



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 Technical Project Management Services Contract Amendment, Contract
No. 4600011451, Requesting City Council Date of May 2, 2017
DATE: April 18, 2017

SUMMARY:

The Information Technology Department recommends the amendment of contract no. 4600011451 to The Stergion Group, Inc., Rancho Palos Verdes, CA, for an increase of \$198,880, plus applicable sales tax, for continued project management and implementation support services. The increase will bring the contract to a cumulative total of \$612,400, plus applicable sales tax, with a term ending December 31, 2017.

STRATEGIC POLICY PRIORITY:

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

By managing 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 process were successfully implemented in 2016 to include: supplier registration, electronic solicitation to source City requests, and digital contracts. Additional implementation work is underway, including electronic supplier transactions, electronic purchase orders, invoices and supply catalogs.

ISSUE: The Finance/Purchasing Division and Information Technology Department developed the Procure-to-Pay project and contracted with a third-party software provider and systems integrator to implement the City-wide supply chain management solution. Additional project management and implementation support services are needed to complete the project and operationalize the system.

ALTERNATIVES: The alternative is to not extend the contracted project management and implementation support services, and to complete the remaining work in-house. This alternative could slow project delivery and user adoption.

COMPETITIVE SOLICITATION: A roster of authorized 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 authorized contractors selected.

CONTRACT HISTORY: The original contract was approved by Resolution No. 39343 on December 15, 2015, in the amount of \$299,520, plus applicable sales tax for an initial one-year contract term ending



December 31, 2016. The contract was amended December 31, 2016 to increase the contract by \$114,000, plus applicable sales tax, for a cumulative total of \$413,520, with a term ending December 31, 2017. This second amendment for an increase of \$198,880, plus applicable sales tax, would bring the cumulative contract total to \$612,400, 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. 4600011451 to The Stergion Group, Inc., Rancho Palos Verdes, CA, for an increase of \$198,880, plus applicable sales tax for continued project management and implementation support services. The increase will bring the contract to a cumulative total of \$612,400, plus applicable sales tax with a term ending December 31, 2017.

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Fund 5800 Information Systems	596910	5310100	\$38,800
Fund 5800 Finance	598500	5310100	\$160,000
TOTAL			\$198,880

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: Funds in the amount of \$198,880 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. N/A