

**MEMORANDUM
COUNTY OF PLACER
ADMINISTRATIVE SERVICES DEPARTMENT
PROCUREMENT SERVICES DIVISION**

TO: Honorable Board of Supervisors

FROM: David Seward, Purchasing Manager

DATE: June 12, 2007

SUBJECT: Approve the Award of a Negotiated Contract with Ion Wave Technologies, Inc. for the Purchase of E-Procurement Software to Allow for Electronic Receipt of Bids via the Internet, and Five Years of Software Maintenance in the Maximum Amount of \$78,900.00, Approve a Budget Revision and Add the Software to the Master Fixed Asset List, and Adopt a Resolution to Amend Section 3.9 of the Purchasing Policy Manual

ACTION REQUESTED

Approve the award of a negotiated contract with Ion Wave Technologies, Inc. of Springfield, MO for the purchase of electronic procurement software and five years of software maintenance in the amount of \$78,900.00, authorize the Purchasing Manager to sign the resulting contract, approve a budget revision and add the software to the Master Fixed Asset List, and adopt a resolution to amend Section 3.9 of the Purchasing Policy Manual.

BACKGROUND

The Procurement Services Division continually assesses the County's purchasing practices by developing initiatives to focus our staff on implementing industry standard "best practices". One of the areas Procurement has been researching over the past several years is an electronic procurement ("e-procurement") solution that will streamline vendor management, bid distribution, and bid evaluation processes. E-procurement systems are internet-based, and typically enable vendors to self-register for notification of upcoming bids and manage their own profiles when addresses or contact persons change. Public agencies upload new bids to the e-procurement website, and vendors have the option to submit their bid responses to an electronic lock box, instead of mailing hard-copy documents. The e-procurement system then tabulates the bids and the agency downloads the results for further analysis. The current functionality in the PAS Purchasing module does not adequately satisfy any of these functions. Cities and counties that have implemented effective e-procurement systems have documented significant benefits, in terms of reduced administrative burden for vendor management, and enabling the buying staff to focus on the competitive purchasing decision rather than the administrative process of bid receipt and tabulation.

The Procurement Services Division conducted an extensive market analysis of current e-procurement solutions. There are two e-procurement business models. One is vendor-funded, meaning that the vendors pay a fee for participating. The other is agency funded, meaning that the agency pays all costs, including software licensing and maintenance, and there is no cost to the participating vendors. Procurement Services believes that the agency-funded systems are more likely to encourage fair and open competition. Of the agency-funded models, two were found to be the most complementary to the County's procurement policies and current business practices: Planet Bids, of Woodland Hills, CA and Ion Wave Technologies of Springfield, MO. Planet Bids hosts their e-procurement solution on their own servers, and charges an annual fee for the life of the contract. Ion Wave Technologies offers options for vendor-hosted or agency-hosted solutions, both of which are priced lower than Planet Bids. The cost advantage of using IonWave is that we purchase the software upfront and pay an annual maintenance fee. This solution also provides access to the source code held in an escrow account. With Planet Bids, we would pay a perpetual fee annually for the life of the system. The Ion Wave system also has features and enhancements that are more versatile and sophisticated than the Planet Bids system. Procurement contacted six (6) other public agencies who are currently using the Ion Wave system and all confirmed the efficiency, effectiveness, and vendor acceptance of Ion Wave's system.

Section 3.9 of the Purchasing Policy Manual currently requires formal bids to be submitted in hard-copy form and physically held in a locked area until the bid deadline. Your Board's approval for the attached Resolution is requested to amend the Policy in order to allow electronic bid responses to be accepted via the new e-procurement system.

FISCAL IMPACT

Section 1.3(i) of the Purchasing Policy Manual exempts software from the competitive bid process. The cost of the software, including training & implementation, plus applicable sales tax, is \$42,900.00. The cost for the first year of maintenance has been waived. The cost of four years prepaid maintenance for years 2-5 is \$36,000.00, for a total cost of \$78,900.00. This represents a \$24,000.00 discount off their standard pricing.

There is sufficient funding within the Administrative Services General Fund budget for the E-Procurement Software purchase due to cost savings in the Revenue Services program. Revenue Services will realize cost savings this fiscal year due to the postponement of the Roseville Traffic interface development with the Placer County Courts (\$30,000 savings), reduced costs for Merchant Fees due to strategic planning and the addition of the IVR system which has reduced the amount of credit cards used (\$30,000 savings), and a reduction in the projected costs from the Franchise Tax Board fees for collection services that they perform on our behalf (\$20,000 savings.)

The E-Procurement software has been determined to be a Fixed Asset by the Auditor-Controller's Office and your Board's approval is required for the attached budget revision.

Attachments:

- Resolution
- Budget Revision
- Addition to the Master Fixed Asset List

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF PLACER, STATE OF CALIFORNIA**

In the matter of:

Resolution No.: _____

Related to Ord. No.: _____

A RESOLUTION AMENDING SECTION 3.9 OF THE PURCHASING POLICY MANUAL, TO
ENABLE ELECTRONIC RECEIPT OF FORMAL BIDS BY USING A SECURE E-PROCUREMENT
SYSTEM

The following **RESOLUTION** was duly passed by the Board of Supervisors of the County of Placer at a
regular meeting held _____ by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:

Clerk of said Board

BE IT HEREBY RESOLVED by the Placer County Board of Supervisors that the Purchasing Policy
Manual is amended as shown in Exhibit A, which is attached hereto.

Additions are shown in underlined text; deletions are shown with a strikethrough.

EXHIBIT A To A Resolution Amending Section 3.9 of the Purchasing Policy Manual, to Enable Electronic Receipt of Formal Bids By Using a Secure E-Procurement System

3.9 Receipt of Bids

Bids may be received electronically, via a secure E-Procurement system which prevents Procurement staff from viewing the responses until the deadline specified in the Invitation for Bids. All Bids must may also be received in hard-copy form, and must be sealed in an envelope by bidder and submitted prior to the time specified in the Invitation for Bids. Bids which are received in hard-copy form must not be left unattended and must be promptly time-stamped and deposited unopened in a locked bid drawer. Late bids will shall not be opened and will shall not be considered under any circumstances. A late bid shall will be date-stamped, copied and promptly returned unopened to the bidder accompanied by a letter from Procurement notifying the bidder that the bid was received late and was not considered. A copy of the rejected bid envelope and the letter shall will be retained in the bid file.

BUDGET REVISION

FAS DOCUMENT NO.

POST DATE:

DEPT NO	DOC TYPE	Total \$ Amount	TOTAL LINES
BR		157,800.00	4

Cash Transfer Required
 Reserve Cancellation Required
 Establish Reserve Required

Auditor-Controller
 County Executive
 Board of Supervisors

ESTIMATED REVENUE ADJUSTMENT

APPROPRIATION ADJUSTMENT

DEPT NO	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ'S	PROJ.	PROJ. DTL	AMOUNT
01	014	100	100		991040		4451			42,900.00
01	015	100	100		991028		2555			42,900.00
01	014	100	100		991040		2292			36,000.00
01	015	100	100		991028		2555			36,000.00
TOTAL										157,800.00

REASON FOR REVISION: To transfer funds for E-Procurement Software Fixed Asset purchase request and four years prepaid maintenance costs. \$42,900 cost of Software, Training & Implementation and applicable sales tax. \$36,000 cost of four years prepaid maintenance (first year maintenance)

Prepared by Sandy Hammock Ext 4226
 Department Head *[Signature]*
 Board of Supervisors _____

Date: 5/29/07
 Page: _____

Budget Revision # _____ FOR INDIVIDUAL DEPT USE

421

Addition to Master Fixed Asset List
Fiscal Year 2006-2007

IWT Enterprise Sourcing Software (e-procurement software)	\$42,900.00
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