

**FINANCE DEPARTMENT**

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## MEMORANDUM

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

## BACKGROUND

The Enterprise Resource Planning (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) |
|------------------------------------------------------------------------|--------------------------|--------------------------------|---------------------------------|---------------------|
| <b><i>Tyler/Munis Contract</i></b>                                     |                          |                                |                                 |                     |
| Professional Services <sup>1</sup>                                     | Tyler Technologies, Inc. | \$ 561,450                     | \$ 853,713                      | \$ 292,263          |
| Travel Expenses <sup>1</sup>                                           | Tyler Technologies, Inc. | \$ 56,960                      | \$ 15,507                       | \$ (41,453)         |
| 3rd Party Hardware, Software, and Services <sup>1</sup>                | 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                     | \$ 361,837                      | \$ (94,868)         |
| Tyler Technologies, Inc. Contingency <sup>1</sup>                      | Tyler Technologies, Inc. | \$ 250,810                     | \$ -                            | \$ (250,810)        |
| Contingency for Other Potential Uses                                   | Various                  | \$ 210,000                     | \$ 140,428                      | \$ (69,572)         |
| <b><i>Original Implementation Budget, AB22-155</i></b>                 | <b>Subtotal =</b>        | <b>\$ 1,800,000</b>            | <b>\$ 1,449,530</b>             | <b>\$ (350,470)</b> |
| <b><i>Software as a Service (SaaS) Fees</i></b>                        |                          |                                |                                 |                     |
| Tyler SaaS Operating Costs (\$265,397 a year for 5 years) <sup>1</sup> |                          | \$ 1,218,535                   | \$ 1,393,089                    | \$ 174,554          |
| Socrata SaaS, et al.                                                   |                          | \$ 47,040                      | \$ 89,843                       | \$ 42,803           |
| Enterprise Content Management SaaS                                     |                          | \$ -                           | \$ 67,300                       | \$ 67,300           |
| <b><i>Total SaaS</i></b>                                               | <b>Subtotal =</b>        | <b>\$ 1,265,575</b>            | <b>\$ 1,550,231</b>             | <b>\$ 284,656</b>   |
| <b><i>Expenditures (2023-2024 Additional Budget)</i></b>               |                          |                                |                                 |                     |
| Professional Services (Bus. Mgmt., Socrata, etc.) <sup>2</sup>         | Tyler Technologies, Inc. | \$ 80,050                      | \$ 15,765                       | \$ (64,285)         |
| Professional Services (Community Development) <sup>2</sup>             | Tyler Technologies, Inc. | \$ 82,600                      | \$ -                            | \$ (82,600)         |
| Enterprise Content Management (ECM)                                    | LaserFiche               | \$ -                           | \$ 16,117                       | \$ 16,117           |
| Temporary Labor                                                        | Robert Half              | \$ 140,000                     | \$ 337,557                      | \$ 197,557          |
|                                                                        | <b>Subtotal =</b>        | <b>\$ 302,650</b>              | <b>\$ 369,439</b>               | <b>\$ 66,789</b>    |
| <b>GRAND TOTAL =</b>                                                   |                          | <b>\$ 3,368,225</b>            | <b>\$ 3,369,200</b>             | <b>\$ 975</b>       |

<sup>1</sup>These line items comprise the original Tyler Contract for a total of \$2,091,830. See AB21-069.

<sup>2</sup>Not Under Contract

The expected life-of-project budget represents an increase of \$975 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:

| <b>Increase to Life-of-Project Budget</b> |               |
|-------------------------------------------|---------------|
| Taxes on SaaS                             | \$ 108,450    |
| New Tyler SaaS Contract (2026)            | \$ 66,104     |
| Implementation                            | \$ 5,000      |
| Labor                                     | \$ 102,689    |
| Project Management                        | \$ (191,030)  |
| Socrata, SaaS & Impl.                     | \$ (21,483)   |
| Energov                                   | \$ (82,600)   |
| Enterprise Content Mgmt, SaaS & Impl.     | \$ 83,417     |
| Contingency                               | \$ (69,572)   |
| <b>Life-of-Project Increase</b>           | <b>\$ 975</b> |

- 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 \$102,689.
- 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, Energov proved more expensive than originally planned and the City is searching for an alternate solution 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 \$69,572 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    |
|------------------------------------------------------------------------|--------------------------|-------------------|-------------------|
| <b><i>Tyler/Munis Contract</i></b>                                     |                          |                   |                   |
| 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         |
| <b><i>Original Implementation Budget, AB22-155</i></b>                 | <b>Subtotal =</b>        | <b>\$ 334,041</b> | <b>\$ 371,698</b> |
| <b><i>Software as a Service (SaaS) Fees</i></b>                        |                          |                   |                   |
| Tyler SaaS Operating Costs (\$265,397 a year for 5 years) <sup>1</sup> |                          | \$ 331,501        | \$ 265,396        |
| Socrata SaaS                                                           |                          | \$ -              | \$ -              |
| Enterprise Content Management SaaS                                     |                          | \$ -              | \$ 16,825         |
| <b><i>Total SaaS</i></b>                                               | <b>Subtotal =</b>        | <b>\$ 331,501</b> | <b>\$ 282,221</b> |

**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        | \$        | 201,891        |
| <b>Subtotal =</b>                                 |                          | <b>\$</b> | <b>103,266</b> | <b>\$</b> | <b>209,949</b> |

**GRAND TOTAL = \$ 768,808 \$ 847,429**

**Amount Budgeted = \$ 1,470,000 \$ 1,153,297**

**Budget Remaining = \$ 701,192 \$ 305,868**

**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 |
|------------------------------------------------------------------------|-------------------|---------------------|--------------------|---------------------------------|
| <b><i>Tyler/Munis Contract</i></b>                                     |                   |                     |                    |                                 |
| 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        | \$ 183,190          | \$ -               | \$ 361,837                      |
| Tyler Technologies, Inc. Contingency                                   | \$ -              | \$ -                | \$ -               | \$ -                            |
| Contingency for Other Potential Uses                                   | \$ 24,036         | \$ 116,391          | \$ -               | \$ 140,428                      |
| <b><i>Original Implementation Budget</i></b>                           | <b>\$ 334,041</b> | <b>\$ 965,489</b>   | <b>\$ 150,000</b>  | <b>\$ 1,449,530</b>             |
| <b><i>Software as a Service (SaaS) Fees</i></b>                        |                   |                     |                    |                                 |
| Tyler SaaS Operating Costs (\$265,397 a year for 5 years) <sup>1</sup> | \$ 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                       |
| <b><i>Total SaaS</i></b>                                               | <b>\$ 331,501</b> | <b>\$ 594,391</b>   | <b>\$ 624,339</b>  | <b>\$ 1,550,231</b>             |
| <b><i>Expenditures (2023-2024 Additional Budget)</i></b>               |                   |                     |                    |                                 |
| 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        | \$ 234,291          | \$ -               | \$ 337,557                      |
|                                                                        | <b>\$ 103,266</b> | <b>\$ 266,173</b>   | <b>\$ -</b>        | <b>\$ 369,439</b>               |
| <b>Grand Total =</b>                                                   | <b>\$ 768,808</b> | <b>\$ 1,826,053</b> | <b>\$ 774,339</b>  | <b>\$3,369,200</b>              |

**Amount Budgeted = \$ 1,470,000 \$ 1,153,297 \$ 1,153,297**

**Budget Remaining or (Required Appropriation) \$ 701,192 \$ (672,756) \$ 378,958**

## APPROPRIATION AND NEW ERP PROJECT FUND (#350)

The required appropriation of \$672,756 for the current biennium figures into the requested amendment, shown below. The majority of the difference, \$653,885, 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<br>Required |
|-------------------------------------------------|---------------------------|
| Taxes on SaaS                                   | \$ 49,728                 |
| Socrata SaaS                                    | \$ (17,093)               |
| Enterprise Content Management SaaS              | \$ 33,650                 |
| <b>Total SaaS (Operating) Required</b>          | <b>\$ 66,285</b>          |
| Implementation                                  | \$ 653,885                |
| Labor                                           | \$ 108,533                |
| Project Management                              | \$ (141,570)              |
| Hardware & Other                                | \$ 88,500                 |
| Studies & Surveys                               | \$ 27,891                 |
| Socrata Implementation                          | \$ (146,885)              |
| Enterprise Content Management Implementation    | \$ 16,117                 |
| <b>Total 2023-24 Appropriation Required</b>     | <b>\$ 672,756</b>         |
| <b>2025-26 Fund #350 Appropriation Required</b> | <b>\$ 150,000</b>         |
| <b>Total Appropriation Required</b>             | <b>\$ 822,756</b>         |

The forecasted 2025-26 expenditures of \$150,000 are added to the \$672,767 required appropriation for a total of \$822,756 requested to support the creation of a new ERP Project Fund (#350). This fund will track the capital expenditures related to the implementation. All operating costs, identified above as SaaS, will remain within the IT Fund (#502).

## FUNDING FOR ADDITIONAL APPROPRIATION

Administration proposes using non-recurring sales tax in excess of budgeted amounts, support from the Sewer Utility Funds for an Irrigation System survey, and support from the Non-Utility Capital and Utility Capital Funds to fund the \$822,756 required amendment. The amounts are shown by year and source below:

| <b>Funding Sources for Amendment</b>         |                   |
|----------------------------------------------|-------------------|
| Enterprise Content Management Grant          | \$ 16,116         |
| Transfer of IT Fund Balance Committed to ERP | \$ 246,126        |
| SaaS fees to be Allocated and Absorbed       | \$ 66,285         |
| Non-Recurring Sales Tax in Excess of Budget  | \$ 344,145        |
| Sewer Utility Fund (#402)                    | \$ 27,891         |
| Non-Utility Capital Fund (#310)              | \$ 61,096         |
| Utility Capital Fund (#417)                  | \$ 61,096         |
| <b>Total Funding Sources</b>                 | <b>\$ 822,756</b> |

# ERP PROJECT FUND (#350) BUDGET

The new project fund will have a budget as follows:

| Account Description                                                         | 2023 Budget         | 2024 Budget       | Total Budget        |
|-----------------------------------------------------------------------------|---------------------|-------------------|---------------------|
| <b>BEGINNING FUND BALANCE</b>                                               | \$ -                | \$ 438,746        |                     |
| <b>SOURCES</b>                                                              |                     |                   |                     |
| <i>Taxes</i>                                                                | \$ 344,145          | \$ -              | \$ 344,145          |
| <i>Intergovernmental Revenues</i>                                           | \$ 16,117           | \$ -              | \$ 16,117           |
| <i>Miscellaneous Revenues</i>                                               | \$ -                | \$ -              | \$ -                |
| <i>Transfers In</i>                                                         | \$ 821,317          | \$ 200,083        | \$ 1,021,400        |
| <b>Total Sources =</b>                                                      | <b>\$ 1,181,579</b> | <b>\$ 200,083</b> | <b>\$ 1,381,663</b> |
| <b>Uses</b>                                                                 |                     |                   |                     |
| <i>Professional Services (AB21-069 for Tyler Contract; Socrata and ECM)</i> | \$ 190,532          | \$ 488,829        | \$ 679,361          |
| <i>Berry Dunn Project Management (PM) Services (AB20-050)</i>               | \$ 18,430           | \$ -              | \$ 18,430           |
| <i>Employee Costs and Other Labor</i>                                       | \$ 417,481          | \$ -              | \$ 417,481          |
| <i>Computer Equipment (AB22-155)</i>                                        | \$ 88,500           | \$ -              | \$ 88,500           |
| <i>Additional Services &amp; Studies</i>                                    | \$ 27,891           | \$ -              | \$ 27,891           |
| <b>Total Uses =</b>                                                         | <b>\$ 742,833</b>   | <b>\$ 488,829</b> | <b>\$ 1,231,663</b> |
| <b>ENDING FUND BALANCE</b>                                                  | <b>\$ 438,746</b>   | <b>\$ 150,000</b> |                     |

The sources in the new fund are reconciled to the appropriation request in the table below:

|                                               |                     |
|-----------------------------------------------|---------------------|
| Total Funding Sources for Amendment           | \$ 822,756          |
| General Fund Budget, transferred to Fund #350 | \$ 100,000          |
| IT Budget, transferred to Fund #350           | \$ 525,191          |
| Less: SaaS fees to remain in IT               | \$ (66,285)         |
| <b>ERP Project Fund (#350) Total Sources</b>  | <b>\$ 1,381,661</b> |