Agenda Item

City Council

Item #: 7.1.	2/27/2024	**File #:** 24-0068

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Trang Nguyen, Finance Director

1.   SUBJECT

Agreement with Tyler Technologies Inc. for the upgrade of the City's enterprise resource planning system.

2.   SUMMARY

The three-year agreement with Tyler Technologies, Inc would upgrade the City's current enterprise resource planning system and provide implementation support and conversion from the City's current financial system. In addition, the agreement covers two additional years of annual subscription and maintenance support.

3.   RECOMMENDED ACTION

1. Approve the agreement with Tyler Technologies Inc. in the total amount of $2,021,392, representing the original proposed amount of $1,837,629, plus a 10% contingency of $183,763; and authorize the Mayor and City Clerk to execute on behalf of the City.

2.   Authorize the appropriation of $1,295,000 from the unreserved fund balance to:
790.1601.56033.20391   Computer Replacement Fund - Financial System Replacement $910,000

600.1222.56510.20391   Water Fund - Financial System Replacement $385,000

4.   FISCAL IMPACT

The expense for this agreement is not-to-exceed $2,021,392 and will be funded through:

600.1222.56510.20391 - Water Fund - Financial System Replacement	$384,576
790.1601.56033.20391 - Computer Replacement Fund - Financial System Replacement	1,636,816
Total:	$2,021,392

Upon approval of this appropriation, the estimated fund balance for Fund 600 at June 30, 2024 will be approximately $12.4 million and the estimated fund balance for Fund 790 at June 30, 2024 will be approximately $4.3 million.

5.   STRATEGIC PLAN GOALS

Goal 2: Be a fiscally healthy community
    a: Expend fiscal resources responsibly.
    d: Effectively manage and develop City assets.

6.   DISCUSSION AND BACKGROUND

The City of Orange has utilized the Tyler Technologies Eden Enterprise Resource Planning (ERP) System as its primary financial software program since 2009, and the system has provided the necessary basic services that the City has needed in managing its financial assets. Since that time, the City has grown and developed; and the technology has progressed considerably since the initial implementation of this ERP system.

Effective March 2027, the existing Tyler Eden system will sunset and will no longer be supported. Tyler Technologies has since launched the Tyler Enterprise ERP (formerly known as Tyler Munis) as its flagship product to replace the older Tyler Eden system. Tyler Enterprise ERP is a leading ERP system, being used by more than 2,000 public agencies nationwide. Tyler Enterprise provides a fully integrated system that will allow the City to increase productivity, gain efficiencies, and improve overall operational effectiveness. The new system will allow the City to automate many manual workflows and business processes. Notably, the new system will provide improved reporting options in contrast to the currently limited reporting capabilities with the Tyler Eden system.

If approved, the City of Orange Finance department will work closely with the Tyler representative to schedule the timing for implementation of the various modules that are proposed for approval in the agreement. The tentative schedule currently identifies the kick-off of the conversion to take place in April/May 2024, with the projected completion within 18-24 months.

The implementation of Tyler Enterprise ERP will replace the four existing systems/programs with an annual cost of approximately $359,000, which is about $26,000 more than the annual cost of the existing system. It is also important to note that the implementation and conversion cost is only billable upon use. The table below summarizes the costs and savings of the project.

	Year 1	Year 2	Year 3	Total
Implementation and Conversion	$839,832			$839,832
Annual fees	332,929	332,434*	332,434*	997,797
Contingency	183,763			183,763
Total Budget	**$1,356,524**	**$332,434**	**$332,434**	**$2,021,392**
Estimated savings from current systems/programs		(26,566)	(26,566)	(53,132)

Year 2 and 3 does not include $495 maintenance fees payable to a third-party software/hardware service such as printer, scanner, and cash register.

The estimated project cost of over $2 million does not include a Project Manager. Staff is evaluating the need of a Project Manager and will include in the proposed FY 2024-25 budget request, if needed.

7.   ATTACHMENTS

- Agreement with Tyler Technologies, Inc.