



# AGENDA REPORT

**Department:** Administrative Services - Finance  
**Prepared by:** Phillip Davis, Interim Finance Director  
**Meeting Date:** Tuesday, October 18, 2022  
**Approved by:** Brad Raulston, City Manager

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**SUBJECT:**

Authorize the Purchase of Tyler Technologies' Munis Hosted ERP System, and authorizing the Mayor to execute the Agreement

**RECOMMENDATION:**

Adopt a Resolution Entitled, "Resolution of the City Council of the City of National City, California, Authorizing the City to Utilize Cooperative Purchasing Established through Sourcewell Contract 090320-TTI, consistent with Municipal Code Section 2.60.260, to Purchase Tyler Technologies' Munis Hosted ERP System, and Authorizing the Mayor to Execute the Agreement between the City of National City and Tyler Technologies, Inc. for said System to Replace the Current Outdated Enterprise Resource Planning Software System for a one-time cost not to exceed \$361,498 and Reoccurring Annual License, Maintenance, and Support Costs of \$125,172

**BOARD/COMMISSION/COMMITTEE PRIOR ACTION:**

Not Applicable.

**EXPLANATION:**

An Enterprise Resource Planning (ERP) system is a technology tool that organizations use to manage day-to-day administrative activities, such as accounting, procurement, budgeting, cashiering, payroll, financial reporting, and human resources. Since September 1998, the City has been using Eden, a Tyler Technologies product, as our ERP system. Nearing almost 25 years old, the software system is outdated, limited in capacity, and scheduled to be sunset by Tyler Technologies within a few years. The version of Eden the City is currently using was released in 2002. Over the past twenty years the functionality and technological advances in ERP systems has grown exponentially. The purchase and implementation of a new ERP system will reduce manual data entry, streamline workflow, integrate multiple software products into a single system, and reduce the City's reliance on paper.

In 2021, Tyler Technologies notified the City that Eden was scheduled to be sunset within the next few years. Knowing the City needed to identify a new ERP system and plan for its implementation, in fall of 2021 City staff conducted extensive research regarding ERP options and the requirements a new system would need to have in order to meet the City's goals.

The City's goal is to take advantage of a modern ERP system that is designed around best practices, allowing the City to streamline and improve processes that result in timely, accurate, and easy-to-access information. More specifically, the new ERP system should meet the following objectives:

- Consolidate information, link processes and functions, and eliminate separate departmental systems/spreadsheets/access databases in favor of a single system that

connects the City's financial and non-financial applications through a common database

- Streamline business processes to take advantage of best practices through automation, integration, and workflows
- Provide a user-friendly and intuitive user interface to promote system use and productivity
- Eliminate or reduce redundant data entry
- Eliminate or reduce the need for manual input when preparing various financial documents, including the annual budget and preparation of the Comprehensive Annual Financial Report
- Improve and/or provide necessary reports and reporting capabilities and access to data through inquiry or drill down capabilities
- Provide interface capabilities with third-party systems

In addition to the functionality identified above, the City is seeking the migration professional services (e.g. best practices guidance, training, project management, implementation, and integration) that will help ensure a successful implementation in a timely and professional manner.

City staff met with vendors, watched demonstrations, interviewed similarly sized public agencies who had recently selected a new ERP vendor, and received initial pricing. As a result of this effort, Tyler Technologies' Munis Hosted ERP System stood out as the best and most cost effective solution available for the City of National City. In fact, upon discussing the City's goals and requirements with a competitor of Tyler Technologies who staff was considering, the vendor recommended that the City should purchase Munis over their own product, as they felt it would better suit our needs.

From a cost perspective, to honor the City's almost 25-year strong relationship, Tyler Technologies is honoring the costs the City has already paid to them for our Eden modules as a full credit for the licensing costs of similar Munis modules. This represents a savings of \$217,079 and drops the total price of a Tyler Munis ERP purchase and implementation below that of their competitors.

From an implementation perspective, Tyler Technologies has the added benefit of supplying a dedicated team of employees who only work on Eden to Munis migrations. This means they will take care of the data migration for the City as part of the implementation, a task that would fall on our internal IT staff if another vendor were selected. In addition, the Eden to Munis team members will be able to efficiently train City staff by using our joint understanding of Eden's operations as a reference point.

Due to Eden's past limitations, the City has had to purchase additional software systems that operate outside of the ERP system and use manual data entry to pull in high-level financial activity summaries. The City's cashiering point-of-sale software and pet license software is currently being provided by Progressive Solutions, and a summary of the daily activity manually posted into Eden. This prevents departments from viewing or analyzing the revenue collected related to their department's activities. In addition, the City is currently using OpenGov to provide a transparency portal on the City's website, which can also only be manually updated. The scope of the proposed Munis Hosted ERP System purchase will combine all of this functionality into one system and remove the need for these extra external programs and their costs. Between Eden, Progressive Solutions, and OpenGov, the City is paying on-going annual license and maintenance costs of

approximately \$95,000 per year. These costs will end once the new ERP system is fully implemented.

Furthermore, there are uncalculated savings and benefits in moving to a hosted (cloud based) Tyler Munis ERP. Tyler Technologies will perform all maintenance, updates, backups, and system server security, reducing the City's internal IT maintenance and hardware costs. Multiple ERP vendors spoke to City staff about the shift in priorities to their cloud based products. Technology companies are investing their resources and focusing their updates on the cloud versions of their products over the on premise versions. Beyond getting the best updates, the City's workflow functionality will expand by moving to a cloud ERP system. Tyler Munis Hosted ERP will also provide workflow approvers with access to an app they can use on their mobile device to review and approve things like pending invoices, timesheets, leave requests, or personnel action forms. For ERP users that do not directly input data into the system, this provides an easier and more user-friendly option than accessing the full ERP system.

Information stored in Tyler Technologies' data centers will have secure data transmission, fully-redundant telecommunications access and electrical power. Tyler Technologies conducts annual penetration testing and maintains industry standard intrusion detection and prevention systems to monitor and block malicious activity and protect its clients' information.

City staff in IT, Finance, and Human Resources have participated in thorough demonstrations of the Tyler Munis Hosted ERP System. Feedback from staff has been overwhelmingly positive and there is clear support from the day-to-day ERP system users to transition to Tyler Munis.

Tyler Munis has a proven record of success and is used by thousands of mid to large sized public agencies across the country. Just within San Diego County, seven of our neighboring cities use Munis: Chula Vista, Coronado, El Cajon, Encinitas, Poway, Solana Beach, and Vista. In late 2020, La Mesa narrowed down their ERP system search to Munis and another competitor and ultimately chose the competitor due to the higher cost of Munis as a new client. As an existing Tyler Technologies Eden client, National City receives a significant savings in license credits that lower our costs to purchase Munis as compared to a new Tyler Technologies client.

### Tyler Munis Functionality

An overview of the Tyler Munis ERP system is included as attachment 3 (brochure). For the City the functionality meets all of our goals. Of all the updated functionality potential, there are four capabilities to highlight will truly change the day-to-day efficiencies of the City's operations. One, Tyler Content Manager will digitize and automate document handling across the City. Currently, almost everything has to be tracked through paper, outside of the ERP system.

Two, implementation of a project and grant accounting module in Tyler Munis will allow the City to track projects over multiple fiscal years, with multiple funding sources and expand our ability to recover reimbursable personnel costs. The current system is not up to federal compliance standards, so the City is missing out of receiving reimbursement for a portion of staff time spent on grant-funded work.

Three, the workflow functionality of Tyler Munis will let the City transition from a manual, paper based approval process to an automated electronic approval process. This will reduce time spent doing data entry, routing paper, filing paper, and will ensure nothing can get lost.

Four, the City’s reporting functionality will greatly expand. Currently, Eden’s functionality is so limited that staff has to reformat all reports in Excel or pull data from Eden through a staff designed Microsoft Access database into an Excel report before a report is readable or in a useful format.

Tyler Munis includes functionality called Munis Analytics & Reporting with Executive Insights, which will let staff have access to thousands of pre-designed templates or design our own reports that will populate automatically to the dashboard of different Munis users based on their interests and operations. For example, a department head could have reports to show their staff leave usage and budget versus actuals year to date, while the Finance Manager could have reports on outstanding checks by date, invoice date versus check date, and year to date revenue on loans receivable.

Request for Proposal and Purchasing

On April 19, 2022, City staff brought forward a request to City Council to waive completing our own formal bidding procedure and utilize National City Municipal Code Section 2.60.260 Cooperative Purchasing. The item did not receive approval and City staff was directed to conduct a Request for Proposal.

At the June 7, 2022 City Council meeting, City staff received City Council approval to issue the Request for Proposal (RFP) for an Enterprise Resource Planning System. The RFP was issued on June 13, 2022. The RFP was sent directly to nine vendors and the City published a “Notice to Bidders” in *The Star News*, Legal Notices section on June 10, 2022 soliciting proposals to the RFP. The RFP closed on August 15, 2022 and the City received three proposals. The table below displays the three responses and proposed pricing.

<b>Company</b>	<b>Solution</b>	<b>Pricing: Initial License &amp; Implementation</b>	<b>Pricing: Ongoing Support &amp; License</b>
Tyler Technologies	Munis	\$361,498	\$125,172/year
Camptra	Oracle	\$1,319,000 - \$1,363,000 base	\$120,000/year (support) + \$231,822/year licensing
IKW Solutions	Oracle	\$1,943,300 base	\$354,975/year base

Tyler Technologies submitted their winning proposal using the same pricing that was negotiated with the City in April 2022. City staff is seeking City Council approval authorizing the use of the Sourcwell contract awarded to Tyler Technologies contract numbered 090320-TTI which contains the identical pricing that was proposed to the City.

The City is a member of Sourcwell, formerly known as the National Joint Powers Alliance, a cooperative purchasing alliance for public agencies. Sourcwell develops requests for proposals for common goods and services public agencies purchase, which meet or exceed the purchasing requirements set forth by numerous local agencies, including the City of National City. Tyler Technologies participated in the competitive bid process by submitting a response to Sourcwell RFP # 090320. Through that process, Sourcwell awarded Tyler a Sourcwell contract, numbered 090320-TTI, which includes products, services, and pricing the City can piggyback on to purchase the Tyler Munis ERP. The National City Municipal Code Section 2.60.260 allows the City the authority to take advantage of cooperating purchasing opportunities, when the prices have been established through a competitive bidding process that are substantially in compliance with the City’s procurement procedures, such as contracts provided through Sourcwell.

If the contract for Tyler Munis Hosted ERP system is approved by City Council on October 18<sup>th</sup>, 2022, the Tyler Technologies team will kick-off our project in January 2023. Implementation of all modules will take twelve to eighteen months.

**FINANCIAL STATEMENT:**

The implementation and purchase of Tyler Munis will be a one-time cost not-to-exceed \$361,498 (\$345,058 of one-time software and implementation fees + \$16,440 of potential travel expenses) and reoccurring annual license, maintenance, and support costs of \$125,172. The annual costs will remain at \$125,172 for at least the first three years of the new agreement.

\$150,000 of the one-time costs for this implementation were already appropriated in the FY22 budget and the remaining balance will be included in FY23 budget. Once Tyler Munis is fully implemented, the \$125,172 of annual costs will be mostly offset by the reduction of \$95,000 in annual license costs associated with the removal of Eden, Progressive Solutions, and OpenGov. Staff is confident the remaining \$30,000 cost difference will be offset through increased receipts from grant recovery of staff time, savings to internal IT hardware, and general Citywide workflow efficiencies

**RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:**

Balanced Budget and Economic Development

**ENVIRONMENTAL REVIEW:**

This is not a project under CEQA and is therefore not subject to environmental review.CCR15378; PRC 21065.

**PUBLIC NOTIFICATION:**

Agenda Report posted within 72 hours of meeting date and time in accordance with Brown Act.

**ORDINANCE:**

Not Applicable

**EXHIBITS:**

Exhibit A – Tyler Price Quote

Exhibit B – Agreement

Exhibit C - Resolution