



TO: Board of Contracts and Awards
FROM: Jack Kelanic, Director of Information Technology JK
 Michelle Lewis-Hodges, IT Manager, Information Technology Department
COPY: City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, and
 Chuck Blankenship, Finance/Purchasing
SUBJECT: Procure to Pay Organizational Change Management Services Contract Amendment,
 Contract No. 4600011743, Requesting City Council Date of February 14, 2017
DATE: January 30, 2017

SUMMARY:

The Information Technology Department recommends the amendment of contract no. 4600011743 to The Stergion Group, Inc., Rancho Palos Verdes, CA, for an increase of \$90,246.00, plus applicable sales tax, with a term ending December 31, 2017 for continued organizational change management services. The increase will bring the contract to a cumulative total of \$264,810.00, plus applicable sales tax.

STRATEGIC POLICY PRIORITY:

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

By supporting the City’s Procure-to-Pay business automation project, this contract directly supports an efficient and effective government.

BACKGROUND:

In 2014 the City completed an independent strategic assessment of its core business system, SAP. This assessment identified several key opportunities to further streamline and automate City business processes by leveraging existing and new software tools. One of the City’s focus areas is supply chain management, whereby the Finance/Purchasing Division and Information Technology Department engaged to re-engineer the City’s procurement and vendor payment tools and processes.

Components of this project were successfully implemented in 2016, including supplier registration, electronic solicitation, and digital contracts. Additional implementation work is underway, including electronic supplier transactions, electronic purchase orders, invoices and supply catalogs.

ISSUE: Ongoing support for the transition of City departments and suppliers to the new procurement and vendor payment tools and processes is vital to successful adoption. Organizational change management addresses the effect of new business processes. Structured communication, training and reinforcement prepares, equips and supports individuals moving from current state to future state processes.

ALTERNATIVES: Two alternatives exist to supply organizational change management services for this major technology initiative. One alternative is to establish a new position within the Information Technology Department and recruit/hire a qualified employee. A second alternative is to assign the organizational change management duties to an existing team member. The challenges of these alternatives are the temporary nature of the Procure-to-Pay project work, the lead time to recruit/hire/onboard employees, as well as the potential negative impact on competing City technology initiatives.



COMPETITIVE SOLICITATION: A roster of pre-qualified contractors was established in 2014 through RFP Specification No. PS14-0295F IT Project Management Temporary Staffing Services. The Stergion Group, Inc. is one of the pre-qualified contractors.

CONTRACT HISTORY: The original contract was approved executed in June 2016, in the amount of \$174,564.00, plus applicable sales tax for an initial one-year contract term. The increase of \$90,246.00, plus applicable sales tax, would bring the cumulative total to \$264,810.00, plus applicable sales tax, with a term ending December 31, 2017.

SUSTAINABILITY: Approximately half of subject services will be provided remotely, thereby reducing the number of carbon-generating trips. Additionally, all contract deliverables will be digital.

DISADVANTAGED BUSINESS ENTERPRISE (DBE): The recommended contractor is a certified Disadvantaged Business Enterprise (DBE). As such, the DBE participation level of the recommended contractor is one hundred percent.

RECOMMENDATION:

The Information Technology Department recommends the amendment of contract no. 4600011743 to The Stergion Group, Inc., Rancho Palos Verdes, CA, for an increase of \$90,246.00, plus applicable sales tax, with a term ending December 31, 2017 for continued organizational change management services. The increase will bring the contract to a cumulative total of \$264,810.00, plus applicable sales tax.

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Systems Fund 5800	596600	5310100	\$90,246.00
TOTAL			\$90,246.00

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Systems Fund 5800	596600		\$90,246.00
TOTAL			\$90,246.00

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: Funds in the amount of \$90,246.00 are budgeted in the 2017/2018 biennium.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

Not applicable