



DATE: November 2, 2021

TO: Mayor and City Council

FROM: CIO/Director of Information Technology

SUBJECT: Adopt a Resolution Authorizing the City Manager to Negotiate and Execute an Agreement with Tyler Technologies for Migration of Munis Enterprise Resource Planning to a Cloud-Hosted Platform for a Three-Year Term with Two One-Year Options in an Amount Not-to-Exceed \$414,000 Annually

RECOMMENDATION

That Council adopts a resolution (Attachment II) authorizing the City Manager to execute an agreement with Tyler Technologies for the migration of Munis Enterprise Resource Planning (ERP) to a cloud-hosted platform for a three-year term with two one-year options to extend in an amount not-to-exceed \$414,000 annually.

SUMMARY

Munis ERP software manages a wide range of functions for the City including payroll, accounting, budget, purchasing, revenue, utility billing, human resources, business license, permits, and inspections. Staff is seeking authorization to spend funds to migrate Munis ERP from its current physical data center location to a cloud-hosted platform. The City has used and housed Munis ERP in its data center since 2013. Over the past decade, there has been a major shift of hosting enterprise software such as Munis ERP, to the cloud to achieve increased availability of applications, consistent and frequent data backups, and speedy emergency data recovery versus using smaller local data room resources that can be constrained by size or lack of technical expertise. Migrating Munis ERP to a cloud-hosted platform aligns with the City's cloud-first philosophy and offers state of the art, secure technology infrastructure coupled with 24x7 application access at a predictable cost that can grow as the needs of the City grow.

BACKGROUND AND DISCUSSION

The City of Hayward has been utilizing Munis ERP for over eight years and is seeking to update the contract to migrate the solution to Tyler Technologies cloud-hosted environment called the Tyler Data Center. Five thousand clients are hosted in the Tyler Data Center, which includes over 850 Munis ERP clients. Munis ERP is utilized in the daily operations of the City, which includes payroll, accounting, budget, purchasing, revenue, utility billing, human

resources, business license, permits, and inspections. Staff, residents, and businesses all rely on access and data contained in these core financial applications to receive and track revenue as well as track spending and process development applications. Ensuring the system is available for use as well as protecting the financial data are core functions of the Information Technology (IT) Department. Moving this suite of applications to the cloud, while complex and challenging, presents the opportunity to achieve greater application access as well as increase data security and emergency data recovery should that service be needed.

The following are the key elements of the platform that demonstrate the advantages of migrating Munis ERP to the Tyler Data Center:

I. Cloud-Hosted Features

Cloud-hosted applications have many advantages over running an application from a smaller, in-house data location. These range from increased access to technical resources to manage the operation and security of the infrastructure and software applications to the predictable costs associated with this increased level of technical expertise.

- **Simplified Administrative Tasks** – The solution is centrally hosted and managed by Tyler Technologies, which translates to external management of software and hardware system maintenance, upgrades, database backups, and restores.
- **24/7 Support** – Tyler Technologies manages the environment of the data, but the City determines when new updates are installed. This collaboration allows the City to determine the frequency of applying updates and allows the City the opportunity to test updates, service packs, and new features in a test environment prior to going live in production.
- **Fixed & Predictable Costs** – For the duration of the contact, pricing remains constant for the City. Unexpected or planned costs for local hardware upgrades of the data center are eliminated as these become the responsibility of Tyler Technologies and their investment in their data center. By moving Munis to the cloud, the network infrastructure team estimates to save over \$75,000 annually on hardware infrastructure, data storage, and virtual server software costs.
- **Managed Security** - Tyler Technologies manages all aspects of security with the hosted solution including antivirus and cyber security monitoring to full backups, failover, and disaster recovery.
- **Enhanced Technical Support** – Hosting Munis ERP in the cloud allows for increased opportunities for staff to engage directly with Tyler Support for basic support needs. IT will remain the gatekeeper of access to the system, but basic support needs for users can be met in the hosted environment as Tyler Support will have instant visibility of the solution in the cloud for analysis and troubleshooting. This model provides flexibility to IT resources to focus on problems of higher technical skill or complexity on an as needed basis.

II. Data Security

Munis ERP data will be hosted in Tyler Technologies data center. This data center hosts multiple client sites and has dedicated 24/7 staff focused on data integrity, data security, and

data availability for the platform. In addition, Tyler Technologies maintains annual audits and certifications, including SOX-404, PA-DSS, & PCI-DSS, Soc 1 Type 2 and Soc 2 Type 2. These industry certifications further demonstrate Tyler Technologies commitment to maintaining a state-of-the-art data center to align with best practices, required procedures, and industry protocols.

III. Data Ownership and Third-Party Data Sharing

The contract terms stipulate that the City is the owner of the data and the vendor may not share or resell the data, which aligns with the best practices for data ownership and third-party data sharing.

FISCAL IMPACT

In the current fiscal year, the realized cost to Hayward of migrating Munis ERP to the cloud is estimated to be \$128,000. While the annual software maintenance is increasing from \$211,000 to \$414,000, this increase will be offset on an annual basis by approximately \$75,000 due to the reduction of hardware infrastructure, data storage, and virtual server software costs. The estimated \$128,000 realized cost will be absorbed in the existing operating budget of the IT Department this fiscal year and adjusted accordingly each fiscal year thereafter in the operating budget.

STRATEGIC ROADMAP

This agenda item applies to the Improve Organizational Health strategic priority.

18. Analyze and shift technology solutions and services to external web-based platforms and providers (cloud-first transition).

NEXT STEPS

If Council approves this item, then staff will proceed with the negotiation and execution of the contract with Tyler Technologies for the migration of Munis ERP to a cloud-hosted platform.

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Recommended by: Adam Kostrzak, CIO / Director of Information Technology

Approved by:



Kelly McAdoo, City Manager