

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

531



FROM: Assessor-County Clerk-Recorder

SUBMITTAL DATE:
April 20, 2016

SUBJECT: Authorize the Purchasing Agent to issue a Purchase Order to Tyler Technologies, Inc. for maintenance support for proprietary software licenses without seeking competitive bids [Districts: All] [Total Cost: \$182,588]; Department Budget (100%)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Authorize the Purchasing Agent to issue a Purchase Order to Tyler Technologies, Inc. for maintenance support for proprietary software licenses without seeking competitive bids in the amount of \$58,492 for FY15/16; and;
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding to authorize changes to the scope of services that do not change the substantive terms of the purchase order, including the compensation provision based on current CPI, not to exceed 4% through FY 17/18.

BACKGROUND Summary:

The Assessor needs to continue the annual maintenance agreements for its decline in value reappraisal system (Prop 8 Module) and its appeals case management system (Appeals Module) and obtain custom program enhancements without additional cost. The annual maintenance agreements also includes ongoing (Continued on Page 2)

Peter Aldana

Peter Aldana
Assessor-County Clerk-Recorder

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 58,492	\$ 60,831	\$ 182,588	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS: Departmental Budget	Budget Adjustment: No
	For Fiscal Year: 15/16

C.E.O. RECOMMENDATION: APPROVE

BY: *Samuel Wong*
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

Purchasing & Fleet Services: *[Signature]*
Department: Teresa Summers, Assistant Director

RCIT: *[Signature]*
Steve Reneker, CIO

- A-30
- 4/5 Vote
- Positions Added
- Change Order

3-1

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11:**

Authorize the Purchasing Agent to issue a Purchase Order to Tyler Technologies, Inc. for maintenance support for proprietary software licenses without seeking competitive bids [Districts: All] [Total Cost: \$182,588]; Department Budget (100%)

DATE: April 20, 2016

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

support and software patches to the proprietary software systems.

Impact on Citizens and Businesses

Due to the serious decline in the real estate market in recent years, it is necessary for Riverside County to take quick and decisive action by re-adjusting residential values countywide. While the Assessor's Office has already made large adjustments in previous years, the continuing fluctuating market dictates that we approach this problem through more advanced automation. Ongoing support and maintenance for this software product is critical to the timely completion of the assessment roll. The County of Riverside Enterprise Solutions for Property Taxation (CREST) is in the final implementation phase of the new Property Tax System. The new Property Tax System will take over this functionality; however, the Assessor wants to run the support agreement concurrently for a full year to ensure function capabilities.

SUPPLEMENTAL:

Additional Fiscal Information

The proposed purchase price of \$182,588 over the three year period for maintenance and support is congruent with our research of similar purchases of this product statewide in various counties.

FINANCIAL DATA:

Tyler Technologies, Inc. will provide an ongoing software maintenance and support that will be billed annually. Per the terms of the Agreement, the annual support costs will increase annually in accordance with the U.S. Department of Labor's Consumer Price Index (CPI), not to exceed four percent.

Description:	FY15-16	FY16-17	FY17-18	Total
Ongoing Costs:				
Prop 8 Module Annual Maintenance	\$29,245.84	\$30,415.68	\$31,632.31	\$91,293.83
<u>Appeals Module</u> Annual Maintenance	\$29,245.84	\$30,415.68	\$31,632.31	\$91,293.83
Total Costs	\$58,491.68	\$60,831.36	\$63,264.62	\$182,587.66

Contract History and Price Reasonableness

In January 2008, the Assessor acquired the Mass Valuation Software System to address the rampant residential property value reductions. In January 2009, the Assessor acquired an Appeals Software System to address the increase in appeals of Assessor values. There were fewer than 650,000 assessments in 1996. There were 914,886 assessments in Riverside County in 2015. The increase number of assessments manifests the Assessor's continuing need for these tools to efficiently and effectively utilize scarce resources.

REVIEW/APPROVAL:

- RCIT H-11 Approval: (Approval #: PR2016-03675)



RIVERSIDE COUNTY INFORMATION TECHNOLOGY PROCUREMENT FORM
To be completed for all departmental purchases of IT systems, services or renewals

PR2016-03675
Tracking Number for Internal Use Only

REQUESTED PURCHASE:	Professional Services with Tyler Technologies/AES, Inc. for Software Maintenance & Support for the existing Appeals Software System and the Prop 8 – Mass Valuation Software System.
DEPARTMENT/AGENCY:	ASSESSOR-COUNTY CLERK-RECORDER
CONTACT NAME/PHONE:	SEAN DOWNS (951) 413-2873 / VICTOR KNIGHT 955-0313 / JAMES MOORE 486-7485
PURCHASE REQUEST:	<input checked="" type="checkbox"/> NEW EQUIPMENT/SERVICES <input type="checkbox"/> UPGRADE <input type="checkbox"/> REPLACEMENT
PURCHASE TYPE:	<input type="checkbox"/> PROFESSIONAL SERVICES <input checked="" type="checkbox"/> SOFTWARE <input type="checkbox"/> HARDWARE <input checked="" type="checkbox"/> RENEWAL
DESCRIBE REQUESTED PURCHASE	<p>For the annual maintenance fees for the existing Appeals Software System. The Appeals Module – Annual Maintenance is effective from 3/1/2016 – 2/28/2017.</p> <p>For the annual maintenance fees for the existing Prop 8 – Mass Valuation Software System (<i>Decline in Value Reappraisal</i>). The Prop 8 Module – Annual Maintenance is effective from 5/1/2016 – 4/30/2017.</p> <p>Tyler Technologies, Inc. will continue ongoing software maintenance and support at a unit cost of thirty thousand dollars (\$30,000) per year, per software system. The Agreement covers both the Appeals Software System and Mass Evaluation System for a total annual cost of \$60,000.00. This will be billed upfront and will last for twelve calendar months. The period of performance for maintenance shall consist of three (3) years, renewable in one year increments.</p>
BUSINESS NEEDS ADDRESSED	ACR will submit a FORM 11 to the Board of Supervisors to approve Amendment No 4 to the Agreement to allow the Assessor to continue the annual maintenance agreement for its Prop 8 - decline in value reappraisal system and Appeals Software System. Ongoing support and maintenance for this software product is critical to the timely completion of the assessment roll. The amendment continues the existing agreement and allows the Assessor to obtain custom program enhancements without additional cost. The annual maintenance agreement also includes ongoing support and software patches to this proprietary software system.
ARE THERE ANY OTHER COUNTY SYSTEMS THAT PROVIDE THE SAME FUNCTIONALITY?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> UNKNOWN
BUSINESS CRITICALITY	BUSINESS IMPACT (SELECT ALL THAT APPLY)
<input checked="" type="checkbox"/> Run the business <input type="checkbox"/> Grow the business <input type="checkbox"/> Transform the business	<input checked="" type="checkbox"/> Support current operations <input type="checkbox"/> Reduce Expenses <input type="checkbox"/> Improve Customer Service <input checked="" type="checkbox"/> Improve Operational Efficiencies
BUSINESS RISKS	<p>Financial: The existing assessment value reduction and appeals case management systems are proprietary in nature and are custom integrated by the software provided. To integrate with alternate systems by a new vendor would not be cost effective or efficient.</p> <p>Operational: Ongoing support and maintenance for this software product is critical to the timely completion of the assessment roll required by law.</p> <p>Customer: The increase in the number of assessments manifests the Assessor's continuing need for these tools to efficiently and effectively utilize scarce resources.</p>

rtd



RIVERSIDE COUNTY INFORMATION TECHNOLOGY PROCUREMENT FORM
To be completed for all departmental purchases of IT systems, services or renewals

Tracking Number for Internal Use Only

ALTERNATIVE SOLUTIONS	None. This is a proprietary software system. BOS Approved: FORM 11, Agenda 3.3 – 07/03/12 Amendment #3 (Maintenance) BOS Approved: FORM 11, Agenda 3.14 – 06/23/09 Amendment #2 (Maintenance) BOS Approved: FORM 11, Agenda 3.10 – 01/27/09 Appeals Software System BOS Approved: FORM 11, Agenda 3.2 – 01/08/08 Prop 8 – Mass Valuation Software																														
TRANSACTION	<input checked="" type="checkbox"/> Cash Purchase <input type="checkbox"/> Lease Purchase Lease Years: _____																														
PURCHASE COSTS	COST BENEFIT ANALYSIS																														
Hardware: \$	<table border="1"> <thead> <tr> <th></th> <th>ALTERNATIVE STATUS QUO</th> <th>ALTERNATIVE</th> <th>ALTERNATIVE</th> </tr> </thead> <tbody> <tr><td>Current Annual Cost</td><td></td><td></td><td></td></tr> <tr><td>Ongoing Annual Cost</td><td></td><td></td><td></td></tr> <tr><td>Annual Cost Savings</td><td></td><td></td><td></td></tr> <tr><td>Net Annual Savings</td><td></td><td></td><td></td></tr> <tr><td>Project Implementation Cost</td><td></td><td></td><td></td></tr> <tr><td>Project Payback Period? yrs</td><td></td><td></td><td></td></tr> </tbody> </table> <p>* Annual Maintenance Fee for Prop 8 Module is \$30,000.00. * Annual Maintenance Fee for Appeals Module is \$30,000.00 CPI increase for additional years reflects a 4% increase per year. Per Tyler-AES Amendment #4 – it states that a price increase cannot exceed 4% annually.</p>				ALTERNATIVE STATUS QUO	ALTERNATIVE	ALTERNATIVE	Current Annual Cost				Ongoing Annual Cost				Annual Cost Savings				Net Annual Savings				Project Implementation Cost				Project Payback Period? yrs			
				ALTERNATIVE STATUS QUO	ALTERNATIVE	ALTERNATIVE																									
Current Annual Cost																															
Ongoing Annual Cost																															
Annual Cost Savings																															
Net Annual Savings																															
Project Implementation Cost																															
Project Payback Period? yrs																															
Software: \$60,000.00																															
Labor: \$																															
TOTAL COST: \$60,000.00*																															
Is THIS BUDGETED?																															
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No																															
Department Head Signature: <i>JJ M...</i>	Date: 2--5-11																														

RCIT RECOMMENDATION – for purchases and renewals under \$100,000

Recommended: Yes No (Non-recommended requests submit to TSOC)

By: _____ Date: 2/11/11

Chief Information Officer Signature: **RCIT - APPROVED** Date: _____

RCIT explanation for non-recommended requests:

TSOC RECOMMENDATION: for purchases and renewals over \$100,000 and RCIT non-recommended purchases or renewals

Recommended: Yes No (In no, provide explanation below)

TSOC Chair Signature: _____ Date: _____

TSOC explanation for denied requests:



COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER
P.O. BOX 751
RIVERSIDE CA 92502-0751
(951) 486-7450

DAVID MONTGOMERY
ASSISTANT
Valuation Division
TAUNA MALLIS
ASSISTANT
County Clerk-Recorder Division
BOBBI SCHUTTE
ASSISTANT
Administration

PETER ALDANA

Assessor-County Clerk-Recorder

Date: 04/20/2016

From: Peter Aldana
Assessor-County Clerk-Recorder (ACR)

To: Board of Supervisors/Purchasing Agent

Via: James Moore (951) 486-7485 / Sean Downs (951) 413-7151

Subject: Sole Source Procurement; Request for maintenance support for proprietary software licenses

The below information is provided in support of my Department requesting approval for a single source. (*Outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.*)

- 1. Supplier being requested:** Tyler Technologies, Inc. (Formerly known as Assessment Evaluation Services).
- 2. Vendor ID:** 71436
- 3. Supply/Service being requested:** For ongoing annual support and custom programming changes on Tyler's AES proprietary software modules for the existing assessment value reduction and appeals case management systems.
- 4. Alternative suppliers that can or might be able to provide supply/service and extent of market search conducted:** None. This is proprietary software. To integrate with alternate systems by a new vendor would not be cost effective or efficient. The County of Riverside Enterprise Solutions for Property Taxation (CREST) is in the final implementation phase of the new Property Tax System. The new Property Tax System should take over this functionality; however, the Assessor wants to run the support agreement concurrently for a full year to have overlap.
- 5. Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide (if proprietary software or machinery, hardware, please provide a supporting letter from the manufacturer):** The existing assessment value reduction and appeals case management systems are proprietary in nature and custom integrated by the software provided. No other company has adequate knowledge to provide customizations or support of Tyler's assessment value reduction and appeals case management systems.



**COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER**
P.O. BOX 751
RIVERSIDE CA 92502-0751
(951) 486-7450

DAVID MONTGOMERY
ASSISTANT
Valuation Division

TAUNA MALLIS
ASSISTANT
County Clerk-Recorder Division

BOBBI SCHUTTE
ASSISTANT
Administration

PETER ALDANA
Assessor-County Clerk-Recorder

- 6. Reasons why my department requires these unique features and what benefit will accrue to the county:** The County needs to utilize Tyler Technologies so that the ACR can effectively implement and enforce its legal mandates for property tax administration. For the 2015-2016 tax year, the Assessor's office had a total of 229,000 Prop 8 reductions, 141,000 of these being single family residences – still a significant number necessitating reassessment of a majority of parcels within the County under Proposition 8. Taxpayers have a right to appeal their property's valuation. Out of 949,396 assessments last year, there were 15,013 appeals filings representing 1.6% of the total assessments – still a significant number, which requires the continued utilization of Tyler's appeals case management software. The Assessor needs ongoing support from this critical production software vendor to maintain existing level of service and efficiency.
- 7. Period of Performance:** From: 03/01/2016 to 02/28/2019 - Tyler's AES Appeals Module Maintenance
From: 05/01/2016 to 04/30/2019 - Tyler's AES Prop 8 Module Maintenance

The period of performance for maintenance shall consist of three (3) years, renewable in one-year increments, with the option to cancel agreement with a 30 day written notice by either party. In addition, the agreement will be evaluated each January to ensure the level of service received has been acceptable and to standards.

Is this an annually renewable contract? No Yes
Is this a fixed-term agreement: No Yes

(A fixed-term agreement is set for a specific amount of time; it is not renewed annually. Ensure fixed-term agreements include a cancellation, non-appropriation of funds, or refund clause. If there is no clause(s) to that effect, than the agreement must be submitted to the Board for approval.)

- 8. Identify all costs for this requested purchase. If approval is for multiple years, ongoing costs must be identified below. If annual increases apply to ongoing costs such as CPI or other contract increases, provide the estimated annual cost for each consecutive year. If the annual increase may exceed the Purchasing Agent's authority, Board approval must be obtained. (Note: ongoing costs may include but are not limited to subscriptions, licenses, maintenance, support, etc.)**

Description:	FY15-16	FY16-17	FY17-18	Total
Ongoing Costs:				
Prop 8 Module Annual Maintenance	\$29,245.84	\$30,415.68	\$31,632.31	\$91,293.83
Appeals Module Annual Maintenance	\$29,245.84	\$30,415.68	\$31,632.31	\$91,293.83
Total Costs	\$58,491.68	\$60,831.36	\$63,264.62	\$182,587.66



**COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER**
P.O. BOX 751
RIVERSIDE CA 92502-0751
(951) 486-7450

DAVID MONTGOMERY
ASSISTANT
Valuation Division

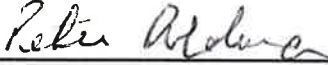
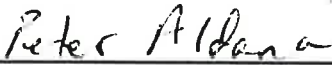

TAUNA MALLIS
ASSISTANT
County Clerk-Recorder Division

BOBBI SCHUTTE
ASSISTANT
Administration




PETER ALDANA
Assessor-County Clerk-Recorder

9. Price Reasonableness: *(Explain why this price is reasonable or cost effective, and if this service/commodity will be bid out in the future.)* In February 2008, the Assessor acquired the Mass Valuation Software System to address the rampant residential property value reductions. In January 2009, the Assessor acquired an Appeals Software System to address the increase in appeals of Assessor values. The pricing is consistent with congruent programs procured by other California counties. Per the terms of the Agreement, the annual support costs will increase annually in accordance with the U.S. Department of Labor's Consumer Price Index (CPI), not to exceed four percent.

10. Projected Board of Supervisor Date (if applicable): May 3, 2016
(Form 11s must accompany the sole source request for Purchasing Agent approval.)

		
Department Head Signature (or designee)	Print Name	Date

Purchasing Department Comments:

<input checked="" type="radio"/> Approve	<input type="radio"/> Approve with Condition/s	<input type="radio"/> Disapprove
Not to exceed: \$ <u>182,588</u>	One time	Annual Amount through <u>6/30/18</u> (Date)
		
Purchasing Agent	Date	Approval Number (Reference on Purchasing Documents)

List Attachments:
Sole Source Letter



PETER ALDANA
Assessor-County Clerk-Recorder

COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER
P.O. BOX 751
RIVERSIDE CA 92502-0751
(951) 486-7450

DAVID MONTGOMERY
ASSISTANT
Valuation Division
TAUNA MALLIS
ASSISTANT
County Clerk-Recorder Division
BOBBI SCHUTTE
ASSISTANT
Administration

Riverside County Tyler Software Justification

Due to the serious decline in the real estate market in recent years, it is necessary for Riverside County to take quick and decisive action by re-adjusting residential values countywide. While the Assessor's Office has already made large adjustments in previous years, the continuing fluctuating market dictates that we approach this problem through more advanced automation. Further, it is important to provide not just a value, but the most accurate value possible, with back-up justification included. Assessor's departments across the state have learned, historically, that not acting proactively and accurately will result in tremendous volumes of assessment appeals. This often comes during the midst of Roll close with staff and budget cut-backs.

The tremendous demand placed upon the Assessor's Office during an economic downturn is substantial. Unfortunately, the demand continues during an escalating market as well. The county's task is complicated by the fact that the Assessor must restore the values that were once lowered due to the market downturn.

The Assessor's Office has researched outside software that appears to be a suitable solution for the county's large parcel base. Tyler Technologies has a California-ready program that is available for immediate implementation. Tyler's AES program utilizes market driven heuristic rules that provide defensible backup results needed to satisfy taxpayer inquiries and assessment appeals.

The AES product provides valuation tools that have been developed to deal specifically with Prop 8 valuations and Assessment Appeals in a legislative environment that is unique to California. **Currently, this is the only software with Prop 8 and Appeals capability that is currently operating in California.** AES software has seen 15 years of successful operation in Northern, Central and Southern California, in both declining and rising markets.

Therefore, we are requesting a sole-source award be given to Tyler Technologies for their valuation software. The experience that Tyler has delivered across the State to Assessor's offices along with their already fully developed, tested, and California compliant system would provide the immediate and trusted results that are needed for Riverside County today and well into the future.