DATE: October 15, 2019

TO: Mayor and City Council

FROM: Development Services Director

SUBJECT: Adopt Resolutions Authorizing the City Manager to Negotiate and Execute an Agreement with Tyler Technologies Inc and SoftResources LLC and Amend FY 2020 CIP Budget to Transfer and Appropriate Funds to Project Number 07267 in the Amount of $624,732 to Increase the Project Budget to $814,732

RECOMMENDATION

That Council adopts the attached resolutions (Attachment II, III and IV) authorizing the City Manager to:

1. Negotiate and execute an agreement with Tyler Technologies Inc. ("Tyler") for a term not to exceed three (3) years, but allowing the option for a three-year extension, in an amount not to exceed $1,085,881 to acquire, install, implement and receive technical support for EnerGov permitting Software as a Solution (SaaS);

2. Negotiate and execute an agreement with SoftResources LLC ("SoftResources") for a term not to exceed three (3) years in an amount not to exceed $147,105 for project management services throughout the EnerGov project; and

3. Amend the Fiscal Year 2020 Operating and Capital Improvement Program (CIP) Budgets related to the transfer and appropriation of funds to Project Number 07267 in the amount of $624,732 in order to increase the project budget to the amount of $814,732.

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 the 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. The outcome of the evaluation, as well as proposals from Tyler and SoftResources for project implementation and project management services, were presented to the Council

Infrastructure Committee on September 16, 2019, with a recommendation that this item be forwarded to Council for consideration

BACKGROUND

In 2014, City Council and the City Manager directed staff to evaluate current and potential permitting software needs to include electronic plan submittal and review, and public accessibility.

During 2015, the City purchased an Enterprise Resource Planning (ERP) system (Munis) through Tyler Industries. However, this system did not provide a robust permitting component.

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; prepare a Request for Proposals (RFP) establishing the requirements for development and implementation of a comprehensive permitting system; evaluate vendor fit to the City's key requirements; compile a short list vendor comparison chart; facilitate software demos; help the City select the final vendor; and assist in the contract negotiation process.

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 a list of three (3) vendors were selected to take into the demonstration phase of the project, including Tyler Technologies Inc. – EnerGov, Accela – Civic Platform, and SunGard - TRAKiT.

City staff evaluated demonstrations from the three (3) 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. Ultimately, 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 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 General Fund subsidy. Around this time, Capital Improvement Project Number 07267 was set up for the online permitting project and budgeted for $190,000. However, 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. Staff determined that EnerGov remains the recommended vendor for an online permitting software solution. Staff also confirmed that SoftResources has experience with EnerGov integrations and comes highly recommended by other municipalities, including the City of San Mateo, CA, who have utilized SoftResources' project management services.

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. The City amended the existing agreement with SoftResources to extend the term to December 31, 2019 so that SoftResources could help negotiate the terms of an agreement with EnerGov.

In August 2019, staff received an updated scope of work and budget from EnerGov, and SoftResources began to negotiate the financial and other agreement terms with EnerGov. Staff also received a proposal from SoftResources for the management of the project through the estimated 18- to 22-month schedule from project initiation to implementation.

On September 16, 2019, staff presented the Tyler EnerGov and SoftResources proposals to the Council Infrastructure Committee (CIC) and CIC approved a motion to move the item to the City Council consent calendar.

In September 2019, staff received updated budget and agreement documents from EnerGov reflecting negotiated payment and project terms. Agreement documents were sent to the City Attorney's Office for review.

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 and Planning and Code Enforcement, as well Public Works, Police, Fire, and HazMat where possible. Identified needs that the EnerGov system is expected to address 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.

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 can cache data from the server and allow data entry in the field without Wi-Fi connectivity and re-synch 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. The new system also includes a "wizard" to assist applicants in navigating the online permitting and plan review process. The wizard prompts applicants to answer questions that allow it to route the applicant to the appropriate permit type or development review process, based on geo location.

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

EnerGov features, including automatic reminders of important deadlines via text or email and the ability see where a plan is in the development review workflow, will help the public better navigate the development review process. 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. (The cost of a public kiosk is not included in the project budget but is anticipated to be consistent with the price of a desktop computer and large-screen monitor.)

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 any and all City 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, successful implementation of Tyler's EnerGov solution is expected to:

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

Council Infrastructure Committee Review

Several issues were discussed during the September 16, 2019 CIC meeting regarding the EnerGov project. Council asked whether the EnerGov solution could result in decreased staffing. The system will allow existing staff to be more effective and efficient in their roles. For example, other municipalities using EnerGov have reported a decrease in the number of walk-in customers and an increase in the number of completed inspections. The Committee requested that the EnerGov project be brought back one year after the system goes live to assess key outcomes including efficiencies gained, such as cuts to the review time and reduced workload. The Committee also asked for assurances that the EnerGov solution will be accessible to the general public who may not be technically savvy. Staff explained how a public kiosk will be set up and managed by DSD staff to assist those who require technical support throughout the review process. The CIC then approved a motion to move the item to the City Council consent calendar.

Project Budget

The project budget to initiate and establish EnerGov is $814,732. This includes the cost to purchase and support year-one EnerGov SaaS services ($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 ($147,105) 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 1 below:

Table 1

	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	$147,105		
	TOTAL:	$605,605*	$209,127**	$814,732

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

The Tyler EnerGov proposal is based on a three-year term, for a total cost of $1,085,881, with the option to renew for three additional years. A breakdown of the costs for the first three years of the project is listed in Table 2 below:

Table 2

	Onetime Fee	Annual Fee	TOTAL
Year 1 (FY 2020)	$605,605*	$156,845	
Year 2 (FY 2021)		$261,409	
Year 3 (FY 2022)		$209,127	
TOTAL:	$605,605*	$627,381	$1,232,986

* Implementation and project management services will be billed monthly, as incurred.

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. The number of licenses is based on estimated users in DSD (45), Fire (11), and Public Works (24). 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, if the City chooses the option to negotiate and extend the contract, 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.

An important component of the implementation and project management of the EnerGov system is the agreement with SoftResources consultants. SoftResources consultants previously assisted the City in assessing permitting system needs. SoftResources helped draft the permitting system RFP, vetted software providers, and assisted in negotiating the Tyler services agreement and statement of work. SoftResources is familiar with Tyler's EnerGov integrations. The City Attorney's Office has analyzed the role played by SoftResources in evaluating Tyler's proposal and the proposed role to assist in project implementation, and the City Attorney's Office has concluded there is no conflict of interest that would preclude the proposed project implementation agreement with SoftResources. An issue could arise if SoftResources were to be compensated by Tyler, but SoftResources

would be compensated by the City ($147,105). SoftResources is obligated to the City to take an unbiased approach to project implementation and is independent of Tyler. SoftResources advocated for the City's interests and identified cost savings in the Tyler proposal. Further, SoftResources is flexible in advocating software solutions, having assisted at least three other clients in implementing solutions other than Tyler's software solution.

EnerGov project costs will be funded by using Technology Surcharge Fee revenues, which are required by the State to be utilized for technology related expenses, including software solutions, and which have accumulated over time in an amount sufficient to cover project implementation. 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 approximately $731,258 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.

FISCAL IMPACT

Funding of this project will use previously collected and future Technology Surcharge Fee revenue. Table 4 below shows the Fees accumulated to date. There are sufficient funds to cover one-time start-up costs and annual costs through 2021. Annual costs will be covered through additional technology fees collected:

Table 4

Technology Surcharge Revenue By Fiscal Year				
2015 to 2019 Actuals	2020 Estimated	2021 Estimated	2022 Estimated	TOTAL
$757,937	$240,000	$240,000	$240,000	**$1,477,937**

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 may be an opportunity to increase the City's Technology Surcharge Fees if needed when the Master Fee schedule is updated in 2022.

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, training on the EnerGov system will be provided for internal staff users and for developers and residents over the course of project rollout.

NEXT STEPS

If Council approves the attached amendments, by November 2019, the City Manager will take the following steps:

1. Execute an agreement with Tyler for a term not to exceed three (3) years in an amount not to exceed $1,085,881 to acquire, install, implement and receive technical support for EnerGov permitting Software as a Solution (SaaS);

2. Execute an agreement with SoftResources for a term not to exceed three (3) years in an amount not to exceed $147,105 for project management services throughout the EnerGov project; and

3. Amend the Fiscal Year 2020 Operating and Capital Improvement Program (CIP) Budgets related to the transfer and appropriation of funds to Project Number 07267 in the amount of $624,732 in order to increase the project budget to the amount of $814,732.

Once project agreements have been executed, the online permitting project will be rolled out in the following phases over the subsequent 18- to 22-month period (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 solution 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 solution. March 2021
3 months	**Production Cutover:** City provides final data extract and Tyler executes final data conversion. July 2021

Prepared by: Laura Simpson, Development Services Director

Approved by:

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Kelly McAdoo, City Manager