



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)
<i>Tyler/Munis Contract</i>				
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	\$ 361,837	\$ (94,868)
Tyler Technologies, Inc. Contingency ¹	Tyler Technologies, Inc.	\$ 250,810	\$ -	\$ (250,810)
Contingency for Other Potential Uses	Various	\$ 210,000	\$ 140,428	\$ (69,572)
<i>Original Implementation Budget, AB22-155</i>	Subtotal =	\$ 1,800,000	\$ 1,449,530	\$ (350,470)
<i>Software as a Service (SaaS) Fees</i>				
Tyler SaaS Operating Costs (\$265,397 a year for 5 years) ¹		\$ 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
<i>Total SaaS</i>	Subtotal =	\$ 1,265,575	\$ 1,550,231	\$ 284,656
<i>Expenditures (2023-2024 Additional Budget)</i>				
Professional Services (Bus. Mgmt., Socrata, etc.) ²	Tyler Technologies, Inc.	\$ 80,050	\$ 15,765	\$ (64,285)
Professional Services (Community Development) ²	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
	Subtotal =	\$ 302,650	\$ 369,439	\$ 66,789
GRAND TOTAL =		\$ 3,368,225	\$ 3,369,200	\$ 975

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

²Not 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:

Increase to Life-of-Project Budget	
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)
Life-of-Project Increase	\$ 975

- 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:

		Actual 2021-22		Actual 2023-24	
Provider					
<i>Tyler/Munis Contract</i>					
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
<i>Original Implementation Budget, AB22-155</i>	Subtotal =	\$	334,041	\$	371,698
<i>Software as a Service (SaaS) Fees</i>					
Tyler SaaS Operating Costs (\$265,397 a year for 5 years) ¹		\$	331,501	\$	265,396
Socrata SaaS		\$	-	\$	-
Enterprise Content Management SaaS		\$	-	\$	16,825
<i>Total SaaS</i>	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	\$	201,891
Subtotal =		\$	103,266	\$	209,949

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
<i>Tyler/Munis Contract</i>				
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
<i>Original Implementation Budget</i>	\$ 334,041	\$ 965,489	\$ 150,000	\$ 1,449,530
<i>Software as a Service (SaaS) Fees</i>				
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
<i>Total SaaS</i>	\$ 331,501	\$ 594,391	\$ 624,339	\$ 1,550,231
<i>Expenditures (2023-2024 Additional Budget)</i>				
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
	\$ 103,266	\$ 266,173	\$ -	\$ 369,439
Grand Total =	\$ 768,808	\$ 1,826,053	\$ 774,339	\$3,369,200

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 Required
Taxes on SaaS	\$ 49,728
Socrata SaaS	\$ (17,093)
Enterprise Content Management SaaS	\$ 33,650
Total SaaS (Operating) Required	\$ 66,285
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
Total 2023-24 Appropriation Required	\$ 672,756
2025-26 Fund #350 Appropriation Required	\$ 150,000
Total Appropriation Required	\$ 822,756

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:

Funding Sources for Amendment	
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
Total Funding Sources	\$ 822,756

ERP PROJECT FUND (#350) BUDGET

The new project fund will have a budget as follows:

Account Description	2023 Budget	2024 Budget	Total Budget
BEGINNING FUND BALANCE	\$ -	\$ 438,746	
SOURCES			
<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
Total Sources =	\$ 1,181,579	\$ 200,083	\$ 1,381,663
Uses			
<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 & Studies</i>	\$ 27,891	\$ -	\$ 27,891
Total Uses =	\$ 742,833	\$ 488,829	\$ 1,231,663
ENDING FUND BALANCE	\$ 438,746	\$ 150,000	

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)
ERP Project Fund (#350) Total Sources	\$ 1,381,661