



Agenda Report

MEETING DATE: Tuesday, December 14, 2021

TO: City Council

FROM: ADMINISTRATIVE SERVICES DIRECTOR CZERWIN

SUBJECT: RESOLUTION AUTHORIZING THE CITY MANAGER TO NEGOTIATE A CONTRACT WITH OPENGOV FOR A NOT TO EXCEED AMOUNT OF \$500,000 AND AUTHORIZING AN APPROPRIATION OF \$291,795 FROM VARIOUS FUNDS

STATEMENT OF ISSUES: Watsonville is currently using the Tyler MUNIS budget module as part of the City's Enterprise Resource Planning (ERP) system. It does not meet the needs of the Finance Department.

An RFP for a new Budget System was issued on October 27, 2021. The Finance Department with the help of other departments evaluated the proposals and has decided that OpenGov can meet the City's requirements and provide additional features which enhance our ability to budget efficiently and communicate that budget with the public.

RECOMMENDED ACTION:

It is recommended that the City Council approve a resolution:

- 1) Authorizing the City Manager to negotiate a contract with OpenGov with a not to exceed amount of \$500,000 over six years, and
- 2) Appropriate \$291,795 from various funds.

DISCUSSION:

For the FY 20-21 and 21-22 budgets, the Finance Department used the budget module included with the City's Tyler MUNIS ERP system. Prior to this, we used linked Excel sheets. Neither method met the needs of a modern budget process. Excel sheets were error prone, difficult to balance, and left departments out of the process. The Tyler MUNIS module is clunky, not set up for a two-year budget, cannot handle our capital process, and also does not allow full department participation. Knowing that there are better software options available, the Finance Department, with input from the IT Department issued an RFP on October 27, 2021. We received 5 responses. The responders and proposed costs are listed below in Table 1.

Table 1: Summary of Proposals

	ClearGov*	IGM	OpenGov**	Questica	TruED
One-Time Set up	9,000	24,000	44,400	52,155	295,000
Year 1	45,000	39,000	68,330**	71,566	106,680
Year 2	45,000*	40,560	68,330**	71,566	106,680
Year 3	45,000*	42,182	68,330**	75,144	106,680*
Year 4	45,000*	43,870	68,330**	78,902	106,680*
Year 5	45,000*	45,624	68,330	82,847	106,680*
Five year Total	234,000	235,236	386,050	432,180	828,400
*unclear what inflation if any would be applied in future years					
** offering 9.5% discount if prepay 4 years					

IGM was eliminated as its proposal did not include enough detail to be considered complete. TrueED was also eliminated as its proposal was determined to be cost prohibitive.

The remaining three proposers were invited to demonstrate their products to a team including participants from the Finance, IT, Police, Public Works, Parks and Community Services Departments, and the City Manager's Office. The team scored the proposals and a summary of the scores are included below in Table 2.

Table 2: Summary of Demonstration Scores

	ClearGov	OpenGov	Questica
Total Points (out of 700)	297	387.5	364.5
Average Score (out of 100)	42	55	52

OpenGov was the highest scoring software proposal. The Administrative Services Director called references for the top two scoring companies and confirmed that OpenGov is liked by their customers who appreciate their customer service and the continuous improvements to their product. Therefore, it is recommended that the City move forward with OpenGov.

The OpenGov proposal includes purchase and implementation of operating budgets, capital planning, workforce planning, online budget book, reporting and transparency platform, reporting and analytics dashboards, stories, open town hall, and data management components. OpenGov's budget building capacity will improve department's ability to make budget requests, including positions, and submit those requests to the Finance Team. It will improve communication between the Finance Department and departments. The workforce or personnel planning components will be much easier to update and use than the current system. OpenGov will also allow the Finance Department to move the Capital Improvement Plan (CIP) into the budget system. The CIP is currently conducted via Excel and an antiquated database program. OpenGov will automate the creation of the budget book and move the budget book from a published document to an online easily navigable document. Currently the production of the budget book compiles files from a number of platforms and takes hours of communications staff time to complete. OpenGov will save significant finance and communications staff time along with giving departments much more control and transparency around their budget submissions.

In addition to improving our existing internal processes OpenGov offers a number of features that will enhance our current process particularly around external communication with the public. OpenGov includes an ability to include and track performance measures on a regular basis. It includes an online transparency tool which the public can use to drill into historical budgets and actual finances. It also includes a tool that can be used to easily survey the public both on budget and financial questions, or any other survey need of the City and easily compiles and analyzes the results.

OpenGov proposes a four-year contract with an optional 2-year extension at the price of \$68,330 per year with no inflation. They are offering a discount of 9.5% (or \$25,965) if we prepay 4 years. We will decide whether or not to take advantage of this offer as we finalize the contract. They also propose a one-time implementation cost of \$44,400. OpenGov also offers consultancy services at the rate of \$185 per hour should the City request specially designed or modified features. I do not anticipate needing consultancy services at this time but am including \$71,585 contingency in our request should we find we need modifications. See Table 3 for a summary of costs over the next 6 years.

Table 3: Summary of Anticipated Contract Costs

Contract Component	Cost
Year 1-4 Service Agreement	273,320
discount	(25,965)
Implementation Fee	44,400
Year 5-6 (Optional)	136,660
Contingency (Optional)	71,585
Total	500,000

It is expected that implementation of the system will take 6 months or more. It is likely that some but not all features will be available for the upcoming FY 2022-23 budget cycle. Details on implementation and schedule will be worked out through final contract negotiations.

STRATEGIC PLAN:

The purchase of the OpenGov budget system meets several strategic plan objectives.

- 2- Fiscal Health – Improving departments’ abilities to control their own budget requests and budget monitoring.
- 5- Community Engagement & Well-Being – Includes transparency features that are easily accessed and understood by the public and an outreach tool to easily survey and poll our community.
- 7- Efficient and High Performing Government- Reducing hours spent on tedious tasks related to the budget process and therefore freeing staff up to perform more analytic functions. Combines into one system operating, personnel, and capital budgeting and simplifies the production of the budget book.

FINANCIAL IMPACT:

We propose to fund the purchase of this system with money from Enterprise and the General Funds in proportion to their share of the FY 21-22 budget. We request a total appropriation of \$291,795 which assumes we accept the 9.5% discount and prepays the first four years. If we decide not to prepay, we will pay only the first year of the contract and future years will be included in future operating budgets. We are requesting appropriations as follows:

Fund	%	\$
Water	16.8%	49,022
Waste Water	13.1%	38,225
Solid Waste	9.2%	26,845
Airport	2.1%	6,128
General Fund	58.8%	171,575
Total		291,795

ALTERNATIVE ACTION:

The Council can

- Deny this request and we will continue producing the budget each year with our current system.
- Request staff to return with a final negotiated contract

ATTACHMENTS AND/OR REFERENCES (If any):

None