



COUNCIL AGENDA: 08/21/2018

FILE: 18-1087

ITEM:

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** August 7, 2018

Approved

*D. PSYL*

Date

*8/9/18*

**SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR AN E-PROCUREMENT SOLUTION**

## RECOMMENDATION

Accept the report on the Request for Proposal and adopt a resolution authorizing the City Manager to:

- a. Execute an Agreement with Purchasing Technology Corporation (Pasadena, CA) for an e-Procurement Solution, including design, configuration, implementation, deployment, training, mass vendor registration and onboarding, and other related professional services for an initial five-year term beginning on or about September 1, 2018 and ending August 31, 2023, with a maximum compensation not to exceed \$195,465 during the initial five-year term, subject to the appropriation of funds;
- b. Negotiate and execute amendments and change orders to the Agreement as may be required for any unanticipated changes for a contingency amount not to exceed \$75,000 during the initial five-year term, subject to the appropriation of funds; and
- c. Exercise up to seven additional one-year options to extend the term of the Agreement through August 31, 2030 for ongoing software subscriptions, support, maintenance, training and travel reimbursement, and other related professional services, subject to the appropriation of funds.

## OUTCOME

Provide an e-Procurement Solution to facilitate online vendor management and outreach; bid solicitation and evaluation; contract and insurance management, tracking, and compliance; and grants management.

## **BACKGROUND**

The City has been using Periscope Holding's (formerly RFP Depot, LLC dba BidSync) BidSync e-Procurement Solution since 2007. The e-Procurement Solution is used by the Finance Department-Purchasing Division for the procurement of products and services; by the Department of Public Works for construction bids; and by all departments Citywide for the procurement of consulting and advisory services. Over the last several years, the City's requirements and expectations have significantly evolved, and new technologies and solutions have become available. Therefore, when the end of the current contract term approached, the City staff concluded that it was in its best interest to competitively solicit to reassess the market place and available solutions.

Council recently approved the extension of the Periscope agreement for up to a year to ensure that the current system remains available as the City completes procurement and implementation of the new solution.<sup>1</sup>

## **ANALYSIS**

A Request for Proposal (RFP) for an e-Procurement Solution was published on the City's e-procurement system. The RFP solicited proposals for a user-friendly, turnkey solution that included the software solution as well as professional services required for configuration, implementation, mass vendor registration and onboarding, training, and ongoing support and maintenance. Six proposals were received as follows:

- Bonfire Interactive Ltd. (Ontario, Canada)
- Graviton Consulting Services (Sacramento, CA)
- Ion Wave Technologies, Inc. (Springfield, MO)
- Periscope Holdings, Inc. (Austin, TX)
- PlanetBids, Inc. (Woodland Hills, CA)
- Purchasing Technology Corporation (Pasadena, CA)

***Evaluation Process:*** The RFP evaluation process consisted of three phases, in which only the highest scoring proposals advanced to the next phase. The evaluation criteria and weights for each phase are summarized in the following table:

---

<sup>1</sup> Council Memo: <https://sanjose.legistar.com/LegislationDetail.aspx?ID=3519280&GUID=74879CE4-49DF-4283-98A0-C419075F3279&Options=&Search=>

| Criteria                          | Weight by Phase |             |             |
|-----------------------------------|-----------------|-------------|-------------|
|                                   | Phase 1         | Phase 2     | Phase 3     |
| Experience                        | 90%             | 45%         | 35%         |
| Technical/Functional Capabilities |                 | 45%         | 35%         |
| Cost                              |                 |             | 20%         |
| Local Business Preference         | 5%              | 5%          | 5%          |
| Small business Preference         | 5%              | 5%          | 5%          |
| <b>TOTAL</b>                      | <b>100%</b>     | <b>100%</b> | <b>100%</b> |

**Evaluation Team:** Proposals were evaluated and scored independently by a five-member evaluation team representing various City departments, including the Department of Public Works, the Parks, Recreation, and Neighborhood Services Department, and the Finance Department – Purchasing Division.

**Phase 1 – Experience:** This phase of evaluation considered factors such as the company’s years of experience delivering e-Procurement Solutions, the qualifications and experience of key personnel who would implement and support the e-Procurement Solution, and customer references from other public agencies. At the end of Phase 1, five of the six proposers (Bonfire Interactive, Ion Wave Technologies, Periscope Holdings, PlanetBids, and Purchasing Technology Corporation) advanced to Phase 2 of the evaluation process.

**Phase 2 – Technical Capabilities:** In this phase, proposals were evaluated based on project approach, implementation plan and schedule, ability to meet the City’s technical and functional requirements, system capabilities, ease of use, training, business continuity planning, cybersecurity, and ongoing support and maintenance. Periscope Holdings, PlanetBids, and Purchasing Technology Corporation scored the highest in Phase 2 proposal evaluations and were invited to provide a system demonstration to introduce key project team members, validate product functionality, and make clarifications. Final Phase 2 evaluation scores were adjusted to reflect information provided during the system demonstrations, and all three vendors advanced to Phase 3 of the evaluation process.

**Phase 3 – Cost:** Phase 3 included cost proposal submissions from the final three finalists: Periscope Holdings, Planet Bids, and Purchasing Technology Corporation. The cost proposal was based on total cost of ownership for the initial five-year term and required a detailed breakdown of cost elements required to implement and maintain the e-Procurement Solution, including software subscriptions, technical support, maintenance, and professional services for e-Procurement Solution design, configuration, implementation, and training.

Evaluation scores for Phase 3 finalists are summarized below:

| <b>Phase 3<br/>Evaluation Scores</b> | <b>Maximum<br/>Points</b> | <b>Purchasing<br/>Technology<br/>Corporation</b> | <b>Periscope<br/>Holdings Inc.</b> | <b>PlanetBids,<br/>Inc.</b> |
|--------------------------------------|---------------------------|--------------------------------------------------|------------------------------------|-----------------------------|
| Experience                           | 35                        | 23                                               | 21                                 | 23                          |
| Technical Capabilities               | 35                        | 23                                               | 20                                 | 19                          |
| Cost                                 | 20                        | 20                                               | 13                                 | 8                           |
| Local Business Preference            | 5                         | 0                                                | 0                                  | 0                           |
| Small Business Preference            | 5                         | 0                                                | 0                                  | 0                           |
| <b>TOTAL</b>                         | <b>100</b>                | <b>66</b>                                        | <b>54</b>                          | <b>50</b>                   |

**Local and Small Business Preference:** In accordance with City policy, 10% percent of the total possible evaluation points were reserved for the local and small business preference. No proposers requested consideration for the preference; therefore, the preference was not a factor in the final outcome.

**Protest:** The RFP process included a 10-day protest period that commenced when the City issued the Notice of Intended Award. No protests were received.

**Award Recommendation:** The City recommends award of contract to Purchasing Technology Corporation for its Biddingo.com e-Procurement Solution as the most advantageous and best value proposal per the evaluation criteria set forth in the RFP. Their proposal met or exceeded all of the RFP specifications, and their solution was rated superior in the following key areas:

- Experience, knowledge, and expertise deploying the proposed solution at other municipalities and governmental entities.
- Established and robust commercial off-the-shelf software that can be adapted with customizations to meet the City's workflow, business, and functional requirements.
- Robust and integrated functionality to meet all of the City's key specifications and requirements.
- Intuitive and easy-to-use vendor portal for vendor notification and outreach and to help ensure that bid submittals include all required documentation.
- Comprehensive administrator console to facilitate user and configuration management.

Staff conducted reference checks with the City of Hillsboro (OR) and Mohawk Medbuy (Ontario, Canada). Both references were positive.

***Summary of Proposed Agreement:*** The Agreement with Purchasing Technology Corporation (“Contractor”) includes 1) professional services for mass vendor registration, project management, requirements gathering and business process mapping, implementation, configuration, and training, 2) fixed pricing for an initial five-year term, and 3) a detailed scope of services, a general project plan, a compensation schedule with milestone payments tied to the successful completion of key project deliverables, and a final acceptance process that triggers release of retainage held on all implementation deliverables. The e-Procurement Solution also includes all optional modules specified by the City in the RFP: (1) contract lifecycle management, (2) grant procurement module, and (3) insurance certificate module - all without additional cost.

The Agreement includes a provision to extend the Agreement after the five-year initial term for up to seven additional one-year options for ongoing services. Increases in cost after the initial term must be justified by the vendor pursuant to the Producer Price Index (PPI), approved by the City, and is subject to the appropriation of funds.

***Migrating City’s Vendors to New Solution:*** To ensure that vendors are notified of the City’s change from BidSync to Biddingo.com, the Contractor will work with the City to issue a mass notification to the City’s current vendor database. To do so, the Contractor will import base vendor information into Biddingo.com and email each vendor a link that takes them to their Biddingo.com registration page where they can provide additional information such as bid interests, local business and small business status, and contact details. The Contractor will also offer vendor information sessions over a period of several weeks to assist vendors with onboarding to the new solution.

The City plans to have some overlap between the new and current solution. During this time, the City will post a message on BidSync to redirect the vendors to Biddingo.com. A similar notification will also be published on the City’s website.

The City is also obtaining a copy of the City’s historical data from BidSync and plans to publish it on the City’s website so that staff, vendors, and the public can continue to search and retrieve historical procurement information.

## **EVALUATION AND FOLLOW-UP**

This memorandum will not require any follow-up from staff.

## **PUBLIC OUTREACH**

This memorandum will be posted on the City’s website for the August 21, 2018 City Council meeting.

### **COORDINATION**

This memorandum has been coordinated with the Department of Public Works, the Parks, Recreation, and Neighborhood Services Department, the City Attorney's Office, and the City Manager's Budget Office.

### **COMMISSION RECOMMENDATION/INPUT**

This item does not have input from a board or commission.

### **FISCAL/POLICY ALIGNMENT**

This action is consistent with the Council-approved budget strategy for the effective use of technology.

### **COST SUMMARY/IMPLICATIONS**

|                                                                           |                  |
|---------------------------------------------------------------------------|------------------|
| <b>1. AMOUNT OF RECOMMENDATION (5-year initial term)</b>                  | <b>\$195,465</b> |
| <b>2. COST ELEMENTS:</b>                                                  |                  |
| <b><u>Implementation Services (including Year 1 ongoing services)</u></b> |                  |
| - Year 1 Annual Subscriptions, Support, & Maintenance                     | \$29,000         |
| - Project Management                                                      | included         |
| - Business Requirements Development                                       | included         |
| - System Design, Configuration, and Implementation                        | included         |
| - Training                                                                | 6,000            |
| - Testing                                                                 | included         |
| - Go-Live                                                                 | included         |
| - Travel Reimbursement (Not to Exceed)                                    | 10,000           |
| <b>Implementation Subtotal</b>                                            | <b>\$45,000</b>  |
| <b><u>Ongoing Services</u></b>                                            |                  |
| - Year 2 Annual Subscriptions, Support, Maintenance, & Training/Travel    | \$35,870         |
| - Year 3 Annual Subscriptions, Support, Maintenance, & Training/Travel    | 37,016           |
| - Year 4 Annual Subscriptions, Support, Maintenance, & Training/Travel    | 38,189           |
| - Year 5 Annual Subscriptions, Support, Maintenance, & Training/Travel    | 39,390           |
| <b>Ongoing Services Subtotal</b>                                          | <b>\$150,465</b> |
| <b>CONTRACT NOT TO EXCEED TOTAL (5-year initial term)</b>                 | <b>\$195,465</b> |
| Contingency                                                               | 75,000           |
| <b>GRAND TOTAL</b>                                                        | <b>\$270,465</b> |

3. **SOURCE OF FUNDING:** 50% Fund 001 – General Fund and 50% Fund 150 – Public Works Support Fund
4. **FISCAL IMPACT:** After the initial five-year term, any increases in ongoing service costs must be justified by the vendor, approved by the City, and are subject to the appropriation of funds.

### **BUDGET REFERENCE**

The table below identifies the fund and appropriation proposed to fund the contract recommended as part of this memorandum.

| Fund # | Appn # | Appn Name                | Current Total Appn | Amt for Contract* | 2018-2019 Operating Budget Page | Last Budget Action (Date, Ord. No.) |
|--------|--------|--------------------------|--------------------|-------------------|---------------------------------|-------------------------------------|
| 001    | 0492   | Non-Personal / Equipment | \$1,609,440        | \$35,000          | VIII-119                        | 06/19/2018, 30124                   |
| 150    | 0492   | Non-Personal / Equipment | \$55,000           | \$35,000          | X-75                            | 06/19/2018, 30124                   |

\*Amt for Contract reflects Year 1 costs of \$45,000 for implementation services, annual subscriptions, support, and maintenance and \$25,000 for contingency. Funding beyond Year 1 and any additional contingency are subject to the appropriation of funds.

### **CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/  
JULIA H. COOPER  
Director of Finance

For questions, please contact Jennifer Cheng, Deputy Director of Finance, at (408) 535-7059.