July 27, 2015

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Information Technology

SUBJECT: **AUTHORIZATION TO ENTER A CONTRACT WITH TYLER TECHNOLOGIES, INC. TO FURNISH AND DELIVER AN ENTERPRISE LAND MANAGEMENT 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);

2. Authorize the City Manager to enter into a three-year contract with Tyler Technologies, Inc. to provide software, licenses, and implementation and support services for an enterprise Land Management System (LMS) in an amount not to exceed $2,058,079, which includes the base contract amount and fifteen percent for contingencies. Competitive bidding is not required pursuant to City Charter Article X Section 1002(F), Contracts for professional or unique services;

3. Amend the Fiscal Year 2016 Capital Improvement Program (CIP) Budget to increase the total estimated cost for the LMS Project, 71152, by $1,666,225 to $4,866,225;

4. Approve a journal voucher appropriating $539,687 to the LMS Project, 71152, from the Building Fund (204); and

5. Authorize the addition of five new limited-term full-time equivalent (FTE) positions to the Department of Information Technology FY2016 Operating Budget funded by the LMS Project, 71152 in the Project Management Fund (301), increasing the department total FTE count from 79.50 to 84.50, and authorize staff to make necessary adjustments to the budget.

EXECUTIVE SUMMARY:

In order for the City to meet and respond satisfactorily to the needs of its constituents for land management, permitting, and inspection functions, a contemporary truly enterprise Land Management System (LMS) is recommended that provides 24/7 online access to property information and the ability to apply for, pay, and receive permits online, submittal of electronic building plans for review, use of mobile devices to complete various inspection activities, and integration with other City and jurisdictional databases.

The benefits of a new LMS include the following:

- Improves customer service by providing 24/7 online access to permit records, checking status of submittals, obtaining permits and scheduling inspections.
- Improves turnaround time for entitlements, plan approvals and permits, and will allow staff to process more cases in a shorter amount of time.
- Improves management oversight and accountability by providing more accurate and up-to-the-date data to departments, management and the public.
- Improves management's ability to keep the City Council and public apprised of key performance indicators through more configurable reporting tools.
- Improves staff productivity by reducing the time required to process applications and permits.
- Improves productivity and coordination between multi-departmental teams for plan checks and reviews, by expanding the number of departments using the enterprise LMS for these checks and reviews.
- Improves efficiencies via automated work-flows that would allow for seamless transition of the various reviews/approvals required.
- Improves productivity by allowing field personnel to access and update database information directly from the field.
- Improves collaboration on plan review and approval by employing Bluebeam mark-up software, which consolidates all comments, questions and mark-ups on one document. (Bluebeam is a Pasadena-based business.)

In addition, a new LMS will be capable of serving the land management, permitting and inspection needs of more of the City's departments, while integrating with other key enterprise systems such as the Enterprise Content Management System (ECMS) to store electronic documents and the Enterprise Resource Planning (ERP) system to manage payments and other financial transactions. The recommendation for a new LMS is consistent with those recommendations made by the Matrix Group during the management study of the Planning and Community Development Department in December 2012.

In November 2013, Council authorized staff to retain the services of SoftResources, LLC, to develop the specifications for a replacement LMS, assist with the creation of a Request for Proposals (RFP), and to advise in the selection and contract negotiation process. A Request for Proposals (RFP) was issued in May 2014 and a total of six

responsive proposals were received and reviewed by a panel of representatives from an interdepartmental team of LMS stakeholders. The review included evaluation of the proposals, on-site demonstrations for the top three proposals, customer reference calls, and one on-site visit by City staff.

As a result of this process, staff recommends authorization to enter into a contract with Tyler Technologies, Inc. to furnish, deliver and implement its LMS solution. In support of the implementation and administration of the LMS system, staff also recommends the addition of five (5) new limited–term full-time equivalent (FTE) positions in the FY2016 Department of Information Technology (DoIT) Operating Budget. Employment in these positions will be limited to the length of the project, estimated to be 36 months, or the specific assignment therein, whichever comes first.

BACKGROUND:

Since 2000, the City has used Accela's Tidemark Land Management System. It is utilized by multiple departments, most notably by Planning and Community Development, Fire and Public Works to:

- Issue permits for building, fire, filming, event, temporary uses (such as grandstands and tents,) and other miscellaneous uses
- Schedule building, fire, health and other inspections
- Assign addresses, and track parcel ownership information and parcel attributes for both land and air parcels
- Manage code compliance complaints, citations, and follow-up activities

Over the years, the system has become deeply integrated with many of the City's other enterprise applications, including the Geographic Information Systems (GIS), Questys Document and Records Management System, MBIA business license software, and the City's Interactive Voice Response (IVR) telephone and online systems.

In 2010, staff realized that the Tidemark product had come to the end of its lifecycle, and that the City would be better served with a more modern, robust LMS product. Shortly thereafter, Accela stopped supporting Tidemark entirely.

At the same time, a new vision emerged for how technology could be used to improve efficiency through coordinated technology investment decisions. The Department of Information Technology (DoIT) was formed to centralize technology functions and began to focus on a strategic process for moving forward with purchases and updates to current systems and software.

In April 2011, the Information Technology Strategic Plan (ITSP) was completed, and a LMS solution was ranked as the second highest recommendation. It envisioned acquiring a LMS solution, capable of serving the land management, permitting and inspection needs of more of the City's departments, while integrating more seamlessly with other key enterprise systems such as the Enterprise Content Management System

(ECMS) for storing electronic documents and the Enterprise Resource Planning (ERP) system to management payments and other financial transactions.

Also, in December 2012, a Management Study of the Planning and Community Development Department identified the need for applicants to apply and pay for certain building permit applications online, electronic submittal of plan checks for building permit plans, and a complete replacement of the technology with a contemporary and customer-friendly system.

LMS Requirements Assessment

Based on the above, on November 4, 2013, City Council authorized staff to retain the services of SoftResources, LLC, to develop the specifications for a replacement LMS, assist with the creation of a Request for Proposals, and to advise in the vendor selection and negotiation process.

SoftResources and staff conducted 13 workshops involving 267 employees from 14 City Departments who could potentially use an enterprise LMS to perform a portion of their work. The workshops identified current workflows, results of those workflows, and how information is currently shared among departments. The LMS Requirements Assessment recommended that the City continue with this evaluation and that the replacement software for Tidemark should encompass the following characteristics:

- **Enterprise Solution:** An enterprise level solution that is intuitive and will promote collaboration of data, activities, communications, documents, and images across City departments.
- **GIS Centric:** A solution that interacts with a central store of geospatial data and provides a genealogy of activities related to either specific parcels or non-parcel based markers stored within the City's geodatabase.
- **Integrated:** Seamless interface and/or integration with other business applications used by the City including, but not limited to GIS, Financials, Business License, Cashiering, Document Management, Utility Billing, Health, Fire, and online systems.
- **Process Automated and Configurable:** Configurable to offer automated workflow processing of transactions that are rules-based and to provide alerts, notifications and triggers.
- **Accessible to Constituents:** Allow citizens online access to the system to transact business with the City and to perform a variety of tasks which may include permit application, plan submittals and resubmittals, check plan review status, and process payments.
- **Mobile Workforce Enabled:** Offer functionality to field staff utilizing mobile technologies that are reliable, efficient, and real-time.
- **Configurable Reporting Tools:** Allowing managers and supervisors to see key performance indicators for their business units and respond to trends and fluctuations more quickly.

Selection Process

Staff and SoftResources developed detailed technical specifications for the replacement LMS that were part of the Request for Proposals (RFP). The RFP was issued on May 16, 2014, and was sent directly to 32 vendors who had been identified as purveyors of LMS software. Additionally, the RFP was posted on the City's electronic bid site for download by any vendor who had registered with the City and expressed interest in this type of City procurement. No pre-bid conference was held, but a two-week question and answer period was established. RFP questions and answers were shared with all potential vendors. Proposers were required to provide information on the functional/technical aspects of their solution, recent similar experience implementing LMS solutions, particularly with municipalities, and the total cost of ownership. A total of six (6) responsive proposals were received prior to the deadline of June 19, 2014.

Proposal evaluations were conducted by a panel consisting of representatives from - DoIT staff, and a core interdepartmental team per the following criteria in the RFP: 1) functional and technical requirements, 2) experience and references, 3) total cost, 4) Pasadena local business, and 6) small/micro-business preference. Based on this evaluation, the top three proposers with the highest scores were invited to conduct on-site demonstrations of their proposed solutions over a two-day period.

On-site demonstrations covered eight topics focused to specific LMS user groups and vendors were asked to follow a pre-defined script during the demo process. These software demos were evaluated based on the adherence to this script, as well as the ability to successfully demonstrate the product's ability to meet the City's functional and technical requirements. The following is a list of proposers, their rank, and scoring.

Rank	Proposer-Software	City	Score (300 max)
1	Tyler - EnerGov	Yarmouth, ME	258
2	CRW - TRAKiT	Carlsbad, CA	234
3	Harris - CityView	Victoria, British Columbia	203
4	Davenport Group - LAMA	Colorado Springs, CO	64*
5	Edgesoft - eLMS	Culver City, CA	64*
6	Computronix - Posse	Lakewood , CO	48*

* Only the top three proposers with the highest scores in the proposal evaluation phase were invited to conduct on-site demonstrations. On-site demonstrations account for up to 200 additional points.

Based on the established scoring criteria, which includes evaluation of on-site demonstrations, Tyler's EnerGov solution was the clear "best fit" for the City. Their on-site demonstrations, customer references and experience, and compatibility of requirements for the City were determining factors in this selection. Additional details on the scoring criteria and results are included as Attachment B.

As a result of this process, staff is recommending authorization for the City Manager to enter into a three-year contract with Tyler Technologies, Inc. for an amount not to exceed $2,058,079 to furnish, deliver and implement a LMS solution. This includes the base contract amount and fifteen percent for contingencies. The proposed contract will be set up as follows:

Professional Services	$ 961,708
Software Licenses & Support	$ 827,926
Contingency Allowance (15%)	$ 268,445
Contract "Not to Exceed" Amount	$2,058,079

For this project staff is recommending a 15% contingency on the contract above, and a 10% contingency on the remainder of the project costs. Since this is a fixed-fee and fixed-deliverable project, there is a risk that staff and the vendor have not identified every new business transaction or system integration that could and should be included over the three-year implementation period. The scope and cost of each additional transaction and service would be negotiated as a change order to the contract.

Per City Council approval on November 25, 2013, there is currently one contract with Tyler Technologies, Inc., executed in April 2014 in the amount of $3,434,400 for software and implementation services for an Enterprise Resource Planning (ERP) System called Tyler Munis. Staff has been impressed with the level of service and responsiveness from the Tyler team assigned to the ERP project as its implementation moves forward, and expects to leverage this relationship for the LMS project. Tyler EnerGov (LMS) and Tyler Munis (ERP) are two separate and distinct software products under the Tyler Technologies, Inc. brand.

Project Implementation Overview

The LMS project schedule includes three phases as outlined below. A more detailed project implementation plan and schedule will be developed as one of the first milestones in Phase 1.

Phase	Deliverables

Phase 1
Sept 2015 –
June 2017
(App. 22 mos.)
	Replacement of current Tidemark System:
	• Configure all current permit, and inspection types and business process currently issued or tracked in Tidemark
	• Enable limited online and mobile features already available on the City's website
	  o View access to permitting, inspection, and entitlement data
	  o Request an inspection and see inspection results
	• Enable mobile technology for Building, Fire, and Code Compliance Inspections

Phase 2 July 2017 – March 2018 (App. 9 mos.)	Implement Online Plan Submission and customer transactions • Begin accepting "over-the-counter" permits online • Enable electronic plan reviews • Enable electronic plan routing
Phase 3 April 2018 – Sept 2018 (App. 6 mos.)	Extend LMS to additional departments and accept all permit types online • Public Works excavation permits and others • Special Events • Public Health Department

The total project cost of the LMS system replacement is $4,866,225. This includes software licensing, hardware acquisition, software configuration, integration with other City systems, temporary staff support, staff training, and software maintenance and support for one year, as outlined in the funding section of this report. This project is anticipated to take three years, with a tentative completion date of September 2018.

Project Oversight and Staffing

The LMS project is organized with multiple levels of control (Attachment C) including:
- Executive Oversight from the City Manager's Office, Planning and Community Development Department, and DoIT
- A Project Core Team will meet on a regular basis to review project timelines, deliverables and budget. The Core Team will be comprised of manager-level staff from Planning & Community Development; Fire, Public Works, Water and Power, Public Health, DoIT, and the City Manager's office.
- Project Management Office oversight with a dedicated Project Manager

Because of the size and impact this project will have, a rigorous change order review process will be followed and led by the project manager to minimize the impacts of any unanticipated changes that could cause delays or increases to the project budget (Attachment D).

Staff is also recommending the addition of five new at-will, limited-term FTE positions that will support project implementation through project management, change management, data analysis and clean-up, report development, and integration with other City software applications. The project staffing plan includes one Project Manager and two Business Systems Analysts. It is anticipated that these positions will be filled utilizing existing classifications that were created for the ERP project, as the essential functions, skills, and qualifications align very closely with those needed. These three positions will be hired at-will and serve at the pleasure of the City Manager or his designee. They will be appointed by the City Manager or his designee and will be hired via an employment contract which will outline the specific terms of employment.

The other two new positions will use the existing City Temporary Worker classification for change management, and data analysis. All five positions will be funded through the project budget, and their terms will be limited to the duration of the project, or to the specific length of their assignment, whichever is completed first.

Funding

Through FY 2016, $1,667,000 in Technology Fee revenue, 6747, has been appropriated to the LMS project, #71152. The Technology Fee is a charge of 0.50% on the building permit valuation that is collected from developers, and deposited into the Building Fund (204) through the Planning and Community Development Department. A total of $148,608 is estimated to have been spent to date on the LMS project, mainly for consulting services related to the contract with SoftResources, LLC, and the cost for a dedicated project manager for three months.

During the FY 2015 budget process, the total estimated project cost was increased from $1,500,000 to $3,200,000 pending the development of the total anticipated cost of the project. After an extensive research and evaluation process, as mentioned earlier, the total cost of the LMS project is estimated at $4,866,225, which includes a fifteen percent contingency on the vendor contract and a ten percent contingency across the rest of the project.

The remaining project funding of $3,199,225 will come from an additional appropriation of $539,687 from the Building Fund (204) for the current fiscal year, and annual appropriations from the fund thereafter through the Capital Improvement Program (CIP) budget process to match anticipated project expenses over three fiscal years from FY 2017 through FY 2019. The majority of this funding will come from the use of Technology Fee revenue, estimated at $2.1 million over that three-year period with the remainder coming from other Building Fund revenues. Future Technology Fee revenue collected in FY 2020 and beyond will reimburse any funding gap advances from other Building Fund revenues, so that the total project cost will be borne by the use of Technology Fee revenue.

The $4,866,225 project cost represents the total estimated cost of furnishing and delivering all the components necessary to implement the LMS through FY 2019. This includes the contract award to Tyler Technologies, Inc. in the amount of $2,058,079 and the addition of the five limited-term FTE positions required to complete the project.

The following table provides the components of the LMS project and the funding requirements by fiscal year.

Component	Estimated Expenses to Date	FY 2016	FY 2017	FY 2018	FY 2019	Total
Software & Support - EnerGov		$479,954	$287,973	$59,999	$0	$827,926
Professional Services	$99,968	$423,412	$292,394	$212,121	$33,782	$1,061,676
Hardware & 3rd Party Software	$0	$61,000	$43,910	$4,375	$0	$109,285
Temporary City Staff Support	$48,640	$765,504	$818,139	$592,566	$132,267	$2,357,116
Project Contingencies		$68,272	$196,422	$196,422	$49,105	$510,221
Annual Fiscal Impact	**$148,608**	**$1,798,142**	**$1,638,838**	**$1,065,482**	**$215,154**	**$4,866,225**

COUNCIL POLICY CONSIDERATION:

This contract with Tyler Technologies, Inc. supports the City Council's three year goal to improve, maintain and enhance public facilities infrastructure; to provide a high quality of public service, which adds to the quality of life in the City and increases its attractiveness through more efficient management of resources. It also supports DoIT's mission of providing proven state-of-the-practice technologies in the most strategic, cost effective and efficient ways in line with the projects and initiatives outlined in the IT Strategic Plan.

ENVIRONMENTAL ANALYSIS:

The proposed contract is exempt from CEQA per section 15061(b) (3), the General Rule. The General Rule can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment. The proposed action is for the installation of hardware and software in existing facilities and will not result in any new development or physical changes.
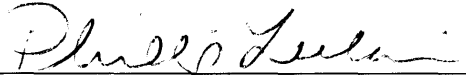
FISCAL IMPACT:

The cost of this action will be $4,866,225, which includes the cost of the contract with Tyler Technologies, Inc., for $2,058,079 over three years. Funding for this action will be addressed by the utilization of prior appropriations estimated at $1,518,392 and an increase in appropriations of $539,687 from the Building Fund (204) to the LMS Project, 71152, for the current fiscal year. In subsequent years, annual appropriations will be recommended from the fund through the Capital Improvement Program (CIP) budget

process to match anticipated project expenses until the project is fully funded. It is anticipated that approximately $1,798,142 of the cost will be spent during the current fiscal year. Indirect and support costs such as maintenance and support for one year is included in the project cost, however beginning in FY2018 annual maintenance and support costs estimated at $145,208 will be funded through a chargeback to departments by DoIT through rates established annually during the budget process. The anticipated impact to other operational programs or capital projects as a result of this action is included in the LMS project cost amount.
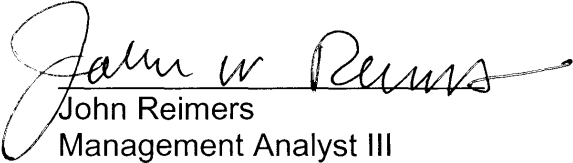
The following table presents a project summary:

	Total
Software & Support – EnerGov	$827,926
Professional Services	$1,061,676
Hardware & 3rd Party Software	$109,285
Temporary City Staff Support	$2,357,116
Project Contingencies	$510,221
Total Fiscal Impact	**$4,866,225**

Respectfully submitted,

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Attachments: (4)

Attachment A – Taxpayer Protection Amendment
Attachment B – Evaluation Criteria and Scoring
Attachment C – LMS Project Organization Chart
Attachment D – Change Order Process Flow