



# TOWN OF FAIRFAX

## STAFF REPORT

### May 1, 2019

**TO:** Mayor and Town Council

**FROM:** Garrett Toy, Town Manager   
Michael Vivrette, Finance Director

**SUBJECT:** Authorize the Town Manager to negotiate and execute agreements with Tyler Technologies, Inc for Tyler InCode accounting software as a cloud-based service (SaaS), in an amount not to exceed \$100,000.

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#### **RECOMMENDATION**

Approve contract with Tyler Technologies, Inc. to lease Tyler Incode accounting software as a cloud- based service (SaaS) and authorize the Town Manager to execute the agreement in an amount not to exceed \$100,000.

#### **DISCUSSION**

For the past twenty-five years, the Town has been using Banyon Data System (BDS) accounting software and numerous other programs and services for general ledger, permitting, business licenses, payroll, fixed assets and cash receipts. This requires numerous monthly financial journal entries to enter subsidiary activity to BDS and limits the usefulness of the finance system. Budgeting is done manually using extensive Excel and Word files. Financial reports are limited in the BDS software and is limited to three years of comparative data.

The Finance Department has been looking into accounting software alternatives to integrate, update and streamline financial transactions. To that end, the Town has set aside \$100,000 in the Equipment Replacement Fund (Fund 8) for replacement financial software. Based on reviews and onsite demonstrations last October, staff chose Tyler Incode. The decision was made easier by the fact that Tyler is also used by several neighboring municipalities including San Anselmo, Corte Madera, Larkspur, Mill Valley, San Rafael, and recently was chosen by the Central Marin Sanitation Agency.

Staff decided to go with a cloud-based system rather than purchase/license the software to run on Town servers. The purchase cost is higher in the first year due to licensing costs, but the annual maintenance fee is less in subsequent years. (See Attachment A). These costs don't include our own cost of IT support and staff time to maintain the financial software (i.e., install updates). It is unclear whether the Town would need to purchase a new server to run the system.

The cloud-based SaaS Model allows us to have a fully operational system without the headache of having to maintain a server onsite. All we need is a computer with internet access. Also, within the SaaS Model, we will have automatic software updates, backups and disaster recovery built in. The vendor takes care of everything.

Purchasing, maintaining and backing up an on-premise server would likely require additional IT support costs and the system may experience longer delays for software updates, file back-ups,

and /or server glitches. Under the SaaS Model maintaining a simple computer can be done by anyone not requiring a technical background.

Finance staff surveyed neighboring cities using cloud-based software and the general consensus was it would be the best choice. The Finance Committee discussed the Tyler financial software at their October meeting and was in favor of the cloud-based version.

Implementation of the Tyler Incode software will take six to eight months or more. Initially, it will involve Tyler personnel being onsite to “shadow” the accounting processes to customize the integration of the accounting modules. We will have a project timeline once we commit to the acquisition.

### **FISCAL IMPACT**

New integrated financial software represents a major improvement to the business processes for the Town of Fairfax. Major efficiencies will be gained through improved productivity, automation, and best practice processes. Having integrated software will improve the transparency of financial activity and make it possible to use software such as OpenGov to permit citizens and staff to inspect and manipulate financial data for special reports.

The price for the cloud-based system is about \$90,800, including :

- \$46,000 for Implementation;
- \$19,250 for Data conversion (This will be higher if we decide to transfer more than two years of data); and
- Project management and travel costs of approximately \$25,550.
- \$9,000 project contingency.

The complete quote is in Attachment C. The annual fee will be about \$45,000, compared to our current costs of \$13,300/yr (Attachment B). All costs are expected to be incurred next fiscal year.

### **ATTACHMENTS**

- A. Comparison of Service (Lease) vs Purchase
- B. Current Financial Software and Costs
- C. Tyler Incode software quote

**TYLER INCODE - COST COMPARISON  
SERVICE (LEASE) VS PURCHASE**

Option #1

	Implem	ANNUAL
Fin Mgmt	11,500	11,479
Fin Mgmt	2,000	1,329
Fin Mgmt	1,500	2,414
Fin Mgmt	4,000	5,850
Fin Mgmt	3,000	3,096
Persnl Mgt	11,500	6,644
Cust Rel	4,500	1,813
Com Dev	8,000	6,606
Com Dev		1,200
Com Dev		1,200
Tylr Hosting		1,623
Tylr Hosting		1,725
Subtotal	46,000	44,979
Discount 10%		
Com Dev	7,000	
Data Conv	6,250	
Data Conv	4,000	
Data Conv	2,000	
Project Management	5,000	
Travel	20,550	
	90,800	44,979

Option #2

	Implem	License	ANNUAL
	11,500	18,995	4,749
	2,000	2,200	550
	1,500	3,995	999
	4,000	9,680	2,420
	3,000	5,123	1,281
	11,500	10,995	2,749
	4,500	3,000	750
	8,000	10,931	2,733
			1,200
			1,200
			1,623
			(1,725)
	46,000	64,919	20,254
		(6,492)	
	7,000		
	6,250		
	4,000		
	2,000		
	5,000		
	20,550		
	90,800	58,427	20,254

ANNUAL DIFF

(6,730)  
(779)  
(1,415)  
(3,430)  
(1,815)  
(3,895)  
(1,063)  
(3,873)  
-  
-  
-  
(1,725)  
(24,725)

**FINANCIAL SOFTWARE**

Current Financial Systems:

General Ledger:	Banyon Data Systems (BDS)	Purch FY 93/94	Annual \$ 795/yr
Cash Receipts	Quadrant Systems	Purch FY99/00	Annual \$ 1,560/yr
Asset Management	AssetWorks (online)	Started FY08/09	Annual \$ 1,800/yr
Payroll	ADP (online)	Started FY08/09	Annual \$ 7,700/yr
Building Permits	BasicGov Systems	Purch FY08/09	Annual \$ 1,428/yr
Business License	Berkeley Systems	Started before 2000	none
Total			\$13,283/yr



Quoted By: Cody Gunstenson  
 Quote Expiration: 2/3/2019  
 Quote Name: Town of Fairfax-FIN/Personnel  
 Quote Number: 2018-54802-2  
 Quote Description: SaaS

Sales Quotation For  
 Town of Fairfax  
 142 Bolinas Rd  
 Fairfax, CA 94930-1611  
 Phone: +1 (415) 458-2345

**Tyler Software and Related Services - SaaS**

Description	One Time Fees			# Years	Annual Fee	
	Impl. Hours	Impl. Cost	Data Conversion			
<b>Financial Management Suite</b>						
Core Financials	92	\$11,500	\$6,250		\$11,479	
Fixed Assets	16	\$2,000	\$0		\$1,329	
Project Accounting	12	\$1,500	\$0		\$2,414	
CAFR Statement Builder	32	\$4,000	\$0		\$5,850	
Purchasing	24	\$3,000	\$0		\$3,096	
<b>Personnel Management Suite</b>						
Personnel Management (includes Position Budgeting)	92	\$11,500	\$4,000		\$6,644	
<b>Customer Relationship Management Suite</b>						
Cashiering	36	\$4,500	\$0		\$1,813	
<b>Community Development</b>						
Incode Permitting and Code Enforcement	64	\$8,000	\$0		\$6,606	
Permitting Online Component	0	\$0	\$0		\$1,200	
Code Enforcement Online Component	0	\$0	\$0		\$1,200	
<b>Tyler Hosted Applications</b>						
Hosting User Fee	0	\$0	\$0		\$1,725	
Tyler U	0	\$0	\$0		\$1,623	
	<i>Sub-Total:</i>	\$46,000	\$10,250		\$44,979	
	<b>TOTAL:</b>	368	\$46,000	\$10,250	5	\$44,979

**Other Services**

Description	Quantity	Unit Price	Extended Price	Maintenance
Community Development Permitting Conversion Programming Fee	1	\$2,000	\$2,000	\$0
Community Development Permitting and Code Enforcement Implementation Hours	56	\$125	\$7,000	\$0
Project Management	1	\$5,000	\$5,000	\$0
	<b>TOTAL:</b>		\$14,000	\$0

**Summary**

	One Time Fees	Recurring Fees
Total Tyler SaaS	\$0	\$44,979
Total Tyler Services	\$70,250	\$0
Total Third Party Hardware, Software and Services	\$0	\$0
<b>Summary Total</b>	<b>\$70,250</b>	<b>\$44,979</b>
Estimated Travel Expenses	\$20,550	

**Detailed Breakdown of Conversions (Included in contract total)**

Description	Hours	Unit Price	Programming Fee	Extended Price
<b>Financial Management Suite</b>				
General Ledger - Conversion	8	\$125	\$1,500	\$2,500
General Ledger - Legacy:Historical Views	4	\$125	\$500	\$1,000
Accounts Payable Conversion			\$1,750	\$1,750
Accounts Payable - Legacy:Historical Views Conversion	4	\$125	\$500	\$1,000
<b>Personnel Management Suite</b>				
Personnel Management -Payroll Conversion	4	\$125	\$2,000	\$2,500
Personnel Management -Payroll - Legacy:Historical Views Conversion	4	\$125	\$1,000	\$1,500
	<b>Total:</b>			\$10,250

**Optional Tyler Software and Related Services - SaaS**

Description	One Time Fees			# Years	Annual Fee	
	Impl. Hours	Impl. Cost	Data Conversion			
<b>Personnel Management Suite</b>						
Employee Self Service (Employee Portal)	16	\$2,000	\$0		\$0	
<b>Customer Relationship Management Suite</b>						
Work Orders	56	\$7,000	\$0		\$2,829	
<b>Tyler Content Manager</b>						
Tyler Content Manager Standard Edition (TCM SE)	32	\$4,000	\$0		\$4,128	
	<i>Sub-Total:</i>	\$13,000	\$0		\$6,957	
	<b>TOTAL:</b>	104	\$13,000	\$0	5	\$6,957