SUBJECT:	Award of Proposal 062-R-16 Supply and Implementation of a Program Administration Facility Booking System (PAFBS) with Point of Sale (POS)
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RECOMMENDATION:

1)   THAT the report entitled "Award of Proposal 062-R-16 Supply and Implementation of a Program Administration Facility Booking System (PAFBS) with Point of Sale (POS)" be received; and

2)   THAT the contract for 062-R-16 Supply and Implementation of a Program Administration Facility Booking System (PAFBS) with Point of Sale (POS) be awarded to the highest ranked/second lowest priced bidder, Legend Recreation Software in the amount of $2,138,531.45 inclusive of HST, of which $674,445.76 is for the software and implementation costs and $1,464,085.69 is for seven years of support and maintenance;

3)   THAT a 10% contingency in the amount of $67,444.58 inclusive of HST, be established to cover any additional project costs be approved, and that authorization be granted to approve expenditures of this contingency amount up to the specified limit in accordance with the Expenditure Control Policy;

4)   THAT the software and implementation costs and contingency amount be funded from the following capital projects; #13812 "Payment Card Industry Compliance - Phase 1 of 3", #14086 – "Payment Card Industry Compliance (PCI) - Phase 2 of 3", #15081 "Registration System (Class) Replacement/Upgrade" and #17060 "Registration System (Class) Replacement/Upgrade" in the amount of $741,890.34 ($674,445.76 + $67,444.58) inclusive of HST, with a combined available budget of $814,842.00;

5)   THAT capital projects; #13812 "Payment Card Industry Compliance - Phase 1 of 3", #14086 – "Payment Card Industry Compliance (PCI) - Phase 2 of 3", #15081 "Registration System (Class) Replacement/Upgrade" and #17060 "Registration System (Class) Replacement/Upgrade" shall be consolidated under capital project #17060 "Registration System (Class) Replacement/Upgrade";

6)   That the remaining budget in Project #17060, "Registration System (Class) "Replacement/Upgrade" in the amount of $72,951.66 be returned to the original funding source; and

7)   THAT the software support and maintenance fee in the amount of $1,464,085.69 inclusive of HST over a seven year (Year 2 to 8) term be funded from #400-400-5361 with an available budget of $120,000, subject to Council approval of the 2020-2026 operating budgets in the amounts of;

Year 2 (2020) - $202,522.72
Year 3 (2021) - $206,705.30
Year 4 (2022) - $210,971.53
Year 5 (2023) - $210,971.53
Year 6 (2024) - $210,971.53*
Year 7 (2025) - $210,971.53*
Year 8 (2026) - $210,971.53*
     Total - $1,464,085.69
*Optional Year Renewal

8)   THAT the current operating budget shortfall in the amount of $82,522.72 ($120,000 – $202,522.72) in Year 2 will be addressed as part of the 2020 and future operating budget processes, subject to Council approval of the 2020 to 2026 operating budgets;

9)   THAT Legend Recreation Software be designated as the preferred vendor for the City's Program Administration Facility Booking System (PAFBS) with Point of Sale (POS);

10)   THAT the Chief Information Officer be authorized to approve the annual support and maintenance fee subject to Council approval of the annual Operating Budget;

11)   THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:
The purpose of this report is to obtain approval to award the contract 062-R-16 for the supply and implementation of a Program Administration Facility Booking System (PAFBS) with Point of Sale (POS).

BACKGROUND:
The City of Markham is recognized as being a leading, innovative, dynamic and change oriented municipality with a strong drive for excellence. It takes pride in providing high quality service delivery and value for tax dollar. Markham is a high growth municipality, with an average annual population growth of 5,500 and is one of the most culturally diverse communities in Canada.

In order for the City of Markham to successfully deliver services and to ensure a high quality of customer service, the City currently uses Active Network's CLASS system to support some of its business processes and service delivery.

The CLASS system consists of:
- The CLASS application: a local client installed on a PC workstation and is used by front office and back office staff,
- The Electronic Registration (ezReg) web site: a self-serve website used by customers for program registration and room rentals/bookings,
- The POS component of the CLASS system: used for payment processing and cashiering.
- The POS Web component of the Class system: used for online payments made via the web or an app.

The system supports business processes in the areas of account and customer management, financial/accounting processes, facility bookings, drop-in activities, registered programs, membership

management, point-of-sale, online customer self-serve and report tasks. This system is currently being used by various City departments, including Recreation Services, Culture Services, Clerks, Operations, Environmental Services, Contact Centre, Corporate Communications, Sustainability, Finance, Library, Building Standards, Planning and Urban Design and Asset Management. The City of Markham requires a new product as the current product CLASS has been declared End of Life (December 2017), by the vendor, and is currently under extended support.

This project has been initiated to select a new PAFBS with a POS. The City requires a robust and comprehensive application that provides the ability to efficiently maintain and grow to meet customers' expectations, in a cost effective and efficient manner. This is also a good opportunity to explore new software, as business needs and expectations have changed over the last 15 years. Technologies are evolving quickly (e.g. mobile), and our current product does not support these needs (i.e. mobile transactions, workflow, mapping integration).

The City of Markham issued an RFP for software and services to deliver and implement a PAFBS with POS solution which will need to continue to, at a high level, perform the following variety of functions including (at a minimum), but not limited to:

- Manage and maintain customer information,
- Maintain and perform facility rental and bookings,
- Manage inventory,
- Manage and maintain membership and passes,
- Maintain and perform program registrations,
- Offer customers an online self-serve solution,
- Process payments for program registrations, bookings, inventory item purchases (point of sale with inventory), and other point of sale items or services,
- Use of smart card technology,
- Generate flexible reporting and easy to download into Excel, and integrate with the City's Reporting and Analytics tools or provide its own analytic capabilities,
- Integration with other systems used by The City of Markham, including the City's existing Websphere Portal and mobile application – "Access Markham",
- Manage repetitive invoicing,
- Manage long term receivables.

Further, at a more detailed level, the scope of this initiative includes:

- Installation, configuration, customization and implementation of the new PAFBS and POS solution, based on industry best practices;
- Implementation of infrastructure components that provide: inter-application communication (integration); high availability / fail-over capabilities; security, auditing and notification services; and, disaster recovery;
- Data conversion, data migration and/or data archival as agreed to with the business and in accordance with defined data retention policies;
- Completion of the City's bank payment certification, including production of any required documentation;
- Completion of IT Security audit, including production of any required documentation;

- Work with City Staff to understand existing business processes and identify process changes required to support project objectives;
- POS solution must meet PCI compliance requirements;
- Recommend hardware/peripheral requirements to support a complete end-to-end;
- Training and knowledge transfer services;
- Warranty, maintenance and on-going support services

The result is to ensure the City's transition from the CLASS system to the new solution with as little impact to internal and external users as possible. The end goal of this project is to have a solution that is flexible, user friendly for both staff and customers, and meets all of the City's needs for managing its recreation, library and attraction facilities. It shall be scalable, reliable, responsive, and shall allow the City to serve its customers effectively and efficiently now and into the future.

BID INFORMATION:

Advertised, place and date	ETN
Bid closing date	February 2, 2017
Number picking up documents	7
Number responding to bid	4*

*One Bidder rejected as non-compliant, as per the City's General Terms and Conditions – Consultant (ITS), Part II – Instruction to Bidders, Section 15 – Acceptance / Rejection of Bids; Item 15.2, "Unless otherwise specified in the Quotation, Bids which are qualified or restricted by any statements added to the Bid or a covering letter shall be rejected as non-compliant."

PROPOSAL EVALUATION:
The Evaluation Team for this RFP was comprised of Staff from Recreation, Culture Services, Markham Public Library, Contact Centre, Finance and ITS, with Purchasing Staff acting as the facilitator.

Stage 1 – Technical Proposal
The Stage 1 technical proposals were evaluated against the pre-established evaluation criteria as outlined in the RFP: 5 points for Experience and Qualification of the Bidder and Project Team; 5 points for Project Understanding, Methodology and Delivery Management; 15 points for Business Functionality Requirement for PAFBS; 15 points for Business Functionality Requirement for POS; 15 points for Technical Requirements; 5 points for Testing; 5 points for Training; 5 points for Support, Maintenance and Warranty; and 30 point for Price, totaling 100 points. Upon completion of Stage 1 (technical evaluation), the Price Proposal (Bid Form) provided by those bidders who qualified from Stage 1, (minimum score of 75%, or 52.5 points out of 70 required), proceeded to Stage 2 for price evaluation. The results of the Stage 1 evaluation are outlined below:

Suppliers	Score (out of 70)	Rank Results
Legend Recreation Software	66.24	1
Perfect Mind Inc.	55.70	2
Intelligenz Limited	53.84	3

Stage 2- Price*
Based on the Stage 1 evaluation, three bidders received a minimum of 75% or 52.5 points out of 70 and therefore, proceeded to Stage 2 - Price Evaluation. The price proposal provided by the bidders is evaluated out of 30 points, based on the criteria outlined in the RFP.

Suppliers	Solution Type	Score (out of 30)	Rank Results
Intelligenz Limited	Markham Hosted (On-Premise)	30.00*	1
Legend Recreation Software	Software as A Service (SaaS); fully housed off-premise	18.94	2
Perfect Mind Inc.	Software as A Service (SaaS); fully housed off-premise	10.09**	3

Bid Price does not include all applicable disbursement fees, such as travel expenses and, vendor compatibility to existing hardware has not been confirmed by the vendor, requiring additional assumptions to be made by staff for the evaluation.

Additionally, the price evaluation does not provide a clear picture regarding total cost of ownership as it pertains to the City's residual efforts to meet their own PCI Compliance requirements, including necessary on-going recurring annual fees required post implementation for each of the three proposed solutions. The most significant investment (recurring annuals fees) and the associated gap / risk mitigation to the City applies to Intelligenz Limited an on-site proposed solution as it resides on the City's network and infrastructure.

The annual PCI Report on Compliance (ROC) and additional Annual Vulnerability Scanning (ASV) will be the responsibility of the City. As PCI Compliance requirements constantly change from year to year (impacting the type and frequency of the testing needed); and dependence on the specific business / technical requirements which vary from organization to organization, an estimate is difficult to ascertain without engaging a certified Quality Standard Auditor (QSA) post-implementation. Additional unknown costs with Intelligenz Limited would apply and likely increase as PCI requirements change.

***Bid Price does not reflect integration fees and all applicable disbursement fees such as travel expenses).*

Stage 3- Presentation
To ensure the highest ranked bidder understood the City's requirements and to further evaluate the bidders' submissions against the requirements of this RFP, staff invited the highest ranked bidders to a presentation as allowed for in the bid document.

Suppliers	Score (out of 10)	Rank Results
Legend Recreation Software	8.53	1
Intelligenz Limited	6.63	2
Perfect Mind Inc.	5.47	3

Overall scoring

Suppliers	Grand Total Score (out of 110)	Rank Results
Legend Recreation Software	93.71	1
Intelligenz Limited	90.47	2
Perfect Mind Inc.	71.26	3

Legend Recreation Software ("Legend"), the second lowest priced bidder scored highest on the technical as well as on the overall total submission demonstrating a thorough understanding of the project and its requirements. Their proposal demonstrated to the City's satisfaction that they have the ability to undertake the project and they have a strong understanding of the project deliverables, key issues and challenges. Through the evaluation process, Legend demonstrated a depth of experience and expertise as it specifically relates to being a full service company, providing consulting, design, implementation and support (meeting City's business and technical requirements) resulting in an overall highest ranking.

OPTIONS / DISCUSSIONS

PCI Compliance: the City currently accepts credit cards as a form of payment through several channels of acceptance, including:
   1) E-commerce (registration of activities, room bookings, etc.);
   2) In-person through POS system (fee payments, registrations, etc.); and,
   3) Back-office staff workstations (registrations, reoccurring payments for memberships, etc.)

Due to the above, the City is subject to the card brands' (Visa, MasterCard, and Amex) mandatory requirements to secure card data according to the Payment Card Industry Data Security Standard (PCI DSS) standard v3.2. The City's current system that processes payment card information has reached the end of its life, and the City included the requirement to replace the system in the same RFP.

The City is receiving a complete end-to-end PAFBS with POS System solution with Legend. Based on the outcome of evaluation process for this RFP, an on-site hosted solution does not provide a suitable alternative to meet the City's goals primarily due to its requirement for City of Markham's significant involvement with the PCI scope and the associated risk and investment as proposed with their solution. Legend as the highest ranked bidder, provided a more suitable proposal for the City in achieving a Program Administration Facility Booking System with Point of Sale business system.

Legend's solution (Software as a Service "SaaS") is completely housed off-site in a PCI compliant third-party shared data centre (Rogers Communications), using a TD Merchant services solution for card acceptance and payment processing. Legend's solution has been assessed as the proposal that is most suited to the City's roadmap; and, their requirements are fully PCI compliant. Further, via Stage-3 Presentation, the City engaged a third-party consultant, MNP LLP ("MNP") to review all three short listed bidders proposals and provide final comments to the City on: (1) the suitability of the three bidders and what residual efforts would be required by the City to meet their PCI compliance requirements; (2) the review of the current RFP and the bidder responses to ensure that the evidence requested aligns with the goal to minimize financial risk or impact to the City for PCI compliance; and, (3) and any additional demonstration requirements for the bidders to demonstrate their adherence to PCI compliance.

In terms of the PCI compliance component of the RFP, MNP's findings supports the City's initial evaluation assessment, confirming Legend's solution having the least gaps, associated risks and minimal additional on-going investments (recurring annual fees) to the submitted bid price, as required by the City to fully meet all mandated PCI compliance criteria.

Industry Experience: Legend's PAFBS with POS software and professional services offering leads the industry in a number of ways:
- years of dedicated PAFBS with POS installation experience,
- complexity of PAFBS with POS projects managed and deployed,
- jurisdiction size,
- purpose build for multisite public sector operations,
- comprised of proprietary Legend software (not cobbled together from 3rd party integrations),
- features and functions that support optimum flexibility and ease-of-use by department and citizenry alike,
- reporting is already setup and ready from day one of launch which ensures valid, accurate and complete data from day one (a particular benefit of the Legend solution),
- 24x7 manned end user help desk support,
- 99.95% guaranteed uptime,
- built-in backups and disaster recovery as standard,
- robust API library and open architecture,
- large R&D capacity with releases every six weeks (free of charge for all customers)

Legend's head office is based in York (England) with one of their regional offices in Ottawa (Canada). Legend has established itself as the market leading recreation management software solution in the UK and Europe. After launching in Canada in 2015, it also has a growing customer base in Canada with clients including (but not limited to): City of Hamilton, City of Ottawa, City of Halifax; and, most recently, YMCA (Canada Wide), and North Huron. Legend has been implementing and supporting program administration facility booking systems with point of sale for fifteen years. As of June 2015, Legend have served over 1,200 installations around the world, with this number growing by an average of 150 per year. The majority of Legends customers have comparable requirements, with their largest customer at present, having 200+ recreation centres; and, on a monthly basis, serves 2.5M visits, over 300,000 online bookings and 1M+ self-service transactions using web, smartphone and kiosk solutions.

CONCLUSION:
Future Business Roadmap: Changes in the organization structure and the needs of customers will require the solution to constantly adapt. Legend's proposed solution will be flexible in meeting the City's changing needs including the ability to support the growth in attendance at City facilities by providing excellent customer services. This will be accomplished by operating as efficiently as possible by incorporating common business approaches to similar business functions across departments. Furthermore, the City is focused on delivering fully integrated, extendable and scalable enterprise systems which are able to integrate with Smart Card and Digital Identity solutions enabling citizens (or customers) to conveniently use City services while advancing interdepartmental promotions and marketing.

OPERATING BUDGET AND LIFE CYCLE IMPACT:
The total award cost of $2,205,976.03 includes the capital costs of $741,890.34 ($674,445.76 + $67,444.58) for software and implementation fees and contingency costs (10%); and, it also includes the associated maintenance costs of $1,464,085.69 (inclusive of HST) for years 2 to 8.

The capital cost of $774,841.76 will be funded from consolidated Capital Project #17060, "Registration System (Class) "Replacement/Upgrade", with available budget of $814,842.00. The remaining budget of $72,951.66 will be returned to the original funding source.

Items	$'s
Total Budget in Consolidated Project #17060	$ 814,842.00
Software & implementation cost	$ 674,445.76
Contingency (10%)	$ 67,444.58
Total Cost of Award for software & implementation & contingency	$ 741,890.34
Budget remaining for hardware	**$ 72,951.66**

The maintenance cost of $1,464,085.69 will be funded from Operating account #400-400-5361 for annual support and maintenance in Years 2 to 8. The annual maintenance cost is as follows:

Year 2 (2020) - $202,522.72
Year 3 (2021) - $206,705.30
Year 4 (2022) - $210,971.53
Year 5 (2023) - $210,971.53
Year 6 (2024) - $210,971.53*
Year 7 (2025) - $210,971.53*
Year 8 (2026) - $210,971.53*
Total - $1,464,085.69
*Optional Year Renewal

Annual maintenance cost of $202,522.75 will commence in 2020 (year 2) with available budget of $120,000.00. The shortfall of $82,522.72 will be included as part of the 2020 Operating Budget process. Future increases will be addressed as part of the annual operating budget process.

HUMAN RESOURCES CONSIDERATIONS:
Not Applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Goal	Examples – How the Solution can Help Achieve the Goal
Exceptional Services by Exceptional People	The system will facilitate room bookings, program registrations and other priority functions with self-service capabilities.
Engaged, Diverse & Thriving City	The software will facilitate participation in City programs and social engagement opportunities. It is easy to use, including mobile devices, and is accessible to all users.
Safe & Sustainable Community	The system supports management of offerings of the city's recreation programs to the community. All transactions will be safeguarded using industry best practices and established standards.
Stewardship of Money & Resources	The system will provide daily "accrual reporting" which will assist staff in allocating proper financial and human resources to each program. It complies with Payment Card Industry Standard.

BUSINESS UNITS CONSULTED AND AFFECTED:

Recreation, Culture, Clerks, Operations, Environmental Services, Contact Centre, Corporate Communications, Sustainability, Finance, Library, Building Standards, Planning and Urban Design.

RECOMMENDED BY:

2018-05-15   2018-05-15   2018-05-15

X   X   X

Nasir Kenea   Trinela Cane   Brenda Librecz
Chief Information Officer, ITS   Commissioner, Corporate Services   Commissioner, Community and Fire Services
Signed by: cxa   Signed by: cxa   Signed by: cxa

ATTACHMENTS:
Not Applicable