



City of Pembroke Pines, FL

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Agenda Request Form

Agenda Number: 2.

File ID: 22-0115

Type: Agreements/Contracts

Status: Passed

Version: 1

**Agenda
Section:**

In Control: City Commission

File Created: 02/08/2022

Short Title: Amendment to the Tyler Technologies, Inc. for the
ERP Agreement

Final Action: 03/02/2022

Title: MOTION TO APPROVE AMENDMENT #8 WITH TYLER TECHNOLOGIES, INC. FOR THE ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM, INCREASING THE CURRENT TERM OF THE AGREEMENT BY \$115,323.33 FOR THE ADDITIONAL IMPLEMENTATION SERVICES NEEDED AND TO APPROVE THE DEPARTMENT'S RECOMMENDATION TO RENEW THE AGREEMENT FOR AN ADDITIONAL ONE YEAR PERIOD.

Internal Notes:

Attachments: 1. Contract Database Report Card, 2. ERP - Change Order 008 (Proposed), 3. ERP - Change Order 007, 4. ERP - Change Order 006, 5. ERP - Change Order 005, 6. ERP - Change Order 004, 7. Positive Pay File Change, 8. Notice of Suspension of activities for at least 60 days 7-2-2020, 9. ERP - Change Order 003, 10. ERP - Change Order 002, 11. ERP - Change Order 001, 12. Tyler Technologies, Inc.- ERP System Software Service Agreement (Fully Executed), 13. Initial 3 Year Term Agreement - Cost Estimate Breakdown, 14. Commission Approval (2019-04-17)

1 City Commission 03/02/2022 approve Pass
Action Text: A motion was made to approve on the Consent Agenda
Aye: - 6 Mayor Ortis, Commissioner Good Jr., Commissioner Castillo, Vice
Mayor Castillo, Commissioner Siple, and Commissioner Schwartz
Nay: - 0

Text of Legislative File 22-0115

MOTION TO APPROVE AMENDMENT #8 WITH TYLER TECHNOLOGIES, INC. FOR THE ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM, INCREASING THE CURRENT TERM OF THE AGREEMENT BY \$115,323.33 FOR THE ADDITIONAL IMPLEMENTATION SERVICES NEEDED AND TO APPROVE THE DEPARTMENT'S RECOMMENDATION TO RENEW THE AGREEMENT FOR AN ADDITIONAL ONE YEAR PERIOD.

PROCUREMENT PROCESS TAKEN:

- ***Chapter 35 of the City's Code of Ordinances is titled "PROCUREMENT PROCEDURES, PUBLIC FUNDS."***
- ***Section 35.15 defines a Request for Proposal as "A written solicitation for competitive sealed proposals with the title, date and hour of the public opening designated. A request for proposals shall include, but is not limited to, general information, functional or general specifications, a statement of work, proposal instruction and evaluation criteria. All requests for proposals shall state the relative importance of price and any other evaluation criteria. The city may engage in competitive negotiations with responsible proposers determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of and conformance to the solicitation requirements. Proposers shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals and such revisions may be permitted after submissions and prior to award for the purpose of obtaining the best and final offer."***
- ***Section 35.18 of the City's Code of Ordinances is titled "COMPETITIVE BIDDING OR COMPETITIVE PROPOSALS REQUIRED; EXCEPTIONS."***
- ***Section 35.18(A) states, "A purchase of or contracts for commodities or services that is estimated by the Chief Procurement Officer to cost more than \$25,000 shall be based on sealed competitive solicitations as determined by the Chief Procurement Officer, except as specifically provided herein."***
- ***Section 35.19 of the City's Code of Ordinances is titled "SEALED COMPETITIVE BIDDING PROCEDURE."***
- ***Section 35.19(A) states, "All sealed competitive solicitations as defined in §35.18 shall be presented to the City Commission for their consideration prior to advertisement."***
- ***Section 35.21 of the City's Code of Ordinances is titled "AWARD OF CONTRACT."***
- ***Section 35.21(A) of the City's Code of Ordinances is titled "City Commission approval."***
- ***Section 35.21(A)(1) states, "An initial purchase of, or contract for, commodities or services, in excess of \$25,000, shall require the approval of the City Commission, regardless of whether the competitive bidding or competitive proposal procedures were followed."***
- ***Chapter 35.28 of the City's Code of Ordinances is titled "CHANGE ORDERS."***

- Chapter 35.28(B) states that "Notwithstanding the provisions of division (A), the City Manager is not authorized to approve a change order without authorization of the City Commission where the initial purchase required the City Commission's approval and where the sum of all change orders issued under the contract exceeds 5% of the original contract amount or \$25,000.

- Pursuant to Section 35.29(F) "City Commission notification" of the City's Code of Ordinances, "The City Manager, or his or her designee, shall notify the Commission, in writing, at least three months in advance of the expiration, renewal, automatic renewal or extension date, and shall provide a copy of the contract or agreement and a vendor performance report card for the contract or agreement to the City Commission."

SUMMARY EXPLANATION AND BACKGROUND:

1. On June 6, 2018, the City Commission authorized the advertisement of TS-17-04-B "ERP System Software and Implementation", which was advertised on June 7, 2018.
2. The purpose of this solicitation was to provide an innovative and effective solution to meet the City's needs for an Enterprise Resource Planning (ERP) system.
3. On January 16, 2019, the City Commission approved the findings and recommendation of the evaluation committee and awarded the Enterprise Resource Planning (ERP) portion of RFP # TS-17-04-B "ERP System Software and Implementation" to Tyler Technologies, Inc., and directed the City Manager to negotiate a contract for services.
4. On April 17, 2019, the City Commission approved the negotiated contract with Tyler Technologies, Inc., for an initial three year period for an amount not to exceed \$7,260,596, pursuant to the award of TS-17-04-B "ERP System Software and Implementation".
5. The initial term of the agreement is for three years from the first day of the first month following the date that the authorized representatives from both parties have signed the agreement, which would be May 1, 2019 through April 30, 2022. The agreement also includes various termination clauses, including the option for the City to terminate the agreement for convenience upon thirty days advance written notice.
6. In addition, the agreement will renew automatically for additional one year renewal terms at the then-current SaaS Fees unless terminated in writing by either party at least sixty days prior to the end of the then-current renewal term. However, if the City renews the agreement for years 4, 5 and 6, the agreement holds the SaaS Licensing Fees at the annual cost of \$1,367,956, as outlined below in Exhibit B "Invoicing and Payment Policy" of the agreement, if the City utilizes the same Licenses as outlined in the original agreement:

Contract	SaaS
Year	Licensing Fees

1	\$	899,389
2	\$	1,279,181
3	\$	1,367,956
Total	\$	3,546,526

7. In addition to the SaaS Licensing Fees, the agreement also addressed the following one time fees:

Description	One-Time Estimated Fees
Implementation / Other Services	\$ 2,639,400
Conversion Costs	\$ 258,250
3rd Party Hardware, Software and Services	\$ 14,630
Travel Expenses	\$ 801,790
Total Estimated One Time Fees	\$ 3,714,070

The amounts above are estimated fees and are billed based on actuals incurred. In the event that the actuals exceed the estimated amounts, a change order will be processed. The estimated one-time costs above are broken down into the following contract year costs, based on the estimated project timeline and estimated resources needed:

Contract Year	One-Time Estimated Fees
1	\$ 1,784,464
2	\$ 828,788
3	\$ 1,100,818
Total	\$ 3,714,070

8. As a result, the total estimated amount for the initial three year period was:

Contract Year:

Contract Year	SaaS Licensing Fees	One-Time Estimated Fees	Total Estimated Fees
1	\$ 899,389.00	\$ 1,784,464.00	\$ 2,683,853.00
2	\$ 1,279,181.00	\$ 828,788.00	\$ 2,107,969.00
3	\$ 1,367,956.00	\$ 1,100,818.00	\$ 2,468,774.00
Total	\$ 3,546,526.00	\$ 3,714,070.00	\$ 7,260,596.00

Fiscal Year:

Fiscal Year	SaaS Licensing Fees	One-Time Estimated Fees	Total Estimated Fees
18-19 (5 mths)	\$ 899,389.00	\$ 752,060.83	\$ 1,651,449.83
19-20 (12 mths)	\$ 1,279,181.00	\$ 1,377,731.50	\$ 2,656,912.50
20-21 (12 mths)	\$ 1,367,956.00	\$ 1,095,025.22	\$ 2,462,981.22
21-22 (7 mths)	\$ 0.00	\$ 489,252.45	\$ 489,252.45
Total	\$ 3,546,526.00	\$ 3,714,070.00	\$ 7,260,596.00

9. The agreement included the five following phases with the estimated implementation timelines:

Phase 1 - Financials (May 2019 - May 2020)

Phase 2 - Utility Billing & Collections (August 2019 - August 2020)

Phase 3 - Human Capital Management and Payroll (May 2020 - April 2021)

Phase 4 - Energov Community Development (May 2020 - May 2021)

Phase 5 - Enterprise Asset Management (February 2021 - January 2022)

10. Throughout the term of the agreement, the City has executed various change orders/amendments to the contract that have resulted in a total reduction of \$9,292.50 to the current term of the agreement. In addition, Administration is requesting for the City Commission to approve Change Order/Amendment # 8 as described below that were recently provided to the City from Tyler Technologies, that would result in a total change over the \$25,000 threshold. Below is a summary of the contract costs, the previous change orders/amendments, proposed amendment # 8, and the adjustments to the Annual SaaS Licensing Fees:

<u>Description</u>	<u>SaaS Licensing Fees (Year 1-3)</u>	<u>One-Time Estimated Fees</u>	<u>Total Estimated Fees</u>	<u>Annual SaaS Licensing Fees</u>
Original Agreement	\$3,546,526.00	\$3,714,070.00	\$7,260,596.00	\$1,367,956.00
Amendment 1	N/A	(\$500.00)	(\$500.00)	N/A
Amendment 2	(\$44,992.50)	N/A	(\$44,992.50)	(\$17,997.00)
Amendment 3	N/A	(\$19,100.00)	(\$19,100.00)	N/A
Positive Pay Change	N/A	\$10,000.00	\$10,000.00	N/A
Amendment 4	\$40,000.00	\$5,300.00	\$45,300.00	\$40,000.00
Amendment 5	N/A	N/A	N/A	N/A
Amendment 6	N/A	N/A	N/A	N/A
Amendment 7	N/A	N/A	N/A	(\$33,217.00)
Amendment 8	\$6,123.33	\$109,200.00	\$115,323.33	\$73,480.00
Total	\$3,547,656.83	\$3,818,970.00	\$7,366,626.83	\$1,430,222.00
Total Change	\$1,130.83	\$104,900.00	\$106,030.83	\$62,266.00

Details relating to the Change Orders/Amendments listed in the table above are listed below.

11. On October 11, 2019, the City and Tyler Technologies approved the 1st Change Order/Amendment for Phase 1 "Financials" which decreased the cost of the contract by \$54,400 for one-time conversion costs that were no longer anticipated to be utilized, and also increased the cost of the contract for additional days of implementation services by \$53,900, for a net decrease to the contract in the amount of \$500.

12. On April 28, 2020, the City and Tyler Technologies approved the 2nd Change Order/Amendment for Phase 1 "Financials" which removed the Bid Management module from the agreement, which reduced the annual SaaS Licensing Fees by \$17,997, commencing on May 1, 2020 (the 2nd year of the initial three year period). In addition, the City received a credit of \$8,998.50, equaling 50% of the annual Bid Management SaaS

Licensing Fees for the first year of the agreement, for a net savings in the amount of \$44,992.50.

13. On June 2, 2020, the City and Tyler Technologies approved the 3rd Change Order/Amendment for Phase 2 “Utilities” which reduced the cost of the contract by \$30,300 for one time conversion and implementation costs that were no longer anticipated to be utilized, and also increased the cost of the contract for the creation of 8 Tyler Ready Forms to be used for Utilities and General Billing at an additional one time cost of \$11,200, for a net decrease to the contract in the amount of \$19,100.

14. On July 2, 2020, the City of Pembroke Pines issued Notice of Suspension of implementation activities, for at least 60 days, to Tyler Technologies due to the COVID-19 pandemic and the direct impacts that the pandemic has had on the City of Pembroke Pines and its employees.

15. On November 17, 2020, the City of Pembroke Pines authorized Tyler Technologies to proceed with Tyler Technologies Functional Specification for AP & PR Positive Pay for TD Bank in the amount of \$10,000 so that Tyler Technologies could create a custom Positive Pay file for the City and TD Bank. TD Bank, the bank in which the City currently utilizes, required the City to change Tyler Technologies’ standard Positive Pay File in order to work with TD Bank. Positive Pay works by matching the dollar amount of each check, the check number and the account number that is presented for payment against checks that have been previously authorized and issued by the business.

16. On February 15, 2021, the City and Tyler Technologies approved the 4th Change Order/Amendment to add “Tyler Notify” to the contract. “Tyler Notify” will allow for the City to deliver messages and interact with stakeholders, such as residents and vendors, by allowing the City to create and send customized messages via phone and e-mail in a secure and audited environment and is specifically designed to work with Tyler products and improve the City’s communications through text messaging, social media, email campaigns, and interactive voice response (IVR) phone systems. As a result, the annual SaaS Licensing Fees are increased by \$40,000 for “Tyler Notify” and shall be invoiced on May 1, 2021. The City and Tyler Technologies have confirmed that there will be no prorated costs for any period prior to May 1, 2021. In addition, the addition of Tyler Notify included a one-time implementation cost of \$2,800 and the Tyler Notify IVR Plan with 25,000 minutes included at a cost of \$2,500. Tyler Notify Minutes and Messages are invoiced when Tyler Notify is made available to the City, with subsequent fees for minutes and messages, at the then-current rates, will be due when the City requests additional minutes and messages. The 4th amendment also updated the anticipated Go-Live Dates for the various phases of the project. As a result of the changes, the net impact of the amendment was an increase in the amount of \$45,300.

17. On June 9, 2021, the City and Tyler Technologies approved the 5th Change Order/Amendment which decreased the cost of the contract by \$347,900 (\$35,000 in Change Management Consulting and \$312,900 in travel expenses that were no longer anticipated to be utilized.) The \$35,000 reduction in Change Management Consulting,

includes a credit for 3 days of Change Management services that were performed by the consultant, as a result the City will not be billed for those 3 days of consulting services. Furthermore, the amendment also included an increase in implementation time needed for all of the phases, primarily due to COVID-19, resulting in an additional cost of \$347,900, for a net change of \$0 to the contract.

18. On January 5, 2022, the City and Tyler Technologies approved the 6th Change Order/Amendment which decreased the cost of the contract by \$182,000 in travel expenses that were no longer anticipated to be utilized and also increased the cost of the contract for additional days of implementation services by \$182,000, due to pushing back the Go-Live date for the Utility Billing phase of the project, for a net change of \$0 to the contract.

19. On February 10, 2022, the City and Tyler Technologies approved the 7th Change Order/Amendment for Phase 3 "Human Capital Management and Payroll" which removed ExecuTime Advance Scheduling and ExecuTime Advance Scheduling Mobile Access which decreases the annual SaaS Licensing Fees by \$33,217, commencing on May 1, 2022 (the 1st renewal term of the of the agreement). As a result, this amendment has no effect on the current term of the agreement, as it only reduces the on-going annual costs in the future renewal periods.

20. The 8th Change Order/Amendment shall add 40 additional licenses for EnerGov, which increases the annual SaaS Licensing Fees by \$73,480, and shall be invoiced on the first day of the first month following the Amendment Effective Date, prorated for the time period commencing on such date and ending concurrently with the Agreement. As a result, the increase for the prorated period of the current agreement would be \$6,123.33 for the period of April 1st, 2022 through April 30th, 2022. In addition, the amendment also adds additional days of implementation services for EnerGov and Human Capital Management and Payroll for an additional one-time cost of \$109,200, resulting in a net increase of \$115,323.33 for the current term of the agreement.

21. The Technology Services Department is satisfied with the performance and execution of the Original Agreement and recommends the renewal of the agreement. The agreement will renew automatically for additional one year renewal terms at the then-current SaaS Fees unless terminated in writing by either party at least sixty days prior to the end of the then-current renewal term. Based on the previously approved change orders and the current change order being presented to the City Commission for approval, the annual SaaS Licensing Fee for the renewal period of May 1, 2022 through April 30, 2023 would be \$1,430,222.

22. Recommend City Commission to approve Amendment # 8 with Tyler Technologies, Inc. for the Enterprise Resource Planning (ERP) System, increasing the current term of the agreement by \$115,323.33 for the additional implementation services needed and to approve the department's recommendation to renew the agreement for an additional one year period.

FINANCIAL IMPACT DETAIL:

- a) Initial Cost:** The total increase to the current term of the agreement for Amendment # 8 is \$115,323.33, however the net increase to the contract including all of the prior amendments and changes is a net increase of \$106,030.83.
- b) Amount budgeted for this item in Account No:** Funds are available in account # 1-513-2002-306-64051 (Computer programs) for the current fiscal year expense.
- c) Source of funding for difference, if not fully budgeted:** Not applicable.
- d) 5 year projection of the operational cost of the project:** The initial term of the agreement is for three years expiring on April 30, 2022. In addition, the agreement will renew automatically for additional one year renewal terms at the then-current SaaS Fees unless terminated in writing by either party at least sixty days prior to the end of the then-current renewal term. Based on the previously approved change orders and the current change orders being presented to the City Commission for approval, the annual SaaS Licensing Fee for the renewal period of May 1, 2022 through April 30, 2023 would be \$1,430,222.
- e) Detail of additional staff requirements:** Not applicable at this time.