COUNCIL ACTION FORM

SUBJECT: AWARD A MASTER LICENSE AND SERVICE AGREEMENT FOR VENDOR MANAGEMENT AND ELECTRONIC BIDDING SOFTWARE

BACKGROUND:

Two long-term goals of the Purchasing Division are to implement an automated method for managing City vendors and their interest in the City’s business, and to issue and receive bids and proposals (bids) electronically. These goals can be met through a type of product that is provided as a software-as-a-service (SAAS).

Purchasing’s current process includes managing multiple vendor lists manually through spreadsheets maintained by each procurement specialist, who collect the vendor contact information and products or services they provide. Most bids are issued electronically through the City’s email system and, depending on the type of bid, are submitted either electronically or in paper form. All public improvement bids are received in paper form. Addenda are issued through the City’s email system.

Software exists to allow vendors to register for City business, provide contact information, and identify the products and services they provide. The software improves communication, transparency, and record-keeping regarding our vendors. When a bid is created staff will select a commodity or service code and, if vendors are registered under the code, they are sent an email regarding the bid providing them a direct link into the software. Staff will also have the ability to add any additional vendors who may not be registered. Bids are set up so the vendor is not able to submit a bid until all required fields are completed, thus limiting the risk of a non-compliant bid. This will eliminate incomplete submissions or unsigned bids. A bid tabulation is automatically created and posted for vendors and departments to view. This process is currently completed manually.

In June 2018, Iowa State University (ISU) competitively bid a Procurement Bidding/Sourcing Software. ISU completed its evaluation and determined IONWave was the best software. As part of that bid, the vendor offered the software and associated pricing to other Regents Institutions, other State of Iowa public agencies, and municipalities. Other agencies that have entered into agreements with IONWave from the ISU bid include the City of Des Moines, City of Iowa City, and Iowa DOT.

IONWave has committed to providing the City the software at the pricing offered in the ISU bid. A 35% discount is available by committing to a five-year license rather than five single-year agreements. Costs for the service are as follows:
Although the agreement is for five years of service, the fees will be billed annually. The FY 2019/20 Purchasing Division computer maintenance budget includes $16,000 for the cost of this software. The agreement includes a non-appropriation clause in the event funding for the service is not provided in future budget years.

The City Council is being asked to approve the request to waive the Purchasing Policy threshold of $25,000 and utilize ISU’s pricing agreement AND award for a five-year master license and service agreement to IONWave Technologies, Inc, Springfield, MO, in the amount of $58,625 at this time rather than a one-year agreement with renewal options. Implementation is expected to take approximately four months.

**ALTERNATIVES:**

1. Award the request to waive the Purchasing Policy threshold of $25,000 and utilize ISU’s pricing agreement for a five-year master license and service agreement with IONWave Technologies, Inc, Springfield, MO for Vendor Management and Electronic Bidding System Software to in the amount of $58,625.

2. Do not approve the five-year agreement and direct City staff to enter into an annual agreement for a higher net cost.

3. Do not approve the agreement.

**CITY MANAGER’S RECOMMENDED ACTION:**

A modern vendor management and electronic bidding platform is essential to provide excellent customer service to the City’s vendor community. The system will provide Purchasing staff a centralized tool that is transparent and allows efficient management of the vendors interested in doing business with the City, as well as the ability to submit bids electronically, automatically create bid tabulations, and provide award information quickly to the vendor community. The proposed system provides for a versatile product that will assist City staff to more effectively manage the bidding process.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.