



City of Apache Junction

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DATE: AUGUST 6, 2018

TO: HONORABLE MAYOR AND CITY COUNCIL

THROUGH: BRYANT POWELL, CITY MANAGER
MATT BUSBY, ASSISTANT CITY MANAGER

FROM: ANNA MCCRAY, ASSISTANT TO THE CITY MANAGER

RE: TYLER TECHNOLOGIES LLC. MUNIS FINANCIAL MANAGEMENT
SOFTWARE AND ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM

Since 1999, the City of Apache Junction has leveraged a software product known as the ACS-AS400 to manage the City's and Water District's finances. The ACS-AS400 version will soon reach its end of life cycle and the vendor will cease support of it. The City is reliant on one outside vendor for all hardware and software support as the IT department does not service the ACS-AS400. There are critical security issues with potentials for loss of data due to the outdated equipment that is dependent on using cassette tapes for back up. Finance staff must physically insert a cassette tape into the computer when performing any type of posting throughout the day as well as at the end of the day for nightly backups (staff must literally be grounded in order to avoid static which could cause data loss). According to IBM, the City holds first place in the number of times the tape drive has been replaced in the last four years. New tape drives are no longer available, only refurbished ones.

Due to the age of the platform, its uncertain future, and the growing spread of data across disparate programs, it is apparent that the City needs to acquire a modern, centralized financial management software to improve efficiency such as providing departments throughout the city with immediate access to real-time financial data, comply with a wide range of state and federal laws, and effectively manage its financial responsibilities. In addition to streamlining the current burdensome, paper laden, lengthy processes such as check requests, cash receipts, journal entries and capital assets, a new system will eliminate the need to export all data into Excel for analysis, preparation of schedules, budgeting and financial reporting.

Over the past couple of years, the city has researched and met with potential qualified vendors to provide an integrated management solution for the city's financial system. Members of city management and finance met with departments and the water district to identify individual department needs and to identify standalone programs used throughout the city. Staff was also invited to various vendor product demonstrations. After further meetings with three vendors, the Tyler Technologies Munis platform was ultimately chosen because it most closely met the City's current needs and provides for future growth and expansion. Staff participated in site visits with the towns of Queen Creek and Maricopa who both utilize Munis. The city will be using a cooperative Mohave Contract (Contract No. 17D-TYL-0525) for this financial system which saves money, staff time, resources and eliminates the need for a formal Request for Proposals and bid process.

Tyler Technologies is the largest software company in the United States that is focused solely on providing integrated software and technology services to the public sector. They currently have over 15,000 local government offices and school districts as customers, 25+ local government users in Arizona including Gilbert, Queen Creek, Maricopa, Scottsdale, Buckeye, Goodyear and Prescott. The firm was founded in 1966 with a wider customer base and transitioned to solely focusing on the local government market in 1998.

The Munis platform is an ERP (Enterprise Resource Planning) system that encompasses a wide range of financial, asset management, procurement, payroll and human resources, and a myriad of other related functions into a single platform. The city will purchase a limited set of functionalities focused on financial management to address its needs. The system is delivered via the Software as a Service (SaaS) model which eliminates the need for the city to maintain computer servers and databases to run the system. The system is deployed via a remote data center that offers the city a high level of redundancy and security.

Phase One modules will include:

- 1) Accounting/General Ledger/Budget/Accounts Payable
- 2) Cash Management – bank reconciliations
- 3) Capital Assets – fixed asset management
- 4) Purchasing – check requisitions and purchase orders
- 5) Accounts Receivable – cash/payment intake for programs and services
- 6) Tyler Cashiering– integration of standalone cash registers and cash reconciliation
- 7) Project and Grant Accounting – provides for separate sub-ledger for additional General Ledger account codes specific for projects and grants

The City and Water District, through add-ons available in the contract, have the ability to implement additional modules in the future to provide for a more comprehensive ERP system allowing for enhanced integration with organizational functions and financials. This would help eliminate the need for city and water district staff from researching, obtaining quotes or going out to bid for their own individual software needs.

RESOURCE IMPACTS

Available funding

In the Fiscal Year 2018-2019 City of Apache Junction budget city council approved funding to procure and deploy a new financial management software system. \$134,900 in development fees – municipal and an additional \$198,430 in the General Fund have been earmarked for the Munis project.

The contracted one-time implementation cost for the solution is \$117,632.00; the annual SaaS subscription fee is \$41,741.00 per year; and estimated travel expenses of \$23,290.

Staffing, Workload Impact

The implementation project and contract will be administered using existing staff from city management, finance, information technology, and other departments as necessary over the project timeline, approximately a 12-16 month period.

Future Budget Implications

As the solution is a SaaS application, the City will pay the vendor \$41,741.00 on an annual basis for ongoing use of the system. This cost will be partially offset by the removal of the ACS-AS400 program after going live with Munis which equates to approximately \$8,750.00 per year plus maintenance costs which equaled \$8,225.25 in Fiscal Year 2017-2018. In addition, the removal of Sage software currently used for capital assets tracking will offset close to \$3,000.00 per year. Additional savings will be provided through efficiencies gained through the use of a consolidated software system.

Future potential add-ons include water utility billing, human resources and payroll. These modules, and any others considered, will be dependent on funding availability.

Recommended Approach

At its August 20th Special City Council Meeting, staff recommends city council approve the proposed Software as a Service (SaaS) and Implementation Service Agreement with Tyler Technologies, Inc. through the Mohave Arizona Cooperative Purchasing Contract No. 17D-TYL-0525 for the planning, configuration, implementation, maintenance and support of the Munis Enterprise Resource Planning (ERP) system to enable the integrated management of City financials in the amount of \$326,337.00 for an initial 5 (five) year term, with the option of additional 1 (one) year renewals available after the initial term has expired, and additional estimated cost of travel expenses of \$23,290.00.

Proposed Next Steps

Upon approval of the agreement with Tyler Technologies, representatives from city management, finance, and information technology will coordinate a kick-off meeting with Tyler Technologies staff to begin the effort to plan, configure and implement the Munis solution.