

Council Communication

December 1, 2015, Business Meeting

Resolution Adopting a Supplemental Budget Establishing Appropriations within the Biennium 2015-17 Budget

FROM:

Lee Tuneberg, Finance Director, Administrative Services Department tuneberl@ashland.or.us

SUMMARY

Staff has identified the need to request a supplemental budget to recognize the transfer of You Have Options Program funds to Jackson County SART for management and to facilitate the migration of the City's financial software sooner than expected for efficiency and cost reasons. The change in financial software requires an internal loan from the Equipment Fund to Central Services that will be paid back in the coming years with savings from banking fees. The approval of the supplemental budget request recognizes related resources and appropriates for these activities in the 2015-17 biennium.

BACKGROUND AND POLICY IMPLICATIONS:

There are three ways in which to change appropriations after the budget is adopted.

1. A transfer of appropriations decreases an appropriation and increases another. This is the simplest budget change allowed under Oregon Budget Law. This does not increase the overall budget. This is approved by a City Council resolution.
2. A supplemental budget of less than 10 percent of total appropriations within an individual fund follows a process similar to the transfer of appropriations. This process includes a notice in a newspaper of record prior to Council taking action.
3. A supplemental budget in excess of 10 percent of total appropriations requires a longer process. This process includes a notice in the paper and a public hearing prior to the Council taking action.

The proposed resolution authorizing the transfer and supplemental budget is less than 10 percent of the total appropriations of any affected fund (Item #2 above) and does not create a new expenditure category so a public hearing is not required. The adjustments in the resolution total \$1,015,155 as summarized below:

- General Fund, Police Department – to appropriate for payment of funds for the You Have Options Program being transferred to Jackson County Sexual Assault Response Team (SART) for administration \$40,155
- Central Service Fund, Administrative Services Department – to appropriate for the purchase and migration of financial software funded by transfers and interfund loan \$575,000
- Equipment Fund, Public Works, Maintenance – to appropriate a capital interfund loan to the Central Service Fund for the purchase and migration of financial software \$400,000

TOTAL APPROPRIATIONS INCREASED \$1,015,155



FISCAL IMPLICATIONS:

Supplemental budgets recognize increased revenues as well as increase corresponding appropriations in the fund(s) where they occur. This supplemental budget includes an interfund loan from the Equipment Fund to the Central Service to be repaid per terms contained in the resolution.

STAFF RECOMMENDATION AND REQUESTED ACTION:

Staff recommends council approve the proposed resolution.

SUGGESTED MOTION:

I move to adopt a resolution authorizing a supplemental budget in the General Fund in the amount of \$40,155, in the Central Service Fund of \$575,000 and an interfund loan in the Equipment Fund of \$400,000 as presented.

ATTACHMENTS:

Proposed Resolution
Supplemental Budget Memo, Police Department
Supplemental Budget Memo, Finance Department
Legal ad noticing the supplemental budget



RESOLUTION NO. 2015-_____

**A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET
INCREASING APPROPRIATIONS WITHIN THE
2015-2017 BIENNIUM BUDGET**

Recitals:

ORS 294.480 permits the governing body of a municipal corporation to make a supplemental budget for the fiscal year for which the regular budget has been prepared under one or more of the following reasons:

- a. An occurrence or condition which had not been ascertained at the time of the preparation of a budget for the current year which requires a change in financial planning.
- b. A pressing necessity which was not foreseen at the time of the preparation of the budget for the current year which requires prompt action.
- c. Funds were made available by another unit of federal, state or local government and the availability of such funds could not have been ascertained at the time of the preparation of the budget for the current year.
- d. Other reasons identified per the statutes.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. Because of the circumstances stated below, the Mayor and City Council of the City of Ashland determine that it is necessary to adopt a supplemental budget, establishing the following additional appropriations:

General Fund

Appropriation: Police Department	\$40,155	
Resource: Intergovernmental Revenues		\$40,155

To appropriate funds from You Have Options Program (YHOP). This was collected by city of Ashland and is now being handled through Jackson County SART.

Central Service Fund

Appropriation: Administrative Services Department	\$575,000	
Resources: Interfund loan (Revenue)		\$400,000
Working Capital Carryover		\$175,000

To appropriate for the cost to migrate financial software from Eden to Munis, both a Tyler Technology product. This requires a capital interfund loan that will be repaid with annual payments of up to \$100,000 (interest calculated on the actual monthly interest earned in the Local Government Investment Pool and completed no later than fiscal year 2021 per the attached schedule with no prepayment penalty) and a transfer of excess monies beyond the amount budgeted for Working Capital Carryover from the prior year.

Equipment Fund

Appropriation: Interfund Loan (Expense)	\$400,000	
Resource: Ending Fund Balance		\$400,000

To appropriate an interfund loan to the Central Services Fund for migrating the financial software with the terms identified above.

TOTAL ALL FUNDS	<u>\$1,015,155</u>	<u>\$1,015,155</u>
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SECTION 2. All other provisions of the adopted 2015-2017 BIENNIUM BUDGET not specifically amended or revised in this Supplemental Budget remain in full force and effect as stated therein.

SECTION 3. This resolution was duly PASSED and ADOPTED this ____ day of December, 2015, and takes effect upon signing by the Mayor.

Barbara Christensen, City Recorder

SIGNED and APPROVED this ____ day of December, 2015.

John Stromberg, Mayor

Reviewed as to form:

David Lohman, City Attorney

Interfund Loan Repayment Schedule				
Payment from Central Services Fund to Equipment Fund				
BN 2015-17 Loan				
				Loan
Year	Principle	Est. Int.*	Est. Pmt	Balance
BN 2015-17				\$400,000.00
FY2018	\$ 100,000.00	\$ 8,000.00	\$ 108,000.00	\$ 300,000.00
FY2019	\$ 100,000.00	\$ 6,000.00	\$ 106,000.00	\$ 200,000.00
FY2020	\$ 100,000.00	\$ 4,000.00	\$ 104,000.00	\$ 100,000.00
FY2021	\$ 100,000.00	\$ 2,000.00	\$ 102,000.00	\$ -
* Interest estimated at 2%.				
Maximum Loan Amount \$400,000				
Repayment No Later than June 30, 2021				
No Early Payment Penalty				
Interest based upon LGIP Actual				

Budget Supplemental Request

Date: October 20, 2015

Department: Police Department

Explanation of request:

YHOP money has been being collected by Ashland PD with the hopes that eventually money will be handled through Jackson County SART. This money was Not part of our budget, but when it was transferred, it was taken from FY 16. Please try to fix so we are not short this money during FY 2016.

New Revenue

Account Number	Line Item Name	Amount
110.430272	Police-Grants	\$ 40,155.61
Total Amount of Transfer		<u>\$ 40,155.61</u>

Additional Appropriations (Expense)

Account Number	Line Item Name	Amount
110.06.12.00.606330	YHOP transfer to JC SART	\$ 40,155.61
Total Amount of Transfer		<u>\$ 40,155.61</u>

Requested By: Lynn Merrifield, Lynn Merrifield

Approved By: [Signature]
Department Head

Council Communication

October 19, 2015, Study Session

Discussion of financial software replacement

FROM:

Lee Tuneberg, administrative services/finance services director, tuneberl@ashland.or.us

SUMMARY

The City of Ashland's financial software (EDEN) is a Tyler product and is nearing end of life. Tyler has submitted an attractive proposal for the city to migrate to its MUNIS product, saving time and money. This conversion is not budgeted in this biennium but the opportunity and savings are significant enough that staff recommends it be considered and, if acceptable, a supplemental budget be adopted to move the project up on its timeline.

BACKGROUND AND POLICY IMPLICATIONS:

Ashland purchased the EDEN software via a bid process in 1999. In response to many operational issues and to auditor comments on security, the city purchased Springbrook utility billing software in 2010. EDEN software is nearing end of life and will no longer receive upgrades or support. Springbrook software has been a costly solution including higher than anticipated bank and portal charges.

Tyler purchased competitor EDEN in 2002 and has offered the MUNIS financial software for years as the advanced product to migrate to when ready. MUNIS also includes utility billing software that appears more functional and less costly than Springbrook. Cities of Bend, Forest Grove and Grants Pass were EDEN users and have chosen to migrate to MUNIS. Tyler has offered MUNIS to the City of Ashland at an attractive price to promote migration from EDEN to MUNIS, keeping Ashland as a customer and not having to support EDEN for the City. The cost to migrate to MUNIS is \$725,500, which is offset by saving in licensing and banking charges in future years.

Staff believed Ashland could wait to go through a bid process (using a consultant) in BN 2017-2019 thus reducing pressure on funding for other programs in the BN 2015-2017 process. Tyler's offer came in too late in the budget process this spring to consider but it is good until January 1, 2016. Staff sees it as an opportunity to start a conversion earlier, thus saving on a consultant, and RFP process, and paying higher than acceptable banking charges and licensing fees related to Springbrook software.

See the attached report. The actual proposal from Tyler is omitted because it was extended to the city under confidential cover.

COUNCIL GOALS SUPPORTED:

Any goal referencing monitoring, costing, funding, financial tools or financing an activity will benefit from up-to-date financial software.

Administration and Governance goal:



Provide high quality, effective and efficient city services and governance in an accessible, collaborative and fiscally responsible manner including goals 40 - 51

FISCAL IMPLICATIONS:

A conversion is not budgeted for BN 2015-2017 however there are certain amounts budgeted that, if a migration were done, would go toward the new software rather than maintaining the old software. These include software licensing, customization costs and third-party upgrades that would be absorbed or not needed in the new software.

The net shortfall between what is budgeted this biennium and what will be spent for the migration is a minimum of \$322,111. In order to do the migration at least that amount would need to be borrowed, presumably from the Equipment Fund. Only the actual amount needed of a higher amount authorized would be used for the migration. Initial cash funding for the project should come from the excess ending fund balance carried forward in the Central Service Fund, shown below reducing the amount needed to be borrowed.

If the migration is done, the annual net savings per year in utility banking and portal fees and licensing costs are estimated at \$106,000 to \$112,000. Depending on the timing of the migration, savings could be realized during the second half of this biennium. These annual savings would be used to repay the loan over the following four years (ending no later than FY 2019-2020) resulting in NO increase in internal charges for this project and operational savings each year after that, in addition to avoiding consultant costs for selection and conversion in BN 2017-2019. An overview of the budget implications are as follows:

Software conversion costing	BN 2015-17			BN 2017-19		
	Year 1	Year 2		Year 1	Year 2	
	Existing Appropriations			Projected No conversion		
Operational Software Budget:						
Status Quo Subtotal	\$ 371,845	\$ 334,440	\$ 706,285	\$ 371,124	\$ 394,658	\$ 765,782
Less:						
Operational Costs Existing/Projected:	\$ 330,165	\$ 149,687	\$ 479,852	\$ 161,054	\$ 173,283	\$ 334,337
Costs with Proposed Migration:	\$ 360,427	\$ 365,073	\$ 725,500	\$ 104,141	\$ 109,348	\$ 213,489
Appropriations Shortfall: BN 2015-17	\$ (318,747)	\$ (180,320)	\$ (499,067)			
Savings in Appropriations Available for Payback				\$ 105,929	\$ 112,027	\$ 217,956
Carry forward from BN 2013-15			\$ 176,956			
Internal borrowing - minimum			\$ (322,111)			

The new software is expected to last between ten and twenty years if maintained as recommended through internal licensing charges. All departments and utility customers will benefit from this migration.



STAFF RECOMMENDATION AND REQUESTED ACTION:

Staff requests direction on bringing forth a formal proposal for consideration including the necessary internal or external funding of the project.

SUGGESTED MOTION:

N/A. This item is for discussion and direction to staff only.

ATTACHMENTS:

Internal memo dated September 21, 2015 from Administration Services/Finance Director

Conversion Costing worksheet

Internal memo dated August 12, 2015 from Finance

Internal memo dated August 15, 2015 from Community Development

Software timeline

Note: confidential information (details) omitted



Memo

DATE: September 21, 2015
TO: Dave Kanner, City Administrator
FROM: Lee Tuneberg, Finance Director
DEPT: Administrative Services
Attachments: Memo from Accounting, Customer Service & ComDev, Tentative proposal from Tyler
SUBJECT: Software replacement

During the budget process last spring we discussed that the existing general ledger software and integrated products used by Ashland are approaching their end-of-life. That means eventually there is no support from the provider (EDEN) with no updates or improvements. The no updates and improvements condition occurs first and exists today. Staff is concerned that our functionality will not be maintained into the next biennium as was first thought when we discussed whether the replacement must occur this biennium or could wait until the next due to all the other pressing budget requests.

Even though the EDEN software may still be around by the next biennium we believe the city will regret waiting until then to start a selection process or a conversion since it is likely to take several years for it to be complete. Staff recommends we take action to convert as soon as is operationally feasible.

The primary reason to consider changing now even though limited money has been budgeted in 2015-2017 is the current potential for a timely migration to a related software package with little hassle and at a reasonable cost. Other factors that would contribute to a decision to start the selection and conversion now are as follows:

1. **Functionality:** The basic reason to change sooner is functionality. If EDEN was reliable to fix, customize or improve the existing software there would be less worry but without any enhancements staff will be doing more “work-arounds” as time goes on to accomplish existing tasks and meet new demands. This is lost time and money and does nothing to extend this software.
2. **Customer Service:** As support diminishes our customers, both internal and external, will be underserved. Even today some things are not possible and any time, effort and money spent on fixes or alternate approaches could also be considered waste.
3. **Software cost:** Current customization and related maintenance costs are increasing as much as 5% a year with no increased functionality. EDEN’s limited support will diminish and still cost more.



Memo

4. **Bank/portal fees:** Ashland's bank and portal charges are exorbitant and climbing. A change needs to occur if we want to reduce portal fees and banking charges and to get the process back under reasonable control.
5. **Delays in advances:** New software brings enhancements and the potential for increased functionality. Waiting to change delays these benefits, accepts inefficiencies and can only cost more in the long run. An example is online payment processing. The current software EDEN does not allow online payments with credit cards which negatively impacts many departments. Springbrook should be replaced as part of any new GL system so that all the issues mentioned above are addressed. This would auto the current, monthly, manual integration required with Springbrook.
6. **Migration pricing:** Tyler has offered a straight-forward migration of all needed applications to Munis (another Tyler product) that is reasonable. The pricing is likely to not be there or be higher in two years or if we decide to utilize a full-blown bid process to determine our path.
7. **Piggybacking/not bleeding edge:** Taking this direct selection process is not unheard of or uncommon. Other, similar Oregon agencies have already done the studies or weighed the options and upgraded. Ashland could "piggyback" off of their work. Ashland will benefit from the foundation work being laid by these other agencies. This benefit may not exist for Ashland from other software providers.
8. **Better use of existing budget:** Finally, the BN 2015-17 includes payments for the higher costs of EDEN and Springbrook that will not reduce until a transition is made. Some of these funds would be better spent on the new software instead of maintaining less than optimal software. Additionally, the Central Service Fund has a larger fund balance carry forward (approximately \$175,000) than anticipated. ALL departments and funds will get a benefit from an upgrade to budgeting, financial reporting, costing etc. so what better use of these funds!
9. **Timing:** It would be much better to have the general ledger and budgeting applications in place before the next budget process (Spring 2017) so that staff can be more efficient, accurate and effective.

Summary

A transition takes time. Started by January 2016 means critical parts will be done by June 2017. Some lesser parts will carry into the 2017-2019 BN and that budget will require added appropriations for it but they will be diminished if a migration is done with the lion share occurring before then. If a migration is not done the city will need to budget added amounts for consulting work, purchase and migration costs in 2017-2019 with carry over into 2019-2021. Starting sooner hedges against future problems and probable higher costs and has the great potential to use savings from exorbitant bank charges to help pay off any borrowing and conversion costs.

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Memo

We have a known, current advantage right now. Following closely behind other Oregon governments, especially those from southern Oregon, will provide more clout to Ashland. Oregon's way of doing things and state-wide, common operational issues and practices will help Ashland get the software providers attention and create allies when steering the direction and functionality of commonly used software.

Finally, staff is frustrated by software companies that offer great products and services only to fall short of the mark leaving little for a single agency to do. This is compounded when the software company implements proprietary practices that prohibit the customer from seeking alternatives in order to save money. Springbrook has done both of these to the City of Ashland and other agencies. For better or worse EDEN software is merely aged and old technology. They did not take advantage of the situation like Springbrook has and it would be good to transition away from Springbrook. All software, good or bad, ages and eventually gets to end-of-life due to technology changes and competition. EDEN was bought out by Tyler years ago and Tyler is offering a path away from an aged product. Ashland can resolve these issues in one fell swoop.

Attached is a budgetary worksheet comparing the costs of doing a migration from EDEN and Springbrook to a comprehensive Tyler Munis package in BN 2015-2017 as compared to waiting to BN 2017-2019 to go through a bid/RFP process. It is recommended that a bid process will require outside help in the form of a consultant and that consulting service may need to extend through the award and into implementation. The estimated savings from doing a migration sooner than a bid is approximately \$750,000.

Actual savings will be different depending on use of a consultant and timing but the potential savings and improved operational efficiencies are such that staff recommends the city take action now for potential efficiency and costs savings sake.

When considering the budget impact for migration there will be a need to adjust BN 2015-2017. It is estimated that up to \$350,000 would be needed as an inter-fund loan from the Equipment Fund in addition to the utilization of the excess carry forward from 2013-2015 to fund the project. It is possible the inter-fund loan could be paid off in 2017-2019 with budgetary savings in Central Services, minimizing the impact to other departments' internal service charges.

Consult the attachment for more details on the city's use of these products, viable replacement software, conversion costs and other information related to this recommendation.

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Software RFP Conversion Costing

Existing Budget:	BN 2015-17			BN 2017-19		
	Year 1	Year 2		Year 1	Year 2	
Software licensing/Purchase, migration	Existing Appropriations			Major conversion in year 1		
EDEN Support	\$ 79,845	\$ 82,440		\$ 900,000		
Springbrook Support	\$ 30,000	\$ 30,000		\$ 86,562		
New software support				\$ 31,500		
Banking fees (est. at \$197,320/year BN 15-17)	\$ 185,000	\$ 185,000		\$ 214,212	\$ 173,283	
Consulting services - estimate				\$ 100,000		
Portal charges	\$ 27,000	\$ 27,000		\$ 28,350	\$ 28,350	
Software purchase/conversion - estimate						\$ 182,000
IVR conversion	\$ 50,000	\$ 10,000	Total	\$ 10,500	\$ 11,025	Total
Total	\$ 371,845	\$ 334,440	\$ 706,285	\$ 1,371,124	\$ 394,658	\$ 1,765,782

Estimated at \$650,000 plus \$250,000 for conversion costs, etc. To be bid.

Estimated at 28% of software cost.

If consultant needed to select software. May be needed through conversion? Add \$50,000 in year 2.

Conversion to IVR system in 2015-2016 maintained, not purchased with new software since system already put in place.

If Selection/Conversion approved 1/1/2016

Software licensing/Purchase:						
Software support	\$ 79,845					
Software support	\$ 26,000					
Banking charges - estimate	\$ 197,320	\$ 149,687		\$ 161,054	\$ 173,283	
Portal charges	\$ 27,000					
IVR conversion			Existing	\$ -	\$ -	Total
Subtotal	\$ 330,165	\$ 149,687	\$ 479,852	\$ 161,054	\$ 173,283	\$ 334,337

Plus:

Proposed Changes to Budget:	Half down			Total	Total	Total
Licensing purchase	\$ 164,315	\$ 82,158	\$ 82,158			
Annual licensing (5% per year increas	\$ 92,916	\$ 92,916	\$ 97,562	\$ 102,440	\$ 107,562	
Third party	\$ 3,992	\$ 1,996	\$ 1,996			
Implementation	\$ 243,525	\$ 121,763	\$ 121,763			
Forms/reporting/dashboard setup	\$ 40,000	\$ 20,000	\$ 20,000			
Data conversion	\$ 63,300	\$ 31,650	\$ 31,650			
Consulting services						
Portal charges						
IVR conversion	\$ 19,890	\$ 9,945	\$ 9,945	Total	\$ 1,701	\$ 1,786
Subtotal	\$ 627,938	\$ 360,427	\$ 365,073	\$ 725,500	\$ 104,141	\$ 109,348
Total	\$ 690,592	\$ 514,760	\$ 1,205,352	\$ 265,195	\$ 282,631	\$ 547,826

Migration in BN 215-2017 V. Bid in BN 2017-2019

	Biennium 2015-2017	Biennium 2017-2019	Four Year Total
Migration in BN 2015-2017	\$ 1,205,352	\$ 547,826	\$ 1,753,178
Delay to bid it in BN 2017-2019	\$ 706,285	\$ 1,765,782	\$ 2,472,067

Added cost to wait two years to use consultant to bid software:

\$ 718,889

Primary reasons for differential:

Tyler providing software discount for migration from EDEN to Munis	\$ 349,750
Consultant costs	\$ 100,000
Springbrook banking/portal fees	\$ 211,491
Estimated licensing/conversion/other costs	\$ 57,648
Total	\$ 718,889

Memo

DATE: August 17, 2015

TO: Lee Tuneberg, Finance Director

FROM: Bill Molnar, Community Development Director

DEPT: Community Development Department

RE: Permitting and Inspection software upgrades

The Community Development Department began using EDEN Systems Permitting and Inspection software in 1999 and it remains a core component of our department's daily activities. EDEN Permitting is used as the primary means of entering permit review results by all City staff with review responsibilities. The tracking of all planning actions, building permits, Public Works permits, and the recording of daily inspection results is conducted through the use of this software. Additionally the receipting of all revenue associated with permits and fees within the Community Development Department and Public Works Department is conducted in EDEN Permitting, allowing direct coordination with the City's general ledger to ensure efficient and accurate collection of payments.

Eden Permitting has not had substantial advancements in the last 15 years and lacks the web based functionality and GIS integration that has become standard in modern permitting software. Further the parent organization, Tyler Technologies Inc, acquired another more robust permitting software company (EnerGov) with the intent of offering such technological advancements, making any future enhancements to EDEN Permitting unlikely.

The Community Development Department aims to increase efficiencies as well as provide ready access to information to our customers and citizens at large. Upgrading Ashland's permitting and inspection software will serve to improve the clarity, responsiveness and certainty of the development review process. Transitioning to a more effective permitting system, with online e-permitting and electronic plans review abilities, is expected to increase efficiencies as follows:

- Contractors and other applicants can submit permit requests online saving them time and expense. Mobile capability available in current building permit software options allows

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Memo

contractors to use mobile devices to apply for a permit, submit plan addendums, and request inspections right from the construction site. These functions are increasingly demanded by our customers.

- The ability for customers to check the status of a permit, or request inspections, via a web-based interface will create efficiencies for contractors and residents, and our department.
- The City's extensive existing City Geographic Information Systems (GIS) data could be integrated with Permits. This functionality would help facilitate zoning verification, slope analysis, location of floodplains, historic district overlay review, building permit and code compliance history all within the permitting software.
- City Staff conducting inspections could use mobile tablets to instantly access permit information remotely, in the field at construction sites, and instantly record inspection results.
- Utilizing software that creates efficiencies in all steps of the process means we would be less likely to experience backlogs when construction ramps up.
- With a transition to electronic plans review enabled by enhanced permitting software, both permit intake and inspections can be managed fully within the program. Automatic updates and scheduled follow-ups will ensure that paper filing systems can be phased out over time.

The Community Development Department recognizes that our existing permit software is becoming increasingly obsolete after having served the community well for the last 15 years. With Eden Systems Permitting as it stands, we are unable to meet the expectations of citizens and customers in providing ready access to information online, and we are unable to begin the transition to a paperless permitting and inspection process which would increase overall efficiency.

We have evaluated multiple permitting software options over the last 3 years in anticipation of the eventual need to upgrade our software. We found that each permitting software package reviewed could be configured to meet the City's needs, and would constitute a dramatic improvement over the Eden Permitting software we currently use. In evaluating the Oregon State Accela e-permitting system we found that to address Ashland's permitting and planning application processes Accela Automation would need to be acquired and customized. We also evaluated Tyler Technologies newest permitting software, EnerGov, which could readily be configured to meet our expectations of having web access for customers and citizens, mobile access for inspectors, electronic plans review capability, GIS integration, and general ledger compatibility.

In examining each software package independently we found that implementation costs and annual licensing of these software packages were largely comparable as shown in the table below. The parity between the competing software packages is largely achieved due to a discount from Tyler Technologies

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Memo

EnerGov afforded to existing Eden Systems customers, which offsets the State of Oregon subsidy of the Accela software for Building Division related licensing and initiation costs.

	Accela Automation Customized (March 2013 estimate)		EnerGov (January 2015 estimate)	
	Initiation Costs	Annual Costs	Initiation Costs	Annual Costs
Licensing Cost Totals	\$67,063	\$21,795	\$58,779	\$20,796
Configuration/Setup	\$107,505	\$0	\$121,000	\$0
Cumulative Totals	\$174,568	\$21,795	\$179,779	\$20,796
Notes	Oregon State BCD program subsidizes Building Permit software costs only, not Planning, Public Works or Code Compliance.		Includes \$45000 Credit toward Licensing Initiation costs for existing Eden Permits and Land Management users.	

In consideration of the Finance Department's evaluation of upgrading the City's core financial software we are supportive of efforts to coordinate the replacement of Eden Permitting as part of this effort. Addressing each of these City software systems simultaneously should allow for lower implementation costs, increased rollout speed, and enhance inter-departmental coordination.

In the event the City elects to hire a consultant to assess the needs of the City, the Community Development department would like to participate on a multi-departmental panel to review proposals. However, given the ability to consolidate implementation efforts and realize costs savings in migrating from Eden Systems to Tyler's upgraded financial and permit tracking software offerings, the Community Development department supports direct discussions with Tyler Technologies regarding procurement of the upgraded software packages.



Memo

DATE: August 12, 2015
TO: Lee Tuneberg, Finance Director
FROM: Cindy Hanks, Accounting Manager
DEPT: Finance Department
RE: New software

The Eden financial software, purchased in 1999, is going to sunset in the near future, meaning that the provider will no longer support the system (exact date to be determined). Eden was purchased by Tyler Technologies in late 2003. At that point Tyler had acquired multiple governmental software companies, with the goal of eventually merging all to one multi-faceted software system for governmental accounting. Although Tyler will continue to support the Eden software in the near term, no major updates or enhancements to the system are planned.

The City uses Eden for Financials, Payroll, Budgeting, Purchasing, Fixed Assets, Inventory, Human Resources, Licensing, Project Accounting and Permitting. These functions are all critical to meeting state, federal and local requirements. Please note that there are still a few features to Eden tht have not been implemented due to timing and operational shortfalls. The Eden core software system (operating system) hasn't changed since purchase. While the system is still functioning, the demands placed on this legacy system for more information, more reports and more functionality drive the need to move to a more modern software system. Most software providers now offer or are moving to a "cloud-based" solution. NO such option is available for the current Eden system.

Cloud solutions utilize web based operations not normally hosted on a city-owned server.

I believe there are two realistic approaches to deal with our end-of-life financial system.

- 1) Path one is to hire a consultant to assess the needs of the City and each department as they relate to each component of the Eden software and develop an RFP for the procurement of a replacement system. Assuming a reasonable response to the RFP, with the assistance of the consultant, a multi-department panel would be created to review, rank and recommend the RFP



Memo

submittals. On-sight visits may be required. Using a consultant would require competitively bidding the service and is estimated to cost at least \$50,000 and perhaps in excess of \$100,000. Final bid for a comprehensive package is likely to exceed \$1 million in addition to the cost of a consultant to assess and possibly assist along the way.

- 2) Path two is to stay with Tyler Technologies and migrate the current Eden software modules to another product offered by Tyler. A probable solution is Tyler's very robust system called Munis. Tyler is offering the Muni system to existing customers at a reduced price most assuredly to retain the client and to recognize the simplified approach required to migrate rather than re-bid and lose the customer.

Both of the above options have risks to them. There is no software that is perfect and that can meet all of our needs. However, I believe the best option would be to migrate to the Munis System. For the cost and the below list of modules it makes the best use of City funds.

An initial discussion with Tyler regarding an upgrade to their complete, integrated system indicated a cost of purchase well under \$200,000 with conversion and third party fees under \$360,000. As with all software providers there is an annual license for support on the applications and that is estimated to be approximately \$93,000. Ashland currently budgets and pays \$141,000 in annual fees to Eden and Springbrook so the entire new package would have \$48,000 positive (savings) impact each year beyond the purchase/conversion price.

The total includes the modules listed below as well as data conversion from our existing Eden Systems modules. Use of a consultant by the City is optional.

Financials (General Ledger, Budget)	Inventory/Fixed Assets	Purchasing
Payroll	Project and Grant Accounting	Accounts Receivable
Utility Billing	Human Resources	Employee Access Portal (HR)
Work Orders (PW/Elec Operations)	Permits and Inspections	Business Licenses
Fleet and Facilities Mgmt	Content Manager	Citizen Access Portal
User Dashboard	Special Assessments	Report Writer

Some of the features of Munis are highlighted below. Much of the information described below is not available to us in our current system.

Financial Core - This is the general ledger, purchasing and accounts payable. **These functions are more streamline with current business practices.** They feature electronic approvals with each



Memo

module. They support use of P cards which can streamline the purchasing process, providing efficiencies. There is an auto correct feature that corrects all documents within the sub ledgers. For example if a PO was issued to an incorrect account number and was paid to that incorrect number, the single correction is documented in all systems and readily viewable by all users.

Dashboard – This is a web based tool that allows users to launch programs and other applications from a single work area. Web parts (think of apps on your smart phone) can be added to the dashboard on a per user basis. It simplifies sharing information and shows critical data such as workflow approval, notifications and date-based alerts. **Collections for Account Receivable, track budgets against YTD figures.**

Tyler Reporting Services – This is for reports and queries in formats that are unique and customized to the City and helps provides the right information. This service trains staff on using the standard reports and creating our own. The data is presented in a simplified structure for staff to be able to use.

Content Manager – This is product that is similar to Laserfiche. However, this module takes all system generated processes such as accounts payable checks (Purchasing orders, W2's) and links it to **the vendor information**. Also, it allows scanning of invoices and scanned documents are linked to the vendor files. It supports query on any of the texts.

Payroll – A true employee self service web portal where employees can see all their pay data including bi-weekly paychecks, they can make changes to their W-4, change dependents, addresses, etc that integrates back to the HR application. There is a paycheck simulator, where employees can input data to come up with an estimate. This contains a true online timesheet function as well.

HR- This provides the ability to produce and track the status of personnel action forms (PAF's) from the system. This also coordinates with NEOGOV, HR's current employment application processing web app. Other features include the monitoring of open positions, management of events such as next performance reviews, step increases, etc.

Utility Billing – Please see attached memo from Customer Services Supervisor Bryn Morrison.

Report writer- Munis offers free report writing for any reports that take two hours or less of work to produce.



Memo

Permits and Inspections – Please see attached memo from Community Development Department

Below is a summary of recent discussions with other jurisdictions in our area regarding their current software systems, their level of satisfaction, their current or future plans for changes, and what they are doing for their software needs.

- City of Grants Pass - Hired a consultant and previewed Tyler and Springbrook. They chose Tyler – Munis
- City of Medford - Hired a consultant and is in the process of reviewing Tyler-Munis and One Solution.
- City of Corvallis - Selected One Solution but stopped mid-implementation and dropped One Solution.
- City of Bend – Hired a consultant and Selected Tyler – Munis
- City of Forest Grove - Currently evaluating Tyler – Munis
- Benton County - Currently evaluating Tyler - Munis

The examples above seem to indicate that in the recent past a consultant approach for similar organizations has resulted in a Munis selection in Grants Pass and Bend.. Also, similar sized organizations with similar complexities like Forest Grove consider Munis as a viable solution.

In my opinion, the City is at a point with the Eden Systems software where the current deficiencies within Eden are becoming more prevalent. We cannot implement desired business changes within our current software. We cannot provide necessary reports. We cannot meet current demands for data requests and many functions require a challenging amount of “work-arounds” or manual effort from the Accounting staff and other departments.

It is my recommendation that staff consult with the Legal department to determine the appropriate steps for a software upgrade/migration to the Munis suite of software packages and, if accepted, the City begin more detailed discussions with Tyler regarding a more formal quote for the “path two” solution.



Timeline of Key CoA Software Milestones – Primarily General Ledger and Utility Billing

1. About 1999 the city bid and awarded a financial software contract to EDEN. Conversion of applications, as warranted, continued for multiple years. Some applications were never employed due to timing and staffing direction.
2. Utility billing software remained "home grown" and was not included in the financial package purchase and conversion.
3. About 2003 EDEN was acquired by Tyler.
4. About 2004 the city acquired Incode Courts software directly from Tyler.
5. During fiscal Years 2005-2012 the home grown utility software failed audit security and control requirements. Efforts were ongoing to comply but eventually staff and auditors agreed it has to be replaced by an outside software.
6. In 2010 the city bids utility services and awarded to Springbrook. EDEN bid its utility software but functionality was stated by them to be lacking...there were things they felt they could not do Springbrook said they could do the things requested with customization. The other bidder was COG and its estimate for utility billing alone was well above \$500,000.
7. City went live with Springbrook UB in 2012 but the software is clunky, costly to run and not very efficient. Many of the bid features required customization and that has an ongoing cost. Staff reviewed options with Legal and found little recourse so implementation and customization continued.
8. June 2013 Tyler indicated no need to change from EDEN financials in the foreseeable future and offered migration to Muni as a planned path whenever decided by the customer.
9. January 2015 staff raised the impending financial software conversion but does not budget replacement due to all other financial demands, thinking that EDEN will last into the next biennium with preliminary work for replacement being achieved by June 30, 2017.
10. Staff requested information on migration and received an estimate for migration good through January 1, 2016. However, staff is unsure about functionality of Munis and the benefits of migrating over going to bid.
11. Accounting staff attended Tyler conference to view Munis software and to discuss with other users their plans to migrate or bid. Their first impression is that Munis is very viable and many agencies are taking advantage of Tyler's offer to not charge additional licensing for migration, in essence to keep pricing with the amounts currently contracted.
12. August 2015 staff submitted report reflecting history, feasibility, peer research and pricing of migration including confirmation that Tyler is the sole provider/developer/modifier of Munis for purposes of bidding or migration and/or maintenance.
13. September 2015 staff evaluates the potential of migrating to Tyler Munis sooner than planned including the replacement of Springbrook due to the considerable customization, related costs and less-than-efficient operations of the software and Springbrook customer service.

Note:

14. Support of EDEN financial software will eventually cease. The city has to migrate or bid new software. Investment of additional time and money into EDEN and peripheral software should be considered unworthy. Some may still be required if conversion is delayed to BN 2017-19.
15. Migration is very viable and perceived to be less costly than bidding and starting from scratch with a new software provider. Migration within the software held by the same company seems to be unfettered by the requirement to bid services.
16. Tyler, who owns EDEN has a well-known and perceived to be a very good product called Munis. Tyler has planned for customers to easily migrate to Munis and offers incentives to do so.
17. Tyler has provided an estimate for migration from EDEN/Springbrook to Munis good to 1/2016.
18. Munis includes many other applications like utility billing that appear to be more comprehensive than Springbrook.
19. Many similar government agencies in Oregon are in the same spot and already bidding, negotiating or studying a migration to Tyler Munis. At least one has failed with bids to another software provider and are considering Munis at this point.
20. Ashland Finance Department recommends the City consider the same migration.

Notice of Public Hearing for Supplemental Budget

A resolution adopting a supplemental budget for the City of Ashland, Jackson County, State of Oregon, for the biennium July 1, 2015 to June 30, 2017, will be considered at the Civic Center, 1175 East Main Street, Ashland, Oregon as part of the City's Regular Meeting on December 1, 2015, at 7:00 p.m. A copy of the supplemental budget document may be inspected or obtained on or after Wednesday 25 November, at the Administrative Services Department, 20 East Main, Ashland, Oregon 97520 between 8:30 a.m. and 4:30 p.m. A summary of the supplemental budget is presented below.

General Fund

Appropriation:	Police Department	\$40,155
Resource:	Intergovernmental Revenues	\$40,155

To appropriate funds from You Have Options Program (YHOP). This was collected by city of Ashland and is now being handled through Jackson County SART.

Central Service Fund

Appropriation:	Administrative Services Department	\$575,000
Resource:	Interfund loan (Revenue)	\$400,000
	Working Capital Carryover	\$175,000

To appropriate for the cost to migrate financial software from Eden to Munis both a Tyler Technology product. This requires an interfund loan that will be paid with interest (calculated on the actual monthly interest earned in the Local Government Investment Pool) no later than fiscal year 2021 and a transfer of excess beyond the amount budgeted for Working Capital Carryover from the prior year.

Equipment Fund

Appropriation:	Interfund Loan (Expense)	\$400,000
Resource:	Ending Fund Balance	\$400,000

To appropriate an interfund loan to the central services fund for migrating the financial software.

TOTAL ALL FUNDS		<u>\$1,015,155</u>	<u>\$1,015,155</u>
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