

**Council Meeting: July 14, 2009**

SUBJECT: Award of a Contract for an Automated Materials Handling and Radio Frequency Identification System for the Department of Libraries (F0811-29)

BACKGROUND

On May 23, 2008, the City Council approved Budget Supplement No. 5 to purchase and install an Automated Materials Handling System (AMH), which uses Radio Frequency Identification (RFID) technology. The system upgrade will significantly increase efficiency and will result in net savings to the City of approximately \$2.8 million over the next twenty years. The cost of the project and resulting savings are incorporated into the FY 2009/2010 Adopted Budget.

Approval is requested for the award of a contract in the amount of \$758,675, excluding applicable taxes, to Bibliotheca, Inc. for system implementation and for a 5% project contingency in the amount of \$46,436.

DISCUSSION

The Library is a heavily used facility. Open seven days per week, it had more than 798,000 visitors and a circulation of more than 2.3 million items in Fiscal Year 2007/2008. In Fiscal Year 2008/2009, the Library expects to circulate nearly 2.5 million items, more items than any other time in its nearly 100 years of operation. Key benefits of the new system include but are not limited to 24/7 sorting capability, immediate receipt of returned items, and much faster/more accurate checkout and re-shelving.

Request for Proposal specifications were prepared by Department of Libraries, and Purchasing staff, and Request for Proposals No. F0811-29 was issued November 12, 2008. The RFP document included evaluation criteria worth a total of 300 points, including overall system functionality, implementation, training, ongoing maintenance and support, references and cost. Award of contract criteria included an on-site presentation from the top two proposers.

Proposals were direct mailed to known suppliers of automated materials handling systems and broadcast to other potential proposers through the Demandstar by Onvia public procurement network. Proposals were publicly received on December 17, 2008 from P.V. Supa, Inc. of Irving Texas, Integrated Technology Group of Norcross, GA, Libramation of Edmonton, AB, Bibliotheca of Huntsville, AL, Nil-Sortily Systems of Edmonton, AB, and 3M Company of St. Paul, MN. Due to the complexity of the RFP, multiple price options were

received from each proposer. The pricing submitted ranged from \$673,000 to \$904,000, based on configuration options.

Proposals were evaluated by a panel of Library and Finance staff. Staff recommends awarding a contract to Bibliotheca based on their proposal of AMH and RFID systems that fully meet implementation/support program requirements, at favorable pricing to the City. During the evaluation period, staff developed the equipment configuration that would best fit the City's needs, which resulted in the requested contract award amount.

FISCAL IMPACT

The total amount of this contract is \$805,111, which includes equipment and installation costs of \$758,675 and a project contingency of \$46,436. The contract cost includes one year of maintenance and support. Applicable sales taxes are not included in the contract amount but are not expected to exceed \$60,000.

Automated Materials Handling System	\$528,405
Radio Frequency Identification System	\$230,270
Contingency (5% of Project)	\$46,436
Total Contract Cost	\$805,111

A separate contract will be issued for ongoing maintenance and support costs beyond year one, budgeted in Program 761, Application and Integration Services and Support. Separate contracts will also be issued under the City Manager's award authority as necessary for two other project components. These include integrated library system compatibility upgrades, estimated at \$75,100 and facility/technology site preparation, estimated at \$61,099.

Total project cost is expected to be \$1,011,488. This includes \$928,723 budgeted in Capital Project 827650, RFID/Library Automated Materials Handling System, \$9,807 budgeted in Information Technology Replacement Funds, and \$72,958 from the Friends of the Sunnyvale Public Library.

Project implementation is contingent upon a considerable reduction in staff hours (Library Specialist III) beginning in FY 2010/2011, resulting in a savings to the City of approximately \$2.8 million through FY 2019/2020, net of budgeted operating costs.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

RECOMMENDATION

It is recommended that Council:

1. Award a contract, in substantially the same form as the attached draft and in the amount of \$758,675, excluding applicable taxes, to Bibliotheca, Inc. to provide and install an automated materials handling and radio frequency identification system; and
2. Approve a project contingency in the amount of \$46,436.

Reviewed by:

Mary J. Bradley, Director of Finance

Prepared by: Pete Gonda, Acting Purchasing Officer, Finance

Reviewed by:

Lisa G. Rosenblum
Director of Libraries

Approved by:

Gary M. Luebbers
City Manager

Attachments

- A. Draft Service Agreement
- B. Pricing Sheet

Attachment A

DRAFT

SERVICE AGREEMENT BETWEEN CITY OF SUNNYVALE AND BIBLIOTHECA, INC. TO PROVIDE AND INSTALL AN AUTOMATED MATERIALS HANDLING AND RADIO FREQUENCY IDENTIFICATION SYSTEM FOR THE DEPARTMENT OF LIBRARIES

THIS AGREEMENT, dated _____, is by and between the CITY OF SUNNYVALE, a municipal corporation ("CITY"), and BIBLIOTHECA, INC. ("CONTRACTOR").

WHEREAS, on November 12, 2008, CITY issued Request for Proposals No. F0811-29; and

WHEREAS, CONTRACTOR has submitted a proposal in response to this Request for Proposals; and

WHEREAS, CITY has determined that CONTRACTOR's proposal offers the best value to CITY;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Contract Documents

The complete Contract consists of the following documents: Request for Proposal No. F0811-29 and all requirements, specifications and terms and conditions contained therein; Drawings entitled "Possible Schematic Design of Circulation Workroom"; Addenda No. 1, CONTRACTOR'S completed Proposal, Exhibit A – Support Matrix, and separately executed agreements for software licensing and ongoing maintenance and support. These documents are all incorporated by reference. The documents comprising the complete contract are collectively referred to as the Contract Documents.

Any and all obligations of the CITY and the CONTRACTOR are fully set forth and described therein.

All of the above documents are intended to cooperate so that any work called for in one and not mentioned in the other or vice versa is to be executed the same as if mentioned in all documents.

In the event of any conflict in the grant of rights, limitations, specifications, or obligations established by these referenced documents, the order of governing precedence shall be determined in the order of priority in which they are listed and enumerated below:

1st - This Agreement and the separately executed agreements for software licensing and ongoing maintenance and support.

2nd - BIBLIOTHECA'S proposal response to the Request for Proposal No. F0811-29 (the "Proposal"); and

3rd - The requirements, specifications and terms and conditions in LIBRARY'S Request for Proposal No F0811-29 (the "RFP").

2. Services

CONTRACTOR agrees to furnish all tools, equipment, apparatus, facilities, labor, transportation, and material necessary to perform and complete in a good and workmanlike manner, the work of completing an automated materials handling and radio frequency identification system as called for, and in the manner designated in, and in strict conformity with, the specifications, terms and conditions set forth in Request For Proposal No. F0811-29.

It is understood and agreed that tools, equipment, apparatus, facilities, labor, transportation, and material shall be furnished and work performed and completed as required in the proposal documents under the sole direction and control of the CONTRACTOR, and subject to inspection and approval of the City. The City hereby designates as its representative for the purpose of this contract Lisa Rosenblum, Department of Libraries Director.

3. Time for Performance

Time is of the essence in the performance of the Agreement. If services cannot be performed at the specified time, CONTRACTOR shall promptly notify CITY of the earliest possible date for performance of the services. Notwithstanding such notice, if CONTRACTOR, for any reason whatsoever, fails to perform the services within the time specified, CITY may terminate the Agreement or any part thereof without liability except for services previously performed and accepted.

4. Compensation and Acceptance Test

Total compensation shall not exceed (\$758,675), plus applicable taxes. Payment for products and services will be based on the following key milestones.

1. Project Initiation – 5% of overall contract amount (\$37,934)
Including project planning
2. RFID Tags – RFID tags contract amount (\$116,500)
Including delivery and acceptance of materials
3. RFID Equipment – RFID equipment contract amount (\$113,770)
Including delivery, installation, acceptance of materials and training
4. AMH Equipment – AMH equipment contract amount, less 10% of overall contract amount (\$452,537)
Including delivery, installation, acceptance of materials and training
5. Project completion – 5% of overall contract amount (\$37,934)
Including system testing and acceptance by the CITY

CONTRACTOR shall follow Acceptance Testing Procedures as identified in Section II, Paragraph G, "Request For Proposal F0811-29". CONTRACTOR shall submit invoices to CITY to be paid within thirty (30) days upon receipt of an accurate, itemized invoice by CITY'S Accounts Payable Unit.

5. Conflict of Interest

No officer or employee of CITY shall have any interest, direct or indirect, in this Agreement or in the proceeds thereof. During the term of this Agreement CONTRACTOR shall not accept employment or an obligation which is inconsistent or incompatible with CONTRACTOR'S obligations under this Agreement.

6. Confidential Information

CONTRACTOR shall maintain in confidence and at no time use, except to the extent required to perform its obligations hereunder, any and all proprietary or confidential information of CITY of which CONTRACTOR may become aware in the performance of its services.

7. Compliance with Laws

- (a) CONTRACTOR shall strictly adhere to all state and federal laws with respect to discrimination in employment and shall not discriminate against any individual on the basis of race, color, religion, gender, sexual orientation, marital status, national origin, age or disability.
- (b) CONTRACTOR shall comply with all federal, state and city laws, statutes, ordinances, rules and regulations and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of the Agreement.

8. Independent Contractor
CONTRACTOR is acting as an independent contractor in performing the work required by this Agreement and is not an agent, servant or employee of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONTRACTOR. CONTRACTOR is responsible for paying all required state and federal taxes.
9. CITY Representative
Lisa Rosenblum, as City Manager's authorized representative, shall represent CITY in all matters pertaining to the services to be rendered under this Agreement. All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative.
10. CONTRACTOR Representative
Stephanie Yeager shall represent CONTRACTOR in all matters pertaining to the services and materials to be rendered under this Agreement. All requirements of CONTRACTOR pertaining to the services to be rendered under this Agreement shall be coordinated through the CONTRACTOR representative.
11. Notices
All notices required by the Agreement shall be in writing, and shall be personally delivered or sent by first class mail, postage prepaid or by commercial courier, addressed as follows:

To CITY: Lisa Rosenblum, Director
Department of Libraries
CITY OF SUNNYVALE
P. O. Box 3714
Sunnyvale, CA 94088-3714

To CONTRACTOR: Lamar Jackson, President
Bibliotheca, Inc.
8207 Stephanie Drive
Huntsville, AL 35802

Nothing in this provision shall be construed to prohibit communication by more expedient means, such as by telephone or facsimile transmission, to accomplish timely communication. However, to constitute effective notice, written confirmation of a telephone conversation or an original of a facsimile transmission must be sent by first class mail or commercial carrier, or hand delivered.

Each party may change the address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three days after mailing, unless such date is a date on which there is no mail service. In that event communication is deemed to occur on the next mail service day.

12. Assignment
Neither party shall assign or sublet any portion of this Agreement without the prior written consent of the other party.
13. Termination
If CONTRACTOR defaults in the performance of this Agreement, or materially breaches any of its provisions, CITY at its option may terminate this Agreement by giving written notice to CONTRACTOR. If CITY fails to pay CONTRACTOR, CONTRACTOR at its option may terminate this Agreement if the failure is not remedied by CITY within thirty (30) days after written notification of failure to pay.

Without limitation to such rights or remedies as CITY shall otherwise have by law, CITY also shall have the right to terminate this Agreement for any reason upon ten (10) days' written notice to CONTRACTOR. In the event of such termination, CONTRACTOR shall be compensated in proportion to the percentage of

services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. CONTRACTOR shall present CITY with any work product completed at that point in time.

14. Entire Agreement; Amendment

This writing constitutes the entire agreement between the parties relating to the services to be performed or materials to be furnished hereunder. No modification of this Agreement shall be effective unless and until such modification is evidenced by writing signed by all parties.

15. Miscellaneous

Time shall be of the essence in this Agreement. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision. This Agreement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement.

ATTEST:

CITY OF SUNNYVALE ("CITY")

By _____
City Clerk

By _____
City Manager

APPROVED AS TO FORM:

BIBLIOTHECA, INC. ("CONTRACTOR")

By _____
City Attorney

By _____
Lamar Jackson, President

Date

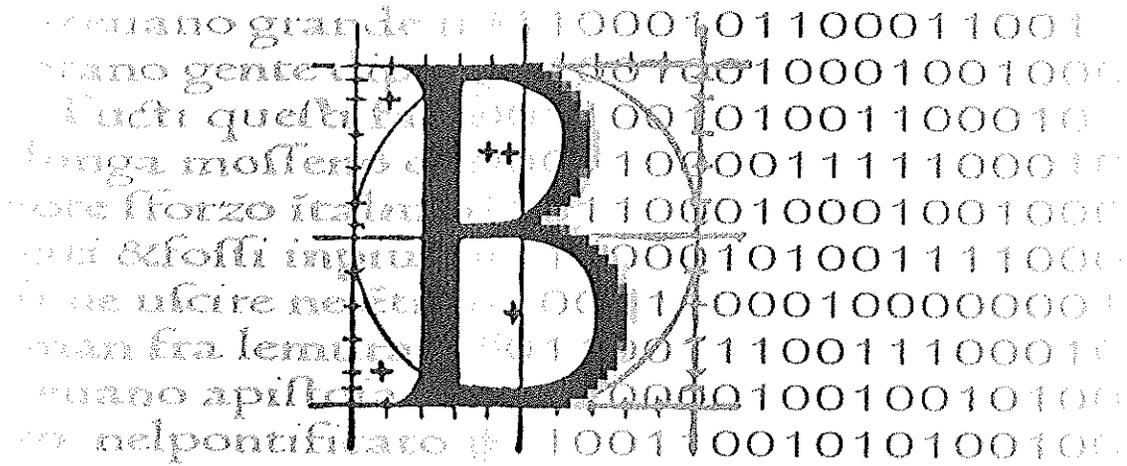
**EXHIBIT A
Support Matrix**

Support Resources	Access	Comments
Phone	800-892-5971 x1007	Messages relayed by voice, email, and other potential venues. After-Hours Support is always relayed to Global Support Centers in Switzerland for additional coverage.
Email	support@bibliochip.com	
Web	URL not specified yet.	The Library will be able to utilize this on-line application to issue, track, and monitor support incidents. Website to be up and running by Q4, 2010.

Support Type	Hardware	Software	Monday - Friday	Saturday & Sunday	Comments
On-call live phone support hours from Bibliotheca's Alabama office	x	x	8:00 am to 9:00 pm Pacific Time	9:00 am to 6:00 pm Pacific Time	Covered under standard "support"
Extended Support Hours	x	x	24 x 5	24 x 7	Available for additional cost.
Support Categories	Hardware	Software	Response time	Comments	
Priority 1: Problems Affecting Library Patrons	x	x	Within 2 service hours from receipt of report	First response to begin assessment of error; given the error then will dictate next steps; onsite, internet connections, or customer depot repair; this would be a total system or component failure not allowing usage	
Priority 2: Problems Affecting Library Staff	x	x	Within 6 service hours from receipt of report	First response to begin assessment of error; given the error then will dictate next steps; onsite, internet connections, or customer depot repair; this would be a critical system or component failure that severely limits usage	
Priority 3: Misc issues, or questions by the Library not fitting into 1 or 2	x	x	Within 12 service hours from receipt of report	First response to begin assessment of request, given the request then will dictate the next steps. This is for general questions, information requests, enhancement requests, configuration assistance, and minor non-critical issues.	

**EXHIBIT A
Support Matrix**

Correction Periods	Hardware	Software	Response time	Action	Comments
Depot Maintenance Repair Case; Priority 1, 2 or 3	x		Immediate scheduling of replacement / return.	Replacement hardware provided while Library unit is shipped to Bibliotheca for repair.	Problem can't be resolved remotely or by Library Staff. All shipping paid for by Bibliotheca
On-site Repair Case; Priority 1, 2 or 3?	x		4 hours from determined need to schedule local contractor. 24 clock hours to be onsite from determination.	Replacement hardware provided while Library or contractor, depending on unit.	Problem can't be resolved remotely by Bibliotheca staff or by Library Staff. All shipping paid for by Bibliotheca
Major Software Error; Priority 1 or 2		x	Solution or work around within 24 hours from first Bibliotheca response	Reload of software, upgrade, a temporary correction or partial or total manual error by-pass will be developed	on-line problem diagnostics and resolution with notification of Library staff
Minor Software Error; Priority 3		x	periodical Software upgrade release, historically 2 -3 times per year;	Upgrade software by Library staff or Bibliotheca	Upgrade with the advise of Bibliotheca as long as Library under services Agreement



BIBLIOTHECA

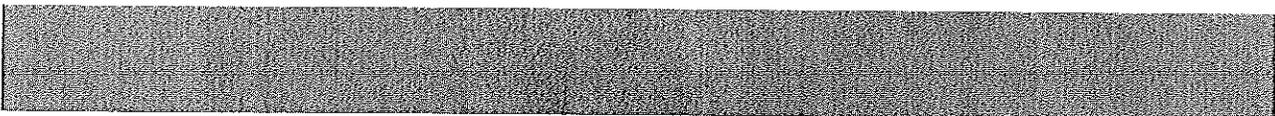
RFID Library Systems

Section XII

Pricing Page

(Appendix A-1, Form 5)

REVISED – 9 June 2009



Description	QTY	Unit	Unit Price	Extension
<u>AMH Equipment</u>				
<p>21 sort AMH system as configured using Library's architectural plans:</p> <ul style="list-style-type: none"> • (24) BiblioContainer for BiblioSort R5 spring controlled • (1) BiblioContainer for BiblioSort R3 spring controlled (for end placement) • (2) BiblioReturn Exterior Secure RF3-E • (2) BiblioReturn Interior Secure RF3-I • (1) BiblioReturn Staff • (5) BiblioSort R5 modules • (1) BiblioSort Custom Transport Module (9000mm) • (2) BiblioSort Junction Module (1200mm, 1-input) • (1) BiblioSort Junction Module (1200mm, 3-input) • (1) BiblioSort Junction Module (850mm, 1-input) • (1) BiblioSort Junction Module (850mm, 2-input) • (1) BiblioSort Junction Module (850mm, 3-input) • (1) BiblioSort Junction Module (550mm 1-input) • US Power Distribution Panel • Shipping • Installation • Project Management • UL Certification • Spare Parts and Maintenance Kit 	1	Lot	\$ 528,405.00	\$ 528,405.00

Description	QTY	Unit	Unit Price	Extension
Web-cam add-on for AMH solution <ul style="list-style-type: none"> • (4) color cameras • Internet viewing software • Camera controller/multiplexer • Motion detection recording capabilities • Installation 	1	Lot	\$ 2,500.00	\$ 2,500.00
Monitor integration for public viewing (does not include cost of monitor)	1	hr	\$ 90.00	
<u>RFID Tags</u>				
RFID custom book tags – B&W Logo and/or text	350,000	ea	\$ 0.31	\$ 108,500.00
RFID custom media tags – B&W text	20,000	ea	\$ 0.40	\$ 8,000.00
<u>RFID Equipment</u>				
BiblioStaffStation™ Shielded <ul style="list-style-type: none"> • BiblioChip™ Conversion and Circulation Software • Mid-range RFID reader/writer • Shielded Antenna Pad • USB (1.1 or 2.0) cable • Power Supply 	11	ea	\$ 1,795.00	\$ 19,745.00
BiblioGate™ VI Security Gate including: <ul style="list-style-type: none"> • (2) clear-gate security pedestals • bi-directional people-counter • GateTracker™ Software 	1	ea	\$ 9,350.00	\$ 9,350.00
Orion Adjustable Kiosk without BiblioSelfCheck™ Software: <ul style="list-style-type: none"> • Touch-screen monitor (tilting) • Windows XP workstation • Patron barcode scanner • Standard Receipt Printer • Adjustable-height kiosk • Card swipe reader 	6	ea	\$ 11,130.00	\$ 66,780.00

Description	QTY	Unit	Unit Price	Extension
BiblioWand™ Light hand held RFID tag reader	1	ea	\$ 3,195.00	\$ 3,195.00
BiblioBookDrop™	1	ea	\$ 6,500.00	\$ 6,500.00
BiblioChip™ System Software	1	ea	\$ 5,000.00	\$ 5,000.00
<u>Other Products & Services</u>				
Label Dispenser	10	ea	\$ 70.00	\$ 700.00
TOTAL				\$ 758,675.00