



SOLE SOURCE FILING JUSTIFICATION

TO: Choose or Type a Name.
CONTRACT # 25-1008
TODAY'S DATE: Click here to enter a date.
CONTRACT SUB OBJECT CODE: CD - Computer & Info Serv

CONTRACTOR'S LEGAL NAME	
KinderSystems, Inc.	

ADDRESS	101 State Place, Suite Q, Escondido, CA 92029
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CONTRACT PURPOSE
The purpose of the contract is to provide maintenance and support of the Child Care Time and Attendance System.

FUNDING	
FEDERAL FUNDING \$1,615,068	STATE FUNDING \$

CONTRACT TOTAL \$1,615,068

CONTRACT DATES	
START DATE: 7/1/2025	END DATE: 6/30/2026

<p>SOLE SOURCE CRITERIA</p> <p><u>What is a sole source contract?</u></p> <p><i>“Sole source” means a contractor providing goods or services of such a unique nature or sole availability at the location required that the contractor is clearly and justifiably the only practicable source to provide the goods or services. (RCW 39.26.010)</i></p> <p><i>Unique qualifications or services are those which are highly specialized or one-of-a-kind. Other factors which may be considered include past performance, cost-effectiveness (learning curve), and/or follow-up nature of the required goods and/or services. Past performance alone does not provide adequate justification however will not be on its own a sufficient justification.</i></p> <p><u>Why is a sole source justification required?</u></p> <p><i>The State of Washington, by policy and law, believes competition is the best strategy to obtain the best value for the goods and services it purchases, and to ensure that all interested vendors have a fair and transparent opportunity to sell goods and services to the state.</i></p> <p><i>A sole source contract does not benefit from competition. Thus the state, through RCW 39.26.010, has determined it is important to evaluate whether the conditions, costs and risks related to the proposal of a sole source contract truly outweigh for going the benefits of a competitive contract.</i></p>
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SPECIFIC PROBLEM OR NEED

1. What is the business need or problem that requires this contract?

To provide a Attendance Tracking System for DCYF's Child Care Subsidy Program (CCSP) participants and their Private Pay Consumers as required by the Early Start Act which required DCYF to implement an attendance tracking solution for Working Connections Child Care (WCCC), Seasonal Child Care (SCC), and the Early Childhood Education and Assistance Program (ECEAP).

PROVIDING COMPELLING ANSWERS TO THE FOLLOWING QUESTIONS WILL FACILITATE THE EVALUATION

2. Describe the unique features, qualifications, abilities or expertise of the contractor proposed for this sole source contract.

DCYF issued an RFP in September 2017 for the Child Care Time and Attendance solution. KinderSystems, Inc. (then named Controltec, Inc.) was awarded the contract from the RFP and has provided the Child Care Time and Attendance Software-as-a-Service since the spring of 2018.

KinderSystems' products are licensed under a Software-as-a-Service (SaaS) business model according to the size of the child care subsidy organization, as determined by the number of active providers and children served. For Washington DCYF, we used 3,400 providers and 34,000 subsidized children in care. We confirmed these numbers based on data in the current production system.

3. What kind of market research did the agency conduct to conclude that alternative sources were inappropriate or unavailable?

DCYF conducted a internet search for organizations that provide time and attendance systems. Although DCYF found several organizations that currently provide time and attendance SAAS solutions, KinderSystems, Inc. is the only organization that currently provides the KinderConnect portal. To switch Time and Attendance systems would cost DCYF significant time and money.

4. Provide a detailed and compelling description of the costs and risks mitigated by contracting with this contractor (i.e. learning curve, follow-up nature).

The training and knowledge needed to get a new contractor up to speed and a new Child Care Time and Attendance solution in place would add significant time to this contract. approximately 12 months to the current contract/project timeline. The estimated cost of educating the new contractor and potential rework (from not having substantial knowledge or required training), would cost in excess of \$3,000,000. Child Care Workers would need to be retrained. This added training and knowledge transfer would cause issue with the time the new contractor could effectively start work and more taxpayer money spent.

5. Is the agency proposing this sole source contract because of special circumstances such as confidential investigations, copyright restrictions, etc.? If so, please describe.

NOT APPLICABLE

KinderSystems' products are licensed under a Software-as-a-Service (SaaS) business model.

6. Is the agency proposing this sole source contract because of unavoidable, critical time delays or issues that prevented the agency from completing this acquisition using a competitive process? If so, please describe. For example, if time constraints are applicable, identify when the agency was on notice of the need for the goods and/or service, the entity

that imposed the constraints, explain the authority of that entity to impose them, and provide the timelines which work must be accomplished.

NOT APPLICABLE

7. Is the agency proposing this sole source contract because of a geographic limitation? If the proposed contractor is the only source available in the geographical area, state the basis for this conclusion and the rationale for limiting the size of the geographical area selected.

NOT APPLICABLE

8. What are the consequences of not having this sole source filing approved? Describe in detail the impact to the agency and to services it provides if this sole source filing is not approved.

DCYF would not be able to continue providing the Child Care Time and Attendance solution for Child Care Working Connection Child Care subsidies and would be out of compliance with the State Auditor findings. Per state audit, it is imperative that DCYF have set up an electronic attendance system that significantly reduces negligent errors, overpayments, and which provides an audit trail for identifying and discovering fraudulent transactions. If not approved, the consequence would include the attendance tracking system going back to a paper based process, resulting in the Agency making consequential overpayments, including potential fraud.

9. What considerations were given to providing opportunities in this contract for small business, including but not limited to unbundling the goods and/or services acquired.

DCYF is not aware of a Washington small business that could provide the Child Care Time and Attendance solution.

REASONABLENESS OF COST

10. Since competition was not used as the means for procurement, how did the agency conclude that the costs, fees, or rates negotiated are fair and reasonable. Please make comparison with comparable contracts, use the results of a market survey, or employ other appropriate means calculated to make such a determination.

KinderSystems, Inc. rates are similar to other contractors on the DES Statewide IT contracts providing SAAS solutions.