
Notice of Intent to Certify Sole Source

To: Interested Parties
From: David C. Johnson
CC: ITS Project Number 46282
Date: April 20, 2021
Re: Sole Source Certification Number 4389 to provide a scrap metal registration and licensing system for the Mississippi Secretary of State's Office (SOS)
Contact Name: Wesley Wright
Contact Phone Number: 601-432-8103
Contact E-mail Address: Wesley.Wright@its.ms.gov

Sole Source Certification Award Details

Regarding Information Technology Services (ITS) Sole Source Certification Number 4389 for the Mississippi Secretary of State's Office (SOS), please be advised that ITS intends to award LeadsOnline, LLC, as the sole source provider of a scrap metal registration and licensing system through June 30, 2024, in an amount not to exceed \$380,440.00. Please be advised that ITS will determine if additional enhancements, upgrades, or support are within scope during the certification period and may increase the spending authority accordingly. Should LeadsOnline, LLC change its name during this certification period, 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 Regulation and Enforcement Division of SOS requires technology software support to continue the services mandated in August 2008 by the Mississippi Scrap Metal Dealer Act, codified at Mississippi Code Annotated Section 97-17-71 to 97-17-71.2. There are multiple dimensions to the contract requirements:

- **Scrap Metal Dealer On-line registration;**
 - **Interface that is specific to the scrap metal industry that captures a number of identifying characteristics at the point of purchase from scrap metal customers;**
 - **Statewide access for law enforcement to view and research the customer identifying information and product purchases (either real time or the following day) collected by scrap metal stores; and**
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- **Training to law enforcement to promote and encourage use of the collected information for criminal investigations as a crime-solving tool for metal theft cases.**

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:

The unique features and special functionalities of SOS's requirements are determined by the criteria enacted in 2008 codified at Mississippi Code Annotated Sections 97-17-71 and 97-17-71.1. These code sections were amended as a legislative response to address a rampant problem with copper and aluminum theft that was prevalent throughout the country. The following requirements were enacted at that time:

A. The Secretary of State's Office requires on-line registration/licensing for scrap metal dealers. Currently, SOS has approximately 140 scrap metal registrants. The on-line registration application requires that the vendor capture basic identifying information about the store location and its ownership. The paper copy attached to the registration provides a representation of the ownership data and information about the scrap metal business that the vendor must be able to capture. The information captured by the vendor to enable the Secretary of State to determine licensing eligibility is extensive and much more than what is typically captured for setting up a user account and associated password.

B. For every customer that presents themselves to a scrap metal dealer with regulated metal to sell, the store location must be able to electronically record and update to a central database, accessible by law enforcement, the following information about the customer and the metal product the scrap yard purchased from the customer:

- **The name, address and age of the person whom the metal property is purchased as obtained from the customer's personal identification card;**
- **The date and place of each purchase of metal property;**
- **The weight, quantity or volume and a general physical description of the type of metal property;**
- **The amount paid in all purchase transactions for metal property;**
- **The vehicle license tag number, state of issue and the make and type of vehicle used to deliver the metal property to the scrap dealer;**
- **A scanned copy or a photocopy of the personal identification card of the person receiving consideration in the purchase transaction; or**
- **If a person other than the seller delivers the metal property to the purchaser, a scanned copy or a photocopy of the personal identification card of the person delivering the metal property; and**
- **A photograph, videotape, or similar likeness of the person receiving pay or any other person other than the seller who delivers the metal property to the purchaser in which the person's facial features are clearly visible and in which the metal property the person is selling or delivering is clearly visible. In addition to capturing hard data about the customer regarding who, what, where, when, etc., there are photographic images that must be captured or uploaded. The vendor has to be staffed to provide telephone support to**

stores that encounter difficulty with either on-line registration or questions regarding customer uploads from scrap metal yards

C. Law enforcement officers and criminal intelligence analysts must be able to access all customer uploads from all stores for crime solving purposes. This dimension of the requirement must furnish a number of parameter searches that can be utilized by law enforcement to focus on a particular geographic area or customer who is a subject of interest. There must be telephone support to troubleshoot any access issues or product unfamiliarity by law enforcement that uses the system. Additionally, every other year, the vendor must commit to no less than three days of on-site training in the State of Mississippi at locations of SOS's choosing to train law enforcement on the use of the service.

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:

LeadsOnline's Metal Theft Investigation System (MTIS) is the only system that provides, operates and maintains a system that supports the Mississippi Scrap Dealer Act of 2008, which includes the registration and licensing platform for scrap metal dealers and the electronic capture and retention of the details of all purchase transactions for law enforcement access. LeadsOnline's MTIS provides access across jurisdictional boundaries and state lines – borders previously used to the advantage of criminals to escape detection by local and State authorities. LeadsOnline does not partner with any resellers or distributors and is the lone provider of this product.

The Vendor's sole source certification letter is included as Attachment B.

Schedule

Task	Date
First Advertisement Date	04/20/21
Second Advertisement Date	04/27/21
Response Deadline From Objectors	05/05/21 at 3:00 P.M. Central Time
Notice of Award/No Award Posted	Not before 05/06/21

Project Details

This system was originally purchased in 2008 through an Emergency Purchase procurement in order to comply with MS Senate Bill 2006 from the 1st 2008 Special Session. In June 2012 and June 2015, SOS utilized then approved sole source procedures to enter into an Agreement with LeadsOnline, LLC through June 30, 2019. In April 2019, ITS, on behalf of SOS, issued Notice of Intent to Certify Sole Source No. 4199 to provide a scrap metal registration and licensing system. No objections were received and the agreement with was extended through June 30, 2021. Since 2008, SOS has spent approximately \$1,573,900.00. With this renewal, the total spend to date is \$1,954,340.00.

Submission Instructions and Format of Response from Objecting Parties

Interested parties who have reason to believe that a scrap metal registration and licensing system 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 LeadsOnline, LLC.

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 Wednesday, May 5, 2021, at 3:00 p.m. (Central Time) to Wesley Wright at Wesley.Wright@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 Wesley Wright 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. 4389-46282 Accepted until May 5, 2021 @ 3:00 p.m., ATTENTION: Wesley Wright</p>

If you have any questions concerning the information above or if we can be of further assistance, please contact Wesley Wright at 601-432-8103 or via email at Wesley.Wright@its.ms.gov.

- Attachment A: Customer Sole Source Certification Request
- Attachment B: Vendor Correspondence
- Attachment C: Sole Source Procurement Overview

Sole Source Certification Request

Project Title: Philips eCareManager Support Renewal		Stimulus (ARRA) Funds? Yes No <u>X</u>	
Customer Contact Information			
Agency/Public University: Secretary of State, Office of Address: 125 South Congress, Jackson, MS 39201		Contact Person: Michael Pantin Phone: 601-359-1357 Email Address: michael.pantin@sos.ms.gov	
MAGIC Customer Number (only required from state agencies): 700000056 (SOS – Secretary of State RE)		Division/Dept.: Handmail: <input type="checkbox"/> Yes <input type="checkbox"/> No	
<p>Project Summary Narrative Description of Project (include details of original acquisition if applicable): The Regulation and Enforcement Division requires technology and support to continue the services mandated in August 2008 by the Mississippi Scrap Metal Dealer Act, codified at Mississippi Code Annotated Section 97-17-71 to 97-17-71.2. Our current vendor, www.LeadsOnline.com has supplied the needs for our requirements since inception. Our current agreement with Leads expires on June 30, 2021. We are requesting a three-year extension through June 30, 2024.</p> <p>The objective of the 2008 Act is the reduction of metal theft and property damage crimes for Mississippi homes and businesses. The provisions of the Act require capturing the identifying characteristics from salvage yard customers to serve as a deterrent to metal theft and property crimes. When the deterrent effect is not served, the information that is provided supplies tangible, effective crime-solving information for law enforcement. The ability for law enforcement to search and view metal purchases in a manner that they describe as vital to the success of the legislation passed in 2008.</p> <p>The solution (theft deterrence) and supplying crime solving tools are enhanced when training for law enforcement on the LeadsOnline system is conducted and awareness of this asset is promoted. We also work with law enforcement in our border states (Alabama, Louisiana, Tennessee, and Arkansas) to promote uniformity of legal requirements in our region to disincentivize theft in one jurisdiction and then flight to another to “cash out” the fruits of the theft. We also investigate scrap metal dealers to determine their compliance with the law and the full use of the LeadsOnline system. Egregious violators are fined following due process administrative hearings.</p> <p>The Secretary of State’s Office makes the www.LeadsOnline.com system for scrap metal available to all law enforcement agencies in this state at no charge. Once we pay the contract fee to LeadsOnline, the service is free statewide to all law enforcement officers and certain intel analysts.</p> <p>At the inception of this project in 2008, the Office received substantial input recommending www.LeadsOnline.com, the requirement of electronic reporting, and the protocols our Office uses to police compliance. This input came from the metal dealer industry lobby; the Jackson, Mississippi-based Operation SAFECITY; public utilities such as AT&T and Entergy, and the railroad industry.</p>			
ITS Acquisition Approval (CP-1) should be effective through this date (Please allow time for all vendor invoices to be paid): 06/30/2024			
Cost Estimates <i>Fiscal Year</i>	<i>Initial Costs</i>	<i>Ongoing Costs</i>	Time Constraints Item Needed by: 7/1/21 Funds Expire: 6/30/21
FY22		\$123,084.00	Anticipated Lifecycle of Products/System (i.e. estimated years of effective use): 3 years
FY23		\$126,776.00	
FY24		\$130,580.00	
Total		\$380,440.00	
Acquisition Details			
Items Requested	Quantity	Description	Building Location(s)
Registration/Licensing Fees	2	Fees for registering to LeadsOnline, billed quarterly	
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: The LeadsOnline product is an external service. There is no hosting in the State Data Center or on the State Network.			
Progress to Date: What has been done related to this project, including any communication with ITS staff (data/voice/procurement/other)? The quotes for service and sole source documentation have been obtained.			
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: The Regulation and Enforcement Division requires technology software support to continue the services mandated in August 2008 by the Mississippi Scrap Metal Dealer Act, codified at Mississippi Code Annotated Section 97-17-71 to 97-17-71.2.			
There are multiple dimensions to the contract requirements:			
<ul style="list-style-type: none"> • Scrap Metal Dealer On-line registration; • Interface that is specific to the scrap metal industry that captures a number of identifying characteristics at the point of purchase from scrap metal customers; 			

- Statewide access for law enforcement to view and research the customer identifying information and product purchases (either real time or the following day) collected by scrap metal stores; and

Training to law enforcement to promote and encourage use of the collected information for criminal investigations as a crime-solving tool for metal theft cases.

Explain why these products or services are the only ones that can meet your needs (include unique features/special functionality):

The unique features and special functionalities of SOS's requirements are determined by the criteria enacted in 2008 codified at Mississippi Code Annotated Sections 97-17-71 and 97-17-71.1. These code sections were amended as a legislative response to address a rampant problem with copper and aluminum theft that was prevalent throughout the country. The following (A-C) requirements were enacted at that time:

- A. The Secretary of State's Office requires on-line registration/licensing for scrap metal dealers. Currently, SOS has approximately 140 scrap metal registrants. The on-line registration application requires that the vendor capture basic identifying information about the store location and its ownership. The information captured by the vendor to enable the Secretary of State to determine licensing eligibility is extensive and much more than what is typically captured for setting up a user account and an associated password. The electronic registration piece must be able to interface with the MS Department of Finance and Administration's payment portal to collect the registration fees.
- B. For every customer that presents themselves to a scrap metal dealer with regulated metal to sell, the store location must be able to electronically record and update to a central database, accessible by law enforcement, the following information about the customer and the metal product the scrap yard purchased for the customer:
 - The name, address, and age of the person from whom the metal property is purchased as obtained from the customer's personal identification card;
 - The date and place of each purchase of metal property;
 - The weight, quantity or volume, and a general physical description of the type of metal property;
 - The amount paid in all purchase transactions for metal property;
 - The vehicle license tag number, state of issuance, and the make and type of vehicle used to deliver the metal property to the scrap dealer;
 - A scanned copy or a photocopy of the personal identification card of the person receiving consideration in the purchase transaction; or
 - If a person other than the seller delivers the metal property to the purchaser, a scanned copy or a photocopy of the personal identification card of the person delivering the metal property; and
 - A photograph, videotape, or similar likeness of the person receiving payment or any other person other than the seller who delivers the metal property to the purchaser in which the person's facial features are clearly visible and in which the metal property the person is selling or delivering is clearly visible.

In addition to capturing hard data about the customer regarding who, what, where, when, etc., there are photographic images that must be captured and uploaded. The vendor has to be staffed to provide telephone support to stores that encounter difficulty with either on-line registration or questions regarding customer uploads from scrap metal yards.

Law enforcement officers and criminal intelligence analysts must be able to access all customer uploads from all stores for crime solving purposes. This dimension of the requirement must furnish a number of parameter searches that can be utilized by law enforcement to focus on a particular geographic area or customer who is a subject of interest. There must be telephone support to troubleshoot any access issues or product unfamiliarity by law enforcement that uses the system. Additionally, every other year, the vendor must commit to no less than three days of on-site training in the State of Mississippi at locations of SOS's choosing to train law enforcement on the use of the service.

Explain why the source is the only entity that can provide the products or services (Include other products/vendors researched or evaluated):

LeadsOnline is the only company that can provide, operate and maintain the system that supports the Mississippi Scrap Metal Dealer Act of 2008, including the registration and licensing platform for scrap metal dealers and the electronic capture and retention of the details of all purchase transactions for law enforcement access. LeadsOnline does not partner with resellers or distributors for these services and is the sole source for information of this kind for investigators.

Vendor's Certification of Sole Source attached: Yes No **Vendor's proposal submitted:** Yes No

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

Place Order To

Vendor Name: LeadsOnline, LLC

Vendor Address: 6900 Dallas Parkway, Suite 825, Plano, TX 75024

Remit To

Vendor Name: LeadsOnline, LLC

Vendor Address: 6900 Dallas Parkway, Suite 825, Plano, TX 75024

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.

Name (Agency Head or Public University CIO)/Title

Signature

Date



PHONE 972-361-0900 FAX 972-361-0901 TOLL-FREE 800-311-2656

6900 DALLAS PARKWAY, SUITE 825, PLANO, TX 75024

LEADSONLINE.COM

April 8, 2021

Honorable Michael Watson
Mississippi Secretary of State
401 Mississippi Street
Jackson, MS 39201

RE: Sole Source Letter

Dear Secretary Watson:

It has been a pleasure serving the State of Mississippi with the necessary system and services to support the Mississippi Scrap Metal Dealer Act of 2008. This innovative system is widely used by law enforcement investigators and scrap metal dealers throughout the State.

The current agreement provides for services through June 30, 2021. LeadsOnline is willing to continue the program for three additional years if the State of Mississippi would like to do so.

LeadsOnline is the only company that can provide, operate and maintain the system that supports the Mississippi Scrap Metal Dealer Act of 2008, which includes the registration and licensing platform for scrap metal dealers and the electronic capture and retention of the details of all purchase transactions for law enforcement access. LeadsOnline provides access across *jurisdictional boundaries and state lines* – borders previously used to the advantage of criminals to escape detection by local and State authorities.

LeadsOnline does not partner with resellers or distributors for these services and is the sole source for information of this kind for investigations.

We look forward to continued service to your office and to the State of Mississippi.

Best regards,

A handwritten signature in blue ink, appearing to read "Dave Finley".

Dave Finley
CEO

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.