



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 6/21/2022

ITEM NO: 14

DATE: June 10, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Town Manager to Execute a Five-Year Agreement with Tyler Technologies to Provide Enterprise Resource Planning (ERP) Software Implementation and Ongoing Support for the Town of Los Gatos for \$1,147,328 plus a 10% contingency for a Total Agreement Amount Not to Exceed \$1,262,061

RECOMMENDATION:

Staff recommends that the Council authorize the Town Manager to execute a Five-Year Agreement with Tyler Technologies to provide enterprise resource planning (ERP) software implementation and ongoing support for the Town of Los Gatos for \$1,147,328 plus a 10% contingency for a total agreement amount not to exceed \$1,262,061.

BACKGROUND:

The current ERP system was implemented in 2008 and has become outdated. Staff determined that a modern system was required to meet the demands for advanced functionalities, improved efficiencies, fiscal transparency, better customer service, and enhanced systems integration all in a single platform. Staff initially engaged with the current software provider for potential upgrade of the existing software. The current software provider CentralSquare (formerly Sungard, Pentamotion) was not able to provide an update for the current system due to organizational restructuring from multiple acquisitions.

DISCUSSION:

The Town of Los Gatos issued a Request for Proposal (RFP) to solicit responses from qualified firms offering proven, integrated solutions to replace the Town's current CentralSquare FinancePlus Enterprise Resource Planning system, specifically in the areas of Finance, Human Resources, Payroll, and Miscellaneous Billing.

PREPARED BY: Gitta Ungvari
Finance and Budget Manager

Reviewed by: Assistant Town Manager, Finance Director, Town Attorney, and Information Technology Manager

SUBJECT: Authorize the Town Manager to Execute an Agreement with Tyler Technologies to Provide ERP Software Implementation and Ongoing Maintenance Services for the Town of Los Gatos with Tyler Technologies

DATE: June 21, 2022

DISCUSSION (continued):

The RFP was listed on the Town website and was sent to vendors who had reached out to staff prior to the release of the RFP. These companies included WorkDay, Oracle, Tyler Technologies, OpenGov, and CentralSquare.

The Town received only one proposal from Tyler Technologies. During the initial meetings with WorkDay and Oracle, both companies commented that their solution was geared towards significantly larger organizations. OpenGov only provided limited services and our current provider did not submit a proposal with its most current software package.

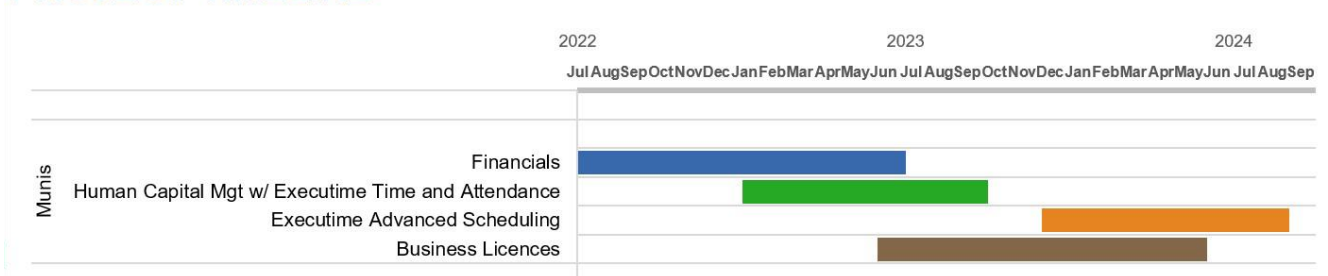
After the RFP submittal, Tyler Technologies provided a demonstration of their Tyler Munis system both to the executive management staff and to particular Town staff power users. The response to the RFP was reviewed by an inter-disciplinary Town team, evaluating the submittal based on enhanced reporting capabilities, streamlined process workflows, and self-service online services for residents, customers, and vendors. The reviewers also assessed the proposer's demonstration of organizational, functional, and technical capabilities, as well as the experience, expertise, and qualifications necessary to provide a fully integrated and proven ERP solution to include both implementation and ongoing maintenance and support.

The proposed ERP system would include the implementation of the following functional areas.

- Financial Management
- Human Capital Management
- Executive Time and Attendance and Advanced Scheduling
- Business Licenses

The various modules for each functional area will be implemented through a phased approach spanning a two-year period as detailed in the Statement of Work (Attachment 1).

PROJECT TIMELINE



SUBJECT: Authorize the Town Manager to Execute an Agreement with Tyler Technologies to Provide ERP Software Implementation and Ongoing Maintenance Services for the Town of Los Gatos with Tyler Technologies

DATE: June 21, 2022

DISCUSSION (continued):

The proposed ERP system will be SaaS based solution and meets all the following project objectives:

- Consolidate information, link processes and functions, and eliminate separate Departmental spreadsheets/Excel databases in favor of a single system that integrates the Town's financial and non-financial applications through a common database;
- Streamline business processes to take advantage of best practices through automation, integration, and enhanced workflows;
- Provide a user-friendly and intuitive user interface to promote system use and productivity;
- Eliminate the need for redundant data entry;
- Eliminate the need for manual input when preparing the annual budget and financial statements;
- Improve and/or provide necessary reports and reporting capabilities, and access to data through inquiry or drilldown capabilities; and
- Provide interface capabilities with third-party systems.

Tyler Technologies currently has over 2,000 customers nationwide and over 150 in California. Forty former CentralSquare customers have migrated over successfully to Tyler's Munis solution in California (Attachment 2). Staff also performed reference checks with other surrounding municipalities who currently utilize the Tyler Munis solution and received positive feedback. Based on staff's overall assessment, it was decided to enter negotiations with Tyler Technologies for the draft contract.

It should be noted that during contract discussions, there was one area of disagreement between the parties. Tyler has proposed to indemnify the Town for claims "arising out of its negligence or willful misconduct." Staff did ask Tyler for a more general indemnification for any personal injury or property damage claims arising out of its performance – regardless of whether or not Tyler was negligent or engaged in willful misconduct. Tyler declined to make that change, citing its needs to be consistent with other city contracts. While staff would have preferred the Town's language, given the totality of the product staff is recommending that the Town accept Tyler's proposed indemnification language.

PAGE 4 OF 2

SUBJECT: Authorize the Town Manager to Execute an Agreement with Tyler Technologies to Provide ERP Software Implementation and Ongoing Maintenance Services for the Town of Los Gatos with Tyler Technologies

DATE: June 21, 2022

CONCLUSION:

Authorize the Town Manager to execute a five-year agreement with Tyler Technologies to provide ERP software implementation and ongoing support services for the Town of Los Gatos for \$1,147,328 plus a 10% contingency for a total agreement amount not to exceed \$1,262,061.

COORDINATION:

The preparation of the RFP, review of the proposal, and negotiation of the contract was coordinated between the Town Manager's Office (including IT), Finance Department, Human Resources Department, and the Town Attorney's Office.

FISCAL IMPACT:

Sufficient funds for the implementation including the first two years of the annual SaaS fees and augmented staff cost are incorporated into the Town's Proposed FY 2022/23 – FY 2027/28 Capital Program Budget.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Agreement with Tyler Technologies to provide ERP Implementation and Ongoing Maintenance and Support Services
2. Account Success Replacing CentralSquare.pdf