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Craig P. Orgeron, Ph.D., Executive Director

Notice of Intent to Certify Sole Source

To: Interested Parties
From: Craig P. Orgeron, Ph.D.
CC: ITS Project Number 45724
Date: April 28, 2020
Re: Sole Source Certification Number 4287 to provide Regional Economic Models, Inc. (REMI) PI+ and Tax PI System Software Maintenance Renewal for the Mississippi Institutions of Higher Learning (IHL)
Contact Name: Justin Faucette
Contact Phone Number: 601-432-8165
Contact E-mail Address: Justin.Faucette@its.ms.gov

Sole Source Certification Award Details

Regarding Information Technology Services (ITS) Sole Source Certification Number 4287 for the Mississippi Institutions of Higher Learning (IHL), please be advised that ITS intends to award Regional Economic Models, Inc. (REMI), as the sole source provider of REMI PI+ and Tax PI System software maintenance through June 30, 2023 in an amount not to exceed \$427,500.00. Please be advised that ITS will determine if additional support is within scope during the certification period and may increase the spending authority accordingly. Should REMI change their name during this certification, then ITS will determine if a recertification is necessary. For an explanation regarding Mississippi state law, policy and procedures for sole source procurements, refer to Attachment C: Sole Source Procurement Overview.

Sole Source Criteria

1. The product or services being purchased must perform a function for which no other product or source of services exist:

The REMI PI+ and Tax PI software is utilized in model simulations to estimate comprehensive economic and demographic effects in wide-ranging initiatives such as: economic impact analysis; policies and programs for economic development, infrastructure, environment, energy, and natural resources; and state and local tax changes. The models include: 1) State of Mississippi model consisting of 169 sectors, 2) 82 regional Mississippi counties consisting of 70 sectors, and 3) Tax PI 160 sector model. IHL has made a business decision to continue using PI+ and Tax PI. The customer's sole source certification request is included as Attachment A.

2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services:

IHL has been charged by the Governor's Office to evaluate comprehensive economic and demographic effects in wide-ranging initiatives such as: economic impact analysis; policies and programs for economic development, infrastructure, environment, energy and natural resources; and state and local tax changes.

PI+, the REMI economy modeling software covered by the REMI maintenance agreement, generates realistic year-by-year estimates of the total regional effects of any specific policy initiative. A wide range of policy variables allows the user to represent the policy to be evaluated, while the explicit structure in the model helps the user to interpret the predicted economic and demographic effects. Tax PI, also covered in the REMI maintenance contract, is a software tool for evaluating the total fiscal and economic effects of tax policy changes.

REMI also provides secondary licenses for two users at Mississippi State University, University of Mississippi, University of Southern Mississippi, and Jackson State University to provide copies of and updates to the PI+ and Tax PI software and associated documentation. The customer's sole source certification request is included as Attachment A.

3. The product or services must be available only from the manufacturer and not through resellers who could submit competitive pricing for the product or services:

REMI warrants it is the sole-source provider of the Licensed Programs, and the maintenance and support services for the Licensed Program. The Vendor's sole source certification letter is included as Attachment B.

Schedule

Task	Date
First Advertisement Date	04/28/2020
Second Advertisement Date	05/05/2020
Response Deadline From Objectors	05/12/2020 at 3:00 P.M. Central Time
Notice of Award/No Award Posted	Not before 05/13/2020

Project Details

PI+ and Tax PI and maintenance services were originally purchased in January 2011, when the Governor's Office allocated \$312,000.00 in funding through the Mississippi Department of Marine Resources for IHL to purchase a dynamic economic forecasting model. In June 2015, ITS certified the PI+ and Tax PI maintenance as sole source using then approved sole source procedures. In May 2017, ITS issued Notice of Intent to Certify Sole Source Number 4006 for the Regional Economic Models, Inc. PI+ and Tax PI System software maintenance through June 30, 2020, and received no objections. IHL has spent \$1,157,096.05 on this product to date. For secondary licenses provided to four universities, the universities to be licensed will pay IHL and IHL will directly provide compensation to REMI.

Submission Instructions and Format of Response from Objecting Parties

Interested parties who have reason to believe that the REMI PI+ and Tax PI System software maintenance should not be certified as a sole source should provide information in the following format for the state to use in determining whether or not to proceed with awarding the Sole Source contract to Regional Economic Models, Inc. (REMI).

1.1 Interested Party Information

1.1.1 Contact Name, Phone Number and email address

1.1.2 Company Website URL, if applicable

1.2 Objection to Sole Source Certification

1.2.1 Interested parties must present specific objections to the Sole Source certification using the criteria listed above.

1.2.2 A statement regarding the Interested Party's capabilities as related to this Sole Source Certification Request.

1.3 Comments will be accepted at any time prior to Tuesday, May 12, 2020, at 3:00 p.m. (Central Time) to Justin Faucette at Justin.Faucette@its.ms.gov or at the Mississippi Department of Information Technology Services, 3771 Eastwood Drive, Jackson, Mississippi 39211. Responses may be delivered by hand, via regular mail, overnight delivery, e-mail or by fax. Fax number is (601) 713-6380. ITS WILL NOT BE RESPONSIBLE FOR DELAYS IN THE DELIVERY OF RESPONSES. It is solely the responsibility of the Interested Parties that responses reach ITS on time. Interested Parties may contact Justin Faucette to verify the receipt of their Responses. Responses received after the deadline will be rejected.

1.4 Interested Party responses should include the following information:

<p style="text-align: center;">SUBMITTED IN RESPONSE TO Sole Source Certification No. 4287-45724 Accepted until May 12, 2020 @ 3:00 p.m., ATTENTION: Justin Faucette</p>
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If you have any questions concerning the information above or if we can be of further assistance, please contact Justin Faucette at 601-432-8165 or via email at Justin.Faucette@its.ms.gov.

Attachment A: Customer Sole Source Certification Request

Attachment B: Vendor Correspondence

Attachment C: Sole Source Procurement Overview

Attachment A



3771 Eastwood Drive
Jackson, Mississippi 39211
Phone 601-432-8000 Fax 601-713-6380

Sole Source Certification Request

Project Title: Regional Economic Models		Stimulus (ARRA) Funds? Yes No <u>X</u>	
Customer Contact Information			
Agency/Public University: Institutions of Higher Learning Address: 3825 Ridgewood Rd, Jackson, MS 39211		Contact Person: Phil Cumberland/Darrin Webb Phone: 601-432-6315/601-432-6742 Fax: 601-432-6990 Email Address: pcumberland@ihl.state.ms.us	
MAGIC Customer Number (only required from state agencies):		Division/Dept.: Handmail: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Project Summary Narrative Description of Project (include details of original acquisition if applicable): IHL is requesting a renewal of 3 years of this existing contract. This software is utilized in model simulations to estimate comprehensive economic and demographic effects in wide-ranging initiatives such as; economic impact analysis; policies and programs for economic development, infrastructure, environment, energy and natural resources; and state and local tax changes. It will include annual maintenance costs and secondary license costs for Universities.			
ITS Acquisition Approval (CP-1) should be effective through this date (Please allow time for all vendor invoices to be paid):			
Cost Estimates <i>Fiscal Year</i>	<i>Initial Costs</i>	<i>Ongoing Costs</i>	Time Constraints Item Needed by: July 1, 2020 Funds Expire:
			Anticipated Lifecycle of Products/System (i.e. estimated years of effective use): Indefinite
2021-2023 (Primary License for IHL Office)		\$247,500.00	Discuss Funding (e.g. how much of needed funding is definite; total project budget; any matching or other non state funds). Cost are 3 years for 4 universities to utilize at \$ 9,000 for 1 model or \$ 15,000 for both models. If 4 use both models the cost would be (4 x \$ 15,000) x 3 years = \$180,000.
2021-2023 (Secondary License for REMI approved universities)		\$180,000.00	
Total		\$427,500.00	
Acquisition Details			
Items Requested	Quantity	Description	Building Location(s)
82-Region, 70-Sector P1+ Model	1	Software License Economic Forecasting (\$64,500 year)	IHL Building Jackson, MS
1-Region, 160-Sector Tax P1	1	Software License Economic Forecasting (\$18,000 year)	IHL Building Jackson, MS
Secondary License (82-Region, 70-Sector P1+ Model)	4	Secondary License for REMI approved universities	Universities across the State
Secondary License (1-Region, 160-Sector P1+ Model)	4	Secondary License for REMI approved universities	Universities across the State
Describe platform & infrastructure (connectivity; software/hardware platforms; utilization of State Data Center resources: mainframe, eGovernment portal, payment engine, document management, hosting). For equipment or hosting outside the State Data Center, attach justification:			
Progress to Date: What has been done related to this project, including any communication with ITS staff (data/voice/procurement/other)? This project has a current CP1 20180081/IT20120023. No communication has been made for this renewal.			
Sole Source Certification Note: Certification must be renewed for each revision or continuation of previous Sole Source Approvals.			
Specific business requirements to be met by the requested products or services: IHL has been charged by the Governor's Office to evaluate comprehensive economic and demographic effects in wide-ranging initiatives such as: economic impact analysis; policies and programs for economic development, infrastructure, environment, energy and natural resources; and state and local tax changes. PI+, the REMI economy modeling software covered by the REMI maintenance agreement generates realistic year-by-year estimates of the total regional effects of any specific policy initiative. A wide range of policy variables allows the user to represent the policy to be evaluated, while the explicit structure in the model helps the user to interpret the predicted economic and demographic effects. Tax PI also covered in the REMI maintenance contract is a software tool for evaluating the total fiscal and economic effects of tax policy changes. REMI also provides secondary licenses for two users at Mississippi State University, University of Mississippi, University of Southern Mississippi, and Jackson State University to provide copies of and updates to the PI+ and Tax PI software and associated documentation.			
Explain why these products or services are the only ones that can meet your needs (include unique features/special functionality): The REMI PI+ and Tax PI software is utilized in model simulations to estimate comprehensive economic and demographic effects in wide-ranging initiatives such as: economic impact analysis; policies and programs for economic development, infrastructure, environment, energy and natural resources; and state and local tax changes. The models include: 1) State of Mississippi model consisting of 169 sectors and 2) 82 regional Mississippi counties consisting of 70 sectors, and 3) Tax PI 160 sector model.			
Explain why the source is the only entity that can provide the products or services (Include other products/vendors researched or evaluated): REMI warrants it is the sole-source provider of the Licensed Programs, and the maintenance and support services for the Licensed Program.			
Vendor's Certification of Sole Source attached: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Vendor's proposal submitted: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

MAGIC Vendor Code(s) Vendor must be in MAGIC before a CP-1 can be issued. 310000087

Place Order To

Vendor Name: Regional Economic Models Inc.

Vendor Address: 433 West St Amherst, MS 01002

Remit To

Vendor Name: Regional Economic Models Inc.

Vendor Address: 433 West St Amherst, MA 01002

By my signature, I certify that, to the best of my professional knowledge: the requested product or services are a sole source as outlined in the ITS Procurement Handbook, Rule 207.2:013-030 Procurement Types: Sole Source, and as outlined in Mississippi Code annotated Section 31-7-13. In addition, I acknowledge that there is a charge for ITS procurement services associated with this request which will be billed to the requestor by ITS and that my agency/public university is responsible for these charges/costs.

Marcus Thompson Deputy Commissioner/CAO

Name (Agency Head or Public University CIO)/Title

DocuSigned by:
Marcus L. Thompson 4/22/2020
AF7FE3DD4BA34D4
Signature Date

Attachment B



Regional
Economic
Models,
Inc.

January 6th, 2020

Mississippi Institutions of Higher Learning
Dr. Darrin Webb, State Economist
3825 Ridgewood Road
Jackson, MS 39211

RE: PI+ and Tax PI

Dear Dr. Webb,

Regional Economic Models, Inc. (REMI) is pleased to provide its Licensed Programs, PI+ and Tax PI, to the Mississippi Institutions of Higher Learning (IHL). REMI warrants it owns or otherwise has rights, title, and interest in the Licensed Programs, PI+ and Tax PI, sufficient to grant the IHL.

REMI warrants that the Licensed Program does not infringe upon any copyright or patent nor violate the proprietary rights of any third party.

Furthermore, REMI warrants it is the sole-source provider of the Licensed Programs, and the maintenance and support services for the Licensed Program.

The following is an overview of PI+ and Tax PI:

REMI's Economic and Demographic Forecasting model, PI+, is unique in that it provides regional economic forecasting and policy analysis software and databases which fully integrate economic theory to provide year-by-year (i.e., dynamic) simulation forecasts. The methods are technical, but it is the models ability, comprehensively and dynamically, to implement economic theory in single-region and multiple-region models, which makes it commercially unique. PI+ is solely available from REMI.

Comparing the dynamic results from PI+ to the outputs available from other modeling methods demonstrates the degree to which PI+ treats economic theory completely. In contrast to models based on input-output multipliers, PI+ incorporates market signals such as prices, wages, input factor substitution, induced investment flows, and labor migration. In contrast to models based on econometric methods, PI+ accounts for macroeconomic changes in the economy's behavior as the economy responds to the shock represented by direct inputs. In contrast to models based on CGE structures, PI+ does not assume a static economy or that product and factor markets clear every year with perfect foresight. Considering the above capabilities as a group, the results from PI+ uniquely provide accuracy and flexibility for year-by-year effects and "what-if" scenarios. PI+ provides it's user with:

Accuracy:

- Productivity and technical relationships forecasted for the years of a study
- Captures projected wage compensation, price effects, etc.

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- Captures investment as a stock adjustment process
- Feedback to wage compensation and composition of consumption, etc.
- In addition to all the features included in input-output models, the REMI model includes derived demand for factors of production, population migration response to expected earnings and amenities, full price and wage compensation determination, and changes in labor and input productivities and competitive market shares based on changes in agglomeration economics.

A wide range of outputs:

- Personal income
- Gross Regional product both by detailed final demand and by value add.
- Labor force and participation rates
- Employment by demand source and by detailed sector
- Output, exports, demand, self-supply, imports by sector

Dynamic and Year-by-Year simulations:

- Shows population growth and participation rate change by age and gender
- Year-by-year effects

A large set of policy variables:

- Change in consumption for residents or non-residents by consumption category
- Change in employment, output, income, productivity, investment, sales taxes, personal taxes, fuel costs, migration, and much more
- Change in business costs (e.g. production costs, taxes, wage rates)
- Change in commuting cost, transportation cost, and access cost from each region in the model to itself and to each other region in the model.
- Change in quality of life (e.g. consumer surplus from having greater choice of life options)

An easy to use model:

- A full Windows-based program with an extensive help menu
- REMI unlimited expert telephone consulting for proper use of the model

A study by the Massachusetts Institute of Technology (MIT) found the following about PI+:

“REMI has the following seven features often unavailable in many other microcomputer-based regional forecasting models:

- (1) It is calibrated to local conditions using a relatively large amount of local data, which is likely to improve its performance, especially under conditions of structural economic change.
- (2) It has an exceptionally strong theoretical foundation.
- (3) It actually combines several different kinds of analytic tools (including economic-base, input-output, and econometric models), allowing it to take advantage of each specific method's strengths and compensate for its weaknesses.

- (4) It allows users to manipulate an unusually large number of input variables and gives forecasts for an unusually large number of output variables.
- (5) It allows the user to generate forecasts for any combination of future years, allowing the user special flexibility in analyzing the timing of economic impacts.
- (6) It accounts for business cycles.
- (7) It has been used by a large number of users under diverse conditions and has proven to perform acceptably."

"In addition, the vendor provides good customer support and incorporates many of the clients' requests into annual revisions of the model."

In addition, REMI would like to provide the following verification of the two year and five year projected cost for maintaining the 82-Region, 70-Sector PI+ model license, the 1-Region, 160-Sector PI+ model license and the 1-Region, 160-Sector Tax PI model license. This pricing is based off the grandfathered annual pricing.

IHL Three Year Projected Cost for Continued Maintenance of PI+ and Tax PI with Secondary Licenses:

The annual maintenance for IHL model licenses is currently broken out as follows:

- 82-Region, 70-Sector PI+ model annual maintenance = \$64,500
(This includes the cost of 1-Region, 160-Sector PI+ model annual maintenance; this is considered to be the "Primary" License)
- 1-Region, 160-Sector Tax PI annual maintenance = \$18,000 (This pricing is contingent on the continued maintenance of the 82-Region, 70-Sector PI+ model and the 1-Region, 160-Sector PI+ model)
- Continuation of the 82-Region, 70-Sector PI+ model annual Secondary License held by Mississippi State University, National Strategic Planning and Analysis Center = \$15,000/per license
(The Secondary License is dependent upon the continued maintenance of the Primary License.)

Please contact us if you require any further documentation.

Sincerely,


Frederick Treyz, Ph.D.
Chief Executive Officer

Attachment C

The acquisition of information technology for all state agencies and institutions of higher learning (IHLs) is within the scope of the ITS law, found in Mississippi Code Section 25-53-1, et seq., and the policies and procedures established in accordance with this statute, found in the ITS Procurement Handbook posted on the ITS website (www.its.ms.gov).

ITS enabling legislation requires that information technology hardware, software and services be acquired in a manner that insures the maximum of competition among all manufacturers and suppliers of such equipment and services. Accordingly, ITS promotes full and open competition through the issuance of open specifications and the objective evaluation of Interested Party proposals to determine the lowest and best offering to meet an agency's or public university's business requirements. True competition protects the integrity and credibility of purchasing in the public sector and is essential in providing best value and adequate contractual protection for the purchasing entity. In certain limited situations, information technology acquisitions may be sole-sourced.

ITS utilizes the provisions of Public Purchasing Law for Sole Source and Emergency procurements of information technology. Mississippi Public Purchasing Law (Mississippi Code Section 31-7-13) specifies that noncompetitive items available from one source only be exempted from bid requirements (sole-sourced). ITS statute, in Section 25-53-5 (p), permits ITS to utilize provisions in Public Purchasing Law or regulations, when applicable.

Per Public Purchasing law, acquisitions must meet the following criteria to be authorized as sole source:

1. The product or services being purchased must perform a function for which no other product or source of services exists,
2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services, AND
3. The product or services must be available only from the manufacturer and NOT through resellers who could submit competitive pricing for the product or services. The vendor's correspondence regarding this criterion for this project is included as Attachment B.

By policy as documented in the ITS Procurement Handbook, acquisitions of IT services must include the following information to be authorized as sole source:

1. An explanation about why the amount to be expended is reasonable, and
2. An explanation regarding the efforts by the purchaser to obtain the best possible price.

For state agencies, approval of all technology purchases with a lifecycle cost of \$5,000 or less, including sole source purchases, has been delegated to the agency. The ITS Procurement Limits Policies for Agencies (a section in the ITS Procurement Handbook) require a minimum of two competitive written bids or proposals for technology purchases with a lifecycle cost over \$5,000 but not over \$50,000 (not over \$25,000 for projects funded by the American Recovery and Reinvestment Act). Since, for single source items, the procuring agency will be unable to obtain two written bids, ITS must certify all sole source acquisitions of information technology with a lifecycle cost greater than \$5,000.

Institutions of Higher Learning (IHLs) or public universities have been delegated the authority to certify sole source procurements up to \$250,000 lifecycle cost under the ITS Procurement Limits Policies for IHLs (a section in the ITS Procurement Handbook). For the certification of sole source procurements delegated to the CIOs at public universities, the public university must follow ITS' Sole Source Procedure, including advertisement of the intent to award as sole source. Institutions certifying a sole source purchase must ensure the criteria listed above are met and documented in writing by the institution and the Interested Party prior to certifying a product or service as sole source. Sole source documentation must be reviewed and approved by the IHL's CIO for any sole-source certification

above \$5,000. All sole source documentation should be retained in the public university's procurement file. Sole source requests above \$250,000 lifecycle cost require ITS approval.

Other than the delegations outlined above, all sole source technology procurements must be certified by ITS. The customer's Sole Source Certification Request for this project is included as Attachment A.

ITS thoroughly reviews Sole Source Certification Requests, determining if competing products and/or services exist. If so, ITS conducts a competitive procurement. If ITS' review confirms the sole source, then a Sole Source advertisement is issued, giving other Interested Parties an opportunity to identify competing products and/or services. Based upon the results of the Sole Source advertisement, ITS will either certify the request as a sole source or conduct a competitive procurement.