



County of San Mateo

Inter-Departmental Correspondence

Department: CONTROLLER

File #: 24-324

Board Meeting Date: 5/7/2024

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Juan Raigoza, Controller
Subject: Agreement with PKN Consulting Services Inc.

RECOMMENDATION:

Adopt a resolution waiving the competitive bidding process and authorizing an agreement with PKN Consulting Services Inc. to provide software development, maintenance, and support services for the term of July 1, 2024, through June 30, 2027, with two one-year options to extend through June 30, 2029, for a total amount not to exceed \$1,335,600.

BACKGROUND:

The Controller's Office Property Tax Division relies on its property tax system software to help carry out its duties to ensure that property taxes payable by each taxpayer are accurately calculated, that property taxes collected are accurately distributed to taxing agencies, and that any refunds are paid timely. The software requires ongoing development, maintenance, and support services to ensure continued system functioning and operability.

Padmakumar Nagarajan of PKN Consulting Services Inc. ("PKN") is a senior software developer with 25 years of experience in developing and supporting the County property tax system software. His extensive knowledge of the property tax system applications, databases, and institutional knowledge of property tax business processes are critical to making the necessary system changes required to respond to changes in property tax law and to ensure continued functionality of the system.

DISCUSSION:

The Controller's Office wishes to enter into a new agreement with PKN to ensure continued development, support, and maintenance services for its property tax system software. The proposed agreement ("Agreement") would require PKN to provide software development, maintenance, and support services for the term of July 1, 2024 through June 30, 2027, in accordance with a set hourly rate schedule, with the County having two one-year options to extend the term through June 30, 2029. The County's maximum fiscal obligation under the proposed Agreement is \$782,820 for the initial three-year term. In the event the County exercises its two, one-year extension options, the County's total fiscal obligation under the proposed Agreement through June 30, 2029 would not

exceed \$1,335,600.

To secure these critical services, the Controller's Office requests that this Board waive the competitive bidding requirements that would otherwise apply for selecting a contractor to provide the services. While the Controller's Office is beginning the process of replacing its current legacy property tax system software, PKN's services are necessary to maintain the system's ongoing operations to ensure continuity and compliance with statutory mandates. Pursuant to Section 2.83050(e) of the San Mateo County Ordinance Code, the Controller's Office requests that the Board of Supervisors find that it is in the County's best interest to waive the competitive bidding process given PKN's experience developing and supporting the County's property tax system and his extensive knowledge related to the County's applications, databases, and business processes. Additionally, with this knowledge of the County's current system, the contractor will be positioned to support upgrades to a new system.

The Controller's Office further requests that this Board authorize the County Controller or designee to execute subsequent amendments to the proposed Agreement, so long as such amendment do not increase the total agreement amount by an aggregate of \$25,000.

The County Attorney's Office has reviewed and approved the Resolution and proposed Agreement as to form.

Risk Management has approved a waiver of contractor's compliance with County insurance requirements in view of the circumstances, including that the contractor has performed these services for 25 years in the County, is a sole source for these services and general liability risks of injury or property damage are low.

ISD has reviewed and approved the proposed Agreement with respect to its compliance with established County IT Standards.

FISCAL IMPACT:

The County's maximum fiscal obligation under the proposed Agreement authorized by this action is \$1,335,600 including the two one-year extensions. The proposed Agreement will be funded through intrafund transfers from non-departmental services, included in the FY 2024-25 Recommended Budgets and in subsequent years' budgets.