

TO: City Council  
FROM: Matthew Ames, Information Technology Project Manager  
DATE: October 7, 2025  
SUBJECT: SaaS Cloud Contract Amendment with Tyler Technologies

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1) Recommended Action:

Authorize the Mayor to sign the SaaS Cloud Contract Amendment with Tyler Technologies for transferring our On-prem Enterprise Resource Planning system to a cloud hosted solution.

This agreement was recommended for approval on the consent calendar at the September 26, 2025, Budget & Finance Committee meeting.

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2) Background:

In 2021, the city began upgrading its primary software for managing key business functions like Finance, Human Resources, Utility Billing, Permitting and Asset Management. The software provider, Tyler Technologies, is now releasing powerful new features, including Artificial Intelligence (AI) tools, that are only available to cloud customers. By moving to the cloud, the city gains access to these modern tools, which will improve efficiency. Staff have confirmed with the provider that migrating now is the most efficient option. It will require less staff time and cause the least disruption to public services compared to delaying the move.

Moving from our on-premise version to the SaaS (Cloud) version was discussed at the September 10, 2024, work session and again at the November 12, 2024, budget workshop #3 and the Budget and Finance Committee on September 26, 2025.

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3) Policy Support:

Be fiscally responsible and develop sustainable financial strategies.

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4) Alternatives:

☐ Do not sign the agreement.

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5) Fiscal Notes:

The original contract for licensing and implementation costs in 2021 was \$891,989, plus annual subscription and maintenance fees. Amendment #1 added \$7,800, and Amendment #2 added \$35,000 to the total cost, bringing the total contract cost to \$934,789.

This Cloud Amendment # 3, was planned and approved through the budget process for the 2025-2026 budget. City of Tumwater currently pays software maintenance and support costs of \$173,662 annually. This amendment adds hosting fees increasing our annual costs to \$352,866.

For 2026 Tyler has agreed to waive the Enterprise Asset Management portion of the fees making our annual cost \$253,030. For 2027 and future years our annual cost will be based on \$352,866 plus that year's annual percentage increase, which is typically 5%.

Year	Subscription Fee	Change from prior year
2025	\$173,662	\$0
2026	\$253,030	\$79,368
2027	\$352,866	\$99,836

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6) Attachments:

A. SaaS Cloud Contract Amendment with Tyler Technologies