



CITY of CALABASAS

CITY COUNCIL AGENDA REPORT

DATE: FEBRUARY 14, 2023

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: RON AHLERS, CHIEF FINANCIAL OFFICER

SUBJECT: CONSIDER PURCHASE OF TYLER TECHNOLOGIES ENTERPRISE RESOURCE PLANNING PROFESSIONAL (ERP PRO) 10 SOFTWARE IN THE AMOUNT OF \$111,862

MEETING DATE: FEBRUARY 22, 2023

SUMMARY RECOMMENDATION:

City staff recommends the City Council approve the purchase of Tyler Technologies ERP Pro 10 Financial Software. This purchase is for Software as a Service (SaaS) model; whereby the software does not reside at the City of Calabasas. Instead the software resides with the Tyler corporation and the City pays an annual fee for the software service. The annual cost is \$50,352 for the first year. The project implementation by Tyler is estimated at \$61,510. Total first year estimated cost of \$111,862. City staff costs will be borne by the Finance and Information Technology departments. Additionally, the City will hire professional contractor to assist in the migration from the current financial system to Tyler ERP Pro 10.

BACKGROUND:

The City's current financial software, Tyler FundBalance is about 20 years old. The software has not kept current with technology and needs to be replaced. The software only provides: General Ledger, Accounts Payable, Capital Assets and Cash Receipts. There is no encumbrance accounting which is standard for government agencies. The purchase order process is basic and there is no automation for

inventory control nor capital asset acquisition and control. There is no contract management, budgeting module nor grant accounting features.

Software as a Service (SaaS)

Software as a Service (SaaS) allows City staff (users) to connect to and use cloud-based software applications over the Internet. SaaS provides a complete financial software solution that the City purchases on a pay-as-you-go basis from the Tyler Corporation (cloud service provider). The City rents the use of the financial software for our organization, and our users connect to it over the Internet, using a web browser (Chrome, Internet Explorer, MicroSoft Edge, etc.). All of the underlying infrastructure, middleware, application software, and the City's financial data are located in Tyler's data center. Tyler will manage the hardware and software, and ensure the availability and the security of the application and the City's data as well. SaaS allows our organization to get quickly up and running with the new financial software at minimal upfront cost. Additionally, Tyler will keep the financial software current with all updates, bug fixes, etc. This includes all hardware upgrades.

Automatic Data Processing (ADP)

The City pays in excess of \$5,000 per month to Automatic Data Processing (ADP) for payroll services which include time keeping machines. ADP payroll services lacks numerous reports and their software has difficulty processing government-style payroll for the City. The City will be bringing the payroll function completely in-house and terminating our relationship with ADP.

New Financial Software Examined

Staff reviewed and solicited offers from a few software vendors that serve government entities. MIP Fund Accounting, Springbrook and Tyler Technologies.

MIP Fund Accounting software provides the basic accounting functionality using a cloud-based service. MIP provides the basic financial accounting software modules: general ledger, accounts payable, accounts receivable, payroll, billing, purchasing, , budget, etc. The payroll module has additional costs for time-keeping clocks and interface. Staff viewed their software demonstration, via Zoom, that showcased the abilities of the financial system. The budget module is rudimentary and may need to be supplemented with staff built excel files. The reporting functions also were basic and need to be enhanced. The company sells to non-profits and government clients. Staff does not recommend this software.

Springbrook software provides the suite of financial software for the City. They provide a cloud-based solution. Staff viewed a few software demonstrations detailing the various modules of the system, via Zoom. Staff asked questions and received answers regarding the capabilities of their system. The reporting capabilities are limited along with the budget module. The encumbrance accounting also is lacking. Staff does not recommend this software.

Tyler Technologies MUNIS Software provides all the financial software the City requires. The MUNIS software is very robust and can handle all of the financial transactions of the City. This software is made for much larger governmental entities that have utilities (water, electric, trash, sewer) with the required billing, inventory and fixed assets to support those operations. MUNIS requires additional support staff from Finance and Information Technology to keep it functioning properly and efficiently. This software is too large for the City of Calabasas and staff does not recommend to purchase MUNIS.

Tyler Technologies ERP Pro 10 powered by InCode. This financial software suite is built for small to medium sized governmental entities like the City of Calabasas. The cities of Agoura Hills and Moorpark use this software. The City of Moorpark has been using this software since November 2016. The Accounting Supervisor and Chief Financial Officer worked on the implementation and "go-live" of Tyler InCode at the City of Moorpark during that time. Tyler InCode payroll module is advanced compared to basic ADP payroll; with more detailed and specific reporting and processing capabilities. The budget module allows for multiple funds of the budget year with comparisons to prior years actuals. Purchasing and encumbrance accounting will be implemented as well. The software provides real-time, automated accounting and budgetary control of revenues and expenses. End users for every department will have access to the numerous reports already built into the system. The City is purchasing the following modules: General Ledger, Accounts Payable, Accounts Receivable, Purchasing, Fixed Assets, Human Resources Management (Payroll), Position Budgeting, Employee Access Pro (Payroll data), Employee Time & Attendance and Cashiering. Staff recommends the City purchase Tyler Technologies ERP Pro 10, powered by InCode using the SaaS model.

The Tyler Technologies contract is a perpetual contract with no ending date. The contract is a one-year term with automatically renewing one-year terms at the then current SaaS fees. The contract can be terminated in writing by either the City or Tyler at least sixty days prior to the end of the current one-year term of the contract.

FISCAL IMPACT/SOURCE OF FUNDING:

Tyler Technologies ERP 10 powered by InCode first year cost is \$50,352. Implementation costs paid to Tyler estimated at \$61,510. Contract total is \$111,862. Recurring costs are the \$50,352 which will increase each year.

In addition, the City will have additional contract help to implement the software. The estimated cost is between \$50,000 = \$100,000.

There are savings of over \$60,000 annually when the City terminates the contract with ADP for payroll services. There will also be annual savings over \$5,000 due to the termination of the current financial software maintenance for FundBalance.

Funds are currently budgeted in account 10-151-6503-48 for the Financial Software in FY 2022-23 the amount of \$300,000.

REQUESTED ACTION:

Approve Tyler Technologies Software as a Service Agreement and Authorize the City Manager to sign the Agreement and other documents.

ATTACHMENTS:

1. Tyler Technologies Sales Quotation
2. Tyler Technologies Software as a Service Agreement