

2/20/07

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STATE PROCUREMENT OFFICE NOTICE & REQUEST FOR SOLE SOURCE

- 1. TO: Chief Procurement Officer
- 2. FROM: Dept. Business, Economic Dev. & Tourism/Office of Planning
Department/Division/Agency

Pursuant to §103D-306, HRS, and Subchapter 9, Chapter 3-122, HAR, the Department requests sole source approval to purchase the following:

3. Description of goods, services, or construction:

The services are comprised of an Enterprise License Agreement (ELA) for Environmental Systems Research Institute (ESRI) Geographic Information System (GIS) software, upgrades, maintenance and training. For details, please see Exhibit A, attached hereto.

4. Vendor Name: Environmental Systems Research Institute Address: 380 New York Street Redlands, CA 92373-8100	5. Price: \$900,000
6. Term of Contract: From: <u>July 1, 2007</u> To: <u>June 30, 2010</u> (mm/dd/yyyy)	7. Prior Sole Source Ref No.

8. Feature: The good, service, or construction has the following unique features, characteristics, or capabilities:

The Enterprise License Agreement for ESRI GIS software will include the upgrade of existing ESRI GIS licenses currently held by all State agencies to current versions, maintenance and technical support for the software, unlimited deployment within existing user agencies of licenses for the term of the contract, and both web-based and classroom training in the software. Only ESRI offers such an agreement for their software. For details, please see Exhibit A, attached hereto.

9. Essential features. How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work:

Currently, State agencies purchase their GIS software licenses independently, "in a vacuum." This has resulted in lack of coordination among agencies, and because several agencies do not pay software maintenance, there are many outdated licenses within various State agencies that are unable to read the newest data layers acquired by the State GIS Program (e.g., various imagery layers) and that are unable to directly overlay data acquired from other sources such as the Counties. The ELA will allow all State agency users with ESRI software licenses to upgrade to the most current version of the software and to keep those licenses up to date. There are other essential features as well. For details, please see Exhibit A, attached hereto.

11. Alternate source. The following other possible sources for the good, service, or construction were investigated but do not meet our needs because:

Only ESRI offers an ELA for their software, maintenance on their software, and the training (web-based and advanced instructor-led) for their software. Please see the letter from ESRI stating that only they are able to provide essential elements of the required services, attached hereto as Exhibit B. In addition, many user agencies, including the Departments of Agriculture, Health, Land and Natural Resources and the Hawaii Community Development Authority have expressed that it is essential to continue using their existing ESRI software and request that any ELA be for ESRI software. For more details of agency support, please see Exhibits C, D, E, and F, attached hereto.

12. Direct any inquiries to:

Department: DBEDT
Contact Name/Title: Joan Delos Santos, IT Specialist

13 Phone Number:

587-2895

Fax Number:

587-2899

Expenditure may be processed with a purchase order: Yes No If no, a contract must be executed and funds certified.

Agency shall ensure adherence to applicable administrative and statutory requirements.

14. *I certify that the information provided above is to the best of my knowledge, true, correct and that the goods, services, or construction are available through only one source.*



FEB 20 2007

Department Head

Date

Reserved for SPO Use Only

15 Date Notice Posted: 2/21/07

Submit written objections to this intent to issue a sole source contract within seven calendar days or as otherwise allowed from the above posted date to: Chief Procurement Officer
State Procurement Office
P.O. Box 119
Honolulu, Hawaii 96810-0119

16. Chief Procurement Officer's comments:

This procurement exemption approval is to allow DBEDT to enter into a Statewide Enterprise License Agreement (ELA) for Environmental Systems Research Institute (ESRI) Geographic Information System (GIS) software, upgrades, maintenance and training as specified in this request. This ELA covers all State agencies with GIS systems from ESRI.

This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply.

17.

APPROVED DISAPPROVED NO ACTION REQUIRED

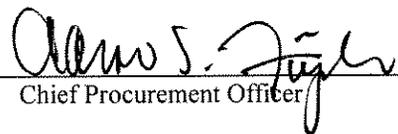
 2/28/07
Chief Procurement Officer Date

Exhibit A

**Additional Information for Notice & Request for Sole Source
Enterprise License Agreement for ESRI Software**

**Additional Information for Notice & Request for Sole Source
Enterprise License Agreement for ESRI Software**

3. Description of goods, services, or construction:

Chapter 225M of the Hawaii Revised Statutes designates the Office of Planning as the agency responsible for planning, developing, implementing and coordinating the statewide Geographic Information System (GIS). As the lead agency for coordinating GIS development and implementation within Hawaii State Government, the Office of Planning (OP) is committed to the continued growth of the system.

Through the efforts of the Office of Planning and the many user agencies, the State has created a central data repository comprising over 150 spatial data layers including satellite imagery, natural resource data, zoning information, etc. The Office of Planning manages this data repository, which is housed on a file server operated and managed by the Information and Communication Services Division (ICSD) of the Department of Accounting and General Services (DAGS). User agencies are able to access the data from their desktops through the State network, also operated and managed by ICSD. There are over 100 State agency users who have logons to the State GIS fileserver.

While there are a number of agencies that are using GIS to support their various activities, the State is failing to harness the full power of GIS as an analytical, planning, information and decision-making tool for several reasons, in some cases leaving Hawaii more vulnerable during emergency situations. The vast majority of agencies utilize GIS software developed by Environmental Systems Research Institute (ESRI). However, versions of the software range from the very old and outdated to the most current. Users of older software cannot access some newer data sets, including imagery, leaving them with a less effective analytical tool. In addition, user abilities range from untrained beginner to dedicated GIS analyst. Without adequate training, current users cannot take full advantage of the technology, and new and potential users are discouraged from trying. (In a recent survey, GIS users identified training as one of their top needs). Furthermore, each State agency administers separate GIS licenses, which has contributed to inconsistent data sharing, increased data redundancy and onerous and duplicative administrative responsibilities.

In September 2005, the Office of Planning held a series of meetings with representatives from user agencies to develop a strategy to improve the Statewide GIS. In those meetings, the concept of an Enterprise License Agreement (ELA) was discussed and there was consensus that the potential benefits warranted further investigation. OP took the lead in presenting the concept to the State Information Technology (IT) Governance Committee, which approved the ELA implementation at its May 2006 meeting. Accordingly, the Office of Planning is seeking to enter into an Enterprise License Agreement with Environmental Systems Research Institute (ESRI) that will leverage the

existing investment in software and expertise, increase accessibility to GIS resources and result in overall cost savings to the state.

The ELA will consist of bringing all existing ESRI GIS software licenses within State government agencies to the most current version, regular updates of the software for the term of the contract, unlimited deployment of new licenses for the term of the contract, telephone technical support for the deployed software, and a to-be-determined amount of web-based and instructor-led training for State government agencies. In addition, the contractor will be asked to provide an annual accounting of deployed GIS software licenses, and an annual assessment of the State GIS, including recommendations for system upgrades.

In addition:

1. There is a model for similar sole source procurement by DAGS/ICSD for SONET equipment and software.
2. There is a model for similar sole source procurement by DOT for procurement of their Intergraph software.
3. There is a model for similar sole source procurement by the City and County of Honolulu (which is required to follow the same procurement laws as the State) for procurement of their ELA with ESRI.
4. This procurement does not represent a new GIS system, and is not meant to change the way GIS work is done, but is a means to consolidate and coordinate the acquisition, deployment and support of the existing ESRI software.

Please note that the amount listed in Question 5 of the Notice and Request for Sole Source (\$900,000 for three years) is an estimated amount, based on the number of existing licenses in use by State government agencies, the projected number of new licenses that will be deployed, the estimated number of training hours that the State would like to obtain, and other miscellaneous benefits (e.g., User Conference passes). The actual amount of the contract will have to be negotiated with ESRI, but is not expected to exceed \$900,000 for a three year period (or \$300,000 per year).

Similarly, funding for the ELA has not been secured. It is anticipated that several user agencies will contribute funding for the agreement.

8. Feature. The good, service or construction has the following unique features, characteristics, or capabilities:

ESRI's Enterprise License Agreement is truly a unique offering in that it offers a set, predictable price for unlimited deployment of new licenses for the period of the contract. In addition it will bring the many out-dated software licenses deployed throughout State agencies to the current version (in late 2005, it was estimated that there were at least 88

current and 52 out-dated licenses of ESRI GIS software within State agencies – there have been many additional purchases of ESRI software since that time). This is a unique opportunity to carry out an across-the-board update of all existing licenses and ensure that these licenses will be maintained for the period of the contract and will eliminate the existing problems of data and feature incompatibility between versions. This would be analogous to the State executing a contract with Microsoft to bring all existing Office licenses up-to-date for a fixed fee, and ensuring that these licenses will continue to be upgraded during the course of the contract. The upgrade of all ESRI GIS licenses to the current version of the software will allow all agencies to read all of the data on the State GIS file server and allow the State GIS Program to pursue plans to upgrade the database to a far more efficient method of storing and delivering the State GIS data (a Relational Database Management System (RDBMS)), which can not be read by the older software (specifically, ArcView 3.x).

9. Essential Features. How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work:

As mentioned in Item 3, above, there are a large number of State agencies utilizing ESRI GIS software. However, the lack of full, regular sharing of data with the central database and the inconsistent technology levels between agencies has weakened the state GIS system, and, in some cases left Hawaii more vulnerable during emergency situations. We believe that an ELA will strengthen the State GIS for all agencies by upgrading licenses and allowing agencies to use all data on the State GIS file server. In addition, we believe that the central administration of ESRI GIS licenses will foster communication between agencies that will in turn lead to decreased data redundancy, increased data sharing and increased cooperation on GIS projects and GIS application development. The unlimited deployment of GIS software licenses will allow user agencies to “try out” various elements of the GIS software. The ELA will also eliminate duplicative procurement and administrative responsibilities within State agencies.

11. Alternate Source. The following other sources for the good, service or construction were investigated but do not meet our needs because:

There are other GIS and automated mapping software packages on the market (e.g., Intergraph GeoMedia, MapInfo, etc.), some of which are in use by State agencies such as the State Department of Transportation (DOT). However the vast majority (over 90%) of GIS users in Hawaii State government, including some users in DOT, use ESRI GIS software. The execution of this ELA would not establish a “State Standard” for GIS software, nor would it preclude any agency from procuring different GIS software from another company. The ELA would be used by those agencies wishing to use the ESRI software, but would not require any agency to do so. In addition, it would cover only those State agencies, which, at the time of contract execution, have at least one existing license for ESRI GIS software. The agencies with no existing licenses would be required to procure any ESRI GIS software in the normal manner.

Reasons for pursuit of this agreement with ESRI rather than another vendor include:

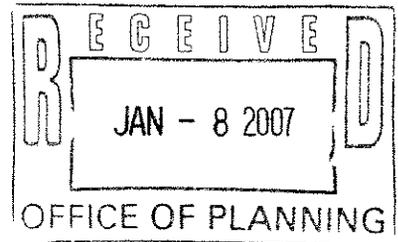
- ❖ There is a large, established ESRI software user base (estimated at over ninety percent of State agency GIS users)
- ❖ There is a certain level of comfort and expertise in using these products which is important to maintain, particularly in the event of homeland security situations
- ❖ A large number of customized maps and applications have been developed using this software that must be preserved
- ❖ Most of our partners in other agencies, particularly the various counties, use the same software, making it easier to exchange data and expertise

In addition, there are a number of ESRI software resellers, but one of the key elements of the ELA is software maintenance to keep all licenses current, thereby eliminating the problems of data and feature incompatibility between versions. This item is only offered by ESRI – no other vendor or reseller can provide software maintenance for the existing ESRI GIS licenses. Similarly, some of the most-used software applications to be included in the ELA are only offered by ESRI. These include ArcEditor, ArcInfo, and ArcSDE. Finally, the concept of “unlimited deployment” of the ESRI GIS software for a set annual fee is only offered by ESRI. Please see the attached letter from ESRI confirming that only they can provide key features of the ELA (Exhibit B).

Another key consideration for the Office of Planning in determining whether to pursue an ELA with ESRI was the support and wishes of the many State GIS user agencies. Many agencies expressed approval of the concept of an ELA as long as it preserved their ability to continue to use and acquire software from the vendor that supplies their current GIS software – ESRI. Please see the attached letters from the State Departments of Agriculture, Health, Land and Natural Resources and the Hawaii Community Development Authority expressing their need for an agreement with ESRI (Exhibits C, D, E, and F).

Exhibit B

Letter from Environmental Systems Research Institute (ESRI)



January 5, 2007

Laura H. Thielen
Director, State Office of Planning
P.O. Box 2359
Honolulu, Hawaii

ESRI Sole Source Justification for Geographic Information System Software and Maintenance

Dear Ms Thielen,

This letter confirms ESRI, as owner and manufacturer, is the sole-source provider of software maintenance (annual renewal of technical support plus ESRI software updates/upgrades) for *all* ESRI products except ArcLogistics Route, and ArcGIS Business Analyst.

ESRI is the sole-source provider of the following ESRI products in the commercial, state, and local government marketplace:

ArcGIS ArcInfo, ArcGIS ArcEditor, ArcGIS Server, ArcGIS Server extensions, ArcSDE, NetEngine, Production Line Toolset (PLTS) for ArcGIS, including PLTS Foundation, and PLTS Solutions, Map Production System Atlas, ArcGIS Job Tracking Analyst Extension, Maplex 3.x, Military Overlay Editor (MOLE), ESRI Image Server, certain proprietary training courses, and subscriptions to the ESRI Developer Network (EDN), MapStudio, and the Virtual Campus.

ESRI distributes certain software licenses, *excluding those listed above*, through open-market value-added resellers and distributors.

If you have further questions, please feel free to call our Contracts Department at 909-793-2853, extension 1550.

Sincerely,

Royce A. Jones

Exhibit C

Letter from Department of Agriculture

LINDA LINGLE
Governor

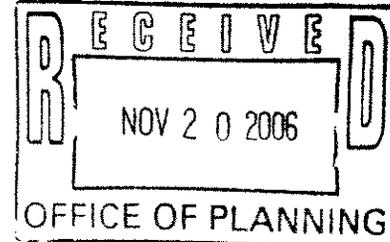


State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

59786



November 16, 2006

Ms. Laura H. Thielen, Director
Office of Planning
Department of Business, Economic
Development and Tourism
P.O. Box 2359
Honolulu, HI 96804

Dear Ms. Thielen:

The Department of Agriculture supports the Enterprise License Agreement (ELA) with Environmental Systems Research Institute (ESRI). As users of ESRI's software, we have developed customized programs to track and monitor Pesticide Users, track USDA Permits for Genetically Modified Organisms, and issue Annual Use Permits for the protection of ground water.

Only an ELA with ESRI will leverage the existing investment in software and expertise, and increase accessibility to Geographic Information System services within our department.

Sincerely,

A handwritten signature in cursive script, reading "Sandra Lee Kunimoto".

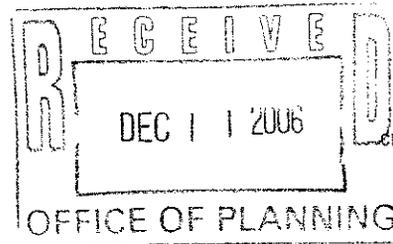
Sandra Kunimoto
Chairperson, Board of Agriculture



Exhibit D

Letter from Department of Health

LINDA LINGLE
GOVERNOR OF HAWAII



CHYOME L. FUKINO, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:

EPO-0183

December 7, 2006

TO: Laura H. Thielen, Director
Department of Business, Economic Development & Tourism
Office of Planning

FROM: Kelvin H. Sunada, Manager 
Environmental Planning Office

SUBJECT: Request for Sole Source Enterprise License Agreement for ESRI Software

The Department of Health's Environmental Geographic Information System (EGIS) program strongly supports the request for sole source enterprise license agreement with ESRI. We have used ESRI software since 1991, and have developed a comprehensive GIS system that incorporates high-level analytical capability, mobile technology, and the use of advanced software extensions that are essential for providing support and services for various offices and programs within the Department of Health.

Numerous DOH programs are using ESRI ArcGIS software, and many staff members have received training and support in its use.

Since this software is the de facto GIS standard among government and state agencies, we are able to share data and applications effectively with agencies such as the EPA and USGS. In addition, the Director of Health has expressed strong support for the use of GIS in the areas of health monitoring, homeland security planning, and preparation for acute health-related incidents such as pandemics. The benefits of the continued use of a comprehensive, fully functional software system that is already in use by our Department are obvious.

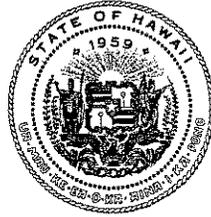
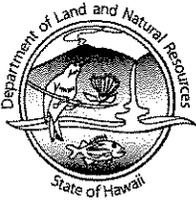
Finally, we are not aware of any other vendor that approaches ESRI's comprehensive range of GIS software, training, and technical support. Transitioning to another vendor's product, were it to exist, would compromise our ability to perform our duties in protecting the citizens of our state, and would incur untold costs in hardware, training, and efficiency.

If you have any questions, please contact Glen Fukunaga at 586-4337.

Exhibit E

Letter from Department of Land and Natural Resources

LINDA LINGLE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

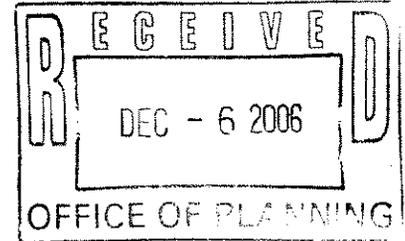
December 5, 2006

PETER T. YOUNG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
DEPUTY DIRECTOR

DEAN NAKANO
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS



Ms. Laura H. Thielen, Director
Office of Planning
Department of Business, Economic
Development and Tourism
P.O. Box 2359
Honolulu, Hawaii 69804

Dear Ms. Thielen:

The Department of Land and Natural Resources (DLNR) supports the Office of Planning's (OP's) efforts to implement an Enterprise License Agreement (ELA) utilizing ESRI software for GIS. DLNR recognizes the value of the GIS program and believes that a properly structured ELA can help it realize its full potential.

We feel that it is not only prudent but also necessary that the ELA leverage existing investments in data, software, staff time, and training. Like many agencies, DLNR has for some time invested considerable resources exclusively in ESRI's software and development environment. Therefore, we strongly urge you to specify ESRI as the software and data platform for the ELA. Although we support the goal of an enterprise GIS, we could not participate in the ELA if the use of non-ESRI software was contemplated.

Sincerely,

A handwritten signature in black ink, appearing to read "P.T. Young".

Peter T. Young
Chairperson

A handwritten signature in black ink, appearing to read "Robert K. Masuda".

Robert K. Masuda
Deputy Director

Exhibit F

Letter from Hawaii Community Development Authority



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



KAKA'KO
KALAELOA

Linda Lingle
Governor

Michael Goshi
Chairperson

Daniel Dinell
Executive Director

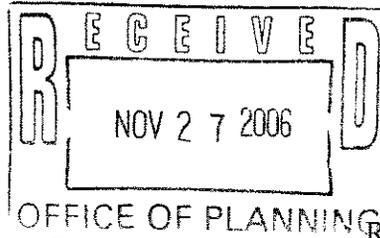
677 Ala Moana Boulevard
Suite 1001
Honolulu, Hawaii
96813

Telephone
(808) 587-2870

Facsimile
(808) 587-8150

E-Mail
contact@hcdaweb.org

Web site
www.hcdaweb.org

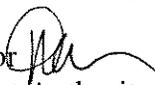


OFFICE OF PLANNING Ref. No.: PL GEN 1.58

November 24, 2006

MEMORANDUM

TO: Laura Thielen
Office of Planning
Department of Business Economic Development & Tourism

FROM: Daniel Dinell, Executive Director 
Hawaii Community Development Authority

SUBJECT: Budget Request to Fund an Enterprise License Agreement
("ELA") for Geographic Information System ("GIS") Software

Thank you for allowing us to provide input on the budget request to fund an ELA. We believe that an ELA will benefit State users of GIS by creating a central administration of GIS licenses. The central administration of GIS licenses will offer State users access to GIS resources including training and use of software and hardware elements that are generally cost prohibitive for individual users. As a "small" user without the capability to administer an in-house GIS program, we would greatly benefit from an ELA and strongly support the effort to fund an ELA.

We appreciate your efforts in developing an outstanding Statewide GIS system.