Why was this not included in August review?

DFA did not meet the August ALC submission deadline of August 2nd as we were still negotiating the price with the vendor. Once Fast's proposal was evaluated and determined they met the non-financial requirements, pricing was opened and DFA wanted to negotiate some of the terms of the contract. Pricing negotiations took over two weeks as DFA and Fast met and discussed an agreeable cost. This resulted in a potential cost savings for the State in the amount of $2 million (6.8%) over the first three years and $4.9 million (6.2%) over seven years with an annual average of 6.4% over the potential life of the contract. The savings were identified through:

1. Reduced hourly cost of less proficient resources. Vendor submitted a single rate for all resources.
2. Negotiated initial three-year contract terms that set the first two year's rates to be fixed with no increase and a 5% increase in year three. Vendor had built in a mandatory 5% increase per year, every year.
3. Negotiated that at the end of initial three-year term cost increases would be negotiated during each subsequent annual renewal. The vendor included a mandatory 5% increase each year for the full life of the contract (seven years). The increase between the expiring contract and the new contract is about $3.3 million per year. Without negotiations, the increase per year would have been approximately $4.0 million.

The first two years of the contract is $9.1 million per year.

	Initial Term (three years)
Initial Vendor Price	$ 30,240,000.00
Negotiated Price	$ 28,173,550.00
Cost Savings	$ 2,066,450.00

What was the previous contract?

The expiring contract began in 2016 and was a seven-year contract that totaled $38.5 million. The first-year cost was $5.2 million with an annual increase of $100,000 each year. The final year contract amount is $5.8 million. This covered the software licensing, system maintenance and all enhancements to both AIRS Tax and AIRS Driver Services/Motor Vehicle.

The expiring contract was an all-inclusive contract that did not differentiate between the two systems.

During the expiring contract renewals over the past few years, Fast Enterprises discussed that they have a new pricing model that does not align with the expiring contract. The new services contract will need to be at a Time and Material contract paid for services. DFA determined that services are not considered exempt by law and would require a competitive bid process.