

# Agenda Report

January 8, 2018

**TO:** Honorable Mayor and City Council

**FROM:** Department of Information Technology

**SUBJECT:** EXTENSION OF AGREEMENT #21,641 WITH TYLER TECHNOLOGIES, INC., TO FURNISH AND DELIVER AN ENTERPRISE RESOURCE PLANNING SYSTEM

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed contract is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3); and
2. Authorize the City Manager to retroactively amend contract number Contract No. 21,641 with Tyler Technologies, Inc. to extend the performance term period to December 31, 2018.

## **BACKGROUND:**

On November 25, 2013, City Council authorized the City Manager to enter into an agreement with Tyler Technologies, Inc. to replace the City's Finance, Human Resources and Payroll system. On July 1, 2015 the first phase of the system launched consisting of the financial modules. Six month later, staff initiated the second phase of the project consisting of the human resources and payroll modules.

On October 16, 2016, City Council authorized an extension of the performance term through December 31, 2017 to accommodate a delayed start of the second phase while staff focused on post implementation support of the financial modules. City Council also authorized an increase to the contract by \$250,000 to replenish the contingency funds available in the contract to address any unanticipated issues going into the second phase of the project.

Over the past year, the configuration of the human resources and payroll modules has progressed and staff are currently in the testing phases. A complete citywide parallel test including the participation of all employees will be conducted to ensure complete

accuracy and reduce any risk to payroll processing and calculation errors before launching the new human resources and payroll modules.

Due to the dependency of the Enterprise Timekeeping System (Capital Improvement Program #71161) to interface with the new payroll module, a major system upgrade of the financial system to support custom enhancements for payroll, and additional parallel testing added to the project schedule, the implementation date has exceeded the performance term of the contract. As of January 2018, staff expects to complete the implementation of the second phase during the current fiscal year.

Staff recommends extending the performance term retroactively through December 31, 2018 to account for the new implementation date and allow Tyler to remain engaged beyond the current contract expiration date of December 31, 2017 should further challenges surface. Staff does not anticipate additional appropriations will be needed.

The City maintains multiple contracts with Tyler Technologies, Inc. The two major contracts include the implementation of a new Enterprise Resource Planning (ERP) system and the implementation of a new Enterprise Land Management (LMS) system supporting planning and permitting functions.

#### **COUNCIL POLICY CONSIDERATION:**

The City Council's goal of maintaining fiscal responsibility and stability will be advanced by extending the contract with Tyler Technologies, Inc. to furnish and deliver an enterprise resource planning system.

#### **ENVIRONMENTAL ANALYSIS:**


The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3). The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.

The proposed action is the extension of an existing contract. No construction is involved. Implementation of a new system is not an action that would have a significant effect on the environment.

**FISCAL IMPACT:**

There is no fiscal impact anticipated as a result of this action.

Respectfully submitted,

  
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PHILLIP LECLAIR  
Chief Information Officer  
Department of Information Technology

Approved by:

  
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EWE STEVE MERMELL  
City Manager