AGENDA ITEM SUMMARY
City Council

STAFF

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SUBJECT

Second Reading of Ordinance No. 179, 2024, Making Supplemental Appropriations of Prior Year Reserves and Unanticipated Revenue and Authorizing Transfers of Appropriations for the Licensing Permitting and Code Enforcement System.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on December 3, 2024, implements and modernizes a new licensing, permitting, and code enforcement system. The existing funding for this project was originally allocated as part of the 2023/2024 Budget Cycle's 'Digital Transformation' initiative.

After an almost two-year procurement process, the City has selected Tyler Technologies (Tyler) as the 'Vendor of Choice' (VOC) and is currently in contract negotiation. This appropriation request will provide the anticipated funding needed for software deployment, testing, training, temporary staffing backfill and organizational change management.

The total amount being requested is approximately $4M. This includes:

• Software as a Service 19-month Implementation

• Software as a Service two-year Subscription Costs

• City Staff Backfill for two-year Implementation

• Third Party Professional Implementation Services

• Change Management

With this appropriation, the project implementation will begin during the first quarter of 2025 and is anticipated be fully operational by Fall of 2026.

The new system is expected to modernize current business processes, improve efficiency, reduce errors, enhance customer experience, and save staff and customer time.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

FIRST READING BACKGROUND / DISCUSSION

Summary of Original Budget Offer

In FY2023/2024, Council approved a $2.1 million enhancement offer to initiate the transformation of current permitting, licensing, and development review processes and software. The City's legacy platform, Accela, will reach end-of-life service of the on-premises system December 2025 and requires either a significant upgrade to a cloud-based version of their system or conversion to a new system.

The consequences of not modernizing include IT security risks, falling behind increasing demands from businesses and residents, inability to integrate new business processes, and increased operational inefficiencies. This initiative aims to modernize business processes and adopt a more sustainable software ecosystem through simplification, standardization, and a customer self-service approach.

This is envisioned as a transformational project that will set the stage for the next 10-20 years on how the City provides services to our business and development community. Key outcomes cited from the 2023/2024 Budget, InfoTech Strategy Roadmap (Attachment A), and the Discovery Phase of Change Management (Attachment B) include:

- **Streamlined, Standardized Processes**: Simplify, consolidate, and automate licenses and permits to eliminate redundancies and improve staff efficiency.

- **Self-Service for All**: Empower residents and businesses with low-touch, self-service options, advancing community digital equity.

- **Smart Digital Workflows**: Transition from paper to digital, ensuring accessible, sustainable, and simplified services.

- **Scalability & Speed**: Accelerate processing times to meet rising demands consistently across all service areas.

- **Unified, Cohesive Platform**: Implement a citywide, integrated system that enhances collaboration and responsiveness.

- **Modernized Legacy Systems**: Shift to a future-ready solution that supports a more accessible, equitable, and efficient digital government, adopting leading industry solutions.

Actions Since BFO Approval

Following the Council's support of the FY2023/2024 enhancement offer, City staff initiated the procurement process by conducting a three-day Development Review, Licensing, Permitting, and Inspections Digital Strategy Workshop which was facilitated by Info-Tech Research Group. The workshop results were used to create a business model, identify current challenges, document the rationale for issuing an RFP, and provide key recommendations (Attachment A).

Based on this work, TMG Consulting and City staff developed and issued an RFP in January 2024. During the first half of 2024, City staff evaluated eleven RFP respondents, narrowing respondents down to three finalists. These finalists were invited to demonstrate their products over a three-week period.

After product demonstrations, staff scored each vendor and selected an initial Vendor of Choice (Accela). However, after a subsequent week-long workshop, months of scope of work development, and clarifications regarding staffing and implementation timelines, the costs of the original proposal escalated significantly while the modernization objectives embodied by the vision and goals of the project were greatly reduced. These changes virtually eliminated Accela's competitive advantage around pricing and ease of implementation causing the City to re-engage in conversation with the second place Vendor of Choice (Tyler Technologies).

Discussions with the second-place Vendor of Choice (Tyler Technologies) were conducted under an abbreviated 60-day methodology facilitated by TMG Consulting, where a core team of City staff worked with Tyler to clarify costs for implementation, scope of work, subscriptions, optional products, and refine

staffing needs for the project. The result of these conversations resulted in a competitive package that provided full alignment with the City's requirements of a future system.

Today, staff have been able to reach a firm estimation of all costs associated with the full scope of the solution, including data migration, software interfaces, business process mapping and modernization, organizational change management, staff backfill, a preliminary estimate of implementation professional services, as well as the direct implementation of the selected product. The funds being requested for this appropriation are described in greater detail below and are summarized in table format at the end of this section.

FY23/24 Enhancement Funding and Original Assumptions ($2.1M)

The original budget development of this offer was based on feedback from the industry solution providers who examined the scope of the City's vision for change and provided rough cost estimates as guidance for writing the offer. Although the original $2.1 million could adequately cover implementation costs, the original budget offer lacked considering other components that would need funding to mitigate project risks. These components can be characterized as lessons learned from initial unsuccessful procurement and implementation of the CIS Utilities project as well as risk and mitigation strategies that were also highlighted by the July 2023 Info-Tech Research Group Report (Attachment A). These additional cost considerations are meant to ensure project success by pairing the implementation with organizational change management, adequate internal staff backfill, and Tyler specific third-party professional services.

Strategy Roadmap & Procurement Process ($475K)

The City of Fort Collins contracted with TMG who conducted six of seven phases of the procurement process. The following diagram illustrates the three distinct parts (strategy, selection, and contracting) of the process and describes TMG's methodology within each phase of the procurement process:
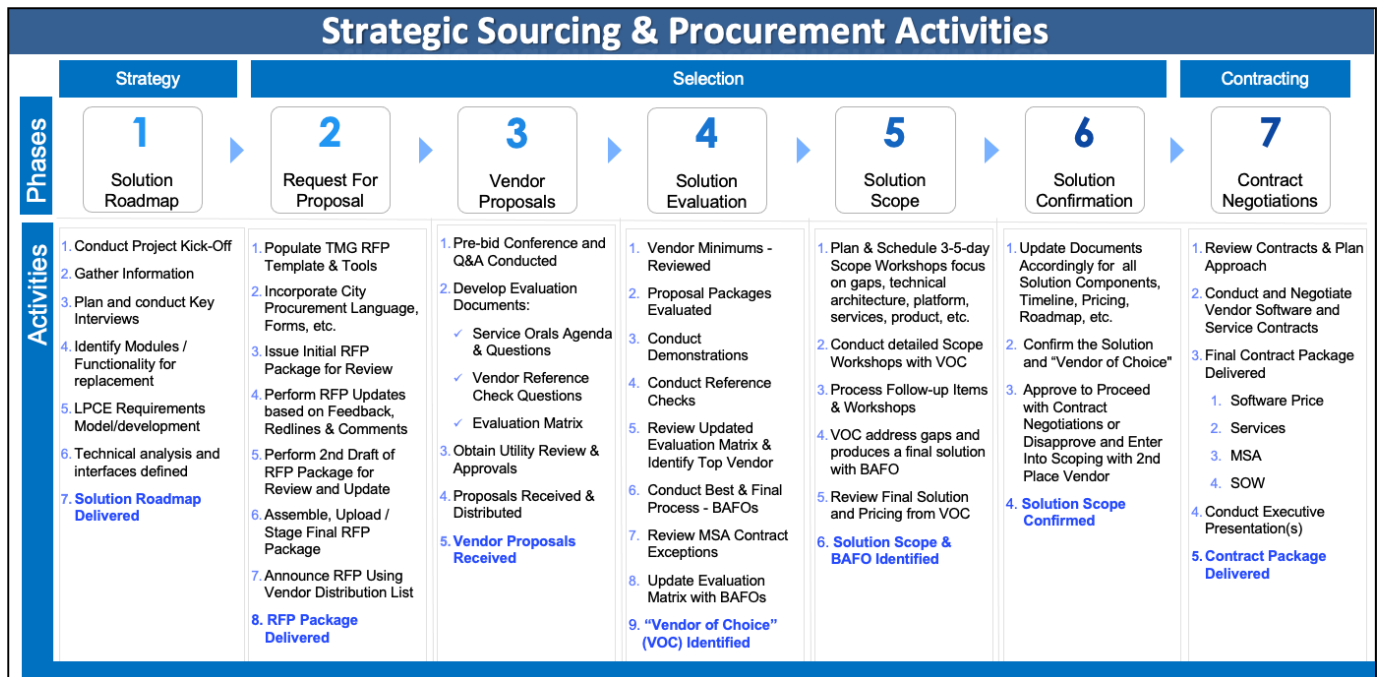
Staff have worked with TMG to complete 6 of 7 phases of the project with the final phase being conducted internally, utilizing Tyler-specific implementation specialists to review the final contract package. This approach is intended to get vendor specific resources to evaluate the project for risks during the implementation phase of the project.

Today, Phase 7 is largely complete and hinges on the project's ability to secure additional funds as requested from Council.

Vendor of Choice Software as a Service Implementation ($2M)

Tyler's implementation services include approximately 9,200 hours of professional services for an estimated period of 19- months. Primary resources allocated to the project include the following roles and responsibilities:

- Project Manager: Oversees the project, manages budget and schedule, coordinates resources, and is the primary point of contact.

- Consultant: A team of 4-6 resources that will develop and configure the product. This team completes all Tyler related tasks assigned by the project manager, provides support during go-live, and facilitates training.

- Change Management Lead: The Vendor's change management expert will work to integrate with the City's organizational change management resources. The City is operating under the following assumptions:

  o The City will continue contracting with Prosci who will lead and develop a multi-phased plan to implement changes successfully.

  o The City will need to resource an internal Change Management Lead (.50 FTE) who will execute the plan and act as a liaison between Prosci, City, and Tyler's team.

Software Licensing ($1.34M or $670K annually)

Tyler's software offer includes the configuration and go-live of the following components:

- Enterprise Permitting & Licensing Core Software

  o **Enterprise Permitting & Licensing Foundation**: Acts as a central hub to the different suites GIS, civic access, dashboards, cashiering, all configuration tools, report toolkit, and standard reports.

  o **Business Management Suite**: Provides functionality such as electronic license requests, automated routing, and responses. The suite manages licensing types, including business contractors, environmental, alcohol, and marijuana. It provides tools for revenue collection, business tax management, and regulated services. The suite will be able to provide GIS capabilities to track business locations and visualize business distribution within the city.

  o **Community Development Suite:** Platform that manages all aspects of the City's planning, permitting, and development processes. Integrates with the Business Management Suite for streamlined operation i.e., centralized property information, centralized contacts, and centralized Dashboards across the suites.

  o **Rental Management Module:** The rental management module is a part of the business management suite. The rental management module allows management and tracking of landlords, license properties for operations, track and monitor life safety components such as fire inspections, health, or code enforcement related activities against the landlord or the property. In addition, the rental management module can track multiple units to one landlord. Or multiple units in the same dwelling. The module has its own Hub feeds, integrates with GIS, civic access, mobile apps, and other central components.

- Enterprise Permitting & Licensing Extensions (extensions that add functionality to core software)

  o **eReviews:** This is required to facilitate the City's electronic plan review process. This component of the system manages the routing, distribution, versioning, and integration into either DigEplan or Bluebeam.

  o **Decision Engine:** A digital permit guide that seamlessly integrates with Tyler's Enterprise Permitting & Licensing software to navigate applicants through the development entitlement,

permitting, and licensing application and approval processes. Through a simple interface, applicants can navigate through a series of questions or selections to arrive at the appropriate permitting or licensing task, whether it's applying, renewing, paying, requesting a meeting or inspection, or just providing more information.

o **Enterprise Permitting & Licensing Civic Access Payment Toolkit:** This allows the City to take online payments through Civic Access.

o **Enterprise Permitting & Licensing Document Management API Connector:** This allows the City to plug our existing Laserfiche application into the overall solution so that documents can be passed into our permanent records when completed.

o **Enterprise API Connector w/ Selectron:** Allows contractors to call in and schedule appointments from an automated system.

o **SSRS Reporting Access:** This is access to the Vendor's data dictionary + data redundancy for inhouse reporting needs.

Selected Optional Components

- Enterprise Permitting & Licensing Extension

    o **Citizen Connect – Community Development:** Allows the community to monitor development locations and trends through an interactive map and set up notifications if a project is created within a customizable search area. This tool is intended to enhance transparency into the development review and permitting process for everyone in the community.

- Integrated Plan Review

    o **DigEplan Pro:** Allows all reviewers to use a centralized toolset for the collaboration, review, and markup of plans. This tool is seen as a 'game changer' by City Building Services staff due to the system's ability to allow slip-sheeting, overlay from previous rounds of review, and ability to select multiple sheets from separate rounds of review to create one final 'approval' plan set that can be stamped and signed by the plan review department.

    o These tools will streamline communication between staff and applicants, enable customers to independently update their project plans without having to reprocess entire plan sets, and significantly reduce the review process and project backlogs for building permit plan review and development review staff.

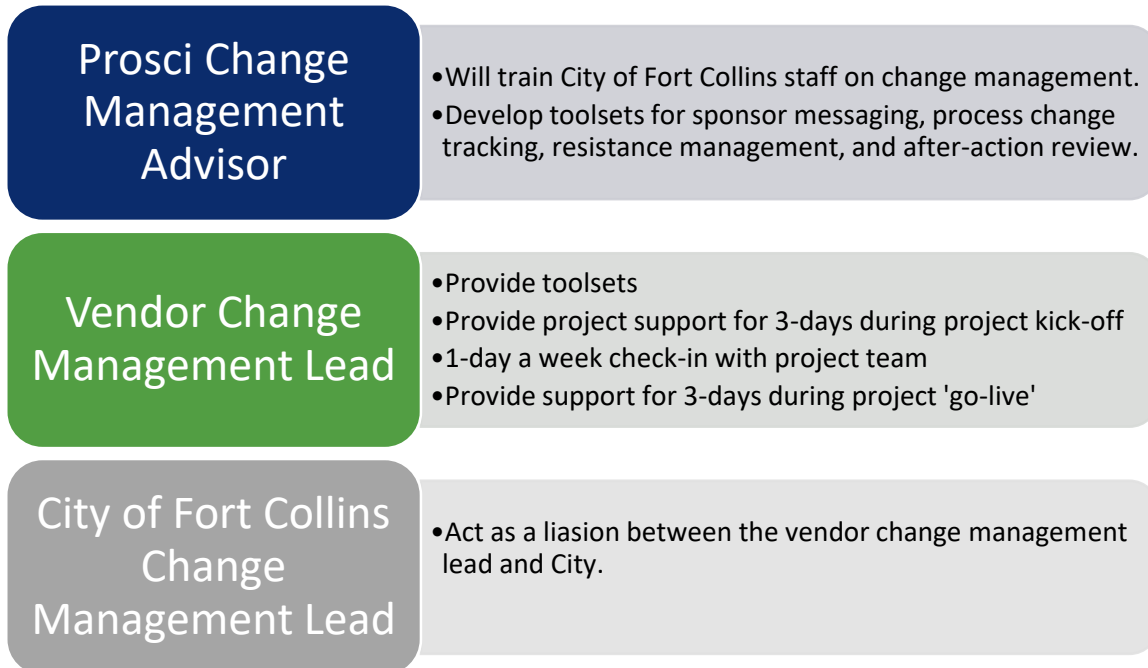**Organizational Change Management ($386K)**

The City has not made organizational change management (OCM) standard practice in project implementation and therefore was not reflected in the original appropriation request for this project. Through the challenges of the Utilities Customer Information System project and additional work during strategy development for this project, the City recognizes the importance of this methodology in ensuring successful outcomes

OCM is a structured approach to helping individuals, teams, and organizations adopt change successfully. It involves planning, communicating, engaging stakeholders, providing training, and monitoring progress to minimize disruption and maximize benefits. The goals of OCM are to understand the impacts and scope of change, ensure adoption and usage, and increase employee understanding and engagement throughout the project. OCM increases the likelihood of successful outcomes.

Enterprise OCM is being proposed as part of the baseline offering from the Vendor, however, it does not provide the level of support and resourcing that is anticipated for this project. As part of this agenda item,

staff are recommending a .5 FTE Change Management Lead (internal City resource), and services provided by Prosci for a Change Advisor and team.

Below is a diagram of how OCM will be resourced and anticipated responsibilities of each party.

Prosci Change Management Advisor	• Will train City of Fort Collins staff on change management. • Develop toolsets for sponsor messaging, process change tracking, resistance management, and after-action review.
Vendor Change Management Lead	• Provide toolsets • Provide project support for 3-days during project kick-off • 1-day a week check-in with project team • Provide support for 3-days during project 'go-live'
City of Fort Collins Change Management Lead	• Act as a liasion between the vendor change management lead and City.

Third Party Professional Services ($864K)

Hiring a third party project implementer with specific expertise with migrations from Accela to Tyler Technologies will backfill gaps in system knowledge that City staff does not currently possess, ensure that the project stays on schedule and within scope, configuration, follow's industry best practices, and hold the Tyler Technologies accountable with the technical deliverables of the project, with the project's configuration, hold the Tyler Technologies responsible, mitigate risks, prevent scope creep, and ensure timely delivery of the system.

Staff assume a 20% contingency on this item bringing the requested total to $864k and is noted in the table below.

City Staff Backfill for 19-month Implementation Period ($721K)

A key finding of the Info-Tech Report highlights the importance of resourcing and staff bandwidth. Insufficiently addressing this aspect of the project poses a significant risk to its success.

The proposed backfill strategy aims to provide departments with the necessary resources to support their anticipated project involvement. A contractual entry-level position is suggested to help alleviate the day-to-day workload of functional team members from Code Compliance, Permitting, Development Review, and other departments as assigned. Several other leadership positions will be needed from internal City Staff which include a part time project manager, communications lead and change management lead.

In addition, Human Resources has estimated "Supplement Pay" for departments that will have short-term involvement in the project beyond their regular duties. As part of internal backfill, staff is also requesting funding for 24-months as a contingency should timelines slip during implementation.

Summarized Estimated Costs

Item	Implementation Cost
Strategy Roadmap & Procurement Process	$475,106
Tyler Technologies SaaS Implementation Professional Services	$2,522,040*
Software Licensing through Implementation	$1,342,912
City backfill for the two-year implementation period (4 FTE) • **Business Support I** • **Business Support I** • **Building Technician I** • **Development Review Coordinator I**	$539,532*
City, Change Management Lead .50 FTE	$67,500 *
City, Communications Lead .25 FTE	$47,000*
City, Project Manager .50 FTE	$67,000*
Third Party Implementation Professional Services • **Project Manager** • **Integration Developer** • **Training Manager** • **Test Manager** • **Business Process Analyst**	$864,000*
Prosci Change Management Professional Services • **Phase 1 - $110,200** • **Phase 2 – $106,000** • **Phase 3 - $106,000**	$386,640*
Total Estimated Project Cost	$6,311,730
Previously Appropriated Funds (including ARPA funds)	$2,269,419
Supplemental Appropriation Request:	$4,042,311

*Items assume a 20% contingency. For FTE items, contingency is represented by assuming a 24-month implementation period as compared to the estimated 19- month planned implementation period.

CITY FINANCIAL IMPACTS

The financial impact of implementing a new software system involves both upfront costs over the estimated 19-month implementation period and subsequent ongoing expenses. Initial investments include the software license, professional services, and internal staffing backfill/support. After the first two years, there will be fixed annual subscription costs for a 3-year period which will then increase at an anticipated 3% rate annually starting year 6.

This supplemental appropriation will transfer all previously appropriated 2024 revenue and expense budgets and their corresponding actuals from a lapsing business unit into the new, non-lapsing business unit.

Implementation Period Suggested Funding

Previously Appropriated Funds	Amount
Data & Communications Fund Reserve – 2023/2024 BFO *(reserve generated by prior system fee)*	$700,000
General Fund Reserves – 2023/2024 BFO	$1,395,206
Change Management Funds	$40,000
Total Previously Appropriated Funds (to be transferred)	**$2,135,206**
Suggested Funds to be Appropriated	**Amount**
General Fund Reserves	$1,400,000
Light and Power Fund Unanticipated Revenue	$559,148
Water Fund Unanticipated Revenue	$120,012
Wastewater Fund Unanticipated Revenue	$369,392
Stormwater Unanticipated Revenue	$251,448
Transportation Fund Reserves	$942,311
Capital Expansion Fees Unanticipated Revenue *(CEF Administrative Allowance)*	$400,000
Total Funds to be Appropriated With this Action	**$4,042,311**
ARPA Funds (previously appropriated, now dedicated to this project)	$129,419
General Fund Reserves (previously appropriated & spent in 2023)	$4,794
Total Estimated Project Cost	**$6,311,730**

These sources are comprised of multiple funding streams that fall within the category. The exact breakdown within categories is still to be decided.

Tyler Technologies also offers managed professional services for on-going system support that will require additional consideration from City IT Leadership. This is an optional cost and could mitigate the need for hiring additional personnel for ongoing maintenance and servicing of the software.

System Funding for Ongoing Subscription Costs

The system will require a yearly subscription cost which is estimated to be approximately $700k for the first five years. At the conclusion of five years, a yearly inflationary rate of 3% will be applied. At this time, subscription cost is estimated to $700K as there are Tyler support add-ons that could increase prices by approximately $200k. The necessity of these add-ons continues to be evaluated. The ongoing subscription cost is anticipated to be managed in one or two ways:

1. Reinstatement of a 1.5% fee on all eligible transactions for system payment. There is historical precedence for this fee as it has been previously assessed to pay for the existing legacy system. The exact percentage of the fee could be adjusted to meet and not exceed cost recovery. Certain items such as capital expansion fees would not be subject to the fee due to concerns surrounding the legality of capital expansion fee usage.

2. A model that assigns cost based on system usage. The two implementation years will allow for further development of a suggested methodology.

In both scenarios, it is anticipated that at a minimum the General Fund, Utilities Funds, & the Transportation Fund would contribute to ongoing subscription costs.

As part of the scope of the project, the system is anticipated to fold in departments who have had a limited use case under the existing legacy system. The scope identified providing functionality to the following user groups:

- Environmental Services
- Community Development and Neighborhood Services
- Poudre Fire Authority
- Engineering
- Utilities
- City Clerk's Office

- City Manager's Office
- Natural Areas
- Parks
- Information Technology
- External Agencies

Tyler Technologies will bring expertise and experience to the project. The documented business processes will serve as the basis for testing, training, and future process improvements.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

At Council Finance Committee's November 6, 2024, regular meeting, this item was discussed and was recommended to proceed to Council for appropriation.

PUBLIC OUTREACH

Over the years, the City has conducted numerous surveys centered around external customer experience with the development review process and most recently, the evaluation of our Current State of Customer Service that is being led by the City Manager's Office.

Development Review Public Outreach

The Development Review Group has conducted numerous surveys that have consistently identified pain points in our development review process. These surveys revealed that staff struggled to keep pace with the administrative demands of reviewing development projects, and inefficient tools further contributed to lower-than-expected satisfaction within the development community.

Since the introduction of Development Review Coordinators in 2018, a significant administrative gap has been filled. However, several key pain points exist, which include:

- Excessive Review Cycles and Subjective Reviews Respondents frequently cited too many rounds of review, overly lengthy processes.

- Ineffective Meetings: Poorly organized and unproductive meetings wasted valuable time and resources.

- Need for a Simplified Process for Small Projects: Respondents suggested streamlining the review process for smaller projects to reduce administrative burdens.

- Limited Electronic Options: A lack of robust online tools hindered efficiency and user experience.

This project is anticipated to help re-engineer processes, streamline tasks, and introduce more automated workflows to significantly reduce the administrative burden on staff, and free up time to focus on critical discussions with our community. We also anticipate greater emphasis on self-serve workflows and tools for customers which will save time, walk customers through the process, and identify the status of their project without exchanging emails or calls with staff. Below is a high-level summary of the most recent surveys and studies completed.

2016: Development Review Survey	2017: Cumbo Report and Development Review Study	2022: Development Review Focus Areas, Goals, and Performance Measurements	2023: Development Review Process Survey
Key Results – General satisfaction – Developers more satisfied than community members – Developers perceive process as too slow	**Challenges** – Volume and Complexity of Developments – Shortage of staff – Conflicting codes **Strengths** – Excellent, hard-working staff **Key Issues for Improvement** –Technical Processes – Organizational culture	**Focus Areas:** Culture & Leadership, Organizational Structure & Staff, Process Improvement, Technology, Standards & Code **Goals:** Efficiency, Effectiveness, User Experience, Alignment, and Importance	**Goals** – Evaluate the state of and improvements in the Development Review process since 2017 – Develop materials to communicate the state of and improvements in the state of Fort Collins' development review process

Current State of Customer Service

The current state of customer service report gathered information from 43 participants from departments such as finance, utilities, community services, police services, planning, development, and transportation. The implementation of this project aims to align the City's objectives by modernizing our technology, providing a standardized level of service to customers, unifying the customer experience, and breaking down departmental silos that impede collaboration.

Future Communications Plan

As part of this appropriation request, staff proposes to fund a communication lead who will develop a communications plan that will include a public outreach component. A significant shift in how customers interact with the City is anticipated, requiring a clear and concise communication strategy to inform residents and businesses about these changes. This strategy will include a variety of channels, such as the City's website, social media, email newsletters, and traditional media outlets. Additionally, public meetings and training workshops may be held to provide opportunities for direct feedback and input from the community.

ATTACHMENTS

First Reading attachments not included.

1. Ordinance for Consideration