



Legislation Details (With Text)

File #: REPORT 19-0086 **Version:** 1 **Name:**
Type: Action Item **Status:** Consent Calendar
File created: 1/30/2019 **In control:** City Council
On agenda: 3/12/2019 **Final action:**
Title: APPROVE FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH FILE KEEPERS, LLC FOR DOCUMENT SCANNING SERVICES AND IMPLEMENTATION OF AN ELECTRONIC DOCUMENT MANAGEMENT SYSTEM (Assistant to the City Manager Nico De Anda-Scaia)

Sponsors:

Indexes:

Code sections:

Attachments: 1. 1. First Amendment to File Keepers, LLC Professional Services Agreement, 2. 2. American Microimaging Inc. Professional Services Agreement, 3. 3. Contract Assignment Letter to File Keepers, LLC, 4. 4. Link to City Council 10-10-17 Meeting - Item 6c, 5. 5. Link to City Council 04-24-18 Meeting - Item 2j, 6. 6. Link to City of South Pasadena Site

Date	Ver.	Action By	Action	Result
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Honorable Mayor and Members of the Hermosa Beach City Council Regular Meeting of March 12, 2019

APPROVE FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH FILE KEEPERS, LLC FOR DOCUMENT SCANNING SERVICES AND IMPLEMENTATION OF AN ELECTRONIC DOCUMENT MANAGEMENT SYSTEM
(Assistant to the City Manager Nico De Anda-Scaia)

Recommended Action:

Staff recommends that the City Council:

1. Authorize the City Manager to execute a first modification to an agreement with File Keepers, LLC for document scanning services and implementation of an electronic document management system for the City's various departments in an amount not to exceed \$54,000, for a new total not to exceed amount of \$317,942; and
2. Approve the transfer of \$4,000 from the Community Development Department budget in the General Fund to the City Manager Department budget in the Equipment Replacement Fund as noted in the Fiscal Impact section.

Executive Summary:

In October 2017, the City executed a two-year agreement with American Microimaging, Inc. (AMI) to

provide hardware, software and scanning services in an amount not to exceed \$263,942 to migrate approximately 1,000 file boxes of City paper records into the Laserfiche electronic content management system. In April 2018, due to a corporate merger, the City approved assignment of AMI's agreement to File Keepers, LLC under the same terms and conditions.

As of early March 2019, File Keepers, LLC has completed scanning of 937 file boxes at a cost of \$279,135, exceeding the authorized amount by \$15,193, with 113 boxes remaining. Due to a greater than expected quantity of files, including large format files such as plans, and growing scanning needs over the duration of this project, costs have exceeded initial expectations. To complete document scanning of remaining records, staff recommends that the City Council authorize an amendment to File Keepers LLC's agreement in an amount not to exceed \$54,000. Funding would also be used for professional services hours for staff Laserfiche system training and piloting the shift of paper processes such as public records requests and event permit applications to online submittals and electronic approval management and tracking.

Background:

In October 2017, the City Council approved a two-year \$263,942 agreement with American Microimaging, Inc. (AMI), based on a competitively bid 2014 City of Redlands RFP, to perform City document scanning services into the Laserfiche electronic content management system. The project scope included purchase of software, hardware and support services to scan approximately 1,000 file boxes of paper records (approximately 2.5 million images), from multiple City departments into a centralized electronic repository. Electronic storage would facilitate rapid records search and retrieval for public and staff use, free up City office and storage space occupied by file boxes, and allow for recycling and disposal of unneeded records as permissible by the City's records retention policy. Additional benefits include improved business continuity and disaster recovery in case of damage or loss to paper files, along with the ability to convert certain City paper processes such as public records requests and event permit applications to online processes including electronic tracking, approval and fulfillment by City staff. The agreement also merged smaller individual AMI/Laserfiche agreements previously established by the City Clerk, Community Development, Police and Public Works Departments.

In April 2018, as a result of a corporate merger, the City authorized assignment of the agreement with AMI to File Keepers, LLC under the same terms and conditions. File Keepers, LLC retained AMI project management staff.

Project Progress

- Document Scanning - as of February 2019, File Keepers, LLC has invoiced the City for 937 file boxes containing approximately 2.3 million images with another 113 file boxes pending pick-up from various City offices for scanning. Scanning progress has been deferred due to the existing backlog at File Keepers, LLC. File Keepers, LLC has the capacity to scan approximately 60 to 70 file boxes per month, which has caused up to a two-month wait for

delivered boxes to be scanned into the Laserfiche system. As new documents are generated, scanning and indexing of additional paper documents and records would be performed by City staff.

- Software and Hardware Status - the City fully upgraded its servers to new hardware with increased capacity for this system in 2017, has completed installation of the Laserfiche Avante Server Software system, and purchased 10 scanners for staff to scan and index newly generated documents.
- Professional Services/Training - 101 of 120 authorized professional services hours have been expended to date to include software and hardware implementation along with staff Laserfiche training for 43 City user account holders. Staff has identified two potential paper processes to pilot conversion into online electronically managed services: public records requests submitted to the City Clerk's Office and event permit applications submitted to the Community Resources Department.
- Budget/Committed - as of the end of February 2019, the City has committed \$279,135, exceeding the \$263,942 total authorized agreement amount by \$15,193.

Analysis:

To complete citywide document scanning and enable the City to transition from paper to paperless processes, additional funding for the City's File Keepers, LLC agreement would need to be appropriated which would also cover staff Laserfiche training and programming hours, and document shredding and/or storage costs.

Document scanning expenditures to date have been higher than expected due to:

- Average cost per file box - \$190 actual to date (\$178,133 for 937 boxes scanned) is significantly higher than the \$160 initially budgeted (\$159,455 for 994 boxes). Billing is based on the number and type of images actually scanned. While image counts per box have remained relatively on par with initial estimates, the number of large format (2' x 3') images such as maps and plans have surpassed expectations. At 60 cents per page, scanning costs for large format images are significantly more expensive than letter size, legal or 11" x 17" pages, which are billed at a rate of 6 to 8 cents each.
- Number of file boxes - actual project file box count of 1,050 boxes exceeded the original estimate of 994 boxes.

Staff Laserfiche training and programming costs to transition City paper processes to paperless would require additional File Keepers, LLC professional services hours. While department staff has received general training for initial phases of project implementation and system set-up, now that the majority of documents have been scanned and staff has commenced using the system, new issues

have been identified which would best be addressed by another round of department-specific training, including records search, retrieval, indexing, organization and reporting. Training would also help new staff who have been hired since project inception in 2017 with Laserfiche system familiarization.

Aside from more efficient document storage, search and retrieval, a key feature of the Laserfiche electronic content management system is the ability to convert business processes from paper-based to electronic. The City is planning to pilot conversion of public records requests made to the City Clerk's Office and event permit applications made to the Community Resources Department via paper forms to an online application. The Laserfiche system would then be programmed to automate these business processes to allow for storage of the application form and associated files, routing of approvals through various City Departments, fulfillment of requests, tracking and reporting, and notifications to the public and City staff. Additional professional services hours would be used for programming and project management to enable these pilot processes and to train key City staff how to program automation of additional City processes.

Additional anticipated Fiscal Year 2018-19 project items/amendment required:

Item	Amount
Cost overage for software, hardware, professional services and scanning of 937 file boxes \$235,000 spent less \$263,942 authorized contract amount	\$15,193
Completion of document scanning 13 file boxes remaining \$190 per box	\$21,470
Additional is needed professional services hours for staff Laserfiche training and programming/sup required to transition paper processes online forms and electronic management 50 hours at \$200 per hour	\$10,000
Document storage and/or shredding services pending budget of the City's records retention schedule due pickup and delivery charges	\$3,000
Contingency for additional files, images, large format file scanning remaining file boxes	\$4,337
Total Fiscal Year 2018-19 amendment amount required	\$54,000

The City has made a significant investment in digitizing the majority of its historical paper records into the Laserfiche content management system over the past 17 months. Although costs have exceeded expectations due to higher than expected scanning quantities including more expensive large-format files, the Laserfiche system should significantly improve external and internal customer response times related to search and retrieval of City documents. Staff from several City departments including the City Clerk's Office, Community Development, Community Resources and Finance have

expressed enthusiasm for completing document scanning, attending additional training and moving towards paperless processes in an effort to modernize customer service and improve access to information across all departments. Staff has also observed reduced clutter and more usable space in City offices and storage areas previously occupied by numerous file boxes.

Alternatives. Council could opt to reduce or decline to approve the recommended amendment amount; however, this would curtail completion of document scanning and programming automated paperless workflow processes on a timely basis. Staff recommends Council move forward with the agreement amendment to assist in achieving the City's Strategic Plan Goal of being a "High Performing City Providing First Class Services." Staff will work closely with File Keepers, LLC to ensure future project costs come in at or under budget and will evaluate services and processes to determine where cost efficiencies can be achieved (e.g. City staff identifying records that do not require scanning or performing scanning and programming activities where possible).

Next Steps:

If the agreement amendment is approved, staff would schedule pickup and scanning of the final boxes of records from March to April 2019 with final scanning to be completed by File Keepers, LLC by summer 2019. Staff would schedule departmental Laserfiche training and proceed with piloting paperless business processes and workflows to include public records requests and event permit activities. Staff would target summer 2019 for potential beta testing of these processes.

Pending the update and approval of the City's records retention policy which will be brought before Council later this year, staff would evaluate remaining paper records to determine which records may be shredded and recycled.

Staff would continue with ongoing evaluation of File Keepers, LLC's services and costs compared to budget expectations with an eye toward a prospective agreement extension beyond the current October 2019 term date. As expressed in previous staff reports, future annual system software and maintenance charges are expected to cost approximately \$22,000 per year. Should the pilot business process and workflow testing go well, professional services hours may be needed for programming and conversion of additional City processes to paperless as identified. Moving forward, future phases of this project may include making a web portal available for the public to browse and retrieve City records online similar to the City of South Pasadena's site (**Attachment 6**) managed by their City Clerk's office.

General Plan Consistency:

This report and associated recommendations have been evaluated for their consistency with the City's General Plan. The agreement amendment for File Keepers, LLC would assist in fulfilling the following Governance Element goals:

1.10 Record systems and technology. Maintain record systems and utilize technology that promotes public access.

2.6 Responsive to community needs. Continue to be responsive to community inquiries, providing public information and recording feedback from community interactions.

3.5 Expanded digital archive. As feasible, expand use of document imaging to maintain and provide access to vital records.

Fiscal Impact:

The City's \$263,942 File Keepers, LLC agreement would be increased by \$54,000 for a new total not to exceed amount of \$317,942 for services through October 2019.

Since Community Development has funds budgeted for document scanning, \$4,000 would be transferred from the Community Development Department's General Fund contract services account, 001-4201-4201, to the City Manager's Equipment Replacement Fund contract services account, 715-1201-4201, to partially cover large format file document scanning costs.

The 2018-19 Midyear Budget appropriation request in the amount of \$50,000 for the City Manager's Equipment Replacement Fund contract services account, 715-1201-4201 would cover remaining anticipated agreement expenditures, including completion of citywide document scanning, staff Laserfiche training, file storage and/or shredding, and development of pilot electronic workflow processes including public records requests and event permit applications. See separate 2018-19 Midyear Budget Review staff report.

Attachments:

1. First Amendment to File Keepers, LLC Professional Services Agreement
2. AMI Professional Services Agreement
3. Contract Assignment Letter to File Keepers, LLC dated 4-24-18
4. Link to City Council 10-10-17 Meeting
5. Link to City Council 4-24-18 Meeting
6. Link to City of South Pasadena site

Respectfully Submitted by: Kevin Nagata, Management Analyst

Concur: Nico De Anda-Scaia, Assistant to the City Manager

Noted for Fiscal Impact: Viki Copeland, Finance Director

Legal Review: Mike Jenkins, City Attorney

Approved: Suja Lowenthal, City Manager