MEMORANDUM

DATE: November 13, 2023
TO: City Council
FROM: Janna Walker, Budget Analyst
SUBJECT: ERP System Implementation Budget

BACKGROUND

The Enterprise Resource Plannning (ERP) System Implementation Budget was first authorized in the 2019-20 Biennium with budgeted resources of $450,000. However, due to the time it took to select an ERP provider, nothing was spent until 2022, after the 2021 signing of a contract with Tyler Technologies for their Munis ERP system. This project is under active implementation during the current biennium and is expected to have final expenditures during the 2025-26 Biennium.

LIFE-OF-PROJECT ERP BUDGET

The current life-of-project budget is based on AB21-069, which established the initial contract with Tyler Technologies for both Software-as-a-Service (SaaS) payments over five years and implementation costs, along with AB22-155, which identified a $1,800,000 budget for implementation, part of which includes a $210,000 contingency, separate from the $250,810 contract contingency described in AB21-069, for a total of $460,810 in contingency funds. According to AB21-069, administration intended to fund $1.1 million of the project with Non-Utility and Utility Capital funds. Additionally, the 2023-24 Biennial Budget increased the scope of the project, including temporary labor funded by both the IT fund ($40,000) and the General Fund ($100,000). The General Fund budget also includes allocations for additional Finance and Community Development modules planned for operations but not identified in the original ERP implementation and operation budget.

The Current Life-of-Project Budget, shown on the next page, illustrates the decisions made in the legislative record. The Expected-Life-of-Project Budget has been augmented based on current projections, as follows, and is broken out by biennium on page four of the memo:

Description	Provider	Current Life-of-Project Budget	Expected Life-of-Project Budget	Increase (Decrease)
Tyler/Munis Contract				
Professional Services[1]	Tyler Technologies, Inc.	$ 561,450	$ 853,713	$ 292,263
Travel Expenses[1]	Tyler Technologies, Inc.	$ 56,960	$ 15,507	$ (41,453)
3rd Party Hardware, Software, and Services[1]	Tyler Technologies, Inc.	$ 4,075	$ 9,075	$ 5,000
Project Management Services	Berry Dunn	$ 260,000	$ 68,970	$ (191,030)
IT Project Manager	City of Snoqualmie	$ 456,705	$ 456,657	$ (48)
Tyler Technologies, Inc. Contingency[1]	Tyler Technologies, Inc.	$ 250,810	$ -	$ (250,810)
Contingency for Other Potential Uses	Various	$ 210,000	$ 173,368	$ (36,632)
Original Implementation Budget, AB22-155	**Subtotal =**	**$ 1,800,000**	**$ 1,577,290**	**$(222,710)**
Software as a Serivce (SaaS) Fees				
Tyler SaaS Operating Costs ($265,397 a year for 5 years)[1]		$ 1,218,535	$ 1,393,089	$ 174,554
Socrata SaaS		$ -	$ 89,843	$ 89,843
Enterprise Content Management SaaS		$ -	$ 67,300	$ 67,300
Total SaaS	**Subtotal =**	**$ 1,218,535**	**$ 1,550,231**	**$ 331,696**
Expenditures (2023-2024 Additional Budget)				
Professional Services (Bus. Mgmt., Socrata, etc.)[2]	Tyler Technologies, Inc.	$ 111,970	$ 15,765	$ (96,205)
Professional Services (Community Development)[2]	Tyler Technologies, Inc.	$ 97,720	$ -	$ (97,720)
Enterprise Content Management (ECM)	LaserFiche	$ -	$ 16,117	$ 16,117
Temporary Labor	Robert Half	$ 140,000	$ 274,589	$ 134,589
	Subtotal =	**$ 349,690**	**$ 306,471**	**$ (43,219)**
	GRAND TOTAL =	**$ 3,368,225**	**$ 3,433,992**	**$ 65,767**

[1]These line items comprise the original Tyler Contract for a total of $2,091,830. See AB21-069.
[2]Not Under Contract

The expected life-of-project budget represents an increase of $65,767 over the current life-of-project budget amounts. This difference is a summation of smaller positive and negative variances across the entire project as follows:

Increase to Life-of-Project Budget

Taxes on SaaS	$ 108,450
New Tyler Saas Contract (2026)	$ 66,104
Implementation	$ 5,000
Labor	$ 134,541
Project Management	$ (191,030)
Socrata, SaaS & Impl.	$ (6,363)
Energov	$ (97,720)
Enterprise Content Mgmt, SaaS & Impl.	$ 83,417
Contingency	$ (36,632)
Life-of-Project Increase	**$ 65,767**

- In the initial budgeting of the contract, no allowance was made for sales tax on annual Tyler Technologies software-as-a-service (SaaS) fees, resulting in an increase in estimated expenditures of $108,450 over the life of the project.
- The Tyler contract will be renewed in 2026. The increased cost of $66,104 represents three months of SaaS fees not currently in the contract.

- Implementation, which is a summation of all non-SaaS Tyler fees, required cashiering stations that were not included in the contract, for an increase of $5,000.
- The City needed additional support in system setup, data conversion and migration. This resulted in an increase in labor above the original budgeted amounts by approximately $134,541.
- Project Management costs were reduced by $191,030 as a contract with Berry Dunn ended early when the expected value of the project management did not materialize.
- Socrata, an open-data platform, and EnerGov, permitting and licensing software, were included in the 2023-24 Biennial budget. However, the City is searching for an alternate solution for EnerGov within software already purchased, resulting in a cost savings of $104,083.
- The City obtained a $21,956 grant to support the implementation of an Enterprise Content Management (ECM) system through LaserFiche. This system is expected to cost $24,883.65 annually until fully implemented, with $16,825 in ongoing SaaS fees. Ongoing SaaS and implementation costs through 2026 are expected to total $83,417.
- In the previous biennium, the contingency budget was assigned to fund computer hardware for Parks & Public Works (AB22-155), and an Irrigation System Survey. The remaining $36,632 in contingency funds will be applied against overages.

ACTUAL ERP EXPENDITURES

The City has spent the following amounts during the 2021-22 Biennium and the 2023-24 Biennium:

	Provider	Actual 2021-22	Actual 2023-24
Tyler/Munis Contract			
Professional Services	Tyler Technologies, Inc.	$ 80,817	$ 103,398
Travel Expenses	Tyler Technologies, Inc.	$ -	$ -
3rd Party Hardware, Software, and Services	Tyler Technologies, Inc.	$ -	$ -
Project Management Services	Berry Dunn	$ 50,540	$ 18,430
IT Project Manager	City of Snoqualmie	$ 178,647	$ 152,442
Tyler Technologies, Inc. Contingency	Tyler Technologies, Inc.	$ -	$ -
Contingency for Other Potential Uses	Various	$ 24,036	$ 97,428
Original Implementation Budget, AB22-155	Subtotal =	$ 334,041	$ 371,698
Software as a Serivce (SaaS) Fees			
Tyler SaaS Operating Costs ($265,397 a year for 5 years)[1]		$ 331,501	$ 265,396
Socrata SaaS		$ -	$ -
Enterprise Content Management SaaS		$ -	$ 16,825
Total SaaS	Subtotal =	$ 331,501	$ 282,221

Expenditures (2023-2024 Additional Budget)

Professional Services (Bus. Mgmt., Socrata, etc.)	Tyler Technologies, Inc.	$	-	$	-
Professional Services (Community Development)	Tyler Technologies, Inc.	$	-	$	-
Temporary Labor	Robert Half	$	103,266	$	128,123
	Subtotal =	**$**	**103,266**	**$**	**136,181**
	GRAND TOTAL =	**$**	**768,808**	**$**	**790,100**
	Amount Budgeted =	**$**	**1,470,000**	**$**	**1,328,398**
	Budget Remaining =	**$**	**701,192**	**$**	**538,298**

FORECASTED ERP EXPENDITURES

The City expects to spend the amounts shown in the table below during the 2023-24 Biennium and 2025-26 Biennium. The end result, the Expected Life-of-Project Budget, is the amount shown in the first table of this memo.

Description	Actual 2021-22		Forecasted 2023-24		Forecasted 2025-26		Expected Life-of-Project Budget	
Tyler/Munis Contract								
Professional Services	$	80,817	$	622,895	$	150,000	$	853,713
Travel Expenses	$	-	$	15,507	$	-	$	15,507
3rd Party Hardware, Software, and Services	$	-	$	9,075	$	-	$	9,075
Project Management Services	$	50,540	$	18,430	$	-	$	68,970
IT Project Manager	$	178,647	$	278,010	$	-	$	456,657
Tyler Technologies, Inc. Contingency	$	-	$	-	$	-	$	-
Contingency for Other Potential Uses	$	24,036	$	149,331	$	-	$	173,368
Original Implementation Budget	**$**	**334,041**	**$**	**1,093,249**	**$**	**150,000**	**$**	**1,577,290**
Software as a Serivce (SaaS) Fees								
Tyler SaaS Operating Costs ($265,397 a year for 5 years)1	$	331,501	$	530,794	$	530,794	$	1,393,089
Socrata SaaS	$	-	$	29,948	$	59,895	$	89,843
Enterprise Content Management SaaS	$	-	$	33,650	$	33,650	$	67,300
Total SaaS	**$**	**331,501**	**$**	**594,391**	**$**	**624,339**	**$**	**1,550,231**
Expenditures (2023-2024 Additional Budget)								
Professional Services (Bus. Mgmt., Socrata, etc.)	$	-	$	15,765	$	-	$	15,765
Professional Services (Community Development)	$	-	$	-	$	-	$	-
Enterprise Content Management	$	-	$	16,117	$	-	$	16,117
Temporary Labor	$	103,266	$	171,323	$	-	$	274,589
	$	**103,266**	**$**	**203,205**	**$**	**-**	**$**	**306,471**
Grand Total =	**$**	**768,808**	**$ 1,890,845**		**$**	**774,339**	**$3,433,992**	
Amount Budgeted =	**$**	**1,470,000**	**$**	**1,328,398**	**$**	**-**		
Budget Remaining or (Required Appropriation)	**$**	**701,192**	**$**	**(562,447)**	**$**	**(774,339)**		

The required appropriation of $562,447 for the current biennium equates to the requested amendment. The majority of the difference, $450,543, relates to implementation costs to Tyler Technologies that should have been carried forward from the prior biennium but were not. The total breakout of costs making up the amendment is shown below:

Description	Appropriation Required
Taxes on SaaS	$ 43,380
Implementation	$ 450,543
Labor	$ (34,716)
Project Management	$ (141,570)
Hardware & Other	$ 121,440
Studies & Surveys	$ 27,891
Socrata, SaaS Fees & Implementation	$ 45,713
Enterprise Content Management	$ 49,767
Total Appropriation Required	**$ 562,447**

The forecasted 2025-26 expenditures will be appropriated during the next biennial budget process.

FUNDING FOR ADDITIONAL APPROPRIATION

Administration proposes using non-recurring sales tax in excess of budgeted amounts, support from the Utility Funds' general operations, and support from the Non-Utility Capital and Utility Capital Funds to fund the $562,447 required amendment. The amounts are shown by year and source below:

Funding Sources for Amendment	2023	2024	Total
Enterprise Content Management Grant	$ 21,956		21,956
2023 Non-Recurring Sales Tax in Excess of Budget (Jun - Sept)	$ 153,491	$ -	$ 153,491
2023 Estimated Non-Recurring Sales Tax in Excess of Budget (Oct - Dec)	$ 100,129	$ -	$ 100,129
Water Utility Fund (#401) - *Utility Billing Module, Contract & Asset Management*	$ -	$ 25,640	$ 25,640
Sewer Utility Fund (#402) - *Utility Billing Module, Contract & Asset Management*	$ -	$ 53,531	$ 53,531
Stormwater Utility Fund (#403) - *Utility Billing Module, Contract & Asset Management*	$ -	$ 12,820	$ 12,820
Non-Utility Capital Fund (#310)- *Project, Contract, & Asset Management, Capital Contrib.*	$ 64,849	$ 32,592	$ 97,440
Utility Capital Fund (#417) - *Project, Contract, & Asset Management*	$ 64,849	$ 32,592	$ 97,440
Total Funding Sources	**$ 405,273**	**$ 157,174**	**$ 562,447**