



Purchasing Division
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Award Information – 10/24/2017

Contract Information

Purchase Description: **Change Order #1 – reduction in SaaS fees and revision of Go Live date**

Contract Start Date: **August 1, 2015**

Initial Term: **Two-year implementation with an additional 3 one-year renewals of SaaS Fees**

Term Dates: **August 1, 2015 through July 31, 2020**

Renewals: **Annual SaaS Fees**

Vendor Information

Company Name: **Tyler Technologies**

Address: **1 Tyler Drive**
Street Address *Suite/Unit #*

Yarmouth **ME** **04096**
City *State* *ZIP Code*

Contact Name: **Mark Hawkins**

Funding Account Description: **General Fund – Property Tax Administration – Computer System Software**

Budget Information: **Sufficient funding is available**

Department: **County Accessor's Office, Treasurer and County Clerk**

Department Contact: **Marty Paulson** Award Amount: **\$2,965,777**

Change Order Information

The Lake County Board approved the purchase of a contract with Tyler Technologies for software and implementation services for the replacement of the Lake County property tax administration system on July 14, 2015 in the amount of \$2,965,775.

The project team has been working with Tyler to implement the new software with the initial target Go Live date of December 1, 2017. Issues relating to overall project management and verification of the final implementation date have been addressed by the project team on several occasions since January 2017. On July 24, 2017, Tyler Vice President of Implementation Services informed the project team that the Go Live date would need to be pushed back until December 2018, a full year later than the original planned date. The primary reason Tyler gave is that the system modifications, many of which were approved by the County last fall have yet to be scheduled into a development cycle.

Purchasing addressed their concerns in correspondence to Tyler on July 25, 2017 and requested that a revised project schedule be submitted that identified clear project milestones with a defined development path and a final implementation date. At that time, the County also informed Tyler that the delay would result in an estimated \$921, 224 in hard costs to continue the maintenance for the

existing system and project management costs. A request was made that Tyler propose remedies in an amount sufficient to compensate the County for the costly delay. A meeting was held on August 15, 2017 with the project team and Tyler to address these issues.

Since the meeting in August, Tyler has committed to adding additional resources for the CAMA and Tax leads; submitted a Gant chart that outlined the releases of the modifications required, proposed an escalation path for future project issues and offered a 20% discount on the 2018 SaaS fees in the amount of \$148,708. Lake County countered with a request to discount all remaining SaaS fees for years 3, 4 and 5 by 39% each year, for a total of \$921,244. Staff and Tyler met to come to terms and agreed upon a 28% discount for SaaS payments 10 through 14 and a 25% discount for SaaS payments 15 through 20 in the amount of \$567,971.14. A further request was made to address additional holdbacks to ensure that Tyler would make the newly proposed December 2018 Go Live date. Tyler proposed an increase from 10 to 30% for the remaining nine milestones in the amount of \$238,140. Lake County countered with a request to combine all remaining services, including implementation, training, data conversion, and other professional services included in the Agreement, into 13 milestones that tie back to the project plan presented in the Gant chart and maintain a 30% holdback. The holdback amount would be paid in four installments if Tyler met its obligations. If Tyler fails to meet these milestones the contract outlines timelines by which they forfeit fees up to a maximum amount of \$671,918. Tyler rejected this offer.

Mutual agreement was made to implement a 50% discount for the SaaS fees for years three, four, and five, decreasing the overall contract value for ongoing services by \$1,079,061.50. It contractually obligates Tyler to "Go Live" with the revised date of December 1, 2018 and obligates Tyler to complete the remaining 13 milestones needed for the modifications to implement the system. Tyler is eligible to receive up to \$400,000 of the discounted SaaS fees back if they meet all milestones by specific dates outlined in the contract modification.