



**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 December 13, 2016  
**DATE:** November 17, 2016

**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 \$114,000, plus applicable sales tax, with a term ending December 31, 2017 for continued technical project management services. The increase will bring the contract to a cumulative total of \$413, 520, 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 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 planning in 2017 to include: 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 plan to contract with a third-party software provider and systems integrator to implement the next phases of a City-wide supply chain management solution in 2017.

ALTERNATIVES: Two alternatives exist to supply project 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 technical project 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 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 increase of \$114,000, plus applicable sales tax, would bring the cumulative total to \$413, 520, 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 \$114,000, plus applicable sales tax, with a term ending December 31, 2017 for continued technical project management services. The increase will bring the contract to a cumulative total of \$413, 520, 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	\$114,000
<b>TOTAL</b>			<b>\$114,000</b>

\* General Fund: Include Department

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Systems Fund 5800	596600		\$114,000
<b>TOTAL</b>			<b>\$114,000</b>

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET:** Funds in the amount of \$114,000 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

REC-201611:40:09  
FINANCE PURCHASING  
REVENUE SERVICES