



County of San Mateo

Inter-Departmental Correspondence

Department: CONTROLLER

File #: 18-483

Board Meeting Date: 6/19/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Juan Raigoza, Controller
Subject: Extend Agreement with PCMG, Inc. for managed system hosting services

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with PCMG, Inc. for managed system hosting services, extending the term to June 30, 2020, and increasing the contract amount by \$330,629.44 for a total amount not to exceed of \$1,102,484.32.

BACKGROUND:

On February 24, 2015, the Board adopted a resolution (no. 073664) authorizing the Controller's Office to enter into an agreement with PCMG, Inc. (agreement no. 14610-15-R073664) for the provision of managed hosting services for the Controller's property tax system in the amount of \$758,256 for a term of February 24, 2015 through June 30, 2018.

On November 5, 2015, the County entered into an amendment with PCMG, Inc., (Amendment I) increasing the storage utilization of the servers hosted by the PCMG, Inc. at no additional charge, as allowable in the agreement.

On September 1, 2017, the County entered into another amendment with PCMG, Inc. (Amendment II) to further increase storage to specific partitions, increasing the total agreement amount by \$13,598.88 to an amount not to exceed \$771,854.88.

The original agreement, and subsequent amendments, included two one-year options that would extend the term through June 30, 2020.

DISCUSSION:

The Controller's Office believes it is in the best interest of the County to exercise the two one-year options to extend the agreement with PCMG, Inc. Getting the system to its current state required significant effort. The system is working effectively in the current environment, and the disaster recovery procedures have been documented and tested.

The amendment III documents the County's exercise of the extension options. After accounting for the revised pricing under Amendment II, the Controller's Office determined that it can reduce the number of servers required for normal operations, which reduces the ongoing monthly cost from \$20,307.24 to \$12,334.56, beginning July 1, 2018. Extending the hosting services agreement for the term of two additional years will increase the contract amount by \$296,029.44.

In addition, the proposed amendment to the agreement includes an upgrade to the operating systems and application servers. The operating systems and application servers are no longer supported by IBM as of May 2018. It is critical that the system software be supportable to minimize risks and system down-time. The one-time cost to upgrade the operating systems and application servers to supportable versions is \$34,600.

The sum of the increases due to the two year extension and software upgrades brings the new not-to-exceed amount to \$1,102,484.32.

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

This agreement contributes to the Shared Vision 2025 outcome of a Collaborative Community by ensuring that the County is able to efficiently and accurately calculate and distribute property taxes, which are a main source of discretionary revenues for many local agencies (County, cities, schools, and special districts).

PERFORMANCE MEASURE:

Measure	FY 2017-18 Estimate	FY 2018-19 Projected
Complete major tax apportionments by installment due date	100%	100%
Percent of customer survey respondents rating property tax services good or excellent	100%	100%

FISCAL IMPACT:

The total cost for extending the contract for two years is \$330,629.44 (for FY 2018-19 and FY 2019-20).

Funding for the extension is included in the Controller's department budget for FY 2018-19 and will be included in FY 2019-20 budget.