

Agenda Report

January 23, 2023

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Finance

**SUBJECT: CONTRACT AWARD TO TYLER TECHNOLOGY, INC. FOR
SUBSCRIPTION SERVICES RELATED TO PAYMENT PROCESSING**

RECOMMENDATIONS:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project;
2. Authorize the City Manager to enter into a contract with Tyler Technologies, Inc. (Tyler) for a master subscription agreement allowing the use of the Tyler Payments software solution and related merchant processing for payments to the City of Pasadena. Services will be provided at a fixed service fee of 2.65% per transaction for debit or credit cards and a 0.50 per transaction fee for electronic check/ACH payments. Competitive bidding is not required pursuant to City Charter Section 1002(F) contracts for professional or unique services; and
3. Grant the proposed contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049(B), contracts for which the City's best interests are served. The City uses Tyler's Enterprise Resource Planning (ERP) solution for all financial, accounting, cashiering, purchasing and payroll related software, and this contract will provide a new Tyler integrated payment module to enhance both in-person and online payments.

BACKGROUND:

The City of Pasadena entered into Contract 21,641 with Tyler Technologies, Inc. in 2013 for an ERP solution that provided Finance and Human Resource software. The Tyler ERP software module is currently used to process transactions for cashiering, business licenses, health permits, accounting, accounts payable, accounts receivable,

budget, payroll, capital assets, purchasing, and human resources. The proposed action would add subscription services such as processing payments online, in-person, and online bill presentment, through the Tyler Payments software solution.

Through the use of Tyler Payments, the City will be able to take current Tyler ERP solutions including business licenses, health permits, and accounts receivable and incorporate them into an online payment and billing solution. The City has previously explored the use of third-party solutions to support these activities; however, staff has concluded that using a Tyler solution will provide simplicity in terms of connectivity and ongoing operational updates while providing for a more seamless solution for our customers.

The proposed contract includes a fixed merchant processing fee of 2.65% for credit and debit card transactions and a \$0.50 fee per transaction for electronic checks/ACH. These fees are equitable to what the City currently pays for merchant processing fees and will not increase costs to the City for payment services. In totality, an integrated system that provides new features such as online payments and electronic billing without resulting in new costs or fees provides a net financial benefit to the City

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through reducing expenditures.


ENVIRONMENTAL ANALYSIS:

The action proposed herein is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3) and 15378. The authorization of a contract for finance software is an organizational and administrative action that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:


There is no new fiscal impact to the City as a result of this contract amendment as the proposed fees are the same as the current merchant processing fees charged to the City. Long-term expenditure savings, will be realized as billing can be done electronically with reduced bill printing and mailing.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance
Department of Finance

Approved by:



MIGUEL MÁRQUEZ
City Manager