



COUNCIL AGENDA: 06/14/22

FILE: 22-896

ITEM: 2.12

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** May 23, 2022

Approved

Date

06/01/22

**SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR A LABORATORY  
INFORMATION MANAGEMENT SYSTEM**

## **RECOMMENDATION**

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

- (a) Negotiate and execute an agreement with Ethosoft, Inc. (Norcross, GA) for a laboratory information management system, including associated professional services such as implementation, training, support, and maintenance, for an initial one-year term beginning on or about June 15, 2022 and ending June 14, 2023, with a total maximum compensation not to exceed \$248,060, subject to the appropriation of funds;
- (b) Negotiate and execute amendments and change orders as required for any unanticipated changes for a contingency amount not to exceed \$50,000 during the initial one-year term, subject to the appropriation of funds; and
- (c) Exercise up to nine one-year options to extend the term of the agreement and the software license with the last option ending on or about June 14, 2032 in alignment with the software renewal term, subject to the appropriation of funds.

## **OUTCOME**

Authorizing the City Manager to take this action will provide Environmental Services Department (ESD) laboratory staff with a modern laboratory information management system to manage wastewater data in compliance with applicable regulations.

**BACKGROUND**

The National Environmental Laboratory Accreditation Conference (NELAC) was established in 1995 by the Environmental Protection Agency as a voluntary program to develop national standards for environmental laboratory accreditations to try to address the significant variance in testing standards and accreditation between states. Through these efforts, the Environmental Protection Agency provides facilitation and oversight, but states adopt the standards for use in their jurisdictions and assume primary responsibility for implementation. NELAC is now known as The NELAC Institute (TNI). In May 2020, the California State Water Resources Control Board adopted the 2016 TNI Standard and required that all accredited laboratories in California comply with the 2016 TNI Standard by October 2023.

The City of San José’s (City) ESD laboratory is responsible for monitoring and testing wastewater to ensure compliance with applicable regulations and has used Labworks LLC as its laboratory information management system since 2004. The current system is insufficient to meet the 2016 TNI Standard requirements for analysis and reporting of wastewater, recycled water, ambient water, and industrial user monitoring. If the laboratory fails to generate the data necessary to meet the 2016 TNI Standard by the October 2023 deadline, the City could incur significant fines and penalties.

**ANALYSIS**

In November 2021, the Finance Department released a Request for Proposal (RFP) for a laboratory information management system through the City's e-procurement system, Biddingo. A total of 32 companies viewed the RFP, and seven responsive proposals were received prior to the submittal deadline.

***Evaluation Process:*** Proposals were evaluated and scored independently, in accordance with the evaluation criteria set forth in the RFP, by a three-member evaluation team comprised of representatives from ESD. Following the initial evaluation, the two highest ranked proposers were invited to participate in oral interviews/system demonstrations. Final scores are as follows:

<b>Evaluation Criteria</b>	<b>Maximum Points</b>	<b>Accelerated Technology Laboratories, Inc.</b>	<b>Ethosoft, Inc.</b>
General Requirements	10	8	7
Experience and Qualifications	10	8	9
Project Approach/Schedule	10	7	8
Technical Capabilities	10	7	7
Cost Proposal	20	17	20
Oral Interview/System Demo	30	23	26
Local Business Enterprise	5	0	0
Small Business Enterprise	5	0	0
<b>TOTAL</b>	<b>100</b>	<b>70</b>	<b>77</b>

***Local and Small Business Enterprise Preference:*** In accordance with [San José Municipal Code Section 4.12.320](#), 10 percent of the total evaluation points were reserved for the local and small business enterprise preference. None of the proposers requested the local or small business enterprise preference.

***Protest:*** The City RFP process included a 10-day protest period that began when the City issued the Notice of Intended Award on March 4, 2022. No protests were received.

***Award Recommendations:*** Staff recommends award of contract to Ethosoft, Inc. whose proposal was scored as the best value proposal per the evaluation criteria set forth in the RFP. Ethosoft, Inc.'s proposal was rated highly in the following key areas:

- Extensive experience providing the same or similar services and solution for other public agencies;
- Thorough project approach and schedule with detailed timelines;
- A laboratory information management system with technical capabilities that meet or exceed all City requirements; and
- Lowest overall total cost of ownership.

Staff conducted reference checks with the Union Sanitary District (CA), City of Sunnyvale (CA), and the East Bay Municipal Utility District (CA). All references provided positive feedback.

***Summary of Proposed Agreement:*** The agreement with Ethosoft, Inc. will be in accordance with the City's standard terms and conditions. Ethosoft, Inc. has requested a limitation of liability and negotiations are in process. Should any modifications to the City's standard terms and conditions arise, changes will be approved by the City Attorney's Office and City Manager's Office per City Policy. The agreement includes the following provisions:

- A detailed scope of work to ensure that the implemented solution complies with the City's requirements;
- A preliminary project implementation plan that meets the City's requirements for project completion;
- A compensation schedule that includes holdback for vendor payment until after final acceptance of all milestones and project deliverables;
- Fixed pricing for the initial one-year term of the agreement, with any vendor requests for adjustments for option terms justified in accordance with the Producer Price Index and limited to 3% over the previous year's fees unless otherwise negotiated; and
- Nine one-year options to extend the agreement for ongoing software licensing, technical support, maintenance, and other related services.

## **CONCLUSION**

Approval of this recommendation will provide ESD staff with a laboratory information management software tool sufficient to meet regulatory requirements.

## **EVALUATION AND FOLLOW-UP**

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

## **CLIMATE SMART SAN JOSE**

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

## **PUBLIC OUTREACH**

This item will be posted on the City's website for the June 14, 2022 City Council meeting.

## **COORDINATION**

This memorandum has been coordinated with ESD, the City Attorney's Office, and the City Manager's Budget Office.

## **COMMISSION RECOMMENDATION**

The Treatment Plant Advisory Committee will consider this item on June 9, 2022.

## **FISCAL/POLICY ALIGNMENT**

This action is consistent with the City's 2021-2022 Adopted Operating Budget and City Service Area of Environmental and Utility Services to provide environmental leadership through policy development, program design, and reliable utility services.

**COST SUMMARY/IMPLICATIONS**

**1. AMOUNT OF RECOMMENDATION (one-year initial term) \$248,060**

**2. COST ELEMENTS:**

**One-Time Implementation Services (Year 1)**

- Project Kick-Off, Project Management, Project Implementation Plan	\$10,240
- Configuration and Implementation	75,824
- Test Plans, Testing, and Project Documentation	26,000
- Training (included)	30,800
- Final Acceptance	35,716

**One-Time Implementation Services Subtotal \$178,580**

**Ongoing Services, Including Licensing, Maintenance, and Support**

- Software Licenses/Subscriptions Including Support and Maintenance	\$69,480
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**Ongoing Services Subtotal \$69,480**

**CONTRACT NOT-TO-EXCEED TOTAL (one-year initial term) \$248,060**

Contingency (subject to an executed change order or amendment) 50,000

**GRAND TOTAL NOT TO EXCEED (one-year initial term) \$298,060**

**3. SOURCE OF FUNDING:** San José-Santa Clara Treatment Plant Operating Fund (513).

**4. FISCAL IMPACT:** The system will be funded from the San José-Santa Clara Treatment Plant Operating Fund (513). After the initial term, ongoing annual costs for licensing, maintenance, support, and related services will be requested as part of the City’s annual budget process and will be subject to the appropriation of funds.

**BUDGET REFERENCE**

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

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. for Contract*	2021-2022 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
513	0762	ESD Non-Personal/Equipment	\$35,387,669	\$248,060	1014	10/19/2021 30682

\* Contingency for the initial term ending June 14, 2023 is subject to the appropriation of funds and an executed change order or amendment. Funding for ongoing maintenance and support beyond FY 2021-2022 is subject to the appropriation of funds through the City’s annual budgeting process.

HONORABLE MAYOR AND CITY COUNCIL

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**CEQA**

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

/s/

JULIA H. COOPER

Director of Finance

For procurement- and contract-related questions, please contact Jennifer Cheng, Deputy Director of Finance, at [jennifer.cheng@sanjoseca.gov](mailto:jennifer.cheng@sanjoseca.gov). For program-related questions, please contact Rajani Nair, Deputy Director of Watershed Protection Division (ESD), at [rajani.nair@sanjoseca.gov](mailto:rajani.nair@sanjoseca.gov).