



Staff Report

TO: City Council
FROM: Jeff Mohlenkamp, Finance Director
DATE: December 15, 2020
SUBJECT: **Contract Amendment with Tyler Technologies**

Background and Analysis:

The City has an existing contract with Tyler Technologies (Tyler) for primary accounting and budgeting software services. Currently all central accounting processes including the general ledger, accounts payable, budgeting and general accounting processes are operated using the Tyler Incode 10 software solution. The use of this system began under a contract dated May 5, 2016.

The City is now seeking to expand the use of the Tyler Incode 10 system to include the payroll/ human resources module and the fixed assets module. Currently, the City uses a third-party software to run payroll and has no automated human resources software solution. The addition of the payroll/HR module will provide for full integration of payroll activities into the core financials and provide more seamless budgeting options for payroll related activities. Furthermore, the addition of a human resources module will allow for improved abilities to track employee evaluations, training and to better centralize employee related data.

The integration of payroll information directly into the core financials will allow for improved abilities to provide budget scenarios and to more timely track payroll related activity.

The addition of the fixed asset module will allow the City to better track changes in infrastructure, facilities, vehicles and equipment as this module integrates directly into the audited financial statements. This module will also assist the City with compliance with GASB 87 that will require new reporting of lease activities.

Staff has contacted other California cities that use these modules and has received positive reports regarding the functionality and efficiencies.

Fiscal Impact:

The initial (one-time) cost to implement these modules is \$31,270. This includes the cost of the modules and Tyler staff time to support the implementation. The ongoing annual cost will be \$21,859. The annual maintenance costs will remain at this level until 2023, which is the term of the existing contract.

The annual costs will be offset by a savings from elimination of the current third-party payroll solution of approximately \$70,000 annually.

Recommended Action:

Approve the attached contract amendment with Tyler Technologies, including the one-time implementation costs of \$31,270 and ongoing annual maintenance costs of \$21,859.

Attachments:

- A. Amendment to Tyler Technologies contract to add Payroll/ Human Resources and Fixed Assets