

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

267



FROM: Larry W. Ward (Assessor-County Clerk-Recorder), Don Kent (Treasurer-Tax Collector), Robert Byrd (Auditor-Controller)

SUBMITTAL DATE:
September 16, 2010

SUBJECT:

Integrated Property Tax Management System License Agreement with Manatron, Inc.

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Authorize the Chairman of the Board to sign four (4) copies of the attached multi-year license agreement and ten (10) year financing plan agreement not to exceed \$30,718,930 (thirty-million seven-hundred eighteen thousand nine-hundred thirty dollars) with Manatron;
- 2) Authorize the Purchasing Agent to renew the maintenance and support agreement annually per the terms of the agreement for up to seven (7) - one year periods after Go-Live and sign any ministerial amendments that do not change the substantive terms of the agreement on behalf of the County; and
- 3) Authorize the Assessor-County Clerk-Recorder; Treasurer-Tax Collector; and Auditor-Controller to administer the agreement with Manatron.
- 4) Approve and direct the Auditor-Controller to make the budget adjustments cited in Schedule A.

Larry W. Ward
Assessor-County Clerk-Recorder

Don Kent
Treasurer-Tax Collector

Robert Byrd
Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,817,713	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 2,127,713	For Fiscal Year:	FY10/11

SOURCE OF FUNDS: Property Tax Systems Designation and CREST Capital Projects Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE
BY:
Christopher M. Hans

County Executive Office Signature

Dept't Recomm.: Consent Policy Purchasing: Assistant Director

Per Exec. Ofc.: Consent Policy Assistant Director

Prev. Agn. Ref.: | District: All | Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.13

FORM APPROVED COUNTY COUNSEL
 BY: Neal R. Kipnis
 DATE: 9/16/10
 Departmental Concurrence
 RCIT Assistant Director
 Mark Seiler, Assistant Director

BACKGROUND:

The Assessor-County Clerk-Recorder; Treasurer-Tax Collector; and Auditor-Controller are re-engineering the County's 40-year-old Property Tax System. The County completed the first phase of this initiative in June 2009 with detailed analysis of the current Property Tax System.

This detailed analysis included the evaluation of property tax departmental business requirements to comply with California revenue and taxation code, laws, and regulations. This analysis produced recommendations for replacement of the Property Tax System subject to the risks identified with continued use of the current Property Tax System.

The County used the results of this analysis as a basis for Requests for Proposal PUARC-1104 (Integrated Property Tax Management System Implementation) and ASARC-025 (Computer Aided Mass Appraisal (CAMA) System Implementation). These Requests for Proposal produced competitive bid responses from the business community (seven for PUARC-1104 and five for ASARC-025). The County thoroughly analyzed these responses and selected Manatron as the most qualified vendor with the most cost-effective solution to implement a new Integrated Property Tax Management System and Computer Aided Mass Appraisal System for the County.

Manatron has been in business since 1969 with customers in 41 domestic USA states and international jurisdictions. Manatron products offer enterprise-level, integrated property software systems and services for state and local government. Manatron products focus on property recording, tax assessment, billing and collection. Manatron has deployed its software and services to over 1400 customers to collectively manage over 40 million property parcels enabling government jurisdictions to collect over one trillion dollars in revenue.

The Manatron solution for Riverside County is based on the Manatron GRM and CustomCAMA products. Manatron GRM utilizes state-of-the-art technology, already having been deployed in 12 other states beginning in 2004. Manatron is currently adjusting GRM for compliance with California revenue and taxation codes, laws, and regulations based on a contract award to another California county. Manatron will further adjust GRM and CustomCAMA to meet specific Riverside County requirements under the terms of the Agreement cited in this Form 11.

By using Manatron's existing property tax administration products as a basis to meet Riverside County's requirements, the County minimizes the risks associated with the complex technology implementations of an Integrated Property Tax Management System and Computer Aided Mass Appraisal System.

The County faces significant risks with continued use of its current 40-year-old property tax system. This system is based on the technologically obsolete IBM Z890 mainframe platform whose support is being terminated by IBM. The County is further challenged to find qualified engineers to maintain and support that fragmented system, which spans over 464 distinct business processes across the three property tax departments.

The Agreement attached to this Form 11 is consistent with the strategy and ten-year financial plan specified in Form 11 entitled "Implementation Strategy and Ten-Year Financial Plan for an Integrated Property Tax Management System and Computer Aided Mass Appraisal System."

PRICE REASONABLENESS:

Manatron's pricing and other negotiated contractual terms resulted in Manatron's selection as the most responsible and most responsive bidder. The pricing included in this Agreement is:

Price Detail	Description
\$16,476,730	Annuity subtotal
\$3,069,465	Holdback
\$310,000	Optional OnBase Document Management
\$850,200	Optional End User Training
\$1,173,000	Optional Report Development
\$1,153,615	Maintenance Year 1 (Contract Year 4)
\$1,188,224	Maintenance Year 2 maximum (Contract Year 5)
\$1,223,871	Maintenance Year 3 maximum (Contract Year 6)
\$1,260,587	Maintenance Year 4 maximum (Contract Year 7)
\$1,298,404	Maintenance Year 5 maximum (Contract Year 8)
\$1,337,357	Maintenance Year 6 maximum (Contract Year 9)
\$1,377,477	Maintenance Year 7 maximum (Contract Year 10)
\$30,718,930	Total Contract Price (maximum)

KEY TERMS:

- Negotiations with Manatron resulted in over six million dollars of reductions in pricing below those originally proposed
- Ten-year annuity-based payment plan offered by Manatron at five percent (5%) interest
- Three-year phased incremental implementation to provide usable software and services periodically through the development cycle
- Maintenance payment deferral until 6 calendar months after Go-Live (estimated payment deferral until Year 4)
- Annual maintenance price increases limited to three percent (3%) or Consumer Price Index (CPI) increase for Los Angeles, Riverside, and Orange counties, whichever is less, without going negative
- Manatron commitment to meet County requirements
- Most-favored County pricing to ensure lowest price to Riverside County
- Discounts for future maintenance subject to Manatron deployments in other California counties

KEY TERMS: (continued from Page 3)

- Two stage Fit/Gap process to ensure compliance with County requirements
 - Two Go/No-Go decision points
 - First Go/No-Go decision point is at No-Cost and No-Risk to the County
 - Second Go/No-Go decision point has pre-negotiated termination costs
- All-inclusive bundled licensing for related Manatron products
- Options for end user training, detailed report development, and Document Management
- Two-year final acceptance after Go-Live through property tax processing cycle
- Twenty percent holdback subject to two-year Final Acceptance
- Performance bond for most costly implementation phase (value \$7 million)
- Single vendor solution
- Uncapped programming and implementation services at a fixed cost to meet County requirements
- All Manatron workers will be based in the United States of America

PAYMENTS:

The following table summarizes payments, subject to option selection, for this Agreement:

Project	Manatron Financing Plan	Manatron Holdback Payments	OnBase Software	End User Training	Manatron Maint. & Support	Report Development	Per Year Total
Year 1	\$1,647,673			\$170,040			\$1,817,713
Year 2	\$1,647,673		\$310,000	\$170,040			\$2,127,713
Year 3	\$1,647,673			\$510,120		\$1,173,000	\$3,330,793
Year 4	\$1,647,673				\$1,153,615		\$2,801,288
Year 5	\$1,647,673	\$2,046,310			\$1,188,224		\$4,882,207
Year 6	\$1,647,673	\$1,023,155			\$1,223,871		\$3,894,699
Year 7	\$1,647,673				\$1,260,587		\$2,908,260
Year 8	\$1,647,673				\$1,298,404		\$2,946,077
Year 9	\$1,647,673				\$1,337,357		\$2,985,030
Year 10	\$1,647,673				\$1,377,477		\$3,025,150
Totals	\$16,476,730	\$3,069,465	\$310,000	\$850,200	\$8,839,535	\$1,173,000	\$30,718,930

SCHEDULE A

Increase appropriation:		
33600-1200400000-525440	Professional Services	\$1,817,713
Expected offset:		
33600-1200400000-309100	Reserve for construction	\$1,817,713

