



County of San Mateo

Inter-Departmental Correspondence

Department: TREASURER

File #: 16-270

Board Meeting Date: 6/27/2017

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: Sandie Arnott, Treasurer-Tax Collector

Subject: Agreements relating to New Property Tax System Implementation

RECOMMENDATION:

Adopt a resolution requesting an agreement for a new Property Tax System:

- A) Authorizing an agreement with Grant Street Group to provide implementation services for the Treasurer-Tax Collector's new property tax system for the term of July 1, 2017 through June 30, 2019, in an amount not to exceed \$10,000,000; and
- B) Authorizing an agreement with Grant Street Group to provide subscription services for the Treasurer-Tax Collector's new property tax system for the term of July 1, 2017 through June 30, 2022, in an amount not to exceed \$6,170,975; and
- C) Authorizing an agreement with Eaton & Associates to provide project management services for the Treasurer-Tax Collector's property tax system implementation project, for the term of July 1, 2017 through August 1, 2019, in an amount not to exceed \$958,800.

BACKGROUND:

The current property tax system is a legacy system written in an outdated programming language and hosted on an AS/400 platform. Since the system is written in a language that is no longer common or universally supported, the County is primarily reliant on a single internal resource to maintain, update, modify, and otherwise address any needs of the system. Additionally, external resources are not readily available to assist in maintaining or expanding upon the system. The age of this County's critical system, combined with limited availability of resources, poses significant risk to the County. It is the opinion of the Treasurer-Tax Collector, which is consistent with the findings of Gartner Consulting, that the current system is not viable for the long term. As the Treasurer-Tax Collector currently utilizes the system to process all mandated and necessary functions in the tax cycle for each tax roll, as well as all payments for each tax roll (\$1.9 billion annually on the secured roll alone), a major failure in the property tax system has the potential to result in a major financial crisis for the county as a whole. With the current property tax system not viable in the long term for continued and successful facilitation and support of the Tax Collector's functionality, it is critical that

the County invest in a new property tax system.

The property tax system is a critical County resource, and must be replaced in order to assure the continuing ability to bill, collect, and distribute property tax revenue and assist in keeping the County fiscally sound. The Treasurer-Tax Collector's Office, Assessor's Office, Controller's Office, and Information Services Department (ISD) worked collaboratively and issued a joint Request for Proposals (RFP), i.e., #2015-ISD1831, on November 18, 2015, to procure one or more packaged (i.e., complete, commercial-off-the-shelf, and requiring minimal customization) software solution(s) to meet the needs of the County of San Mateo's property assessment and tax related functions. In addition, the Treasurer-Tax Collector's Office issued an RFP (i.e., TTC 2016-003) on November 15, 2016, for project management services for implementation of a new Property Tax System.

DISCUSSION:

Three proposals were received in response to RFP# 2015-ISD1831 of which only two proposals were relevant to the needs of the Treasurer-Tax Collector's Office: Thomson Reuters and Grant Street Group. Based on the evaluation of proposals and demonstrations, it was determined that Grant Street Group provided the best overall option for the Department, County and residents of San Mateo County.

Grant Street Group's proposal will implement a modern property tax system solution, which will increase efficiency, reduced manual processing, replace aging technology, eliminate the reliance of a single resource, and increase performance monitoring, reporting and analytic capabilities. Additionally, the system offers built in mobile ready technology; e-billing options, e-file options for Transient Occupancy Tax (TOT) and Measure T; integrated payment processing; an automated property tax auction module; an updated fully integrated cashiering solution; a multi-lingual integrated voice response telephone system for incoming calls; and many other advanced technology options that will address the needs of the County.

Three proposals were received in response to RFP# TTC 2016-003. Based on the evaluation of proposals, Eaton & Associates' project management services provide the best overall value to the County based on their stated methodology, knowledge of the current property tax system, familiarity with Grant Street Group, the selected new property tax system, and their extensive public sector experience. The contract term with Eaton & Associates includes a 30 day post-implementation support period to help ensure that the transition to the new system is smooth and successful.

Grant Street Group and Eaton & Associates have assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including, but not limited to, insurance, non-discrimination, and equal benefits.

The County's Contract Compliance Committee has approved a waiver request to extend the agreement to provide subscription services to utilize the property tax system software for five years.

County Counsel has reviewed and approved the resolution as to form.

ISD has reviewed and approved Grant Street Group's compliance with County IT standards.

The Board is being asked to authorize the Treasurer-Tax Collector or his/her designee to execute subsequent amendments which do not exceed an aggregate of \$25,000.

This amendment contributes to the Shared Vision 2025 outcome of a Collaborative Community by allowing the Tax Collector's Office to deliver improved, advanced technology service to all taxpayers of San Mateo County.

PERFORMANCE MEASURES:

Measure	FY 2015-16 Actual	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
Dollars Collected (All Tax Rolls in Billions)	\$2.3 B	\$2 B	\$2.1 B	\$2.2 B

FISCAL IMPACT:

The term for Grant Street implementation services is July 1, 2017 to June 30, 2019 and the total fiscal obligation is not to exceed \$10,000,000. The term for the Grant Street subscription is July 1, 2017 to June 30, 2022 and the total fiscal obligation not to exceed \$6,170,975. The term of the Agreement with Eaton & Associates is July 1, 2017 to August 1, 2019 and the total fiscal obligation not to exceed \$958,800. The maximum fiscal obligation of these agreements is a combined \$17,129,775; over the next two fiscal years, the total not-to-exceed amount is \$13,300,621.

The total cost estimate for the Treasurer-Tax Collector's new property tax system implementation during FY 2017-19 is about \$14.7 million. This cost estimate includes the Grant Street implementation fee and 2 years of subscription fees, project management services, programming support, project staffing, and computer equipment. A transfer from Non-Departmental Services (\$9,090,118) and funding set aside in the Department's Property Tax System Replacement Trust Fund (\$5,573,364) will fund FY 2017-19 implementation costs. Ongoing support costs will be included in future Tax Collector budget.

Attachments:

- 1) RFP Matrix
- 2) Resolution for Property Tax System
- 3) Agreement with Grant Street Group
- 4) Agreement with Eaton & Associates