



## **Background Memo: File No. XXXXX**

*Resolution authorizing the Office of the Assessor-Recorder (ASR) to execute Amendment No. 2 to Contract 1000010122 with Sapient Corporation for the implementation and maintenance of the Property Assessment System Replacement Project; increasing the contract by \$6,754,000 for a total not to exceed amount of \$33,912,702 and extending the contract duration from nine years and two months to thirteen years and eight months from December 31, 2027 to June 30, 2032.*

The Office of the Assessor-Recorder (ASR) requests that the Board of Supervisors approve Amendment 2 to the Agreement for the Implementation and Maintenance Services of the Property Assessment System Replacement with Sapient Corporation (Contract ID #10000010122).

This amendment would:

- Exercise the existing five-year extension option, to extend the contract duration to approximately fourteen (14) years through June 2032, and
- Add \$6,754,000 to fund ongoing support and maintenance following system go-live, increasing the not-to-exceed amount from \$27,158,702 to \$33,912,702.

This request does not expand the scope of work or appropriate funding and only authorizes continued operational support for the Assessor-Recorder's property assessment information system. The newly implemented system is already live in production and is mission-critical to the City's administration of property tax appraisal and assessment.

The Department will continue to request funds to pay for ongoing maintenance through the annual budget process. The FY 25-26 and FY 26-27 budgets previously authorized ~\$1.2M in each year of the budget for this purpose.

## **Program Overview**

On November 13, 2018, the Board of Supervisors adopted Resolution No. 404-18 (File 181037), awarding two contracts for the property assessment and tax system (PATS) replacement effort. PATS is a joint, multi-phase endeavor between the Office of the Assessor-Recorder (ASR), the Treasurer & Tax Collector (TTX), and Office of the Controller (CON) to secure and modernize the City's property tax functions. The program replaces two legacy systems that support:

- The assessment management of 211,547 parcels on the assessment roll, valued at \$354B (\$337B net of exemptions) as of 2025, and
- The billing, collection and allocation of approximately \$4.2 billion in annual property tax revenues generated by the assessment roll.

These systems are foundational to the City's fiscal operations and revenue integrity.

## Program Objectives

The PATS program was approved as a Major Project in the Committee on Information Technology (COIT) ICT plan beginning in FY 2015-16. Core objectives include:

- **Increasing Efficiency and Quality:** Re-engineering assessment and tax business processes to eliminate manual processes and workarounds.
- **Improving Revenue Collection:** Reducing revenue-at-risk through timely assessments, tax billing, revenue collection, and certification.
- **Strengthening the Technology Infrastructure:** Securing \$4.2 billion in revenue through secure, resilient, and modern platforms.
- **Increasing Access to Data:** Improving data availability for the public, policymakers, and revenue forecasters.
- **Improving Taxpayer Service and Transparency:** Integrating property tax and assessment functions across the three departments to enhance customer service.

## Project Status and Background

ASR and Sapient kicked off the project in January 2019 with an anticipated go-live date of November 2021. While Phase 1 successfully went live in January 2021, Phase 2 experienced significant delays. These delays were primarily driven by misalignment between vendor delivery assumptions and an underestimation of overall project complexity.

Despite several delays and change orders, Phase 2 went live in September 2025, transitioning the system into an ongoing operations and maintenance phase. Maintenance services are currently funded under the existing contract through FY 2026-27.

## Contract History

### Original Contract (2018)

In November 2018, the Board approved the Sapient Corporation Implementation and Maintenance Agreement Not-to-Exceed amount of \$21,414,700 over a 12-year term (Resolution 404-18, File 181037). The contract assumed a three-year implementation schedule with Sapient providing ongoing maintenance and support for ten years from 2021 through 2030 at an annual cost of \$587,000.

### Amendment 1 (2023)

In March 2023, the Board approved Amendment 1 (Resolution 136-23, File 230233), which reduced the duration and budget for ongoing maintenance and support in order to fund project implementation cost increases. This amendment increased the contract by \$5,744,002, from \$21,414,700 to \$27,158,702 to facilitate a five-year implementation schedule with Sapient providing ongoing maintenance and support for four years through June 2027.

This amendment prioritized successful system delivery but deferred longer-term maintenance funding until system stabilization.

### Purpose for Amendment 2

Amendment 2 would exercise the existing five-year option to extend operations and maintenance services from July 2027 through June 2032, at a cost of \$6,754,000.

This extension is necessary to:

- Ensure the system can be maintained following go-live,
- Support post-go-live issue resolution, including correcting system errors and bugs, and resolving any production issues identified during live operations,
- Support upgrades and security patches, and
- Preserve and transfer the know-how needed to operate, maintain, and troubleshoot the system during the post-implementation period.

ASR will negotiate maintenance needs annually. The extension option is exercised now to preserve access to the existing Sapien project management team and provide a stable and continuous post-implementation support plan.

Within these five years, ASR intends to systematically increase staff skills and capacity needed to transition knowledge, skills, and responsibilities to internal staff, reducing long-term reliance on external consultants and positioning the City to perform more work in-house.

In summary, Amendment 2 ensures the City will have the resources necessary to securely operate, maintain, and support a newly implemented tax assessment system while transitioning responsibility to City staff over time.

### Summary of Contract Change

Description	Amount
Current not-to-exceed	27,158,702
FY 27-28 maintenance	1,234,000
FY 28-29 maintenance	1,290,000
FY 29-30 maintenance	1,348,000
FY 30-31 maintenance	1,409,000
FY 31-32 maintenance	1,473,000
Revised not-to-exceed	33,912,702

### Consequences of Non-Approval

If the Board does not approve this amendment, ASR would lack contractual authority for vendor maintenance support beyond FY 2026-27, increasing operational risk to:

- Assessment roll production;
- Enrollment of property value between the Assessor and Treasurer and Tax-Collector;
- Property tax billing and revenue certification; and
- System security, compliance, and continuity.

Given the system's foundational role in generating \$4.2 billion in annual revenue, any disruption would pose significant fiscal and operational risk to the City.