



MEMORANDUM

TO: City Council

FROM: Nicole Valentine, Administrative Services Director

SUBJECT: Consider Awarding a Contract to Tyler Technologies, Tyler Enterprise ERP Software as a Service, for a Replacement Financial System and Authorize the City Manager to Execute Contractual Agreements with Tyler Technologies

DATE: April 11, 2023

SUMMARY OF ACTION:

Approve an agreement with Tyler Technologies, Inc. for an initial three-year term for implementation of a new Enterprise Resource Planning (ERP) system and for ongoing Software as a Service (SaaS).

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The cost of training and implementing the new Tyler Enterprise ERP system is \$413,349 and will be billed as incurred over the life of the project. The contract also includes a separate annual SaaS services of \$114,535, for the 3-year contract period during implementation. The total contract summary is \$780,244 as shown in the table below:

Fee Category	One Time Fees	Annual SaaS Fees
Tyler Enterprise ERP Implementation Fees		
Implementation	413,349	
On Site Training*	23,290	
Annual SaaS fees		
Year 1		114,535
Year 2		114,535
Year 3		114,535
Total Costs	436,639	343,605
		780,244

*The proposed contract includes approximately \$23,290 for estimated travel expenses for Tyler staff to provide onsite training and support if or when needed by the City.

Item 9.d.

City Council

Consider Awarding a Contract to Tyler Technologies, Tyler Enterprise ERP Software as a Service, for a Replacement Financial System and Authorize the City Manager to Execute Contractual Agreements with Tyler Technologies

April 11, 2023

Page 2

The FY 2022-23 budget currently includes \$225,000 for implementation of the new ERP system, with additional funding included in FY 2023-24 of the CIP 5-year plan. If approved, staff will incorporate the associated costs in the FY 2023-24 and FY 2024-25 budgets. With a July 1, 2023 anticipated start date for the implementation of the new ERP system, no expenditures will occur in FY 2022-23. If approved, the proposed FY 2023-25 Biennial Budget will include an allocation of the FY 2022-23 and future FY 2023-24 budget into FY 2023-24 in the amount of \$413,349. Additionally, staff will propose adjusting the IT software line item to include the additional SaaS costs in future budget years. The current Eden software support is approximately \$50,000 annually, an estimated increase to the general fund operating budget totaling \$64,535 is anticipated for future fiscal years. Significant staff time within the Administrative Services Department will be anticipated to be spent on this project during the next 36 months.

RECOMMENDATION:

1) Award a Contract to Tyler Technologies, Tyler Enterprise ERP Software as a Service, for a Replacement Financial System and authorize the City Manager to Execute Contractual Agreements with Tyler Technologies. 2) Determine that awarding a contract to Tyler Technologies is not a project subject to the California Environmental Quality Act ("CEQA") because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.)

BACKGROUND:

The City purchased the Dos-based Eden Command Financial Management System in April 1997. Though the computer system served the City well, computer technology made great strides between 1997 and 2000. As the prevailing computer technology moved toward Windows-based systems and away from Dos-based systems, Eden Computer Systems found supporting two types of financial management systems unwieldy. In the spring of 2000, the City was notified that migration to the Windows-based system of Inforum Gold was encouraged and support for the Command System would cease in December 2001 for non-migrating entities.

On July 24, 2001, the City Council approved the recommendation to migrate to the Inforum Gold System, an Eden Systems product, and to fund the acquisition with lease purchase financing. Implementation of the Inforum Gold system began in January 2003.

On December 3, 2003, Tyler Technologies, Inc. (Tyler) acquired Eden Systems, including Inforum Gold Financials systems. Tyler Eden is the current Financial System the City continues to operate.

City Council

Consider Awarding a Contract to Tyler Technologies, Tyler Enterprise ERP Software as a Service, for a Replacement Financial System and Authorize the City Manager to Execute Contractual Agreements with Tyler Technologies

April 11, 2023

Page 3

Technology has progressed considerably since 2003 and Tyler Eden has not stayed at the forefront of such progress. In fact, Tyler Eden is being phased out as an available technology, and Tyler will no longer provide support for Tyler Eden, effective March 1, 2027.

On April 20, 2022, the Administrative Services Department issued a Request for Proposals (RFP) for Enterprise Resource Planning (ERP) System and Implementation Services. Three proposals were received by the RFP closing date of June 15, 2022. The selection process was performed by the City's Administrative Services Department and Human Resources Officer and was based on the following criteria:

- Quality, clarity, and responsiveness of proposal
- Ability to meet the needs of the City
- Well thought out timeline and roadmap for "go live" that includes an agreed upon phased approach (to be finalized during contract negotiations)
- Proven technical ability to design, install, and support the proposed system
- Demonstrated ability to work in a cooperative and collaborative manner with clients
- Anticipated value and price
- Perceived risk or lack thereof
- Company financial stability
- References
- Results of Proof-of-Capabilities (POC) sessions
- Ability to prepare and execute a contract in a timely manner
- Commitment to continually evolve the system to remain current with legal requirements, such as reporting, as well as operational best practices

All three submissions were reviewed and provided a Proof-of-Capabilities (POC) session to provide scripted demonstration using scenarios developed by the City to evaluate product functionality rather than a generic demonstration of the product. These POC sessions were held in person during the months of September and October 2022, providing each submission one to two days of presentation time.

The results of POC sessions led staff to recommend awarding the City's ERP for Replacement of the Financial System contract to Tyler Enterprise ERP (formerly known as Tyler Munis), Software as a Service. Tyler Enterprise ERP is the platform that Tyler is supporting as its flagship product to replace Tyler Eden.

ANALYSIS OF ISSUES:

The City has utilized the Tyler Eden system as its primary financial software program since 2003, and the system has provided the necessary basic services that the City has

Item 9.d.

City Council

Consider Awarding a Contract to Tyler Technologies, Tyler Enterprise ERP Software as a Service, for a Replacement Financial System and Authorize the City Manager to Execute Contractual Agreements with Tyler Technologies

April 11, 2023

Page 4

needed as the City has grown and developed since that time. The City is currently using the following modules:

- Accounts Receivable
- Accounts Payable
- Payroll
- Purchasing
- General Ledger
- Utility Billing

The City's current human resources software, NeoGov, is the primary software that supports the human resources function. The City is currently using the following NeoGov modules:

- Online government jobs recruitment
- Employee Onboarding
- Electronic Forms Document Repository
- Employee Evaluations
- Staff Development Training

Tyler Enterprise ERP's Statement of Work (SOW) (Attachment 1) summarized the implementation stages, activities, roles and responsibilities, and project scope listed in the Investment Summary. Under the proposed contract, Tyler Enterprise ERP will complete all conversions of current Tyler Eden records for up to 5 years.

The proposed contract with Tyler Enterprise ERP includes the current Tyler Eden Modules identified above, as well as the following additional modules:

- Budgeting
- Cash Management
- Contract Management
- Project & Grant Accounting
- Business Licenses
- Cashiering
- Utility Billing Meter Interface
- Forms for workflow approvals within Accounts Payable

Additionally, Tyler Enterprise ERP has Human Resources functionalities integrated within financial and payroll applications. If approved, the Tyler Enterprise ERP contract will provide the current NeoGov Modules, minus the online government jobs recruitment module, as well as:

- Employee Self Service Portal, including Mobile Access
- Employee Time and Attendance, including Electronic Timesheets
- Talent Management

Item 9.d.

City Council

Consider Awarding a Contract to Tyler Technologies, Tyler Enterprise ERP Software as a Service, for a Replacement Financial System and Authorize the City Manager to Execute Contractual Agreements with Tyler Technologies

April 11, 2023

Page 5

It is recommended that the City continue to use NeoGov for online government jobs recruitment, as it is the industry leader in the public sector for recruitment through the governmentjobs.com website. However, having all other aspects of Human Resources modules integrated into Tyler Enterprise ERP will consolidate all information into a single system to provide more accurate data, standardized reporting, and a single data entry point. This will help streamline processes and create an easier database for accounting and human resources staff as well as for employees to access their data.

Cost Proposal

When the City purchased Tyler Eden, the City purchased it under Tyler’s Evergreen licensing model, which allowed for upgrades to other Tyler products without having to pay for the licensing. However, Tyler Technologies has now abandoned that model and has moved to the SaaS (software as a service) model, which is offered as a subscription and does not require the purchase of licensing. With that in mind and knowing that the City had paid for licensing previously, staff negotiated with Tyler to secure reasonable price points for the products the City will be using. The total contract summary is \$780,244 as shown in the table below:

Fee Category	One Time Fees	Annual SaaS Fees
Tyler Enterprise ERP Implementation Fees		
Implementation	413,349	
On Site Training*	23,290	
Annual SaaS fees		
Year 1		114,535
Year 2		114,535
Year 3		114,535
Total Costs	436,639	343,605
		780,244

Tyler Enterprise ERP is the leading product being used in a significant number of cities throughout the Country and it provides a fully-integrated-system that will allow the City to increase productivity, gain efficiencies, and improve overall operational effectiveness. The new system will allow the City to automate many of its manual workflows and business processes as well as move toward a paperless environment by taking advantage of the system’s built-in document management system. The current reporting capabilities with Tyler Eden are limited and are not easily customized for reports or queries. The new system has several reporting options which will allow the City to make more timely and accurate decisions as well as provide staff with the ability to share information more easily with citizens and City personnel.

City Council

Consider Awarding a Contract to Tyler Technologies, Tyler Enterprise ERP Software as a Service, for a Replacement Financial System and Authorize the City Manager to Execute Contractual Agreements with Tyler Technologies

April 11, 2023

Page 6

Completing the conversion from one ERP system to another is always an arduous and time-consuming project, which creates a much more difficult workload for all City staff who are involved in the process. Therefore, it will be important to factor that observation into the expectations of staff during this approximately three-year project.

If this agreement is approved by the City Council, staff will work closely with the Tyler representatives to schedule the timing for the implementation of the various modules that are being proposed for approval in the agreement. However, the tentative schedule calls for the kick-off of the conversion to take place in early July 2023. The City in consultation with the City Attorney's office has been in active negotiation with Tyler to make the terms more equitable for the City.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Award a Contract to Tyler Technologies, Tyler Enterprise ERP Software as a Service, for a Replacement Financial System and authorize the City Manager to Execute Contractual Agreements with Tyler Technologies; or
2. Provide other direction to staff.

ADVANTAGES:

Updating the accounting software will update a 20-year-old accounting platform that requires staff to complete many duplicated work items and will replace the current Eden product that will no longer be supported by the vendor as of March 1, 2027.

DISADVANTAGES:

Significant staff time within the Administrative Services Department will be needed to implement the new ERP system during the next 36 months.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item. Awarding a contract to Tyler Technologies is not a project subject to the California Environmental Quality Act ("CEQA") because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.)

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Item 9.d.

City Council

Consider Awarding a Contract to Tyler Technologies, Tyler Enterprise ERP Software as a Service, for a Replacement Financial System and Authorize the City Manager to Execute Contractual Agreements with Tyler Technologies

April 11, 2023

Page 7

Attachments:

1. Proposed Tyler Technologies Agreement - Evergreen Migration