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### STAFF REPORT

**TO:** THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**MEETING DATE:** OCTOBER 7, 2024  
**FROM:** MASON PETERS, FINANCE SUPERVISOR  
**SUBJECT:** ADOPTION OF ENTERPRISE RESOURCE PLANNING (ERP)  
SOFTWARE FROM TYLER TECHNOLOGIES

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#### **Recommendation**

Approve staff to move forward with a 3-year agreement with Tyler Technologies and begin the transition from current financial software (MOMs), Paychex payroll services, and some Bank of Marin services to Tyler ERP software.

#### **Background and Analysis**

Sutter Creek clerical staff have been using Corbin Willits' MOM software (MOMs) for over 2 decades, and over the years the software has had few updates that improve usefulness and efficiencies. The reports and data that we can extract out of the system are not immediately useful for council or the public to interpret and get actionable information without staff manually formatting and editing them. We track many things in separate spreadsheets to fill in gaps in MOMs functionality. Our online sewer autopay and ebill services are through MOMs as well, and the website is clunky and not user friendly.

We use a separate 3<sup>rd</sup> party service for payroll, named Paychex. We have been using their services for a few years now and they have been reliable; however, their fees have noticeably grown over the last few years as well. We use another 3<sup>rd</sup> party service through Bank of Marin to process credit card payments, and we pay a small fee for each transaction that occurs. These fees have also been growing each year and communication with the company is difficult.

We are trying to steer some clerical tasks towards a more automated process instead of so much manual work – some of these processes include sewer billing, accounts payable, accounts receivable, and cashiering. We also manually scan and save a lot of documents to create a digital copy so we do not have to retain a physical copy – this can be a lengthy process. Many journal entries are done by hand as well, and the creation of the sheets are done in Excel and then manually entered into MOMs. We are heavily paper based, and many processes require a lot of

printing, copying, and filing.

In an effort to increase efficiencies for clerical staff as well as more easily bring immediately useful information to council and the public, we have been searching for a new Enterprise Resource Planning (ERP) software to replace the previously mentioned applications. Tonight, we propose a transition to Tyler Technologies' ERP software, an integrated platform which will enable staff to have one source of information shared among several functions.

We are proposing to initially license the core financial system, payroll and HR, utility billing, and project management features. Our Accounts Payable process can be streamlined to a level that MOMs does not have the capacity for in this new software. Digital approval of timesheets and invoices will increase productivity by enabling us to work in a paperless environment, with online workflow and approvals. More payments can be done electronically, without the use of paper checks, which are highly susceptible to fraud. Currently, staff spends 2-3 days each month preparing and sending sewer bills. We expect this to be reduced to less than a single day.

The Tyler system is hosted in the cloud at Amazon Web Services (AWS) and includes a slew of security and backup features that will help protect Sutter Creek from fraud and cyber-attacks. It also includes a digital content management system. Vendors can email us invoices and they will be automatically scanned, digitized, and interpreted, saving staff data entry time. The reporting is flexible and comes with many preconfigured reports which will help staff internally as well as in being more transparent to the public. The list of improvements that Tyler offers compared to MOMs is substantial and will improve work efficiencies and productivity across multiple departments.

Tyler Technologies has been in business for many years and focuses solely on the government sector. It is the largest software provider that focuses only on this market. Tyler has over 16,000 government agencies as customers at the local, state, and federal level. Many cities in our area are using it and our consultant, Andy Heath, has experience in helping cities move from MOMs to Tyler.

With your approval tonight, we will sign the license and get scheduled to begin the implementation. Moving to a new system like this is a big deal, and staff want to get it right. The agreement includes professional services to evaluate our chart of accounts and current processes, and implement improvements based on what similar cities are doing. We are not simply porting from one system to another but looking to eliminate archaic processes and implement best of class. Implementation would begin in January. Tyler quotes a 7-12 month timeframe to fully launch – we hope to be on the short end of that timeframe but the focus will be on getting it right, not fast. We will continue to operate the city using the old system in parallel until the new system is ready to launch.

The process of implementing a new ERP software will involve substantial collaboration time between city staff and Tyler implementation team staff throughout the whole process. For most phases of the implementation, Tyler staff will ask city staff questions about what and how a process works in the city, give ideas to improve/speed up the process, and after deciding if we

want to adjust the process or leave it the same, they will collect data from city staff and build out the process in the new ERP software. After it is built, they will have city staff review what they have built, implement any adjustments or changes that we request, and wait for final approval from city staff before finalizing. According to the Tyler implementation team staff, the typical work allocation for an implementation is 30% city staff, 70% Tyler staff. Of the 30% of work that city staff will be responsible for, it is primarily sending data and information to Tyler as well as reviewing the processes that have been built by Tyler staff with the data they received from city staff. To ensure a smooth transition, we intend to retain Andy Heath to help map our current processes to Tyler since he has extensive experience with both systems.

### **Fiscal Impact**

We are currently paying \$23,000 for MOMs, \$14,500 for Paychex and \$3,500 for related banking services per year, for a total for \$41,000 per year.

Tyler software initially quoted us \$33,000 per year plus one time implementation professional service fees of \$90,000, paid over time as costs are incurred. This is a total of \$189,000 over 3 years. We have negotiated a discount and to spread those costs equally across the three-year term, to pay \$50,000 per year for a total of \$150,000, which comes in \$5,000 under this year's budget.

On an annual basis, it will cost us \$9,000 more this year than what we currently pay (\$50,000 vs our current \$41,000). These additional funds cover the implementation costs to re-engineer city processes and the professional services to configure the software. After the initial three-year term, we will see a savings of \$8,000 per year (based on this year's rates). The new system will have many new functionalities and capabilities that we currently do not have.

To summarize, once implemented the city will see a savings each year in terms of hard dollar costs. However, we expect the benefits in terms of efficiency, functionality and transparency to be worth significantly more, enabling existing staff to be able to take on more activities and provide higher value to the city than is possible today.

### **ATTACHMENTS:**

- A. Council Resolution**
- B. Original Tyler Proposal (Updated one coming)**
- C. Tyler Corporate Background**