

Notice of Intent to Certify Sole Source

To: Interested Parties

From: David C. Johnson 

CC: ITS Project Number 48137

Date: April 4, 2024

Re: Sole Source Certification Number 4612 to provide scrap metal registration and licensing system support for the Mississippi Secretary of State's Office (SOS)

Contact Phone Number: 601-432-8244

Contact E-mail Address: matthew.livingston@its.ms.gov

Sole Source Certification Award Details

Regarding Information Technology Services (ITS) Sole Source Certification Number 4612 for the Mississippi Secretary of State's Office (SOS), please be advised that ITS intends to award LeadsOnline Parent, LLC, as the sole source provider of scrap metal registration and licensing system support through June 30, 2027, in an amount not to exceed \$470,248.00. Please be advised that ITS will determine if additional maintenance and support is within scope during the certification period and may increase the spending authority accordingly. Should LeadsOnline Parent, LLC change their 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 B: 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:

LeadsOnline is the only solution currently available that can meet the requirements and mandates of the Mississippi Scrap Metal Dealer Act, codified in Mississippi Code Annotated Section 97-17-71 to 97-17- 71.2. Operation and maintenance of the electronic platform, where access to the system was originally procured via emergency purchase in 2008, will be done through 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**
 - **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.**
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 MSOS's requirements are determined by the criteria enacted in 2008 codified in Mississippi Code Annotated Section 97-17-71 to 97-17-71.1. These code sections were amended as a legislative response to address a rampant problem of copper and aluminum theft that was prevalent throughout the country. The following (A through C) requirements were enacted at the time.

A. The Secretary of State's Office requires online registration/licensing for scrap metal dealers. Currently, the MSOS has 150 scrap metal registrants. The online registration application requires the vendor to capture basic identifying information about the store location and ownership. The information captured by the vendor to enable the MSOS 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 centralized database, accessible by law enforcement, with the following information about the customer and the metal product the scrap dealer purchased from the customer:

- **The name, address, and age of the person from whom the metal property was 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 photocopy of the personal identification card of the person delivering the metal property; and**
- **A photograph, videotape, or similar likeness to 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.**

C. In addition to capturing hard data about the customer regarding who, what, when, where, etc., photographic images must be captured and uploaded. The vendor must be staffed to provide telephone support to stores that encounter technical difficulties with either the online 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 criminal investigative purposes. The vendor must furnish several parameter searches that can be utilized by law enforcement to focus on, such as geographic areas or specific customers who are subjects of interest. There must be telephone support readily available to provide troubleshooting of any access issue or product unfamiliarity by law enforcement that utilizes 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 the Secretary of State's choosing to train law enforcement on using the system and services.

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

Schedule

Task	Date
First Advertisement Date	04/04/2024
Second Advertisement Date	04/11/2024
Response Deadline From Objectors	04/18/2024 at 3:00 P.M. Central Time
Notice of Award/No Award Posted	Not before 04/19/2024

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. In April 2021, ITS, on behalf of SOS, issued Notice of Intent to Certify Sole Source No. 4389 to provide a scrap metal registration and licensing system. No objections were received and the agreement with was extended through June 30, 2024. Since 2008, SOS has spent approximately \$1,954,340.00.

Submission Instructions and Format of Response from Objecting Parties

Interested parties who have reason to believe that the scrap metal registration and licensing system support 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 Parent, 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 Tuesday, April 18, 2024 at 3:00 p.m. (Central Time) to Matthew Livingston at matthew.livingston@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 Matthew Livingston 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:

**SUBMITTED IN RESPONSE TO
Sole Source Certification No. 4612-48126
Accepted until April 18, 2024 @ 3:00 p.m.,
ATTENTION: Matthew Livingston**

If you have any questions concerning the information above or if we can be of further assistance, please contact Matthew Livingston at 601-432-8244 or via email at matthew.livingston@its.ms.gov.

Attachment A: Vendor Correspondence
Attachment B: Sole Source Procurement Overview



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

6900 DALLAS PARKWAY, SUITE 825, PLANO, TX 75024

LEADSONLINE.COM

March 5, 2024

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, 2024. LeadsOnline is willing to extend the program for three (3) additional years.

LeadsOnline will continue to provide the Scrap Metal Dealer System from July 1, 2024 through June 30, 2027 following the below payment schedule:

<u>Year</u>	<u>Service Period</u>	<u>Total Annual Cost</u>
Year 1	July 1, 2024 – June 30, 2025	\$150,167 / year
Year 2	July 1, 2025 – June 30, 2026	\$157,675 / year
Year 3	July 1, 2026 – June 30, 2027	\$162,406 / year

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,

Ashley Sacrider
Chief Operations Officer

Attachment B

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 A.

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 \$75,000 (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.

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.