

**To:** Board of Supervisors  
**Department or Agency Name(s):** Information Systems Department  
**Staff Name and Phone Number:** Jim McKenney, 707-565-8203  
**Vote Requirement:** Majority  
**Supervisorial District(s):** All

**Title:**

NEKO Industries, Inc. Electronic Document Management System Contract Renewal

**Recommended Action:**

Authorize the Director of Information Systems Department to execute an agreement with NEKO Industries, Inc. for the continued installation, software, maintenance and support of the electronic document system for an amount not to exceed \$3,081,100 for a five-year term from August 3, 2021 to August 2, 2026.

**Executive Summary:**

Background

In August 2016, the Board approved a five-year agreement with NEKO Industries, Inc. (NEKO) to continue to provide professional services for installation, configuration, training, maintenance and support of Hyland's OnBase software in the amount not to exceed of \$2,055,855.

The following table summarizes the total allocation of services under this NEKO contract:

|  |    |              |
|--|----|--------------|
| County Core Services                   | \$ | 1,103,185.94 |
| Health Services                        | \$ | 155,091.00   |
| Community Development Commission       | \$ | 100,170.00   |
| Permit Sonoma                          | \$ | 75,635.00    |
| Water Agency                           | \$ | 33,810.00    |
| Office of Recovery & Resiliency        | \$ | 21,295.00    |
| Transportation & Public Works          | \$ | 21,720.00    |
| Agricultural Preservation & Open Space | \$ | 19,800.00    |
| Human Resources                        | \$ | 17,535.00    |
| Clerk Recorder Assessor                | \$ | 12,606.67    |
| Information Systems Department         | \$ | 4,930.00     |
| Enterprise Financial System            | \$ | 2,880.00     |
| <hr/>                                  |    |              |
| Department Implementations             | \$ | 465,472.67   |
| <hr/>                                  |    |              |
| Total NEKO Contracts 2016-2021         | \$ | 1,568,658.61 |

**Discussion:**

Project Update

The OnBase solution provides departments with the ability to image, store, and manage records in a trusted system. The system manages retention schedules and public records requests and it allows departments to program electronic paperless forms, which eliminates the need for paper records storage. Several departments, including Department of Health Services, have implemented business process improvements utilizing OnBase applications. The Office of Vital Statistics automated the weekly transfer of birth and death records to the Clerk Recorders Office reducing staff processing time from 2 hours to 15 minutes benefiting both departments. Environmental Health Services implemented a public access portal allowing the public to view a variety of documents without staff involvement. The Medical Therapy Unit's Patient Therapy Report application consolidated paper intensive processes and captured staff time, previously not billed, resulting in annual savings of \$50,000 and additional billable revenue of \$45,000 annually. The Office of Recovery and Resiliency utilized the ShareBase module for the distribution of 85,000 documents to the nearly 3,900 victims of the 2017 Sonoma Complex Fires reducing the need for paper copying and mailing costs.

New Projects

Information Systems Department is requesting to enter into a new Professional Services Agreement with NEKO to fulfill the requests for implementation of this key Electronic Document Management System (EDMS) technology to additional departments and expand functionality in the existing departments. The Purchasing Agent has approved a sole source contract. NEKO has an in depth understanding of the County's operating infrastructure. As each department's needs are unique, and NEKO has worked to design and implement a solution that bridges both the unique needs of the customer and the County's core functionality within the OnBase platform.

Based on projected demand, it is estimated that professional service costs for new projects range in complexity from \$3,000 to \$60,000, for an estimated total of \$500,000 over five years. New software over the five year period is expected to cost \$300,000. New enhancement modules will include Robotic Process Automation (Artificial Intelligence) and access tools for remote workers in the field. A twenty-percent contingency on professional services and software costs is estimated at \$160,000.

Annual maintenance and support costs provide for software upgrades, bug fixes, and maintenance and support by the vendor. Costs are calculated as 1) a percentage of the new software purchased (both estimated and contingency software), and 2) a percentage of the software already install in prior years.

The total project costs over the next five-year period are expected to be \$3,081,100.

| Five Year Project Costs |           |
|-------------------------|-----------|
| Professional Services   | \$500,000 |

|                       |             |
|-----------------------|-------------|
| Software              | \$300,000   |
| Contingency           | \$160,000   |
| Maintenance & Support | \$2,121,100 |
| Project Total         | \$3,081,100 |

The professional service costs are not anticipated to have any increases over the contract term. But software maintenance & support do traditionally experience an incremental growth of 3-5% annually, with the latter percentage used in the projected costs.

**Prior Board Actions:**

August 2, 2016 (Item #8) -Board approved continued implementation and support contract with NEKO Industries, Inc.

May 7, 2013 (Item #41) -Board approved Enterprise Financial System (EFS) Project Implementation Update and NEKO Industries, Inc. contract.

August 21, 2012 (Item #17) -Board approved second amendment to Agreement with NEKO Industries, Inc.

July 12, 2011 (Item #75) – Board approved implementation of an Electronic Document Management System (EDMS) and Agreement with NEKO Industries, Inc.

**FISCAL SUMMARY**

|   | <b>FY 21-22<br/>Projected</b> | <b>FY22-23<br/>Projected</b> | <b>FY 23-24<br/>Projected</b> |
|---|-------------------------------|------------------------------|-------------------------------|
| <b>Expenditures</b>                     |                               |                              |                               |
| Budgeted Expenses                       | \$560,400                     | \$587,400                    | \$615,300                     |
| Additional Appropriation Requested      |                               |                              |                               |
| <b>Total Expenditures</b>               | \$560,400                     | \$587,400                    | \$615,300                     |
| <b>Funding Sources</b>                  |                               |                              |                               |
| General Fund/WA GF                      |                               |                              |                               |
| State/Federal                           |                               |                              |                               |
| Fees/Other (baseline and project rates) | \$560,400                     | \$587,400                    | \$615,300                     |
| Use of Fund Balance                     |                               |                              |                               |
| Contingencies                           |                               |                              |                               |
| <b>Total Sources</b>                    | \$560,400                     | \$587,400                    | \$615,300                     |

**Narrative Explanation of Fiscal Impacts:**

Annual fiscal year spend is anticipated to be \$560,400 in FY 21/22, \$587,400 in FY 22/23, \$615,300 in FY 23/24, \$644,00 in FY 24/25 and \$674,00 in FY 25/26 totaling \$3,081,100 over the five-year period. Costs for these services will be reimbursed to ISD by departments through baseline and project rates.

| <b>Staffing Impacts:</b>                       |  |                           |                           |
|--|--|---------------------------|---------------------------|
| <b>Position Title (Payroll Classification)</b> | <b>Monthly Salary Range (A-I Step)</b> | <b>Additions (Number)</b> | <b>Deletions (Number)</b> |
|  |  |                           |                           |
|  |  |                           |                           |
|  |  |                           |                           |

**Narrative Explanation of Staffing Impacts (If Required):**

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**Attachments:**

Professional Services Agreement, Exhibit A – Scope of Work, Exhibit B – Pricing and Payment, Exhibit C – NEKO Service Agreement, Exhibit D – Insurance Requirements, Single Source Waiver

**Related Items “On File” with the Clerk of the Board:**

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