

**SOLE SOURCE CONTRACT
JUSTIFICATION**

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| CONTRACTOR'S LEGAL NAME: | | TO: |
| Transform. Action. Strategy (TAS) | | CONTRACT # K8244 |
| ADDRESS: 7710 E Saphire Lane, Spokane, WA 99212 | | TODAY'S DATE: 12/1/2023 |
| CONTRACT PURPOSE: | | SELECT CONTRACT SERVICE DESCRIPTION/SUB-OBJECT CODE: CA - Man & Org Serv |
| The WorkSource Integrated Technology (WIT) Replacement Project requires immediate expert-level project management, and there is no other project management firm with the technical, systems, and program experience necessary to provide the services within this contract. | | TAX IDENTIFICATION (TIN) OR UNIFORM BUSINESS IDENTIFICATION (UBI) NUMBER: |
| CONTRACT FUNDING: | | |
| FEDERAL FUNDING \$ | STATE FUNDING \$ 872,300.00 | |
| CONTRACT TOTAL \$ 872,300.00 | | |
| CONTRACT DATES – *START DATE MUST BE MORE THAN 10 BUSINESS DAYS FROM DATE OF REQUEST TO ESD | | |
| *START DATE: 1/15/2024 | END DATE: 6/30/2026 | |
| AMENDMENT OPTIONS: 2 X 6 MONTHS | | |
| SOLE SOURCE CONTRACT DEFINITION AND CRITERIA | | |
| <p><u>What is a sole source contract?</u> <i>“Sole source” means a contractor providing goods or services of such a unique nature or sole availability at the location required that the contractor is clearly and justifiably the only practicable source to provide the goods or services. (RCW 39.26.010)</i></p> <p><i>Unique qualifications or services are those which are highly specialized or one-of-a-kind.</i></p> <p><i>Other factors which may be considered include past performance, cost-effectiveness (learning curve), and/or follow-up nature of the required goods and/or services. Past performance alone does not provide adequate justification for a sole source contract. Time constraints may be considered as a contributing factor in a sole source justification however will not be on its own a sufficient justification.</i></p> <p><u>Why is a sole source justification required?</u> <i>The State of Washington, by law and policy, believes competition is the best strategy to obtain the best value for the goods and services it purchases, and to ensure that all interested vendors have a fair and transparent opportunity to sell goods and services to the state.</i></p> <p><i>A sole source contract does not benefit from competition. Thus the state, through RCW 39.26.010, has determined it is important to evaluate whether the conditions, costs and risks related to the proposal of a sole source contract truly outweigh the benefits of a competitive contract.</i></p> | | |

TO EXPEDITE ESD CONTRACT OFFICE'S AND DES' REVIEW AND APPROVAL OF THIS SOLE SOURCE CONTRACT, PLEASE PROVIDE *CLEAR AND COMPELLING* ANSWERS TO THE FOLLOWING JUSTIFICATION QUESTIONS:

1. What is the business need or problem that requires this contract?

Employment Security Department's WorkSource Integrated Technology (WIT) Replacement project team requires continued expert-level project management services.

In May 2016, ESD went live with technology provided by Monster Government Solutions (MGS) to provide a case management system to track re-employment services and outcomes (ETO). The case management functionality of that system has not met either the case management needs of WorkSource offices or federal reporting requirements. Due to the solution deficiencies, in 2020 the State Auditor (SAO) issued findings and identified future audits will explore whether the findings have been resolved.

In ESSB 5693, Section 225 (24), ESD was directed, in collaboration with its WorkSource partners, to acquire a new case management solution(s) for tracking re-employment services and outcomes to replace the existing WorkSource Integrated Technology (WIT) case management system. At that time, ESD's Project Management Office had neither the experience nor staff expertise to initiate, manage, and execute such a large-scale project and sufficient progress towards project initiation was not made during most of 2021. This led to tensions between the Local Workforce Development Boards and ESD which ultimately involved the Governor's Office.

To make immediate headway on this massive undertaking, ESD leadership elected to contract for expert-level project management services from Transform. Action. Strategy (TAS) by utilizing the interagency agreement (ESD Contract #K7440) between ESD and South Puget Sound Community College (SPSCC). TAS provided a seasoned, expert-level Project Manager (PM) who could also handle the strategic planning, organizational change management, and extensive stakeholdering necessary for this complex agile IT project. TAS joined the WIT Replacement Project in December 2021 and made immediate headway drafting the WIT Project Charter and Project Management Plans, along with strategic stakeholder engagement and designing a highly collaborative process to ensure statewide representation during the technical vendor solicitation process.

An agile IT contract for implementation of the chosen case management solution was finally awarded from ESD # RFP 2022-16-WIT, on February 2, 2023, with an expected completion date of June 30, 2024. Despite the extensive research, planning, and analysis that went into vendor selection, the chosen vendor was not able to perform to the standards or budget outlined in ESD #K7856 and was removed from the project on July 24, 2023. It took several months to award a new implementation contract, authorized under RCW 39.26.125 (5) and DES Master Contract # 05116, which was awarded on September 22, 2023. These conditions have delayed the anticipated project end date into 2026 handled to significant repercussions in terms of budget which relies on legislative funding, stakeholder buy-in, and continued challenges with meeting federal reporting requirements. Continued expert-level project management services are critical to completing the WIT Replacement Project without further delays or further expense.

2. Describe the unique features, qualifications, abilities or expertise of the contractor proposed for this sole source contract.

TAS leads the cross-functional WIT Replacement Project Team comprised of technical, procurement, and business operations staff from within ESD, associated partners such as Local Workforce Development Boards (LWDB), associated state and federal agencies, and other contractors. TAS joined the WIT Replacement Project in December 2021, in the wake of State Auditor findings on the current system and discord among key stakeholders, making immediate progress by drafting the WIT Project Charter and Project Management Plans, along with strategic stakeholder engagement and designing a highly collaborative process to ensure statewide representation during the technical vendor solicitation process. TAS not only has the needed implementation and critical path experience on the WIT Replacement project, but they also possess knowledge of the state's current case management system (Efforts-to-Outcomes (ETO)) and its deficiencies, trusted relationships with key stakeholders across the state, and the rare combination of years of Prosci® Change Management experience which adds a unique and valuable skillset to the project. TAS has unique ESD experience due to their work on both the Paid Family & Medical Leave (PFML) implementation and WIT Replacement projects which provides familiarity with the wide range of ESD products that will integrate with the new system; insight into the values, ethics, and expectations of ESD leadership, project end-users, and other key stakeholders which provides invaluable experience to the change management process; and expert-level support with Decision Package filing and OCIO section 701 compliance for agile IT projects with gated funding.

3. What kind of market research did the agency conduct to conclude that alternative sources were inappropriate or unavailable? Provide a narrative description of the agency's due diligence in determining the basis for the sole source contract, including methods used by the agency to conduct a review of available sources such as researching trade publications, industry newsletters and the internet; contacting similar service providers; and reviewing statewide pricing trends and/or agreements. Include a list of businesses contacted (if you state that no other businesses were contacted, explain why not), date of contact, method of contact (telephone, mail, e-mail, other), and documentation demonstrating an explanation of why those businesses could not or would not, under any circumstances, perform the contract; or an explanation of why the agency has determined that no businesses other than the prospective contractor can perform the contract.

The risks involved with contracting a new vendor are enormous and would also be extremely expensive. A new contractor would lack the historical knowledge of the WIT Replacement Project. The lack of detailed knowledge adds risk to project completion on the current project schedule. The training and staff knowledge needed to get a new contractor up to speed on the project would add approximately 6 months to the current timeline and the estimated costs of a six month delay could be in excess of \$1.2 million which is only the cost of six months of licensing for the technology platform and doesn't include staff costs, maintenance of the current sub-optimal case management system and fines associated with not meeting federal reporting timelines, and the possible loss of legislative funding that could result if the project loses the confidence of the OCIO. The amount of staff knowledge transfer in terms of time and delay to other responsibilities would be immeasurable in terms of programmatic impact and would be catastrophic to the current go-live date. Continued expert-level project management support from TAS is not only cost effective, but they are also the experts on the current status of the project, instrumental in managing the

complicated budget, governance, and change management process of this project, and have provided unwavering support from the project's inception.

4. What considerations were given to providing opportunities in this contract for small business, including but not limited to unbundling the goods and/or services acquired.

TAS has self-identified as a small, woman-owned business.

5. Provide a detailed and compelling description that includes qualification of the costs and risks mitigated by contracting with this contractor (i.e. learning curve, follow-up nature).

Key differentiators/risk mitigators TAS provides include:

- Unique and current knowledge of the system integrator's implementation methodology in regard to the current project schedule.
- Is a proven resource to ESD staff at all levels and the larger stakeholder audience.
- Understands Washington state government structures, key influencers, and has worked closely with project governance structure top-to-bottom, giving critical context for decision making and critically reducing the learning curve required to support the success of this statewide implementation.
- Knows and understands the project scope and schedule in detail.
- Has built consultative, trusted relationships with the Project Executive Sponsor, Project Technical and Business Sponsors, and the WorkSource I&T Steering Committee.
- Expert knowledge on the project as a whole and has been/will be able to assist when key decisions are made and where these decisions will have impacts throughout the entire project.
- Understanding of the implementation contract structure to include due diligence requirements, contract negotiations, scope of work development; assistance with resourcing planning of vendor, project, and permanent ESD staff; and knowledge of legislative and ESD funding challenges which are key to business owner understanding and expedites business owner decision making.

6. Is the agency proposing this sole source contract because of special circumstances such as confidential investigations, copyright restrictions, etc.? If so, please describe.

NOT APPLICABLE

7. Is the agency proposing this sole source contract because of unavoidable, critical time delays or issues that prevented the agency from completing this acquisition using a competitive process? If so, please describe. For example, if time constraints are applicable, identify when the agency was on notice of the need for the goods and/or service, the entity that imposed the constraints, explain the authority of that entity to impose them, and provide the timelines which work must be accomplished.

NOT APPLICABLE

8. Is the agency proposing this sole source contract because of a geographic limitation? If the proposed contractor is the only source available in the geographical area, state the basis for this conclusion and the rationale for limiting the size of the geographical area selected.

NOT APPLICABLE

9. What are the consequences of *not* having this sole source filing approved? Describe in detail the impact to the agency and to services it provides if this sole source filing is *not* approved.

ESD has a valid arrangement with SPSCC for TAS' services; the request to contract directly with TAS allows ESD to better steward public resources without putting the project at risk.

10. Since competition was not used as the means for procurement, how did the agency conclude that the costs, fees, or rates negotiated are fair and reasonable? Please make a comparison with comparable contracts, use the results of a market survey, or employ other appropriate means calculated to make such a determination.

TAS is currently providing expert-level project management services for the WIT Replacement Project under ESD #K7740 with SPSCC using a subcontractor, Treinen (who contracts with TAS); each entity is receiving a 15% administrative fee for these expert-level project management services from TAS resulting in 30% markup on TAS' rate.

ESD is paying \$213 per hour for TAS' PM services under the current Contract with SPSCC/Treinen/TAS. Entering into a direct contract with Transform. Action. Strategy (TAS) for expert-level program management services for the remaining duration of the WIT Replacement Project would result in a savings to the agency of \$188,160.00 over the life of the contract with the following rates: \$165/hr for FY24, \$173/hr for FY25, and \$180/hr for FY26 and options.

Confirm Program and Contractor agree that the drafted Contract document is in final form.

Drafted Sole Source Notice is attached separately to this request (in Word Format - for posting to vendors in WEBS, and for public inspection on DSHS' website).

If filing is considered late, obtain your Division Director and Fiscal Approvals.

If the Contract filing is "late" (where the Contract start date is less than 10 business days from date sent to ESD's Contracts Office for approval, posting and submission to DES), you must also complete and attach the Late Filing Justification Form with this request.