DATE: September 16, 2019

TO: Council Infrastructure Committee

FROM: Development Services Director

SUBJECT: Purchase of EnerGov On-Line Permitting Solution

RECOMMENDATION

That the Council Infrastructure Committee (CIC) reviews this report and forwards a recommendation to City Council to: 1) enter into a contract to acquire, install, implement, and receive ongoing technical support for the EnerGov permitting Software as a Solution (SaaS) annual service charge; 2) enter into a contract with consultant firm SoftResources LLC for project management services throughout the project; and 3) expand the scope and budget under Capital Improvement Project Number 07267.

SUMMARY

The Department of Development Services (DSD), in collaboration with the Departments of Information Technology (IT), Fire, Public Works and the City Clerk, have evaluated and are recommending acquisition of EnerGov, a permitting solution that will allow for interdepartmental, concurrent electronic plan review, and online permitting, meeting the City's goals of a more sustainable, customer friendly, efficient, and cost effective development review and permitting process.

BACKGROUND

On June 20, 2016, the City executed an agreement with SoftResources LLC, a technology consulting firm selected through a request for proposals process, to help assess the City's development permitting needs and prepare a Request for Proposals (RFP) establishing the requirements for development and implementation of a comprehensive permitting system.

On October 3, 2016, an RFP was issued to solicit bids for Permitting System Software with a more robust GIS-centric solution, e-Plan functionality, and to eliminate the need for shadow systems, such as Excel spreadsheets and Access databases for reporting purposes.

The City received seven (7) responses to the RFP from which SoftResources compiled a list of three (3) vendors to take into the demonstration phase of the project. The short list of vendors included: Accela – Civic Platform; Tyler – EnerGov; and SunGard - TRAKiT.

Staff evaluated demonstrations from the three vendors and conducted extensive research by contacting several other municipalities to inquire about their current systems, implementation process, and their overall satisfaction with both the software solution and the customer support. EnerGov was selected as the best choice to meet the needs of staff and customers for the following features:

- Integration with Tyler Content Management systems already in use by the City
- Competitive pricing
- GIS-centric data model
- Configurable Executive Dashboard views
- Built-in ePlan Review module
- Reporting Tool Kit for end users
- Ability to interface with document management systems
- Rules-based workflow with priorities and notifications

On December 7, 2017, staff presented information to the Council Technology Application Committee, CTAC, (no longer active) seeking direction on how to proceed, particularly, regarding the fiscal impact of the EnerGov purchase. The direction from CTAC was to ascertain a way to pay for the purchase of the EnerGov solution without a General Fund subsidy. At that time, there were insufficient technology funds available to proceed and the project was put on hold.

In the fall of 2018, DSD re-initiated the project in collaboration with Public Works, Fire, IT, and the City Clerk. Staff met with EnerGov, received a revised and updated proposal from EnerGov, and interviewed and reviewed testimonials from municipalities that utilize EnerGov for permitting (Attachments 2 & 3). Staff determined that EnerGov remains the recommended vendor for online permitting software.

In July 2019, IT conducted an analysis of the current state of the development review process and found that there was a strong business case for a Cloud-based permitting solution like EnerGov. Anticipated outcomes from implementing EnerGov include more business attraction to Hayward, increased employee satisfaction, improved efficiencies, satisfied public at large, and a quicker turnaround to developers and the public.

In August 2019, staff received an updated scope of work and budget from EnerGov (Attachment 4). Staff also received a proposal from SoftResources for the management of the project (Attachment 5) through the estimated 18-22-month schedule from project initiation to implementation.

In August 2019, under the City's existing contract with DSD, SoftResources began negotiating financial and other agreement terms with EnerGov that are now under review by the City Attorney's Office.

DISCUSSION

The City has determined the need to implement a more robust GIS-centric solution with automation and improved digitization for Permitting, Planning, Code Enforcement, and Inspections to meet the needs of Building,Planning and Code Enforcement, as well Public Works, Police, Fire, and HazMat where possible. Identified needs include the following:

Integration. Currently, the City uses multiple, disparate systems to support the permitting process, and most interfaces with existing systems are manual or via flat file. This lack of system integration and automated data exchange has resulted in inefficiency, lack of data accessibility/transparency, and poor customer service to residents and developers. Table 1 outlines key systems used by the City today and whether they will interface or be integrated with the replacement Permitting system:

Table 1

Application (Vendor)	Integrate/ Interface
Permitting, Land Management (Munis 10.5)	N/A
GIS (Esri ArcGIS 10.4.1)	Yes
IVR (Tele-Works)	Yes
Financials and Payroll (Munis 10.5)	Yes
Cashiering (Tyler Cashiering)	Yes
Code Enforcement (Accela GOV Outreach)	N/A
ePlan Review (PDF Editor)	Yes

In addition, Excel spreadsheets and Access databases, are being used to manage, query, and report information outside the Permitting system. The vision of the City is to eliminate or minimize the need for the shadow systems within each department and rely on technology to improve efficiencies and system usability. The EnerGov solution allows the City to leverage more open integration tools that support a Microsoft Windows platform.

Mobile Accessibility. The City's preference is to utilize mobile devices for non-office or field work performed by employees. EnerGov's mobile systems have the ability to cache data from the server and allow data entry in the field without Wi-Fi connectivity and re-sync data once Wi-Fi is available.

GIS Systems. The City currently uses Esri ArcGIS for its GIS solution. The new Permitting System will have bi-directional integration with GIS. Required functionality includes the ability to drill down from spatial maps into the Permitting system for views of open, expired, or pending permits, as well as history of permitting, code enforcement, or other activities pertaining to an individual parcel or group of parcels within a project.

Reporting and Document Management. There is an ongoing need for reporting of data in various formats via user-friendly, ad-hoc query, and reporting tools that are intuitive to the user community. In addition, there is a need for document management and integration with existing systems, such as Laserfiche. The new system will provide functionality to store documents related to transactions within the system, as well as be able to interact with other

stores of documents and images. This functionality will also help the City better manage Public Records Act requests, which have been increasing in volume over the last eight years.

Electronic Plan (ePlan) Review. One of the key functions of the EnerGov solution is that development plan submittals will be reviewable online and concurrently across departments, by Planning, Public Works-Engineering, and Fire. Currently, the City requires multiple hard copies of plans to be submitted by applicants at the time of application. At an average of $500 - $5000 for multiple sets of plans, this can be costly for applicants. Key benefits of ePlan review include:

- Saves resources (e.g. less paper, decreased need for off-site storage)
- Reduces costs to developers
- Instant routing saves labor/staff time
- Enhanced review capabilities allow greater transparency for City staff, developers and residents

Because the reviewing is done through scanned documents, any drawing can be scanned and saved as a PDF and submitted for ePlan review. The City envisions that a kiosk will be established in the Permit Center to allow staff to assist residents, single-family homeowners, smaller developers, and business owners to submit electronic files for review, to ensure that the new technology is not a barrier to access for those who may be less tech-savvy.

Electronic Permitting. Staff developed a customer survey, in which the majority of respondents requested online permitting and ePlan submittal. A permitting system with ePlan capability will allow applicants to submit their plans electronically and apply for their permits online, essentially extending the City's business hours 24/7/365. Enhanced automation and workflow offered by an online permitting system will allow for streamlined reporting, less staff time, and greater efficiencies. Ultimately, it will allow the City to provide better customer service, which helps attract business to Hayward and enhance resident satisfaction.

In addition to satisfying the above needs, the City expects process improvement to coincide with EnerGov implementation activities and the adoption of best practices wherever possible. Overall, it is anticipated that successful implementation of the new system will:

- Ensure integration with other systems
- Make information easily and broadly available to internal and external consumers of data
- Minimize manual processes, reduce paper, and increase usage of automation wherever possible
- Automate manual tasks and improve permit efficiency
- Streamline the application and permit approval processes and eliminate bottlenecks
- Provide intuitive systems that are easy to navigate
- Support query and reporting of data in the user's desired format
- Support or compliment the desired technical architecture

- Promote the adoption of best practices and the development of policies and procedures

Project Budget

The project budget of $814,627 includes the cost to purchase the EnerGov solution ($209,127) and the services related to set-up, testing, and training users ($458,500) to ensure the successful implementation at the Go Live stage, anticipated in July 2021. The budget also includes the cost to the City of a technical project management consulting firm ($147,000) that will assist with project roll out, both internally across departments, and externally with the development community and residents. A breakdown of these costs is outlined in table 2 below:

Table 2

	Description	One-time	Annual	TOTAL
Tyler Contract	Implementation Services	$458,500		
	Software as a Service (SaaS) Fee		$206,127	
	Maintenance & Support Fees		$3,000	
SoftResources Contract	Project Management Services	$147,000		
	TOTAL:	**$605,500***	**$209,127****	**$814,627**

* Implementation and project management services will be billed monthly, as incurred.
** 75% of year one annual fees will be due at contract signing.

As is typical with Software as a Solution purchases, the cost of the SaaS annual fee is based upon the number of employee user licenses (80) and amount of data storage capacity that the City acquires. Seventy-five percent ($156,845) of the year one SaaS, Maintenance and Support fees will be due at contract signing, while the remaining twenty-five percent ($52,282) will be due 365 days from contract signature, along with year two fees. An escalation fee, or "uplift," will be applied annually after the first three years, based on the rates indicated in table 3 below:

Table 3

	Uplift %	Total Annual Fee
Year 1 (FY 2020)	0%	$156,845
Year 2 (FY 2021)	0%	$261,409
Year 3 (FY 2022)	0%	$209,127
Year 4 (FY 2023)	4%	$217,492
Year 5 (FY 2023)	5%	$228,367
Year 6 (FY 2024)	5%	$239,785

After year six, the uplift percentage will revert to "at then current prices," at which time the City may wish to reassess annual costs and increase its technology fees if necessary.

SoftResources consultants will be engaged based on their prior role to help assess the City's permitting system needs, develop the permitting system RFP, vet software providers, and negotiate the Tyler contract and statement of work, as well as their experience with EnerGov integrations.

EnerGov project costs will be funded by Technology Surcharge Fee revenues, which are required by the State to be utilized for technology related expenses, including software. DSD's current Technology Surcharge Fee of 6% has generated revenue of approximately $200,000 annually for the past several years, for a total of $734,580 collected since 2015.

In addition to DSD's annual Technology Surcharge Fee revenues of an estimated $200,000, Public Works and Fire will contribute additional funds based on their staff's needs to help cover ongoing service costs. IT will administer payment of the annual support, maintenance, and SaaS fees, by charging back to each respective department (i.e. Fire, Public Works, DSD) through InterService Fees. The amount of each department's InterService Fund Transfer will be based on the number of annual license fees required for department staff.

Project Schedule

The permitting software project will be rolled out in the following phases:

A. Project Approval (3 months)

Complete By	Task
August/September	Negotiate final contract terms for Tyler (EnerGov) and SoftResources (project management consultant).
September 16	Present overview of project at special CIC meeting.
October 14	Demo of the EnerGov system for all managers and lead users.
October 15	Present project to City Council with recommendation for SoftResources and EnerGov contracts and CIP revised project description and funding.
October	Sign final contracts and initiate project.

B. Project Initiation and Implementation (18 to 22 months, or by July 2021)

Estimated Timeframe	Project Phase
4 months	**Initiate & Plan**. Identify and assemble key teams and ramp up resources. Build a project schedule and a project implementation plan based on system infrastructure requirements. October-January 2020
4-6 months	**Assess & Define**. Gather information about current processes and workflows and translate into future business processes. June 2020
4-6 months	**Build & Validate**. Prepare the software for use in accordance with City's needs. Prepare for final testing by conducting user testing (UT). UT takes a long time and can extend the build and validate phase out to 6 months. December 2020
3 months	**Final Testing & Training.** Prepare for final cutover and train staff how to utilize the software. March 2021
3 months	**Production Cutover**: City provides final data extract and Tyler executes final data conversion. **July 2021**

FISCAL IMPACT

Funding of this project will be covered by the Technology Surcharge Fees collected from DSD, Fire, and Public Works. Annually, IT will administer support fees of approximately $210,000 that will be charged to the appropriate departments through InterService Fees. Given that EnerGov annual SaaS and maintenance and support fees are expected to increase over time (4% in year four, 5% in year five and six, and "at then current prices" after that), there will be an opportunity to increase the City's Technology Surcharge Fees as needed in the future when the Master Fee schedule is updated.

STRATEGIC INITIATIVES

This project supports the Complete Communities Strategic Initiative. The purpose of the Complete Communities Strategic Initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work, and play. This item supports the following goals and objective:

Goal 3: Develop a Regulatory Toolkit for Policy Makers.
Objective 3: Develop and refine other regulatory tools.

This request also was in alignment with the 2040 General Plan, Economic Development Goal 6: *A Business-Friendly City*.

ED 6.4: Permit Processing - The City shall ensure a timely, fair, and predictable permit process that seeks to integrate multiple City departments into a single coordinated organization.

ED 6.5: Permit Technology - The City shall optimize its permit procedures by using technology and other tools that improve efficiency and reduce costs.

PUBLIC CONTACT

The report was published on the City website. If City Council approves the contracts, public outreach will be held with stakeholders and user groups.

NEXT STEPS

If the Council Infrastructure Committee approves the Permitting Software project proposal, staff will present this to Council with the CIC recommendations, request that the Council amends CIP project 07267 in the amount of $814,657 and approves the City Manager entering into contracts with EnerGov and SoftResources on October 15, 2019.

Prepared and Recommended by: Laura Simpson, Development Services Director

Approved by:

Kelly McAdoo, City Manager