



TO: Board of Contracts and Awards
FROM: Jack Kelanic, Director of Information Technology
Sanjay Chopra, IT Manager, Information Technology Department
COPY: City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, and
Cynthia Lewis, Finance/Purchasing
SUBJECT: Professional Services for Electronic Records Management System Pilot Project,
Direct Solicitation and Negotiation for Professional Services
Requesting City Council Date of September 12, 2017
DATE: August 28, 2017

SUMMARY:

The Information Technology Department recommends a contract be awarded to **StoneShare Inc., Vaughan, Ontario**, for the pilot implementation of an electronic records management system, for an amount up to \$900,000, plus applicable sales tax, for a term ending December 31, 2018.

STRATEGIC POLICY PRIORITY:

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

By implementing an electronic records management system to maintain compliance with various Federal and State regulations, this contract supports an efficient and effective government.

BACKGROUND:

Information made or received in the transaction of City business and relating to the conduct of government, regardless of form, and which is prepared, owned, used or retained by the City must be managed in accordance with the Revised Code of Washington (RCW) 40.14.010 Preservation and Destruction of Public Records and RCW 42.56.010 Public Records Act, and further the Washington Administrative Code (WAC) Chapter 434-615 Custody of Public Records, and WAC Chapter 434-662 Preservation of Electronic Public Records.

The City budgeted \$1.4M in 2015-16 towards the first phase of the Tacoma Information Management System (TIMS) solution, and Council authorized Resolution 39353 for the Information Technology Department to engage the services of InfoReliance Corporation in early 2016 for systems development work. Unfortunately, these systems development activities did not produce outcomes meeting the City’s needs and expectations and, after efforts to resolve unmet expectations, the City terminated its relationship with the vendor.

City staff and consultants have since taken steps to refine the City’s requirements and strategy, re-plan the TIMS approach, and are now positioned to move forward with a limited-scope pilot implementation using a different technology platform.

ISSUE:

The City’s obligation to meet requirements for managing electronic records persists. In fact, the volume of electronic records continues to grow rapidly. Moreover, the scope and complexity of maintaining administrative compliance is evolving as new information systems and services are employed and as electronic records are created, stored, and managed across a multitude of distributed devices.



Additionally, several City departments are currently dependent upon an antiquated electronic records management system - Meridio - which is no longer supported by the technology vendor, thereby presenting additional risk for those departments.

ALTERNATIVES:

One alternative is to forego active records management and dispositioning in favor of retaining electronic records and content indefinitely, and continuing manual retrieval processes, thereby accepting the legal risks and long-term cost implications of inaction.

A second alternative is to leverage existing City information systems and to train every City employee to manually manage, declare, and disposition their records, and allocate a commensurate amount of time to this manual activity daily.

In either case, the City’s antiquated Meridio system would still need to be addressed.

COMPETITIVE SOLICITATION:

Waiver of Competitive Solicitation - Direct Solicitation and Negotiation approved on August 3, 2017, by City Manager Elizabeth Pauli.

RFP IT15-0162F – Records Management Software Procurement and Implementation Services was let in 2015. Of the four bids received, one was deemed responsive, and the City subsequently cancelled the procurement event due to unsuccessful negotiations with the responsive bidder.

City staff and professional consultants recently researched the marketplace and identified a very limited number of systems integrators experienced in deploying the specific technology tools and records management methodology for both a municipality and North American public utility company. Only two qualified firms were identified and it was determined that a formal Request for Proposal would likely not yield more competition or pricing leverage.

Additionally, the informal competitive process followed was designed to inform the City’s strategy, scope, and implementation approach to better position the City for success.

Two firms were invited to participate in a competitive, yet collaborative process. Analysis of both providers included reference checks, interviews of proposed team members, and proof of concept software demonstrations. The interviews were eight hours in length, covering topics of systems development approach and expertise, rules based record keeping experience, content migration strategy, risk management strategy, and pilot approach. Interviews included a thorough question and answer period by the City’s records management and technical staff.

The proof of concept software demonstrations were two hours in length and exhibited the integrator's ability to quickly develop the City’s use case into a working proof of concept software solution.

The City convened the selection committee to evaluate the relative strengths and weaknesses of each provider for a recommendation to the City sponsors. The selection committee unanimously recommended StoneShare, Inc. based on its systems development approach, superior software solution, and experienced team members with critical focus on minimizing risk for the City.



Price pressure was maintained in evaluating the two firms due to the open and competitive nature of the process. StoneShare, Inc. is highly motivated to assist the City in a successful system implementation to further its American customer reference base, as it sees additional business opportunity in the State of Washington. Additionally, since StoneShare, Inc. is a Canadian corporation, the City benefits from the currency market conditions, which reduce effective hourly rates by approximately 25%.

CONTRACT HISTORY: New contract.

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): Not applicable.

RECOMMENDATION:

The Information Technology Department recommends a contract be awarded to StoneShare Inc., Vaughan, Ontario, for the pilot implementation of an electronic records management system, for an amount up to \$900,000, plus applicable sales tax, for a term ending December 31, 2018.

FISCAL IMPACT:

Funds in the amount of \$900,000 are budgeted and available in the 2017/2018 biennium.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Systems Fund 5800	596000	5310100	\$900,000
TOTAL			\$900,000

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Systems Fund 5800	596000		\$900,000
TOTAL			\$900,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$900,000

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes



City of Tacoma

Date: August 2, 2017

To: Elizabeth Pauli, City Manager

From: Jack Kelanic, Information Technology Director
Information Technology Department

Subject: Authorization of Direct Negotiation for Professional Services and Personal Services over \$25,000

For your review and recommendation.

In accordance with TMC 1.06.256 (B), the Information Technology Department requests a waiver of the competitive solicitation process and authorization to directly negotiate with **StoneShare, Inc., Vaughan, Ontario**, for a pilot implementation of a records management and electronic content management solution, for an amount of up to \$900,000, plus applicable sales tax.

Direct negotiation approval constitutes a waiver of further competitive solicitation for amendments to the subject contract provided that any such amendment(s) shall be signed by personnel as authorized in the Delegation of Procurement Signature and Approval Authority memorandum. Contract totals shall not exceed \$200,000 without City Council or Public Utility Board approval as appropriate.

EXPLANATION: The Information Technology Department, in partnership with the City Attorney's Office and the Tacoma Public Utilities Management Services Office, requests to establish a contract with the firm of StoneShare, Inc. for one or two phases of work and up to one-year of post-implementation support.

The first phase is a pilot implementation of a records management (RM) and electronic content management solution, inclusive of an RM-enabled Microsoft SharePoint solution hosted in the Microsoft Office 365 Government cloud environment. Upon successful completion of the pilot, the City sponsors would consider whether the project proceeds to phase two.

The City Attorney's Office (CAO) has been identified as the phase one pilot department, with a preliminary scope of approximately 50 end-users, approximately 42 file plan categories which are owned or co-owned by the CAO, and up to 60 Citywide administrative file plan categories.

Phase two would include the migration of TPU Power's Reliability and Compliance data from an antiquated records system to the new system established in phase one, plus any necessary cybersecurity enhancements. Post implementation support may be utilized to provide technical and records management support services for the new system through 2018.

Upon completion of the phase two development, City sponsors would consider whether to recommend subsequent phases in 2019-20 be planned and budgeted for the remaining City departments.

The estimated contract amount for 2017-18 is \$900,000, plus applicable sales tax. The estimated cost per item: phase one \$575,000; phase two \$250,000; one-year of support \$75,000.



JUSTIFICATION FOR DIRECT NEGOTIATION:

1. Explain why it's in the best interest of the city to waive the competitive solicitation process.

City staff and professional consultants have carefully researched the marketplace and determined a very limited number of systems integrators that are experienced with the specific technology tools and records management approach for a municipality and North American public utility company. Only two firms were identified so the competitive RFP process would not have yielded more competition or pricing leverage. Additionally, the competitive process followed was designed to help inform the City's strategy, scope, and implementation approach to position the City for success.

2. Is this purchase based on a previous competitive solicitation conducted by the City or other agency? If yes, provide the contract information, specification number, etc., and explain the relationship of this request to the previous contract.

No.

3. Describe the screening efforts made to identify potential service providers.

Two firms were identified as potential software integrators. Analysis of both integrators included reference checks, interviews, and proof of concept software demonstrations. The interviews were eight hours in length, covering the topics of integrator approach and expertise, rules based record keeping, content migration strategy, risk management strategy, and pilot strategy, thorough question and answer period with records management and technical staff. The software demonstrations were two hours in length and exhibited the integrator's ability to quickly develop the City's use case into a proof of concept solution. The City team then conducted an internal debrief to evaluate the strengths and weaknesses of each integrator for a recommendation to the City sponsors of StoneShare, Inc.

4. Describe the efforts made to assure that the City is receiving the lowest or best price possible.

In analyzing the two firms, price pressure was established due to the open and competitive nature of the process. Simultaneously, StoneShare, Inc. is highly motivated to assist the City in a successful implementation to establish a referenceable client in the Pacific Northwest and to leverage the engagement for opportunities with additional clients.

Additionally, since StoneShare, Inc. is a Canadian corporation, the City benefits from the existing currency market condition, which reduces effective hourly rates by approximately 25%.

FUNDING: Funds for this purchase are available in the Information Systems fund 5800.

SBE COMPLIANCE: The Department/Division has checked the [City of Tacoma Small Business Enterprise \(SBE\) website](#) for opportunities to contract with SBE firms on June 14, 2017. There are no SBE firms registered for this category of work at this time.

PROJECT COORDINATOR: Sanjay Chopra, Information Technology Department, 253-382-2639.