STAFF REPORT
2/14/2024

TO: Honorable Mayor and City Council Members

FROM: Ruben Ramirez, Controller

SUBJECT: Authorize the City Manager to sign the "Software as a Service Agreement" with Tyler Technologies, Inc.

STAFF RECOMMENDATION:

Authorize the City Manager to sign the Software as a Service Agreement with Tyler Technologies Inc. for the implementation of Tyler's Munis Enterprise Resource Planning. Not to exceed $1,481,910.

BACKGROUND:

The City currently utilizes Tyler Technologies, Inc. Tyler's Eden product as a full ERP. The system was implemented in 2002 and is not fully capable of handling the City's increased system needs. The Current system is employed for financial reporting, business licenses, building permits, payroll, vendor and procurement tracking, utility billing and human resources (partial). In late 2021 the City was made aware that Tyler was planning on phasing out the Eden system due to obsolescence. In February of 2022 the City was notified that a sunset date of March 1, 2027 had been implemented.

DISCUSSION/ANALYSIS:

Implementing a new ERP system will be a monumental undertaking for the City. The ERP system cost does not represent the full cost of implementation. The project budget below outlines areas where additional direct costs will be incurred. In addition to this, Council will see delays in other City activities as the implementation progresses. This new system will add significant new functionality in multiple areas as outlined below. All City departments and a significant number of City staff will be involved in setting up, implementing and learning the new system. The implementation of the new ERP system will take approximately 12 months.

New system enhancements:

Some of the included new system enhancements in addition to a more modern and capable platform are listed below:

Fully functional permitting system - The City currently inputs permit charges in the system, but workflow tracking is done outside of the system manually with paper files. The new system will allow residents to submit, track, edit and pay for permits all from an externally accessible user account interface.

Fully functional business license, cannabis and TOT tax payment portal – The City currently asks businesses to fill out PDF or paper tax returns and submit them in person or via email. There is no error checking for correct inputs and the business is unable to track the status of their returns or payments. The new system will have fully integrated business user functionality allowing for input, tracking and payment of all City taxes and payments.

Project and grant accounting – projects and grants are currently tracked through account coding and getting a real time project or grant balance is a manual process prone to errors. The new system will have a fully integrated project and grant accounting component.

Paperless functionality – Currently departments retain varying levels of paper records. Digital records are stored in separate file systems outside of the current ERP system. This adds time for looking up the records. The new system will have full in-system document retention functionality. Scanned records will be accessible directly from all components of the system.

The summary quoted system cost from Tyler Munis is shown below:

Summary	One Time Fees	Recurring Fees
Total Tyler License Fees	$ 0.00	$ 0.00
Total SaaS	$ 0.00	$ 287,180.00
Total Tyler Services	$ 685,058.00	$ 0.00
Total Third-Party Hardware, Software, Services	$ 2,782.00	$ 180.00
Summary Total	$ 687,840.00	$ 287,360.00
Contract Total	$ 975,200.00	
Estimated Travel Expenses excl in Contract Total	$ 36,990.00	

Project Budget:

System implementation	975,200.00
Annual fee (1st year)	287,360.00
Project manager	39,400.00
Additional training	12,000.00
Specialized consultant staff	46,300.00
Staff over-time (1,500 hours)	84,660.00
Travel expense (Tyler team)	36,990.00
Total project budget	**1,481,910.00**

FISCAL IMPACT:

In September 14, 2022 the City Council approved the appropriation of funds for the amount of $1.380,000. However, this amount went up to $1,481,410, the increase was in implementation cost of $24,886 and cloud hosting solution $77,024. The fiscal impact will require the following appropriation of funds:

Water Fund (178)................$149,400 (From unrestricted fund balance)

Sanitary Fund (361) ....$149,400 (From unrestricted fund balance)

ARPA Grant (152) .... $550,000 (Allocation approved by City Council in September 14, 2022)

General Fund (101).............$633,110 ($600,000 from Assigned Fund Balance, $33,110 from Unassigned fund balance.

Attachment 1

Tyler technologies - SOFTWARE AS A SERVICE AGREEMENT