**CITY COUNCIL
STAFF REPORT**

MEETING DATE: September 25, 2023

ITEM TITLE: **Adopt a Resolution Authorizing the City Manager to Execute an Agreement with Tyler Technologies, Inc. to Implement a Cloud Hosted Enterprise Permitting and Licensing System and Upgrade the Existing Tyler Technologies Financial System to a Cloud Environment for Integration Purposes in the Amount of $716,253 for a Three-Year Contract with the Option to Renew the Annual Subscription Services Until the Systems Need to be Replaced and Authorizing a 20% Contingency During the Implementation Period.**

RECOMMENDATION:

Staff recommends that the City Council adopt the attached Resolution authorizing the City Manager to execute an agreement with Tyler Technologies, Inc. to implement a cloud hosted enterprise permitting and licensing system and upgrade the existing Tyler Technologies financial system to a cloud environment for integration purposes in the amount of $716,253 for a three-year contract with the option to renew the annual subscription services until the systems need to be replaced and authorizing a 20% project contingency budget during the implementation period.

FISCAL IMPACT:

There is no fiscal impact and no additional appropriation is needed. The one-time implementation costs and the first-year subscription costs have been budgeted in Project C2218 - Permitting Software in the amount of $500,000. The City currently collects a technology surcharge equal to 0.4% of each Planning and Building Division fee charged, as well as selected Public Works Department fees, for improvement and grading projects. Revenue from this fee is allocated to a restricted account in Fund 0025 to fund updates and maintenance to technology used to manage the permitting process.

The implementation is expected to take up to 12 months so the first-year subscription costs have been included in the project budget. The second year and beyond would be funded from the General Fund Operating Budget. There is no need to adjust the operating budget as the subscription costs will be partially offset by the removal of current permitting system, Trakit, and MUNIS' current costs.

CIP Project Budget (C2218) - Implementation and Year 1 Costs		
	One-time Upgrade Costs	1st Year Subscription
Tyler Civic Access/Permitting System	$106,875	$ 102,566
Tyler MUNIS Upgrade to SaaS	5,000	95,164
20% Contingency	22,375	N/A
Total Costs	$134,250	$197,730
Total Impact to C2218 Budget		**$331,980**

General Fund Operating Budget Impact (Years 2 and Beyond)	
	2nd Year costs
Tyler Civic Access/Permitting System	$102,566
Tyler MUNIS Upgrade to SaaS	95,164
Less: Trakit annual costs	(46,072)
Less: Munis annual costs-Disaster Recovery	(9,884)
Less: MUNIS current maintenance costs	(46,196)
Total Annual Costs 2nd and 3rd Years	**$95,578**

BACKGROUND

A history of the various iterations of permitting software are outlined below.

- 2011: CRW Systems Permitting software Trakit was implemented, replacing the previous "Tidemark" software
- 2015: CRW was purchased by Sungard Public Sector, which was subsequently purchased by Superion, LLC ("Superion") in February 2017. In 2018, Superion merged with three other public sector software companies to form CentralSquare Technologies. The software license and support agreement automatically transferred to the new vendor, CentralSquare Technologies.

- 2022: the City Council approved a resolution authorizing the City Manager to sign a Professional Services Agreement with CentralSquare Technologies in an amount up to $25,000 for an upgrade to Trakit. Prior to this upgrade, the version of Trakit that the City had been using was the same version that was implemented in 2011. Since that time, minor updates and patches were applied to the system as the ownership changed hands.

Existing Software Challenges

Since the 2022 upgrade, staff has encountered several challenges ranging from numerous technical issues to misaligned expectations. A significant technical issue was the inability of the system to properly process e-check payments through the web portal. When the system processed e-check transactions, Trakit would apply a credit card processing fee. The credit card processing fee was higher than the e-check fee. This issue created reconciliation problems in the Finance Division and required numerous refunds to be processed to refund the misapplied fees. Although this problem was reported to CentralSquare technical support, it took numerous phone calls and emails over a six month period to resolve the issue.

In addition to the e-check transaction issues, the eTrakit public portal system was difficult to log in to and does not allow users to reset a forgotten password. When a customer tried to reset their account, the system would continually display an invalid error page. After investigation, staff was able to fix the issue manually, however user login issues persist.

To redistribute support calls for user login complaints, the City created a separate ticketing area to allow the public to get their accounts functioning properly. By doing so, the Building Division was able to focus on processing permit applications and schedule inspections. Even as staff made changes to processes, the lack of support from CentralSquare continues to impact day-to-day operations.

On November 28, 2022 the City Council adopted Resolution 2022-117 appropriating $500,000 from the Restricted Technology Surcharge Account in the General Capital Fund ("Fund 0025") in Fiscal Year ("FY") 2022-23 to create a capital improvement project to replace the existing permitting software system. This was carried over to the FY 2023-24 budget.

ANALYSIS:

The RFP was publicly posted and issued on June 1, 2023 and the City received proposals from nine vendors. Two of the vendors had proposals that significantly exceeded the allocated budget of $500,000 and were not considered. Of the remaining seven vendors, proposed project costs ranged from $79,292 to $497,000. These were the total costs based on implementation cost plus annual costs for three years.

A panel of employees from information technology, finance, building, planning, and public works reviewed the remaining proposals. These proposals were analyzed for feature compliance, capacity to deliver, reliability, responsiveness, purchase price, and the total cost of ownership, including maintenance and upgrades for years one through three. Further, staff reviewed the user interface for ease of use, and desired features to assist with day-to-day permitting and plan review. As a result of the initial review and evaluation, Tyler Solutions, Citizenserve, and GeoCivix were invited back for two-hour demonstrations and presentations on their proposed solutions.

Based on the demonstrations and responsiveness to the City's desired features and ease of use, Tyler Solutions was selected.

Munis Upgrade
Tyler Solutions also owns the MUNIS software which is currently utilized by the Finance Division. This software manages the City's accounts payable, accounts receivable, general ledger accounting and budget. As part of the implementation process, staff recommends upgrading MUNIS to the most recent version on a cloud-based environment to better integrate with the permitting software.

Following the demonstrations, staff requested that Tyler Technologies present "best and final" pricing. This resulted in savings for the Permitting and Licensing System in the amount of approximately $11,500 per year.

Approval of this Resolution will allow staff to work with Tyler Solutions to finalize the agreement in accordance with the City's terms and conditions.

ALTERNATIVES:

Options available to the City Council include:

1. Adopt a Resolution authorizing the City Manager to execute an agreement with Tyler Technologies, Inc. to implement a cloud hosted Enterprise Permitting and Licensing System and upgrade the existing Tyler Technologies Financial System to a cloud environment for integration purposes in the amount of $716,253 for a three-year contract with the option to renew the annual subscription services until the systems need to be replaced and authorizing a 20% project contingency budget during the implementation period; or

2. Do not adopt the Resolution; or

3. Provide an alternative recommendation.

 Respectfully submitted by:

Rebecca Mendenhall, Administrative Services Director

Al Savay, Community Development Director

                                        Approved for submission by:

                                        _____
                                        Jeff Maltbie, City Manager

ATTACHMENT(S):

1. Resolution
2. Tyler Technologies Proposal
3. Tyler Technologies Quote