



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

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**File #: 16-864, Version: 1**

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- a. Approve and authorize the Assessor to enter into an Annual Maintenance Support Agreement with Megabyte Systems Inc. as of July 1, 2016 through June 30, 2017; not to exceed \$335,131.29; and
- b. Accept non-standard County liability, indemnification, insurance, payment, and other contractual provisions as recommended by the Assessor; and
- c. Authorize the Contracts/Purchasing Officer to sign up to three future annual renewals or other amendments to the Agreement under the same or similar terms where the total amount of the amendments does not exceed 10% of the original contract amount (\$33,513.12) and the amendments do not significantly change the scope of work.

### **RECOMMENDATION:**

- A. Approve and Authorize the Assessor to enter into an Annual Maintenance Support Agreement with Megabyte Systems Inc. as of July 1, 2016 through June 30, 2017; not to exceed \$335,131.29; and
- B. Accept non-standard County Liability, indemnification, insurance, payment and other contractual provisions as recommended by the Assessor; and
- C. Authorize the Contracts/Purchasing Officer to sign three future annual renewals or other amendments to the Agreement under the same or similar terms where the total amount of the amendments does not exceed 10% of the original contract amount (\$33,513.12) and the amendments do not significantly change the scope of work.

### **SUMMARY/DISCUSSION:**

In 1990, your Board authorized the county to enter into an agreement with Megabyte Systems, Inc. to provide a complete property tax assessment, collection and apportionment package for use by the County Tax Collector, Assessor, and Auditor Offices. In 1998, your Board authorized the county to enter into an agreement with Megabyte Systems, Inc. to upgrade the mainframe property tax system to a client server based system that was year 2000 compliant. In 2007, your Board authorized an Addendum to the 1998 Agreement to upgrade the Property Tax System to run in a .Net environment. The .Net version of the Property Tax System replaced antiquated programs, was written in more common and updated computer language, and enhanced end user performance. In 2011, the Board approved Amendment No. 1 which expanded the Scope of Service, updated the payment provisions to reflect the increase in support calls, the increase needed for Megabyte to provide a higher level of support, include upgrades to the .Net environment, and for additional staff training. Since 2011, your Board has approved Amendments 2, 3, 4, 5, 6, 7 & 8 for critically important vendor that is so essential to not just the employees of the Assessor's Office but also that is used on a daily basis by the employees of the Tax Collector's Office and the Auditor's Office in order to provide the tax payers and Monterey County the best service. This Agreement is to improve the services provided by Megabyte Systems to those County Offices, as well as the Clerk to the Board, and ensure continuity of delivery of these services.

The term of the maintenance and support services as identified in the attached Exhibit A shall be for July 1, 2016 through June 30, 2017. The total financial liability to the County for July 1, 2016 to June 30, 2017 pursuant to the terms of this Agreement shall not exceed \$335,131.29. The County has had a successful, long-term relationship with this vendor entailing payments to the vendor from 2004 through 2015 totaling \$3,633,973.20. Instead of amending prior agreements, the vendor and the County agreed that a new agreement would be preferable.

**OTHER AGENCY INVOLVEMENT:**

County Counsel reviewed the Agreement and has approved it as to form only. The Agreement contains non-standard provisions including, but not limited to, the following: vendor terms overriding County standard terms, omission of routine County terms such as choice of law and integration clauses, as-is terminology and other limitations on liability and absence of usual warranties of performance, inadequate intellectual property liability protection, and non-standard insurance and indemnity provisions. County Risk has reviewed the Agreement but has not approved due to the non-standard insurance and indemnity provisions. The Auditor-Controller has approved fiscal provisions. The Auditor-Controller and Treasurer-Tax Collector, as users of the services, are in support of the recommendation.

**FINANCING:**

The County Tax Collector, Assessor, and Auditor have all anticipated the \$2,415 increase in shared maintenance costs in their projected 2016-2017 budget requests for the payment of the services to be performed pursuant to the Agreement.

Prepared by: Emma Rayas, Administrative Services Officer, x5930

Approved by: Stephen L. Vagnini, Assessor-County Clerk/Recorder, x5803

Attachments:

Megabyte Property Tax System (MPTS) Maintenance Agreement  
Exhibit A  
Exhibit B