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OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND
AGENDA REPORT

2011 SEP 15 PM 1:08

TO: Office of the City Administrator
ATTN: Deanna J. Santana
FROM: Finance & Management Agency
DATE: September 27, 2011

RE: Resolution Authorizing the City Administrator to Extend the Term of the Current Contract with Progressive Solutions Inc., (PSI) for an Automated Local Tax System Software Maintenance and Support Services for a Period of Three Years Not to Exceed \$100,000 per Year with Two Optional Annual Extensions for an Amount Not to Exceed 10% of the Prior Year's Maintenance and Support Services Cost

SUMMARY

Staff is submitting for City Council approval a resolution authorizing the City Administrator to extend the term of the support and service agreement contract with Progressive Solutions Inc., (PSI) for automated local tax system software maintenance and support services for a term of three years starting July 1, 2011 through June 30, 2014 with two optional annual extensions.

Approving the renewal of this contract will support the essential business tax services, billing and collection administration of all local taxes, Business Improvement Districts and Rent Control, and provide an automated billing and collection system for the Excess Litter Fee.

FISCAL IMPACT

Currently, the City is paying approximately \$80,000 annually for the system maintenance and support services costs. The system maintenance and support services costs will increase on July 1 of each year by an amount not to exceed 10% of the prior year's software maintenance service cost. Funding for the system software maintenance cost is allocated under Miscellaneous Contract Services Account (54919), Revenue Division's Organizations (08421 & 08441) and General Purpose Fund (1010) and Mandatory Garbage Fund (1700).

BACKGROUND

In 2006, staff developed specifications for a new local tax system and completed an evaluation process. This process included system demonstrations from various vendors that offered local tax systems in California. It was determined that none of the enterprise systems offered viable solution to the local tax system application software that would meet the City's unique

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requirements. Staff recommended PSI who was able to meet the City's unique business tax system requirements and software maintenance support needs.

On July 18, 2006, the City Council approved Resolution Number 80045 C.M.S., and awarded the contract to Progressive Solutions Inc., for an automated local tax system and software maintenance support services agreement. The contract term was for three years in the amount not to exceed \$617,000.

KEY ISSUES AND IMPACTS

The City has been utilizing the local tax system provided by PSI since July 1, 2008. The PSI system is mission critical in providing the City with automated billing, collections and support services. Therefore, this contract fills a critical service need and approval to proceed is highly recommended.

The Revenue Division is currently using PSI's software system, which is supporting billing and collection administration of all local taxes, such as **Business Tax, Transient Occupancy Tax, Parking Tax, Utility Users Tax, Excess Litter Fee, Business Improvement Districts and Rent Control**. Since PSI is the owner/developer of our licensed software, they have the most current and detailed information about their products and can only provide the software maintenance services of their system to the City.

PSI has enabled the City to capture all its revenue information from various sources of local taxes into one system where it was not possible using a different system in the past. In addition, PSI system has the ability to generate various correspondence, invoices and custom reports where it was impossible using the old system. Therefore, it would be in the best interest of the City to extend the term of this contract as opposed to doing an RFP.

SUSTAINABLE OPPORTUNITIES

Economic: The system provides automated billing and collections to local taxes and fees to support City services and programs.

Environmental: The electronic imaging capability has provided the Revenue Division the opportunity to store the documents electronically, thus reducing the need for filing and storing documents.

Social Equity: The local tax/fee system will ensure greater fairness and equity among taxpayers by allowing more data elements to detect non-compliant taxpayers.

DISABILITY AND SENIOR CITIZEN ACCESS

There is no impact on disabled or senior citizen access.


RECOMMENDATION (S) AND RATIONALE

Staff recommends that the City Council approve the proposed resolution to extend the term of the current contract with Progressive Solutions Inc., (PSI) for an automated local tax system software maintenance and support services for a period of three years in an amount not to exceed \$100,000 with two optional annual extensions for an amount not to exceed 10% of the prior year's maintenance and support services cost.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council approve the above recommendations to allow the City to extend the current contract with Progressive Solutions Inc. for a period of three years with two-year optional extensions. The commencement of the contract will be from July 1, 2011 to June 30, 2014.

Respectfully submitted,



Joseph T. Yew, Jr.
Finance Director/Treasurer
Finance & Management Agency

Prepared By:
David McPherson
Revenue and Tax Administrator

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

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OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

Resolution Authorizing the City Administrator to Extend the Term of the Current Contract with Progressive Solutions Inc., (PSI) for an Automated Local Tax System Software Maintenance and Support Services for a Period of Three Years In an Amount Not to Exceed \$100,000 per Year with Two Optional Annual Extensions for an Amount Not to Exceed 10% of the Prior Year's Maintenance and Support Services Cost

WHEREAS, the City staff have completed detailed specifications for a new local tax system, and conducted a thorough research and evaluation process to find a viable local tax system that would meet the City's unique requirements; and

WHEREAS, the City staff reviewed product demonstrations from the three leading system vendors, conferred with major enterprise system vendors, surveyed local tax systems used by other California cities and reviewed their local competitive bidding process, performed in depth interviews with those cities who purchased Progressive Solutions Inc. system, and learned that those cities that chose Progressive Solutions Inc. system were extremely satisfied; and

WHEREAS, as a result of the above evaluation processes, staff determined that the local tax system from Progressive Solutions, Inc. was the only viable system that would meet the City's unique requirements; and

WHEREAS, on July 16, 2006, the City Council approved Resolution Number 80045 C.M.S., and awarded the contract to Progressive Solutions, Inc. for an automated local tax system and maintenance support services agreement.

WHEREAS, the original contract term was for a period of three years; and

WHEREAS, the City wishes to extend the term of the current service contract with Progressive Solutions Inc. for an automated local tax system maintenance and support services for a period of three years in an amount not to exceed \$100,000 per year and with two optional annual extensions for an amount not to exceed 10% of the prior year's maintenance and support services cost; and

WHEREAS, the new software maintenance and support services contract term will be for three years commencing July 1, 2011 through June 30, 2014; and

WHEREAS, the City is currently paying approximately \$80,000 for the annual maintenance costs; and

WHEREAS, the Funding for this contract is allocated under Miscellaneous Contract Services Account (54919), Revenue Division's Organization Numbers (08421 & 08441) and General Purpose Fund (1010) and Mandatory Garbage Fund (1700); now, therefore, be it

RESOLVED: That the City Administrator is hereby authorized to extend the term of the software maintenance contract for a period of three years in an amount not to exceed \$100,000 per year and with two optional annual extensions in an amount not to exceed 10% of the prior year's maintenance and support services cost; and be it

FURTHER RESOLVED: That pursuant to Oakland Municipal Code Section 2.04.051B and findings set forth in the City Administrator's report accompanying this item, the City Council finds and determines that is in the best interest of the City to waive the competitive request for proposal/qualifications process for this contract and so waives the requirement.

**IN COUNCIL, OAKLAND, CALIFORNIA,
PASSED BY THE FOLLOWING VOTE:**

**AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL,
SCHAAF AND PRESIDENT REID**

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS

City Clerk and Clerk of the Council of
the City of Oakland, California