

Agenda Report

April 25, 2016

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Information Technology

SUBJECT: AUTHORIZATION TO ENTER INTO ANNUAL SOFTWARE MAINTENANCE AND SUPPORT CONTRACTS WITH TYLER TECHNOLOGIES, INC. FOR THE CITY'S ENTERPRISE RESOURCE PLANNING SYSTEM

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3);
2. Authorize the Interim City Manager to enter into a contract without competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services, with Tyler Technologies, Inc. for software maintenance and support for the City's Enterprise Resource Planning (ERP) system in an amount not to exceed \$234,175 for the twelve month period beginning April 26, 2016.
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.
4. Authorize the Interim City Manager to execute future annual maintenance and support contracts, including cost increases between 5% and 10% annually, for as long as the City utilizes the Tyler Munis ERP system; and
5. Approve a journal voucher amending the FY 2016 Operating Budget by appropriating \$101,175 from the Computing and Communications Fund (501) to contract services account 50114005-811400.

BACKGROUND:

On November 25, 2013, City Council authorized the City Manager to enter into a three-year contract with Tyler Technologies, Inc. to furnish and deliver software, hardware,

and services for an Enterprise Resource Planning (ERP) System. This contract was awarded through a competitive selection process. Since that time, project implementation has progressed with the Budget and Financial modules going live in November 2014 and July 2015 respectively. Future modules, including Business License and Human Resources/Payroll are scheduled to go-live this fiscal year and in January 2017 respectively. The contract with Tyler Technologies, Inc., 21,641, included one-time fees for the software license and maintenance and support costs for the first year. Future maintenance and support costs are to be covered through annual contracts inclusive of prices, terms and conditions, subject to approval by the City Manager.

Ongoing support of the system is critical in maintaining system uptime, and enhancing City staff experience by adapting it, where feasible, to meet current operational needs. Maintenance and support will include these main items: 1) telephone and online support of the Tyler software products; 2) access to appropriately trained personnel to expedite resolution of issues; 3) access to new releases of Tyler software products without additional charge; and 4) support for prior releases of Tyler software products in accordance with Tyler's then current release lifecycle policy. These services can be discontinued at any time by the City. Fees for this service are invoiced annually and any changes thereto are to be provided by written notice no less than forty-five days prior to when they are to become effective. Any changes will be subject to staff review and if needed, negotiation with the vendor. It is anticipated that the minimum annual increase for this service will be 5%, but could range as high as 10%.

The current fees for the twelve month period beginning April 26, 2016 total approximately \$234,175, and cover all the modules currently in use: budget, accounts payable, accounts receivable, purchasing, and general ledger among others. Once the Business License and Human Resources/Payroll modules are implemented, this annual support cost will increase by almost \$43,000. The ongoing annual maintenance and support was reflected in the November 25, 2013 Council Agenda Report authorizing the software purchase. Currently, only \$133,000 is budgeted in the Department of Information Technology (DoIT) FY 2016 Operating Budget. At the time the FY 2016 budget was prepared, staff inadvertently omitted a portion of the ongoing software maintenance and support costs due to the multiple phases and timing of the software implementation. Thus, an additional appropriation of \$101,175 is needed from the Computing and Communications Fund to pay for these services.

The City has two active contracts with Tyler Technologies, Inc. The first contract was executed in April 2014 in the amount of \$3,434,400 for the Tyler Munis software application and implementation services for the financial, human resources and payroll systems. The second contract was executed in March 2016 in the amount of \$2,058,079 for the EnerGov software application and implementation services for the planning, permitting, code enforcement and inspection systems.

COUNCIL POLICY CONSIDERATION:

This action 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.

ENVIRONMENTAL ANALYSIS:

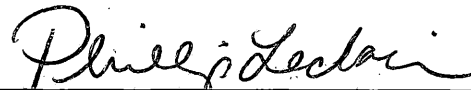
The proposed action is exempt from the CEQA per section 15061 (b) (3), the General Rule. The General Rule can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment. The proposed action provides maintenance on the new ERP system, and will not result in any new development or physical changes.

FISCAL IMPACT:

The total cost of this action for FY 2016 will be \$234,175. Funding for this action will be addressed by the utilization of existing budgeted appropriations in the amount of \$133,000 in account 50114005-811400 and the appropriation of an additional \$101,175 from the Computing and Communications Fund (501) to this same account. Future costs for annual maintenance and support on the ERP system will be included in the DoIT operating budget on an annual basis. For FY 2017, this cost is estimated at \$277,083.

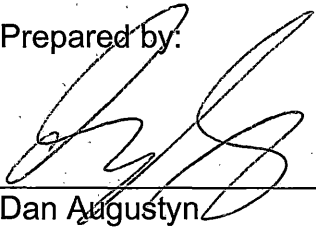
There are no indirect or support costs anticipated as a result of this action.

Respectfully submitted,



PHILLIP LECLAIR
Chief Information Officer
Department of Information Technology

Prepared by:



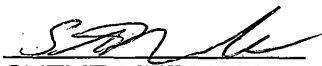
Dan Augustyn
Management Analyst

Concurred by:



MATTHEW E. HAWKESWORTH
Director of Finance
Department of Finance

Approved by:



STEVE MERMELL
Interim City Manager

Attachment A: Taxpayer Protection Amendment