



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: February 28, 2023

TO: Honorable Mayor and Members of the City Council

FROM: Jovan D. Grogan, City Manager

PREPARED BY: Bobby Magee, Interim Finance Director

SUBJECT: Authorize the City Manager to Negotiate and Enter Into an Agreement With Tyler Technologies, Inc. for the Upgrade to Enterprise Resource Planning (ERP) Munis Software, Along With Related Business Process and Implementation Services, and Support Services; and Authorize the City Manager to Negotiate and Enter Into an Agreement With OpenGov for Procurement Software, Along With Related Business Process and Implementation Services, and Support Services, for a Total Amount Not to Exceed \$800,000

BACKGROUND:

The City of San Bruno currently uses Tyler Technologies' Eden software suite as its Enterprise Resource Planning (ERP) tool. The Eden ERP software provides functionality critical for day-to-day operations. The City's General Ledger, Budget, Payroll, Human Resources Information System, Accounts Payable/Receivable all rely on the Eden ERP to accurately track revenues, expenditures and current values.

Tyler Technologies has informed the City that the Eden ERP software will be replaced by their new product, Tyler MUNIS ERP, and that the Eden ERP software would no longer be supported after March 1, 2027.

DISCUSSION:

Given the criticality of the Eden ERP software to the City, the Finance department staff immediately begin researching options for replacement, including alternative ERP software from other vendors as well as upgrading to the Tyler MUNIS software.

In discussions with other Cities and their experiences in ERP upgrades / migrations, it quickly became apparent that the most cost-effective solution would be to do a direct upgrade from Tyler Eden to Tyler MUNIS. For example, some municipalities hired consultants to development a Request for Proposal if in-house expertise wasn't available, and sometimes even involved writing an initial Request for Proposal for a consultant for develop the eventual ERP Request for Proposal; with both processes taking multiple months of time and effort. Staff actively engaged in discussions with cities that have gone through this process recently, including the City of Riverside, the Town of Apple Valley, San Rafael, Cupertino, and West Hollywood.

Based on the information learned, the Finance Department had Tyler Technologies provide all key City staff the opportunity to see complete demonstrations of the new software's functionality, and pose any questions/concerns that arose either from the demonstrations, or current unmet needs within the Eden ERP software. The Finance Department did not receive any negative comments regarding the new Tyler MUNIS software nor about using direct-upgrade approach to replace Tyler Eden.

The Tyler MUNIS ERP software is a "state of the art" and "best in class" offering. It will provide multiple increases in functionality as compared to the Eden ERP software including industry best practices for security, features and functionality, use of a cloud-based Software as a Service (SaaS) platform rather than the on-premise model used with the Eden ERP software resulting in reduced capital expense for on-premise computer hardware / equipment, automatic software upgrades, and automatic database maintenance updates. Additionally, Tyler Technologies will provide cloud-based redundancy for the MUNIS ERP software, so, in the event of a disaster the City will still be able to access its data and perform key functions.

During staff's research of potential replacements for the Tyler Eden ERP software, consideration was made of using a "best in class" approach. The City has traditionally used the "best in class" approach for software; using specialized software rather than a "one size fits all" type of offering typically provides functionality that enhance Department operations. In the case of replacement of Tyler Technologies Eden ERP software, the only area identified as a strong candidate for looking beyond Tyler Technologies MUNIS ERP software was procurement/purchasing. Based on this perception, staff identified and evaluated an offering from OpenGov, a vendor in the municipal software marketplace as an alternative to using the Tyler Technologies MUNIS purchasing software.

In a decentralized procurement environment such as the City of San Bruno, the OpenGov procurement software provides a number of additional features over its competitors that will assist staff with creating highly effective solicitations, which will help identify the "best value" for the particular good or service, and maximize the value for the City's expenditures. For example, the OpenGov procurement software contains logic within its programming that guides end users with best practices for appropriate solicitation methods, contains a database of solicitations and similar scopes of work that other municipalities have successfully completed, and contains a network of professionals that are available to the City for solicitation advice.

Based on the fact that the City has to replace the Tyler Technologies Eden ERP software, evaluation of both Tyler Technologies MUNIS ERP software, and OpenGov's procurement software, staff is recommending that the City upgrade to Tyler Technologies MUNIS ERP software for all functionality with the exception of procurement, which would be provided by OpenGov.

The City's Procurement Ordinance requires contracts to be competitively procured, but also allows for the City to utilize the procurement process through joint purchasing solicitations. In this case, the Tyler contract available to the City has been competitively procured through Sourcwell, and the OpenGov contract available to the City has been competitively procured through NASPO.

FISCAL IMPACT:

The City currently has \$1,184,480 budgeted and allocated to upgrade/replacement of the Tyler Eden ERP software, and as noted in last year's budget book staff will request an additional \$800,000 in appropriations for the project for FY 2023-24 for staff time and consultants cost for work associated with both the Tyler Technologies EFP software upgrade, and implementation of OpenGov Procurement.

The City asked Tyler Technologies to provide a "not to exceed" pricing contract for the upgrade of Eden to Tyler MUNIS. How this agreement is structured is that Tyler Technologies has estimated the maximum number of hours of professional services (which will be used to understand San Bruno's fiscal environment and business processes and correctly configure the MUNIS software) they expect could be needed for the project, and Tyler Technologies also included the dollar amount associated with those hours in the agreement. If more professional services are required to complete the project than are included in the contract, the City will not be billed for those services. In addition, if less hours of professional services are required (either due to efficiencies from staff effort in San Bruno, or Tyler Technology over-estimating the number of hours required for a particular task) the City will not be billed. This pricing model is advantageous for the City.

The estimated cost of implementation and related support services for the upgrade of Tyler Technologies Eden ERP software to MUNIS software (~\$700,000) and OpenGov's procurement software (~\$100,000) is approximately \$800,000. This figure includes fixed costs for the implementation process and expert consulting services for both the Information Technology Division and the Finance Department. The remainder of the \$1,184,480 within the Project budget will be used for internal costs associated with the Project, and as a contingency fund for the Project. The final costs for both Tyler MUNIS and OpenGov Procurement will be refined via the contract negotiation and finalization processes.

RECOMMENDATION:

Authorize the City Manager to negotiate and enter into an Agreement with Tyler Technologies Inc. for the upgrade to its ERP MUNIS software, and OpenGov for its procurement software, along with related business process and implementation services, and support services, in an amount not to exceed \$800,000.

ALTERNATIVES:

1. Direct staff to conduct an RFP process to find other ERP solutions.
2. Deny the recommended action and continue with the Eden ERP.

ATTACHMENTS:

1. Resolution