

REVISED REPORT

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON MARCH 19, 2019
FROM:	G. KOTSIFAS, P. ENG. MANAGING DIRECTOR, DEVELOPMENT & COMPLIANCE SERVICES & CHIEF BUILDING OFFICIAL
SUBJECT:	SINGLE-SOURCE PROCUREMENT: MICROFICHE DIGITIZATION MES HYBRID

RECOMMENDATION

1. That, on the recommendation of the Managing Director, Development and Compliance Services and Chief Building Official, the following actions **BE TAKEN** with respect to MES Hybrid Solutions:
 - (a) the price of \$275,000 (HST excluded) negotiated with MES Hybrid Document Systems for the provision of one year of digital scanning services **BE ACCEPTED** on a Single Source basis in accordance with sections 14.4 (d) and (e) of the Procurement of Goods and Services Policy;
 - (b) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase;
 - (c) the approvals given herein **BE CONDITIONAL** upon the Corporation entering into a formal contract for this purchase; and,
 - (d) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract, statement of work or other documents, if required, to give effect to these recommendations.
2. The financing for these acquisitions **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix 'A';
3. That, on the recommendation of the Managing Director, Development and Compliance Services and Chief Building Official, the attached proposed by-law (Appendix 'B') **BE INTRODUCED** at the Municipal Council meeting to be held on March 26, 2019
 - (a) authorize and approve an Agreement (Schedule 'A' to the by-law) between The Corporation of the City of London and MES Hybrid for scanning purposes; and
 - (b) authorize the Mayor and the City Clerk to execute the Agreement authorized and approved in part a), above.

BACKGROUND

Microfiche is a piece of film containing microphotographs of pages of a newspaper, catalog, or other documents. The City of London (“City”) has been using microfiche throughout the Corporation for decades, providing access to important and vital digital documents.

Microfiche has always been an important research tool for many service areas. Access to these records, while necessary, has at times been cumbersome. The fiche predominantly captures previous building and plumbing permit applications, construction plans, land severances, minor variance decisions, site servicing plans, and private drain connection documents; these can date back as far as six decades, and sometimes earlier. The public also has access to these records with the MFIPPA regulations being applied when required.

Several service areas have access to the microfiche, including:

Building Division

Staff members reference the fiche on a daily basis. Mainly to confirm compliance of zoning regulations (i.e., commercial business, a rental unit, or a commercial sign), obtain structure data of a building, or understand the history of a property. Not only does this information assist the Corporation in providing excellence in service, it may also assist the customer with additional knowledge of a property and may help them to confirm information they believe to be true. Often customers are performing their due diligence before purchasing a property or signing a lease to establish a business on a property they do not own.

Engineering

Plumbing records are valuable to the corporate Infrastructure Renewal Program and can reduce costly change orders that occur when we lack accurate site servicing information. Plumbing records are most often used to determine the location of a building sewer on a property, in addition to the location of clean-outs and the main stack. They also provide homeowners with their plumbing plans. This information is helpful when planning drainage work on private property. Without a plumbing plan, the homeowner may need to pay for camera/video work to understand how their plumbing and private sewer is configured.

Development Services

Although all registered Development Agreements can be obtained by doing a title search and finding the agreement in a parcel abstract provided by the Land Registry Office (LRO), the LRO will only provide the text of agreements. Whereas, the microfiche will not only include a copy of the approved plans but also other useful background information including supporting correspondence, reports and/or notations.

CHALLENGES

Although microfiche stores very useful information that is accessed regularly, this technology needs to be updated.

Reasons to convert:

- Inefficient use of staff time and effort
 - The number of corporate users who visit the 7th floor, where the microfiche is located, to obtain the information has increased. Staff time spent waiting for the machine to be available, skimming through the fiche and then printing can take a minimum of 30 minutes
 - Time could be better spent if this information was digital and only a few clicks away, saved on a network drive
- Obsolete equipment
 - Replacement ink toner and parts are hard to find or no longer produced
 - Microfiche machines are too expensive to purchase or rent
- Labour rates will continue to increase
 - The longer we delay digital conversion, the more expensive it will be to obtain the services of a third party
- Need for office space
 - The fiche reader/printer and four cabinets take up to 7.5 sq meters (80 sq ft) of prime office space in an area that is already limited on space
- Increased turnaround time to provide documents to the public
 - Accessing the information is time-consuming and can be complicated
 - Customers are left waiting at the counter while a service representative is conducting research on their behalf
 - Queues form as research is being conducted for a customer, creating longer waiting times for subsequent customers and resentment at the lack of efficiency that may be perceived

Transitioning the documents to a digital format will allow staff and customers quicker access to information as the documents will be stored in one location as opposed to several.

FINANCIAL IMPACT & REQUEST

Abiding by the Procurement of Goods and Services Policy, purchase orders were issued in 2017 to MES Hybrid Document Systems (MES) to convert less than \$50,000 of fiche annually.

To date, MES has completed two years' worth of digitization, which is approximately 53,000 sheets of fiche. Fiche with municipal streets "A" through to "M" have been converted and the following benefits have been found:

- Significantly improved customer service and turnaround processing time
- Staff morale has improved when performing these searches
- The digital documents are easy to use and readily accessible for regular users within the corporation

There are approximately 120,270 sheets of fiche remaining, at a cost of \$275,000, which includes a small contingency.

This request is to receive approval to have the remaining fiche converted in 2019. By doing so, the Corporation will realize savings of approximately 12%, as the vendor will honour 2018 rates.

Funding for this project will come from the Efficiency, Effectiveness & Economy Reserve. There is sufficient capacity within this reserve to accommodate this project. There are no anticipated additional operating costs.

PROCUREMENT OF GOODS & SERVICES

Section 14, of the City's Procurement of Goods and Services Policy indicates that *"the procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier in particular"*. In this case, the following criteria for a Single Source process apply:

- 1) There is a need for compatibility with goods and/or services previously acquired or the required goods and/or services will be additional to similar goods and/or services being supplied under an existing contract (i.e. contract extension or renewal) (s. 14.4d); and
- 2) The service requires special knowledge, skills, expertise or experience (s.14.4 e).

CONCLUSION

This microfiche digitization project has already proven to be worth the financial investment. The cost to convert the remaining fiche is \$275,000. Staff is requesting approval to continue working with MES to expeditiously convert the remaining fiche in 2019. Completing the conversion project in 2019 will not only provide staff and the public with the documents they need in a prompt and efficient manner, but will also require less financial commitment from the Corporation.

PREPARED BY:	CONCURRED BY:
CATHERINE DEFOREST MANAGER, BUSINESS SERVICES DEVELOPMENT & COMPLIANCE SERVICES	IAN COLLINS, CPA, CMA DIRECTOR, FINANCIAL SERVICES FINANCE & CORPORATE SERVICES
RECOMMENDED BY:	
GEORGE KOTSIFAS, P. ENG. MANAGING DIRECTOR, DEVELOPMENT AND COMPLIANCE SERVICES & CHIEF BUILDING OFFICIAL	

- cc. J. Freeman
L. Green
M. Daley
D. Mounteer

APPENDIX 'A'

#19021

Chair and Members
Corporate Services Committee

March 19, 2019
(Award Contract)

**RE: Single-Source Procurement: Microfiche Digitalization MES Hybrid
(Subledger NT19GG01)
New Capital Project GG1536 - Microfiche Digitalization MES Hybrid
MES Hybrid Document Systems - \$275,000.00 (excluding H.S.T.)**

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project, although not included in the Capital Works Budget, can be accommodated with a drawdown from the Operating Efficiency, Effectiveness & Economy Reserve, and that, subject to the adoption of the recommendations of the Managing Director, Development & Compliance Services and Chief Building Official, the detailed source of financing for this project is:

<u>ESTIMATED EXPENDITURES</u>	<u>Approved Budget</u>	<u>This Submission</u>	<u>Revised Budget</u>
External Contractor	\$0	\$279,840	\$279,840
NET ESTIMATED EXPENDITURES	<u>\$0</u>	<u>\$279,840</u>	<u>\$279,840</u>
<u>SOURCE OF FINANCING:</u>			
Drawdown from Operating Efficiency, Effectiveness & Economy Reserve	\$0	\$279,840	\$279,840
TOTAL FINANCING	<u>\$0</u>	<u>\$279,840</u>	<u>\$279,840</u>

Financial Note:

Contract Price	\$275,000
Add: HST @13%	35,750
Total Contract Price Including Taxes	310,750
Less: HST Rebate	30,910
Net Contract Price	<u>\$279,840</u>

NOTES:

- 1) The funding is available as a drawdown from the Efficiency, Effectiveness & Economy Reserve. The uncommitted balance will be approximately \$14.5 million after the approval of this project.

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 Kyle Murray
 Director, Financial Planning & Business Support

APPENDIX 'B'

Bill No.

By-law No.

A By-law to approve the Agreement between the Corporation of the City of London and Hybrid Document Systems Inc. and to authorize the Mayor and City Clerk to execute the agreement.

WHEREAS section 5(3) of the Municipal Act, 2001 provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 8 of the Municipal Act, 2001 provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS the Municipal Council wishes to enter into an agreement with Hybrid Document Systems Inc for the purchase of Microfilm Jacket Scanning;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Agreement between The Corporation of the City of London and Hybrid Document Systems Inc substantially in the form attached as Schedule "A" to this by-law, is hereby approved.
2. The Mayor and the City Clerk are hereby authorized to execute the Agreement approved under section 1, above.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on March 26, 2019.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – March 26, 2019
Second reading – March 26, 2019
Third reading – March 26, 2019

Project Overview on the Outsourcing Purchase Agreement For Microfilm Jacket Scanning Between Hybrid Document Systems Inc. ("HDS") and The City of London ("The Client") Dated the 14th day of March, 2019.

- **Image Format:** HDS will save all digital files received from The Client as PDF images, scanned at 300 DPI, black & white mode.
- **Reduction Ratio:** HDS will make all reasonable efforts to determine and digitize the microfilm at the original reduction ratio, up to a maximum of 32X for 16mm film and 24X for 35mm film.
- **Scanning Preparation:** To protect against loss of film from loose or "unseamed" jackets, all microfilm jackets will be inspected prior to scanning. During this step, any damaged jackets will be repaired as required and a rate of \$6.00/jacket. Depending upon age and use, some jackets might require cleaning prior to scanning. HDS will also move all 35mm jackets to back of boxes to process 16mm and 35mm separately during scanning
- **Batch Scanning Process:** Microfilm jacket scanning assumes an automated batch process on the film contained in the jacket – meaning that due to the nature of the jacket being updated over a course of time with different densities on different sections of film, not every image in the jacket will be adjusted to gain the best results unless client has agreed to hourly pricing for this.
- **Indexing:** The records will be indexed by standard jacket titles. Index values will be entered exactly as they were received by HDS. Where multiple jackets have the same address on the header, HDS will merge into a single, multipage pdf for specific address. Files will be indexed as per the following: Municipal Number and Street Name *Ex. "200 King Street.pdf"*
- **Required Index Fields:** The following fields will be indexed:

Field	Average Length	Content	Capture Method
Municipal Number	3	Numeric	Data Entry
Street Name	15	Alpha	Data Entry

- **Indexing Limitations:** The following characters cannot be included in file names as they are not supported by Microsoft Windows.

< (less than)	> (greater than)	: (colon)	" (double quote)	/ (forward slash)
\ (backslash)	(vertical bar/pipe)	? (question mark)	* (asterisk)	

- **Volumes:** Based on metrics derived from completed scanning in 2017 and 2018, with total linear inches of 585, the average 16mm microfilm jacket contains 21.21 images and the average 35mm jacket contains 5.6 images. Findings demonstrated 92% of the collection to be 16mm and the remaining 8% contains 35mm film and an average of 1.2 jackets per inch requiring restoration. The Client will be billed for the actual number of images scanned and jackets repaired. With 1,140 linear inches remaining within this collection, the estimated volume remaining is as follows:
 - 1,140 inches x 105.5 jackets per inch equals 120,270 jackets to be scanned
 - With 92% of the collection 16mm, it is estimated there is 110,648 jackets of 16mm to be scanned. With an average of 21.21 images per jacket, resulting images from 16mm film is estimated at 2,346,844
 - With 8% of the collection 35mm, it is estimated there is 9,622 jackets of 35mm to be scanned. With an average of 5.6 images per jacket, resulting images from 35mm film is estimated at 53,883
 - Jackets requiring repair is estimated to be 1,140 inches x 1.2 jackets equaling 1,368 to be repaired
- **Best Available Quality:** Not all microfilm jackets are of sufficient quality to be scanned without loss of information. It is not possible to convert poor quality microfilm images into high quality digital images.
- **Projected Timeline:** With a total of 120,270 jackets estimated, the projected timeline to complete this project is 12 months from pick up date.
- **Transportation:** Transportation (point-to-point) will be performed by HDS staff. In one complete shipment. HDS will supply all boxes and pack microfilm jackets at time of pick up. HDS staff will create a manifest of each box using a from-to range.

- **Return Media:** HDS will deliver all scanned images and indexed data to The Client via external hard drive.
- **Out Of Scope Conditions:** Any work received that is outside the scope of this Service Agreement will result in a temporary project halt while issue is addressed with The Client.
- **Image Retention:** HDS will hold copies of the returned electronic images on our servers for 3 months after the return of each work order. After the 3 month period HDS will delete all images from our servers. Earlier removal at the request of The Client is available.
- **Document Retrieval:** While The Client's records are in our possession for conversion, HDS will provide up to 15 file retrievals per week at no charge. Additional retrievals will be billed at \$15.00 per file requested. All requested files will be returned electronically via secure electronic transfer. Requests should be submitted using our online form found here <http://www.mesltd.ca/file-request/>
- **Down Payment:** Projects with an estimated total above \$100,000.00 require a 25% down payment upon commencement of the project.
- **Minimum Charge Projects:** Projects falling below \$2500.00 will be subject to a minimum charge of \$2500.00. Shipping/transportation is not included in minimum charge applications and will be billed at the prevailing rates.

Client Purchase Order Details:

Please indicate below your purchase order number that is associated with this project. If your organization does not use purchase orders please check the "Not Applicable" option.

Purchase Order Number: _____

Not Applicable

Client Information				Invoicing (If Different)			
Company:	City of London			Company:	City of London		
Address:	300 Dufferin Street			Address:	PO Box 5035		
City:	London			City:	London		
Province:	Ontario	Postal:	N6B 1Z2	Province:	Ontario	Postal:	N6A 4L9
Contact:	Catherine DeForest			Contact:	Accounts Payable – Room 406		
Phone:	1-519-661-2500 x 1541			Phone:			
Email:	cdeforest@london.ca			Email:			

Project Pricing		
Type	Unit of Measure	Unit Price
16mm Processing	Per jacket	\$1.25
	Per image	\$0.032
35mm Processing	Per jacket	\$1.25
	Per image	\$0.25
Jacket Repair	Per Jacket	\$6.00

Kristen Bowers <hr/> HDS Representative March-14-19 <hr/> Date <hr/> Authorizing Client Signature <hr/> Date	Comments: <div style="border: 1px solid black; height: 150px; margin-top: 5px;"></div>
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1. Terms & Condition Of Sale
2. Orders accepted are subject to the conditions set forth herein and no agreement or other understanding in any way modifying these conditions shall be binding upon the Seller unless made in writing, and accepted over the signature of an authorized executive of the Seller.
3. Payment terms for new clients and clients without current credit approval is payment in full prior to shipment.
4. A 3% surcharge will be applied for all credit card payments.
5. If any sales, excise, occupation, or use tax is applicable to this transaction, the amount will be added to the price stated herein.
6. All orders are "FOB" Shipping Point. Destination charges will be added to the invoice unless specifically excluded. The method of transportation and carrier will be of the Seller's selection. If shipment is made at Customer request via a method other than that which would normally be used, or if special handling is necessary due to receiving limitation of the customer, additional charges will be added to the invoice.
7. This agreement may be signed in counterparts, each of which will be deemed an original and all of which together shall constitute one and the same agreement. A facsimile signature of one or more of the parties hereto shall be deemed an original signature for all purposes.