From: Jim Korngold [redacted]
Sent: Wednesday, August 20, 2025 12:59 PM
To: PSFSScommittee [PSFSSCommittee@sanjoseca.gov]
CC: District1 [district1@sanjoseca.gov]; Fruen, Joseph [Joseph.Fruen@sanjoseca.gov]; District2 [District2@sanjoseca.gov]; Yamamoto, KiyomiH [Kiyomi.Yamamoto@sanjoseca.gov]; District3 [district3@sanjoseca.gov]; District4 [District4@sanjoseca.gov]; District5 [District5@sanjoseca.gov]; District 6 [district6@sanjoseca.gov]; District7 [District7@sanjoseca.gov]; Kolander, Grace [Grace.Kolander@sanjoseca.gov]; District8 [district8@sanjoseca.gov]; District9 [district9@sanjoseca.gov]; District 10 [District10@sanjoseca.gov]; The Office of Mayor Matt Mahan [mayor@sanjoseca.gov]
Subject: Procurement Report - $3m In No-Bid Purchase Orders - Need Answers

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Public Comments

a. $3 million in no-bid purchase orders for professional services/accounting services was awarded by the procurement department to Seyon, LLC, an entity which appears to be operating out of a residence in Sacramento, CA.

b. There does not appear to be a written, justifiable determination specifically for the no-bid procurement even though San Jose Municipal Code requires it. All the purchase order approvals state, without any justification, is that "This purchase request is in accordance with Municipal Code Section 4.12.235, Unique Services Purchases."

c. The Department of Human Resources logs filed by City of San Jose's Information Technology Department for the procurement requests do not appear to hold up as sufficient justification for "unique services" vis-a-vis the San Jose Municipal Code. Best practices dictate that unique services can and should only be provided by the owner of the software, not a staffing firm.

d. Seyon, LLC is not a Big 5 accounting firm and Big 5 accounting firms are also computer systems integrators. Many of the Big 5 firms would have bid for a $3m-and counting competitive procurement.

e. The blanket justification, without any factual basis, used by the procurement department appears to be that a staffing firm somehow provides "unique services," which does not appear to be true because the resources used by the staffing firm can easily be provided by another staffing firm or the independent software vendors — such as ServiceNow and Salesforce — themselves or by the thousands of partners in their respective ecosystems.

f. Interestingly, since the resources have been designated with titles such as, "Sr. Software Developer - Salesforce," it would appear to imply that San Francisco Bay Area-based software behemoths Salesforce and ServiceNow and their thousands of authorized partners and value-added resellers are, somehow, unable to provide these "unique services" which, technically, can be provided only by the software vendors or their respective partners usually because of proprietary and confidential source code or intellectual property.

g. Many of the services categorized as "unique services" in order to award $3 million in no-bid purchase orders bypassing competitive bidding pertain to mundane financial accounting functions and generic software programming which could have probably been delivered by high-schoolers in the San Francisco Bay Area.

h. San Jose Municipal Code, 4.12.235 - Unique services purchases (note that the $3m no-bid award does not appear to meet any of the requirements)

"The procurement authority may initiate a procurement for unique professional or other services where the procurement authority determines that an unusual or unique situation exists that make the application of the requirements for competitive procurement of a services agreement contrary to the public interest. Any special procurement under this section shall be made with such competition as is practicable under the circumstance. A written determination of the basis for the procurement and for the selection of the particular contractor shall be included by the Procurement authority in the department files."

Inquiring minds and taxpaying residents of San Jose seek answers to the following questions:

1. What were the reasons for awarding multiple no-bid purchase orders amounting to over $3m to staffing firm Seyon, LLC, which appears to be run out of a residence in Sacramento, CA? Who were the decision-makers? Can the City of San Jose release the in-depth justification provided by these decision-makers, especially when the City of San Jose has an ongoing budget shortfall?

2. Why was the City of San Jose's threshold of $10,000 for competitive bidding ignored and not enforced by the procurement department?

3. Why was a blanket, "This purchase request is in accordance with Municipal Code Section 4.12.235, Unique Services Purchases" approval rubber-stamped by the procurement department when the procurement department needed to justify why competitive bidding and the owners of software platforms, Salesforce, ServiceNow, AMANDA (permitting and compliance) and their thousands of partners had to be bypassed in favor of Seyon, LLC?

4. Why were local businesses and small businesses bypassed in favor of Sacramento-based Seyon, LLC? Any local, one-person or five-person staffing firm could have carried out a pass-through of the same resources and billed the City of San Jose over $3 million. Or, a local business could have partnered with Salesforce, ServiceNow or any of their thousands of partners as a joint venture which is what many software vendors do.

5. Who came up with the pricing for the hourly rates for the resources charged by Seyon, LLC and the hourly markup rate paid to Seyon, LLC? Please provide copies of original, time-stamped documentation for the pricing structure. Pricing needs to be fair and reasonable. How was this determined? Are/were any of these Seyon, LLC resources located in near-shore (e.g., Canada, Mexico) or offshore locations and, if so, why was that not a determining factor as far as the hourly rates were concerned?

6. Multiple Seyon, LLC invoices, including Invoice# INV-000084 dated May 10, 2024, list the services of a resource named “M.N." Can the City of San Jose confirm that this resource - for whose services Seyon, LLC appears to have billed the City of San Jose approximately $165,000 - is not related to anyone, including any decision-maker or senior leader or manager, in the City of San Jose's Information Technology Department?

7. Multiple Seyon, LLC invoices, including Invoice# INV-000147 dated November 15, 2024, list the services of a resource named "R.B." Can the City of San Jose confirm that this resource - for whose services Seyon, LLC appears to have billed the City of San Jose a substantial amount - is not related to anyone, and is not a neighbor or former neighbor of any employee, any decision-maker or any senior leader or manager, in the City of San Jose's Information Technology Department?

8. Multiple Seyon, LLC invoices, including Invoice# INV-000124 dated September 8, 2024, list the services of a resource named "A.K." Can the City of San Jose confirm that this resource - for whose services Seyon, LLC appears to have billed the City of San Jose a substantial amount - is not a friend or family member of any employee, any decision-maker or any senior leader or manager, in the City of San Jose's Information Technology Department? Also, can the City of San Jose confirm that this resource or any resource who worked on Agentforce obtained Salesforce Agentforce certification before the City of San Jose was billed for work related to Agentforce and not after the fact?

9. Can the City of San Jose also confirm that the hours billed by Seyon, LLC are accurate and also confirm the methodology used to verify that the hours billed by Seyon, LLC are accurate? Was there any conflict in terms of segregation of duties aka compliance with the Sarbannes-Oxley Act?

10. Multiple Seyon, LLC invoices — including Invoice# INV-000086 dated May 11, 2024, Invoice# INV-000091 dated May 30, 2024, and Invoice# INV- 000170 dated December 30, 2024 — list the services of resources "S.R," "R.R.T," and "A.K," respectively. Can the City of San Jose confirm that these resources - for whose services Seyon, LLC appears to have billed the City of San Jose a combined amount of approximately $265,000 and more - are not friends or not family members or not related to each other (S.R., R.R.T., and A.K) or to any employee, any decision-maker or any senior leader or manager, in the City of San Jose's Information Technology Department?

10. Multiple Seyon, LLC invoices — including Invoice# INV-000136 dated October 14, 2024 — list the services of resource "S.G." Can the City of San Jose confirm that this resource - for whose services Seyon, LLC appears to have billed the City of San Jose an amount of approximately $80,000 as a "Sr. Software Developer - Salesforce" - obtained their Salesforce-related certification before the City of San Jose was billed for the services of this "Sr. Software Developer - Salesforce"? Can the City of San Jose confirm that this resource is not related to any employee, any decision-maker or any senior leader or manager, in the City of San Jose's Information Technology Department? Can the City of San Jose release the resume of this resource, "S.G." and justify the title of "Sr. Software Developer - Salesforce" based on said resource's experience in the software industry?

10. Who awarded Seyon, LLC resources with titles such as "Sr. Software Developer - Salesforce"? Was it San Francisco Bay Area software giant Salesforce or any of its partners?

11. Can the City of San Jose confirm that Seyon, LLC is an authorized Salesforce partner and provide the date as to when Seyon, LLC became an authorized Salesforce partner.

12. Can the City of San Jose provide documentation regarding the warranty period for the work carried out by Seyon, LLC or the maintenance and support period?

13. Can the City of San Jose confirm that software vendors Salesforce and Service will/can support the software development work carried out by Seyon, LLC's resources and that the City of San Jose can open trouble tickets with Salesforce and ServiceNow for work carried out by Seyon, LLC if the City of San Jose encounters software bugs?

11. Purchase order OP 65399 dated July 1, 2024, for a total of $102,252.80, including later encumbrance adjustments, is for a "Temporary Senior Account Clerk" which does not merit a "unique services" determination by the procurement department. How did the procurement department arrive at this decision/determination that these merit a designation of "unique services"?

12. Can the City of San Jose provide documentary evidence that vendor Seyon, LLC paid the resources the exact hourly rates claimed in the Department of Human Resources determinations filed by the Information Technology Department and confirmed by the procurement department as part of its compliance- and regulatory-related checks? This would mean that vendor Seyon, LLC paid itself only the stated markup. City of San Jose procurements routinely request that vendors provide fair, reasonable, and transparent pricing and the City of San Jose's competitive bids routinely ask for this breakdown. If the hourly rates were not paid to the resources as stated, it might imply something else.

Source(s): Public Records Act requests fulfilled by the City of San Jose - Purchase orders, invoices, purchase requisitions, HR logs, etc. released by the City of San Jose. Publicly available information.

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From: Jim Korngold [redacted]
Sent: Thursday, August 21, 2025 7:33 AM
To: PSFSSCommittee [PSFSSCommittee@sanjoseca.gov]
CC: District1 [district1@sanjoseca.gov]; Fruen, Joseph [Joseph.Fruen@sanjoseca.gov]; District2 [District2@sanjoseca.gov]; Yamamoto, KiyomiH [Kiyomi.Yamamoto@sanjoseca.gov]; District3 [district3@sanjoseca.gov]; District4 [District4@sanjoseca.gov]; District5 [District5@sanjoseca.gov]; District 6 [district6@sanjoseca.gov]; District7 [District7@sanjoseca.gov]; Kolander, Grace [Grace.Kolander@sanjoseca.gov]; District8 [district8@sanjoseca.gov]; District9 [district9@sanjoseca.gov]; District 10 [District10@sanjoseca.gov]; The Office of Mayor Matt Mahan [mayor@sanjoseca.gov]
Subject: Procurement Audit Report - AI and Performance Metrics

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PUBLIC COMMENT

Procurement Audit Report, Page 26 ("assist with scope writing")

Purchasing is exploring some ways to support departments more effectively in this area. This includes working with the Information Technology Department to pilot generative AI tools to assist with scope writing.

PUBLIC COMMENT

Based on the fact that AI is going to be doing most of the work since the scope of work appears to take the longest in terms of lead time, procurement staff will now focus only on assembling boilerplate documents related to insurance, boilerplate terms and conditions, etc. and posting requests for proposals and other bids for public bidding.

Given this new development, Exhibit 6 on page 26, will need to be revised to state that the timeframe for a request for proposals is 3-5 months since AI will be doing most of the work. All existing "expectations" aka performance metrics need to be slashed by 50-60%.

Procurement Audit Report, Page 26 ("meets expectations = performance review")

Purchasing has posted timeline expectations for procurements as shown in Exhibit 6, but these are considered average timeframes and are not tracked as metrics.

PUBLIC COMMENT

Why are these timeframes not tracked as metrics? Expectation are metrics and also used in performance reviews ("meets expectations" or "does not meet expectations"). Is the performance of procurement staff reviewed based on inconsistent, capricious standards, or unequal standards being applied? Applying unequal or subjective standards to procurement staff could be construed as a violation of federal law. How are performance reviews carried out for procurement staff? Without any uniform metrics or without any performance standards for the completion of requests for proposals and timeframes for the processing of purchase orders?

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