Interface to Link2Gov to process credit card payments.	Bi-Directional	Medium
15	Meter reading	Interface to meter reading system for download of read orders and upload of read results	Bi-Directional	Medium
16	Output Files for Printing	Files containing data for bills, past due notices, and letters for formatting and printing by bill print vendor	Outbound	Medium
17	Public Works - Billing Information (carts)	Send file to Public Works of cart data and accept changes back from Public Works; also includes relief data	Bi-Directional	High
18	Remittance Processor	Interface to accept customer payment data coming from remittance processing equipment	Inbound	Medium
19	WICM - new meters/ services	Interface to WICM of new service orders and new meter sets	Bi-Directional	High
20	WICM – Repair Work Order	Contact created in CIS upon opening of a repair work order in WICM	Bi-Directional	High
21	WICM - Update Work Orders	WICM query of CIS data for work order display. Also WICM to CIS updates of work orders when closed.	Bi-Directional	High

Workflows

#	Workflow Name	Workflow Description	Complexity
1	Accounting Posting Approval	All financial transactions over “x” dollar amount by type must be routed for approval.	Medium
2	Backflow Test Letter Workflow	This enhancement is for a workflow that will monitor open letters (Backflow Test notifications that have not been closed in CCS). In the event that a letter is open for more than 30 days, the workflow will re-print the notification / letter and the user status is updated to “Second Print”. After another 30 days, if the notification is still open, the workflow will again print the notification and set the status on the Notification to “Third Print”.	Medium
3	Consumption Adjustment	Provide ability to enter what consumption levels should have been during billing periods, and the system will calculate the difference between what should have been billed versus what was billed. If the user approves the result, the adjustment is posted to the account.	High
4	Consumption Analysis – Work Order Creation	Ability to automatically generate a work queue with the option to send service orders and generate customer letters, based on information gathered by the meter reader.	N/A
5	Customer Follow-Up	Provide for automated follow-up with customers through telephone calls or correspondence triggered through the work queue or similar mechanism. For example: at the completion of certain call types, correspondence will automatically be generated.	Low
6	Customer Notification of Meter Test Results	Send customer notification (time based) in regards to test results.	Low
7	Follow-Up Service Order	Ability for a service order completion to spawn another service order/work order. Meter test, repairs, etc	Medium
8	Meter Install/Remove/Replace w/Service Order	The equipment removal will automatically update equipment inventory and attribute values.	High
9	New Service – Single & Developer	Workflow for new services to include single taps and new developments (multiple taps, new streets, etc.)	High
10	Re-Certification Date Notification	System automatically generates notification of pending removal of a special condition status in a user specified number of days from the re-certification date.	N/A

#	Workflow Name	Workflow Description	Complexity
11	Refund Approval	Before refunding, review the amount of the refund against a predetermined parameter. System will check for any refund payments over "x" amount, user defined.	N/A
12	Service Order – No Access/Unable to Perform Service	Identification of no accessed orders. Ability to identify - a fee for service if the service person showed up and the customer was not available.	Low
13	Service Order Completion	Provide the ability to enter and complete service orders in one step for emergency orders and field initiated orders. Include capture meter test results	High

Enhancements

#	Enhancement Name	Enhancement Description	Complexity
1	Advance Fee	Calculate Advance Fee based on Meter type or size	Medium
2	Automatic Measuring Point Creation	Create measuring points referencing the different characteristics to be created every time a meter is created in the system, including a call from the Measuring Point screen to the collective entry transaction IK22 and populate data from the characteristics for each type of test result.	Medium
3	Bad Debt GL Account Determination	Write off bad debts to multiple accounts based on jurisdiction.	Medium
4	Budget Billing Restrictions	System allows for the Utility to define eligibility restrictions that must be met for budget billing and allows CSR'S to apply or override restrictions on sign-up. Restrictions may include credit history, balance owed, arrears owed, etc.	Medium
5	Bulk Test and Repair Work Order Creation Screen	Allows the Meter Shop to create mass test and repair work orders when meters are returned from the field.	Medium
6	Bulk Work Order Screen	Screen to automate some of the processing necessary to close work orders and update accounts	High
7	Consumption Overview Screen Modifications	Add number of days and meter reading notes to the consumption overview screen.	Low
8	Dunning Activity – Force Out and Change Payment Terms	Force a move-out once the customer has reached a specified number of days past due. The meter will have been removed during an earlier dunning activity. The enhancement will also change the payment terms on the customer's	Medium

#	Enhancement Name	Enhancement Description	Complexity
		Contract Account.	
9	Dunning Activity – Pull Meter	New dunning activity to trigger a work order to pull the meter after it has gone through the disconnect stage in the collections process. This enhancement will include checks to see if a meter exists. If there is no meter, an EMMA case or SAP inbox notification will be created instead.	Medium
10	Enhanced Cashier Desk	Replace existing SII Cashiering functionality with Enhanced SAP Cashier Functionality to include the offline cash desk	High
11	Field Extension – Service Order	Indicate on the service order the need to exchange the meter based on selective, periodic, random sample test, age of meter, consumption, or other test determination. Update the attributes of the meter test group. Include the meter reading reason code on for implausible reads	Medium
12	Field Extension – Service Order (Premise)	Place relevant customer and premise information on the order. Flexibility in defining the information to be printed on the order.	Low
13	Inactive/Vacant Service Address Investigation	Upon removal of a meter, w/o replacement, need way to instruct the meter reader to check to ensure that fraud has not occurred and needs to be sequenced within the route	High
14	Screen for Posting to Multiple Accounts	Screen to allow the user to enter multiple credit/debit line items, and post the items using an individual document per Contract Account. The user can enter the items to be posted and will automatically post each individual document in the background. The screen will also be added to a front office process to be called from the CIC.	Low
15	Scripting 1 for CSR	The customer conversation will be standardized and structured through the use of an intelligent scripting facility or similar mechanism. Contact script will be tailored based on the type of call.	Low
16	Scripting 2 for CSR	The customer conversation will be standardized and structured through the use of an intelligent scripting facility or similar mechanism. Contact script will be tailored based on the type of call.	Low

#	Enhancement Name	Enhancement Description	Complexity
17	Scripting 3 for CSR	The customer conversation will be standardized and structured through the use of an intelligent scripting facility or similar mechanism. Contact script will be tailored based on the type of call.	Low
18	Scripting 4 for CSR	The customer conversation will be standardized and structured through the use of an intelligent scripting facility or similar mechanism. Contact script will be tailored based on the type of call.	Low
19	Service Order – Meter Data Fields	Add meter data (e.g. ID, location, size, test results, reading history)	Low
20	Tap Screen	Screen to maintain tap data	Low
21	TMD Creation Program	A front office process to assist the user in creating TMD	High

ABAP Reports

#	ABAP Report Name	ABAP Report Description	Complexity
1	CFAS Summary Report	Summary report for refund check requests with the ability to approve the refunds and refund vouchers	High
2	Implausible Report	Report for implausible meter readings	Medium
3	In-active Account – Remove Meter	Identify accounts inactive over “xx months” by work district and generate service orders to remove/check the meter/equipment from the vacant location.	Medium
4	Meter Test Report	Allow testing of meters based on consumption criteria	High
5	Mid-Level GL Summary Report and Trial Balance Reports (to include Newport News and Hampton Public Works)	Report to analyze periodic changes in revenue and accounts receivable GL accounts.	High
6	TRCS (Treasurer’s System) Report	Financial report for data entry into the TRCS system	Medium

BW Reports

#	BW Report Name	BW Report Description	Complexity
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#	BW Report Name	BW Report Description	Complexity
1	Account Listing	Support user requests to identify and list accounts by account classification or category, for example by: S.I.C. code, Postal Code Area, Life Support Customers, Large Volume Users, etc., Rate, Tax Status, LPC Classification, Bill Payment Type, Rep Code.	Medium
2	Account Status Report	Provide the capability to request a listing of each type of account (current legal status) to indicate both total numbers and total dollar value.	Medium
3	Advance Fee Report	On-line view or report of all advance fees applied and refunded.	High
4	Bad Debt Report	<ul style="list-style-type: none"> > The starting balance and number of accounts (total receivables) > The addition of accounts referred (dollar and number) > Additions and reductions due to adjustments > The number of payments received and the dollar total of those payments > The totals for the end of the report period (total receivables) 	High
5	Combined Meter Consumption	On-line access to total combined consumption across multiple meters and multiple registers dials).	Medium
6	Consumption Adjustments	Provide report of all consumption adjustments & resulting dollars by category for audit review, Allow by user defined time period	Medium
7	Consumption History	Maintain consumption for "x" number of years history (parameter driven). Ability to sort by service and combined services. Able to also see dollars associated with service	Low
8	Customer Usage Report	Provides the ability to download for the analysis of customer usage by various characteristics for example: customer class, usage category, S.I.C., etc.	Medium
9	Delinquent Account Payment Report	Provide a list of accounts with payments received; include the dollar amount paid, the number of days since inactivation, the last type collection letter sent and the month in which the account was referred to the collection process.	High
10	Zero Consumption	Viewing of meters with zero consumption based on user defined variables for "X" number of months. Move to BW Report IF consumption data already in BW, else ABAP	Medium
11	Debt Set Off	BW extract to state systems for delinquent customers for recovery of receivables through state tax refunds	Medium

#	BW Report Name	BW Report Description	Complexity
12	Executive Dashboard Report		High

Forms and Letters

#	Form/Letter Name	Form/Letter Description	Complexity
1	Adjustment Policy Info Ltr A	This letter is sent to customer who calls or writes in requesting an adjustment This letter sent to customer who may qualify for an adjustment when Emergency Response Inspector responded after 5:00 PM freeze adjustment	Low
2	Adjustment Policy Info Ltr B	This letter sent to customer after Exam results for customer who may qualify for an adjustment	Medium
3	Backflow Inspection Letter 1	Cover letter to notify customer of inspection required on backflow device.	Medium
4	Backflow Letter 2 – (Test Letters)	Backflow Test Letters	Medium
5	Backflow Letter 3 – (Test Forms)	Backflow Test Forms	Medium
6	Budget Bill	Changes to bill presentation for the budget bill	Low
7	Change Out Meter Letter	This letter would be sent when a work order is opened up for a Meter Change-Out	Low
8	Collection Letters - Level 1	Letter sent to customer with past due balances	Low
9	Collection Letters - Level 2	Letter sent to customer with past due balances	Low
10	Collection Letters - Level 3	Letter sent to customer with past due balances	Medium
11	Cross Meter Letter	1. Over Statement-Letter sent advising customer of cross meter correction resulting in adjustment and overstatement of consumption history 2. Under Statement-Letter sent advising customer of cross meter correction resulting in understatement of their consumption history	Low, w 2 options
12	Customer Account Statement	Statement of current account status and balance	Low
13	Customer Account Statement Letter	Letter presenting an account statement	Low
14	Customer Bill	Standard Customer Bill - For mass printing Initial, cycle, final & corrected bill are all the same format but message change;	High
15	Customer Reference Letter	Provide a letter of reference to a former customer in order to establish credit with a new utility company. The letter will include specific information about the customer's history such as the number of late payments.	Medium

#	Form/Letter Name	Form/Letter Description	Complexity
16	Disconnection Notice	Disconnection Notice	High
17	High-bill Complaint - Follow-up letter	Follow up letter to customer explaining results of the high bill investigation	Low
18	Installment Payment Letter	Installment plan letter with dates and Installment amounts	Low
19	Meter Test Letter	1. Failed--This letter is sent to customers when their meter has been tested for accuracy and the test results indicate the meter failed the test 2. Passed— This letter is sent to customers when their meter has been tested for accuracy and the results indicate the meter passed the test	Low
20	Misc Bill	Handle non-consumption related bills	Medium
21	No Adjustment Ltr	1. Type of Leak submitted does not qualify for an adjustment 2. Cust Acct has been reviewed for an adj and No Basis found to adjust 3. Denial of Toilet Lk Adj due to prior Toilet Lk adj within 3 years	Low
22	Refund Letter	Document to be printed and inserted with refunds informing the customer what the refund is for	Low
23	Returned Check Letter	Letter to customer to notify of payment not honored by customer's bank	Low
24	Service Order - Type A	Printed service order for Order type A	Medium
25	Service Order - Type B	Printed service order for Order type B	Medium
26	Service Order - Type C	Printed service order for Order type C	Medium
27	Service Order - Type D	Printed service order for Order type D	Medium
28	Service Order - Type E	Printed service order for Order type E	Medium
29	Summary Bill	Cover sheet for summary bill.	Medium
30	Thank You Letter	Letter thanking customer	Low
31	Unauthorized Use Letter-9	This letter advises tenant of the removal of an unauthorized meter or connection and alerts the customer if another such meter is found that service/tap may be removed	Low
32	Water Flow Test results	Water Flow Test Results Letter	Medium
33	Water Shut-off Letter (due to non access)	The notification process is required if no access to meter. If a multi family dwelling and no access to the meter, a letter is sent to property owner	Low

Note: The bill, letters, and other documents are shown in this section to give an idea of the scope of the CIS; however, they are files sent to an external party for printing.

Other

eServices

Waterworks CIS includes the WEB Self Service functionality that is included in the SAP Self Service components of the SAP CCS modules (e-ICA). The functionality that is included is:

- Some BP data changes (email address, phone numbers)
- Bill Display
- Bill Details
- Bill History
- Bill Payment
 - eCheck
 - Set up Direct Debit
 - Credit Card
- Partial Payment
- Payment History

Archive/Purge Functionality

Waterworks implemented SAP's archive/purge capability for the following SAP Object Groupings:

- SAP Object Groupings
- Service Orders, Service Order Line Items
- FICA Correspondence
- Customer Contact
- Customer Contact, Print Document, Print Document Line Items, ISU Billing Document, ISU Billing Document Line Item, FICA Documents
- Business Partner, Contract Account, Print Document, Print Document Line Items, ISU Billing Document, ISU Billing Document Line Item, Settlement, FICA Document, FICA Dunning History, FICA Clearing History, FICA Return History
- FICA Documents
- Print Document, Print Document Line Items, ISU Billing Document, ISU Billing Document Line Item
- ISU Meter Reading Results

- FICA Documents, FICA Payment Lots, FICA Clearing History
- Device, ISU Meter Reading Results

Appendix D – Waterworks Rates

Advance Fee

Each new account established will be charged an initial Advance Fee based upon the size of the meter serving the customer. This fee remains with the customers account upon transferring water service to a new address. The Advance Fee is applied to the Customer's Final Bill when termination of the water service account occurs.

<u>Meter Size</u>	<u>Advance Fee</u>
5/8"	\$ 15.00
3/4"	\$ 22.00
1"	\$ 36.00
1 1/2"	\$ 65.00
2"	\$ 100.00
3"	\$ 180.00
4"	\$ 280.00

Account Fee

An Account Fee of \$20.00 shall be paid by each applicant for water service, whether establishing a new account or transferring an existing account. This charge is made to defray the cost incurred by turning water on or off, or by other billing procedures involved in establishing a new account.

Water Consumption Rate

Water for residential, commercial and industrial purposes shall be metered and charged for every one hundred cubic feet (HCF) used. Single-metered Residential Low Usage Lifeline rate is \$2.78 for the first 6 HCF used. All other usage will be charged a rate of \$3.04 Per HCF Consumed

Summer Consumption Rate (SCR)

The SCR will only be charged to customers whose summer usage (May through October) exceeds their average usage for the previous winter (November through April). The SCR summer surcharge is \$ 0.61 per HCF and will be added to the current water rates when the amount of water used is over the winter consumption average.

Service Fee

Each customer bill shall include a Service Fee based upon the size of the meter serving the

customer. This fixed fee is for expenses associated with the periodic billing procedures and maintaining distribution service facilities. The Service Fees are not related to the amount of water consumed and are (Newport News, Hampton & James City Co. Customers Only Must Add Amounts Indicated Below For Fire Protection Service (Fps) Fees Imposed By That Jurisdiction):

<u>MTR SIZE</u>	<u>SVC FEE</u>	<u>MONTHLY</u>		
		<u>NN FPS</u>	<u>HPT FPS</u>	<u>JCC FPS</u>
5/8"	\$5.60	\$1.25	\$1.08	\$1.83
3/4"	\$6.20	\$1.25	\$1.08	\$1.83
1"	\$7.90	\$1.88	\$1.63	\$2.75
1 1/2"	\$10.10	\$2.50	\$2.17	\$3.67
2"	\$16.30	\$3.75	\$3.25	\$5.50
3"	\$61.70	\$5.00	\$4.33	\$7.33
4"	\$78.40	\$5.00	\$4.33	\$7.33
6"	\$117.60	\$6.25	\$5.42	\$9.17
8"	\$162.40	\$6.25	\$5.42	\$9.17
10"	\$224.00	\$6.25	\$5.42	\$9.17

<u>MTR SIZE</u>	<u>SVC FEE</u>	<u>BI-MONTHLY</u>		
		<u>NN FPS</u>	<u>HPT FPS</u>	<u>JCC FPS</u>
5/8"	\$6.30	\$2.50	\$2.17	\$3.67
3/4"	\$7.00	\$2.50	\$2.17	\$3.67
1"	\$9.00	\$3.75	\$3.25	\$5.50
1 1/2"	\$11.60	\$5.00	\$4.33	\$7.33
2"	\$18.30	\$7.50	\$6.50	\$11.00
3"	\$69.30	\$10.00	\$8.67	\$14.67
4"	\$88.20	\$10.00	\$8.67	\$14.67
6"	\$132.30	\$12.50	\$10.83	\$18.33
8"	\$182.70	\$12.50	\$10.83	\$18.33
10"	\$252.00	\$12.50	\$10.83	\$18.33

Solid Waste Service Fees

Customer bills in the cities of Newport News and Hampton reflect a Solid Waste Service Fee determined by each city's Department of Public Works. Waterworks serves as an agent to bill, collect and forward these receipts to the respective jurisdiction. Solid Waste Service Fees per container are:

Jurisdiction	Solid Waste Fee
Newport News, Medium (60 Gals)	\$4.02 Per Week
Newport News, Standard (90 Gals)	\$5.03 Per Week
Newport News, Med & Std	\$9.05 Per Week
Newport News, Two (2) Std	\$10.06 Per Week
Hampton	\$4.25 Per Week

Sewer Maintenance Fees

Customer bills in the Cities of Newport News and Hampton reflect a Sewer Maintenance Fee determined by each City's Department of Public Works. Waterworks serves as an agent to bill, collect and forward these receipts to the respective jurisdiction. Sewer Maintenance Fees per HCF are:

Newport News	Sewer Maintenance	\$1.63
	Surcharge	\$0.45
Hampton	Sewer Maintenance	\$1.48
No Minimum Fee		

Late Payment Fee

A Late Payment Fee of twelve (12) percent per month calculated on the delinquent fees and charges, or three dollars (\$3.00), whichever is greater shall be assessed to the billing if not paid by the due date.

Other Fees

Service Description	Fee
Cut-Off (Customer Default)	\$20.00
Meter Removal (Default)	\$25.00
Turn On/ Off Svc (After Hours)	\$20.00
Returned Check Fee	\$25.00
Leave Notice of cut off (default)	\$20.00
Add'l Trip (Customer Req Svc)	\$20.00

New Service Connection Fees (Tap Fees)

Water Service Connection	Complete Installation	Meter Yolk, Box & Water Meter
(1) 1/2" Tap, 3/4" Pipe W/Meter	\$ 690.00	\$285.00

(2) 3/4" Tap, 3/4" Pipe W/Meter	\$ 715.00	\$300.00
(3) 1" Tap, 1" Pipe W/Meter	\$ 800.00	\$360.00
(4) 1 1/4" Tap, 1 1/2" Pipe W/Meter	\$1,700.00	\$610.00
(5) 2" Tap, 2" Pipe W/Meter	\$1,900.00	\$700.00

* NOTE * Charges for required permits and street repair costs shall be made in addition to the service connection fee.

Rates for Fire Hydrants

The rates to be charged for fire hydrants supplied with water by the Waterworks for public and private fire protection shall be \$200.00 annually. Annual fire hydrant charges will be made in monthly billing increments. Newport News, Hampton and James City County have authorized the above amount per hydrant to be recovered from customers by adding a Fire Protection Service (FPS) fee to the monthly and bimonthly service charge (see service charge).

Rates for Fire Sprinklers

The Annual Charge for water standby service furnished by the Waterworks for FIRE SPRINKLER will be made in MONTHLY billing increments.

CONNECTION SIZE ANNUAL CHARGE

2"	\$ 63.00
3"	\$ 82.00
4"	\$ 100.00
6"	\$ 163.00
8"	\$ 200.00
10"	\$ 238.00
12"	\$ 288.00

Fire Hydrant Meters

Fire hydrant meters are available for use. Customers using hydrant meters will be required to pay Service Fees and Water Commodity Rates in place. Prior to issuance of hydrant meters, customers must:

1. Make application at Waterworks Material and Equipment Maintenance Offices.
2. Place on deposit an amount equal to the cost of the hydrant meter.

3. Remit a non-refundable \$50.00 fee for installation or movement of the meter if required.
4. Be properly trained in hydrant meter use.
5. Report monthly consumption used through the meter.
6. Failure to call in Reading - \$20.00 Charge

System Development Fees

For each new connection made to the Newport News Waterworks system, a System Development Charge (SDF) will be charged based on the size of the meter to be installed. SDF charges are:

<u>METER SIZE IN INCHES</u>	<u>SDF</u>
5/8"	\$1,450
3/4"	\$2,175
1"	\$3,625
1 1/2"	\$12,325
2"	\$16,675
3"	\$38,715
4"	\$90,625
6"	\$191,400
8"	\$314,215
10"	\$502,715

When the size of the meter servicing any premises is increased, the applicant for the increase shall pay a charge equal to the difference between the current system development charge for the existing meter and the current system development charge for the larger meter to be installed. All system development charges shall be paid prior to the physical placement of the water meter for the new connection. Individual taps of connections, not part of any water pipeline extension agreement WILL REQUIRE PAYMENT of the system development charge upon application.

Drought Tier Pricing

The following excerpt from Newport News City Code provides information on pricing modifications that can be placed into effect during droughts or other water emergencies.

Effective with meter readings beginning on the first business day following declaration of a water supply emergency under section 49-92, the schedule of rates to be charged for residential, commercial, and industrial use of water shall be as follows:

Rate Schedule for Water Consumption

TABLE INSET:

Tier Level	Rate
------------	------

1--Advisory	Normal rate
2--Mandatory	Normal rate for consumption up to 600 cubic feet per billing cycle; normal rate + 15% for consumption above 600 cubic feet per billing cycle.
3--Severe	Normal rate for consumption up to 600 cubic feet per billing cycle; normal rate + 30% for consumption above 600 cubic feet per billing cycle.
4--Emergency	Normal rate + 45% for all consumption.

(b) During Tiers 2 and 3, the first six hundred (600) cubic feet of water used per billing cycle shall be exempt from the higher water rates. The higher water rates shall be levied on any usage above six hundred (600) cubic feet.

(c) Penalties. A penalty shall be charged to any customer account and added to the water bill upon the occurrence at the service address of a violation of section 42-91 and any specific water use restrictions imposed during a water supply emergency pursuant to sections 42-94 through 42-96. Penalties for such violations shall be assessed as follows:

TABLE INSET:

Violation	Penalty
First offense	Written warning
Second offense	\$50.00 fine
Third offense	\$100.00 fine
Fourth offense	\$250.00 fine and water service suspension

(d) Exemptions. Water customers who are engaged in activities in which water is essential for public health, such as health care facilities (including but not limited to hospitals, minor emergency centers, health care practices, nursing homes, and convalescent centers), will be exempt from the water rates imposed under Tiers 2, 3, and 4, provided that they have satisfactorily completed, submitted, and received approval from the department of public utilities of a water audit which shows they have taken all necessary steps to minimize unnecessary water use both in their processes, and in outdoor use. Likewise, commercial or industrial customers who require water as a major and essential part of their day-to-day operations will be exempt from the higher water rates imposed under Tiers 2, 3, and 4, provided that they have satisfactorily completed, submitted, and received approval from the department of public utilities of a water audit which shows they have taken all necessary steps to minimize unnecessary water use both in their processes, and in outdoor use. Should the water supply situation deteriorate to a Tier 4 emergency, all of the above facilities and customers in this subsection may also be

instructed to further reduce water use.