

Search Calendar Boards/Commissions Live Streaming



Details

File #: 2019-6986
Type: Consent Calendar Item

Body: [City Council](#)

On agenda: 7/16/2019

Title: Recommendation to Authorize the City Manager, or His Designee, to Execute a Seven (7) Year Agreement with the Option of Three One-Year Extensions with Tyler Technologies, Inc., for the Acquisition, Implementation, and Ongoing Support of the Munis Financial and Human Capital Management System in an Amount Not to Exceed \$3,978,212; and Recommendation to Authorize the City Manager, or His Designee, to Negotiate and Execute a Three (3) Year Agreement with BarryDunn to Provide Project Management and Oversight Services for the Implementation of the Munis Financial and Human Capital Management System in an Amount Not to Exceed \$720,000. (Information Technology 2611)

Attachments: [1. Exhibit 1 - Agreement with Tyler Munis](#), [2. Exhibit 1 - REVISED Agreement with Tyler Munis](#), [3. Exhibit 2 - Request for Proposal for Enterprise Resource Planning System](#), [4. Exhibit 3 - Draft Agreement with BarryDunn](#), [5. Exhibit 4 - Request for Proposal for Project Management Services](#)

Text

Title
Recommendation to Authorize the City Manager, or His Designee, to Execute a Seven (7) Year Agreement with the Option of Three One-Year Extensions with Tyler Technologies, Inc., for the Acquisition, Implementation, and Ongoing Support of the Munis Financial and Human Capital Management System in an Amount Not to Exceed \$3,978,212; and

Recommendation to Authorize the City Manager, or His Designee, to Negotiate and Execute a Three (3) Year Agreement with BarryDunn to Provide Project Management and Oversight Services for the Implementation of the Munis Financial and Human Capital Management System in an Amount Not to Exceed \$720,000. (Information Technology 2611)

Body

To: Honorable Mayor and Members of the City Council

EXECUTIVE SUMMARY

In June of 2018, the City of Alameda (City) issued a Request for Proposals (RFP) for the purchase and implementation of an Enterprise Resource Planning (ERP) System to replace the City's legacy financial and human resources systems. The RFP sought an integrated solution for the City's core financials, human resources, and payroll systems. An evaluation team consisting of staff from the departments of Finance, Human Resources, Information Technology as well as City department staff evaluated the proposers. The evaluation included on-site proof-of-concept demonstrations by the top two proposers and customer reference checks.

Staff is now recommending approval to execute an agreement with Tyler Technologies, Inc., (Tyler) to furnish, deliver, install, implement, and maintain the Munis Financial and Human Capital Management System.

To support the implementation of the new system, staff also recommends the authorization to negotiate and execute an agreement with BarryDunn to provide project management and oversight services.

BACKGROUND

The City has utilized the Central Square (formerly Superior) eFinancePlus Financial and Human Resource Management system for more than twenty years. There have been numerous upgrades and customizations over the years; however, the system is no longer capable of meeting the City's needs due to its outdated technology platform and limited functionality. There also have been vendor support issues and declining service over the past several years.

In 2017, City staff, recognizing the need to move to a new system, contracted with SDI (formerly NexLevel) to complete a needs assessment to develop the functional requirements for a system replacement. As part of this assessment, SDI met with City users of eFinancePlus to learn about process and the needs of the City.

The needs assessment found that a great deal of work was being done outside of the system because of the limitations of the City's current system. This included the use of spreadsheets rather than the financial system for tracking budget and expenditures and the use of cards to track employee history. These system limitations result in the City being unable to keep up with industry's best practices by having to rely on manual processes (including workflow). There is also a critical lack of reporting and analysis tools in the current system.

DISCUSSION

In June 2018, the City issued a RFP for a new Enterprise Resource Planning System. The RFP was posted on the City's website. In addition, vendors on the Municipal Information Systems Association of California (MISAC) municipal government catalog listing were notified of the issued RFP.

In response to the RFP, the City received five proposals from the following financial software companies and software system integrators:

Company	Proposed System
Tyler Technologies, Inc.	Munis
Sierra -Cedar	Oracle's Cloud Suite of applications
Central Square (formerly Superior)	ONESolution Finance and Human Resources/Payroll suite
Phoenix Business Consulting	SAP Business ByDesign
Oracle	Oracle's Cloud Suite of applications

The proposals were evaluated by an interdepartmental project team comprised of staff from the Departments of Finance, Human Resources, and Information Technology Services using the following criteria: (a) ability for the proposed system to meet the functional requirements in the RFP; (b) interface capability with existing citywide applications; (c) implementation methodology; (d) customer support and ongoing maintenance; (e) experience

with municipalities and vendor qualifications, including references using the proposed system; (f) understanding the scope of work to be completed; (g) responsiveness to the RFP requirements; and (h) costs of software licensing and services.

After the evaluation, the City invited the top two proposers (Tyler and Oracle) to demonstrate the capabilities of their financial software and human capital systems to the interdepartmental project team and representatives from user departments. Each proposer, over a three-day period, provided on-site proof-of-concept demonstrations. Almost every City Department had staff participate and provide feedback during the proof-of-concepts.

As part of the evaluation of the top two proposers, the City also interviewed other municipalities already using Oracle or Tyler to assess the performance of the software system in real-world settings. After this thorough evaluation process, staff decided to move forward to negotiate an agreement with Tyler. Tyler will be providing implementation and training services for the project as well as data conversion for some of the existing data in the Center Square eFinance Plus system.

As part of the Tyler ongoing software maintenance agreement, Tyler will provide (without additional licensing fees to the City) all future upgrades, enhancements, and platform upgrades to the system software ensuring that the City always utilizes the most current technology. This is known as Tyler's "Evergreen philosophy". The software maintenance also includes technical support and a searchable knowledgebase related to Munis processing, procedures, and helpful hints. Because the City is using the Software as a Service (SaaS) hosted solution, Tyler will be providing disaster recovery services. The disaster recovery services provide a redundant site in Tyler's secure facilities in Yarmouth, Maine, where the City's data is backed up on a nightly basis to ensure that the system continues to run in the event of a disaster.

The project is tentatively scheduled to begin in August 2019 consisting of two phases. Phase 1 is the core financial modules such as general ledger, accounting, accounts payable, fixed assets, purchase orders, requisitions, cash management, accounts receivable, and general billing. Phase 1 will take approximately 11 months and is expected to go live in July 2020. Phase 2 consists of the remaining financial modules for budget, contract management, and project/grant accounting and human capital modules such as payroll, HR & talent management, time and attendance. Phase 2 is expected to begin in January 2020 with a go-live date in April 2021. A detailed project implementation plan and schedule will be developed as the first milestones.

Staffing

The implementation effort will significantly impact City staff in the departments of Human Resources, Information Technology, and Finance as well as other city staff. The impact will span all disciplines from accounting to benefits to data conversion and application interface development.

The City has allocated two limited term Accountant II positions to provide additional support in Finance and will be hiring part-time staff to augment and backfill for regular day-to-day responsibilities within the Finance and Human Resources departments. To ensure successful implementation, required project staff must remain dedicated to the project. This will require coordination and oversight by management, the Project Manager as well as by the Executive Steering Committee to avoid an impact to regular City operations or delays to the project. Funding for backfill staff has been included in the budget for the project.

Change Management and Training

One of the Project Manager's responsibilities, with support from Tyler Munis staff, will include organizational change management. This project will affect every employee in the City, at least minimally through the employee self-service portal. Having a full change management plan, as well as a careful and detailed roll out of the system to the City will be critical to project success. Through the initial stages of the implementation (where internal tasks such as chart of accounts and interface development are being completed) the project manager will develop a detailed change management plan with the Executive Committee.

Training is also critical to the success of the implementation. Tyler will provide training on both implementation and the ongoing use of the system. This training will be on-site and will include train-the-trainer options as well as direct staff training.

Project Management

Project management is a key component to the success of any large project and because of this, there is a need for outside assistance for a full-time project manager. Because of the scope and impact that this project will have on the City as an organization, including changes in business practices, staff is recommending the hiring of a consultant to provide project management services to oversee the project. A Request for Proposal was issued on April 15, 2019. The RFP was posted on the City's Website. The vendors on the MISAC municipal government catalog listing were notified of the RFP as well.

The City received four responses to the request for proposal.

Company
BerryDunn
Archer Street
SDI (formerly NexLevel)
Soft Resources

The evaluation criteria consisted of the following:

- Project management experience specifically with financial and Human Resources systems
- Technical knowledge and functional knowledge
- California municipal government experience
- Product specific knowledge and experience (e.g., knowledge of and experience in Tyler Munis system)
- Management and interpersonal skills
- Pricing

After the initial review BarryDunn and SDI were selected for interviews. Staff from Human Resources, Finance and Information Technology conducted the interviews.

At the completion of the evaluation process, staff recommends awarding a contract with a three year term to BarryDunn for Project Management Services. BarryDunn Project management staff have extensive experience implementing Tyler Munis in a municipal government setting.

ALTERNATIVES

- Approve the contract with Tyler & project management contract.
- Only approve contract with Tyler & defer action on project management contract
- Defer action until September
- Keep the existing eFinance Plus system
- Reject all bids and solicit new Requests for Proposal

FINANCIAL IMPACT

Tyler Contract

The agreement with Tyler, is for a seven-year contract with the option for three one-year extensions. Tyler has agreed to not increase the software cost for the first seven years of the agreement. The cost will increase up to 5% in the eighth year of the contract. There will not be an increase in years nine and ten.

The total cost of the Tyler Contract is not to exceed \$3,980,000. This includes ten years of licensing fees for the core modules and Tyler implementation cost.

Funding for the annual ongoing costs for software maintenance was approved in the Information Technology Department operating budget as part of the City's biennial budget process. For the first two and a half years of the Tyler Munis Contract, the licensing and implementation cost will be paid through the implementation budget. During the implementation period the City will need to operate both eFinancePlus and Tyler Munis.

Optional module pricing in the amount of \$901,333 will be held for a period of 30 months for staff's future consideration. If the City purchases any optional modules beyond 30 months, staff will return to City Council with a Change Order. The optional modules are Employee Expense Reimbursement, ExecuTime Advanced Scheduling and Mobile Access, Recruiting, Citizen Self Service, eProcurement, CAFR Statement Builder and Socrata Open Finance.

Below is a breakdown of expenses associated with the 10-year Tyler Technologies contract.

License for Purchased Modules Years 1-7 (\$295,477 annually)	\$2,068,339
Annual Cost for Purchased Modules Year 8-10 (\$310,251 annually)	\$930,753
Implementation	\$979,120
Total Contract Cost	\$3,978,212

Implementation Cost Including Agreement for Project Management

In Fiscal Year 2017-18, \$1,500,000 was appropriated in the Information Technology Services Fund in the ERP Implementation Project as initial funding for the financial management and human resource capital system.

An additional \$500,000 was allocated from the Strategic Technology Plan Project in FY 2018-19 and an additional \$1,909,000 has been approved in the Fiscal Years 2019-20 and 2020-21 biennial budget for a total project implementation budget of \$3,909,000.

Staff is recommending approval of a three year agreement with BarryDunn for Project Management Services at a not to exceed cost of \$720,000. This cost is included in the project implementation budget below:

License for Purchased Modules for 2.5 years. The City will need to run both the current system and Tyler Munis during the implementation period. This cost is also included in the Tyler Munis contract cost.	\$737,500
Tyler Implementation Cost <i>1 time fee implementation & conversion</i> (\$776,950) <i>3rd Party Hardware, Software & Services (\$5,310)</i> <i>Estimated Travel (\$196,860)</i>	\$979,120
Project management and oversight services	\$720,000
Part-time staff to provide backfill during system implementation (included in recently adopted budget)	\$621,880
Read-only software license for non-converted data	\$200,000
20% project contingency	\$650,500
Total Implementation Cost	\$3,909,000

MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE

This action is in conformance with the Alameda Municipal Code and all policy documents.

ENVIRONMENTAL REVIEW

This action is not a project for the purposes of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 10561(b)(3) as there is no possibility that this action may have a significant effect on the environment.

CLIMATE IMPACTS

The new ERP system will change the way the City processes financial, payroll and human resource transactions. Much of the work that is currently printed and maintained in hard copy will now be maintained electronically. Additionally, since work can be submitted electronically by departments, the amount of mail transported by car is expected to be reduced substantially.

RECOMMENDATION

1. Authorize the City Manager, or his designee, to execute a seven (7) year agreement with the option for three one-year extensions with Tyler Technologies, Inc., for the acquisition, implementation, and ongoing support of the Munis financial and human capital management system in an amount not to exceed \$3,978,212; and
2. Authorize the City Manager, or his designee, to negotiate and execute a three (3) year agreement with BarryDunn to provide project management and oversight services for the implementation of the Munis financial and human capital management system in an amount not to exceed \$720,000.

CITY MANAGER RECOMMENDATION

The City Manager recommends approval of entering into a 7 year agreement with Tyler Technologies, Inc. for the implementation and ongoing support of the Munis financial and human capital management system in the amount not to exceed \$3,978,212 and a 3 year agreement with BarryDunn for project management oversight.

Respectfully submitted,
Nancy Bronstein, Director of Human Resources
Elena Adair, Director of Finance
Carolyn Hogg, Director of Information Technology

Financial Impact section reviewed,
Elena Adair, Finance Director

Exhibits:

1. Agreement with Tyler-Munis
2. Request for Proposal for Enterprise Resource Planning System
3. Draft Agreement with BarryDunn
4. Request for Proposal for Project Management Services