

# Agenda Report

June 12, 2023

**TO:** Honorable Mayor and City Council

**FROM:** Finance Department

**SUBJECT: CONTRACT AWARD TO OPENGOV INC. FOR A BUDGETING SOFTWARE SOLUTION FOR AN AMOUNT NOT-TO-EXCEED \$834,521**

**RECOMMENDATION:**

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) pursuant to 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 without competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services, with OpenGov, Inc. to provide software, training, and support services for a budgeting solution in an amount not to exceed \$834,521 over a three-year term; 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.

**BACKGROUND:**

Accurate and timely preparation of the City's annual operating budget is critical to successfully conducting the business of the City. From Fiscal Year (FY) 2010–2017, PowerPlan Corporation (CityVision) provided a budgeting system to help prepare the City's operating budget. Following the implementation of the City's Enterprise Resource Planning (ERP) system, Tyler Munis, the City's disparate systems and processes started to integrate more effectively. However, PowerPlan's system was not capable of interfacing with Tyler Munis, so the City no longer engaged its services. During the ERP implementation, Tyler Munis' budget module was evaluated, but proved to be

incompatible with the City's process of budgeting personnel allocations across multiple organizational units and/or funds. Without a viable software solution, the City has been using a complex array of Excel worksheets to manually prepare the operating budget since FY 2018. To minimize the probability of error inherent with a manual process of inputting, consolidating, and transmitting financial data, staff has incorporated various safeguards and control measures into the budget development process. Although this manual process has provided the City with successful budget preparation, it requires an extensive level of coordination and is not the most effective or efficient way to prepare budgets and communicate financial data to the public.

In an effort to improve and streamline the budget process, staff started looking for alternative budgeting software used by California municipalities, such as GovInvest, Gravity, and OpenGov. Staff also re-evaluated the Tyler Munis budget module given the system upgrades that had been made since the original implementation. However, Tyler Munis' module is still not a viable option since its personnel forecasting tool cannot leverage the City's timekeeping and payroll applications that are maintained in a different system due to the complexity of payroll details (based on Memorandums of Understanding). After a preliminary review of the other platforms, OpenGov's solution was the most aligned with the City's current budgeting practices and processes.

The budget team and Finance Director further vetted OpenGov's system by participating in a few demonstrations that drilled into its core functionality. A final demonstration was conducted for a representative sample of department participants that included Human Resources, Information Technology, Police, Public Works, and Water and Power. For an additional measure of objectivity, the budget team also met with a California city operating OpenGov to hear their testimonial and see firsthand how they set up and execute different components of the operating budget within the system. This city (City of Hayward) spoke highly of the platform's intuitive functionality, OpenGov's quality customer service, continuous improvements to the product, and the connectivity ease with Tyler Munis.

OpenGov best meets the needs of the City of Pasadena in the areas of operating budget preparation, personnel budgeting/forecasting, financial reporting, data management, dashboard analytics, and online budget book. Moreover, it is critical for the solution to synchronize directly to the City's ERP, providing timely and accurate access to current financial data. A few examples of California cities served by OpenGov and are integrated with Tyler Munis include Diamond Bar, Yorba Linda, Victorville, Santa Barbara, and Hayward. Over 100 municipal clients in California and around the nation have launched the OpenGov platform to make government finances more transparent and build civic engagement.

OpenGov offers a full-featured, cloud-based, budgeting software designed for public agencies. The centralized platform will help unify the end-to-end budgeting process from the initial stages of planning and personnel forecasting through final publication, while enabling improved collaboration throughout the process. As an integrated budgeting and planning solution, it will allow staff to develop their department budgets in

a more streamlined, systematic, and repeatable way and review against real-time financial information from the City's ERP. This will dramatically improve a labor-intensive step within the current process whereby numerous Excel spreadsheets of department budget submissions are manually organized, consolidated, and uploaded to the ERP before a comprehensive report can be made available (3–5-day process performed at least five times during a budget cycle). With the efficiencies gained in OpenGov, staff will be able to divert more time to the invaluable analysis and evaluation of programs, policies, and operations. Additionally, the software includes an online budget book and dashboarding capabilities to present financial data in graphical/visual format, as well as transparency tools to help tie together and organize the City's multi-department budget according to different strategic initiatives/priorities. These publication capabilities will also allow the City to continue producing the annual Budget in Brief.

If the contract is approved, staff anticipates a project kickoff in August 2023. This will allow adequate time to set up and configure the system per City specifications so that it can be used to prepare the FY 2025 Operating Budget.

The total cost of \$834,521 over the three-year term is detailed below:

	<b>Budgeting Software</b>	<b>One-Time Implementation</b>
Year 1	\$241,112	\$74,415
Year 2	\$253,168	-
Year 3	\$265,826	-
<b>Total</b>	<b>\$760,106</b>	<b>\$74,415</b>

Within its menu of other software products, OpenGov also offers an eProcurement platform that facilitates the public procurement process by generating bid solicitation packages online. On August 15, 2022, the City Council authorized the Interim City Manager to enter into a contract with OpenGov, Inc. to provide an electronic procurement system for the City.

As part of staff's current recommendation, a separate scope of work for the budgeting software solution will be added to the existing contract, honoring the same terms and conditions of the service agreement between the City and OpenGov, Inc.

**COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the City Council's Strategic Plan Goal to maintain fiscal responsibility and stability.

**ENVIRONMENTAL ANALYSIS:**

This 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 Section 15060 (c)(2), 15060 (c)(3), and 15378. The proposed activity consists of purchasing a budget software solution that does not involve any commitment to any specific project, which may result in a potentially significant physical impact on 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:**

The total cost of this action is \$834,521 over a three-year period. The one-time implementation cost will be supported by projected savings in the General Fund in FY 2023. Meanwhile, the software cost for the first year will be addressed by the utilization of General Fund appropriations built into the FY 2024 Recommended Operating Budget, pending adoption by the City Council. The costs for the remaining years will be addressed in subsequent fiscal years by General Fund appropriations budgeted and approved through the annual operating budget process.

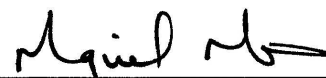
Respectfully submitted,

  
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MATTHEW E. HAWKESWORTH  
Director of Finance

Prepared by:

  
\_\_\_\_\_  
Timothy Park  
Budget Administrator

Approved by:

  
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MIGUEL MARQUEZ  
City Manager