STAFF REPORT
CITY of YORBA LINDA

DATE: JULY 19, 2022

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: DIANNA HONEYWELL, FINANCE DIRECTOR / CITY TREASURER

SUBJECT: SOFTWARE SERVICES AGREEMENT WITH OPENGOV, INC. FOR BUDGETING AND PLANNING SOFTWARE

RECOMMENDATION

It is recommended that the City Council approve a Five-Year Software Services Agreement with OpenGov, Inc. for budgeting and planning software and related professional services in an amount not-to-exceed $264,440 and authorize the City Manager to execute the Agreement.

BACKGROUND

Accurate and timely preparation of the City's budget, mid-year budget and quarterly financial reports, in addition to the analysis of non-financial data is critical to successful City operations. Currently, the budget and financial reporting process is cumbersome and time consuming for Finance and all City departments. When the City's ERP system was implemented three years ago, the hope was that the budget module would provide relief from this manual process. Unfortunately, the budget module proved to be just as cumbersome and very similar to the previous reliance on Excel spreadsheets. It is very difficult to collaborate with other users due to the limitation in sharing Excel workbooks. This manual process for the transmission and input of financial data also vastly increases the probability of errors. The production of the budget book is also a manual process, using Excel and Word to create the printed document. Although this process has provided the City with successful budget preparation, it is not the most effective or efficient way to prepare budgets and communicate financial data to Council and the City's constituents.

DISCUSSION

It is estimated that Finance Department staff spends more than a thousand hours a year preparing the budget, mid-year budget and quarterly financial reports. This includes working with departments on their staffing requests, budget proposals and balancing all the requests within the parameters of the available City resources. Much of this work is completed by the Finance Director and Financial Services Manager due to the current financial reporting and budgeting tools at our disposal.

In an effort to streamline the budget process and make it more of a collaborative process across departments, Finance staff and the City Manager invited consultants from OpenGov, Inc. to demonstrate the Budget Builder software solution. OpenGov is a Redwood City, CA based company founded in 2012 to help public agencies improve the accessibility and transparency of their financial data to the public. Over the last several years, OpenGov has developed tools to allow for operating budget and Capital Improvement Program (CIP) preparation. OpenGov currently serves over 2,200 governments ranging from states, counties, and cities. Some examples of the California cities served by OpenGov include Irvine, Long Beach, Eastvale, Baldwin Park, Diamond Bar and Glendora.

This solution best meets the needs of the City in the areas of operating budget preparation, capital improvement program planning, personnel budgeting and financial reporting. The OpenGov platform will allow staff to interact simultaneously by entering and modifying data in one centralized location, rather than sending Excel spreadsheets back and forth via email. The platform will be linked directly to the City's financial management system, Tyler Munis, providing timely and accurate access to critical financial data. Most importantly, this streamlined process minimizes the potential for human error. The main modules that the City will utilize are as follows:

- Communications and Reporting – integrates with and aggregates data from a variety of sources both financial and non-financial. In addition, OpenGov's visualization and dashboarding capabilities allow staff to easily access, visualize and compare data from several sources all in one place. The software creates specific dashboards for different departments or stakeholders so they have ready access to the data they need from different systems and can monitor progress to goals or trends over time.

- Budgeting and Planning Suite – integrated budgeting and planning solution that has the capacity to aggregate and synchronize both financial and non-financial data. It is intended to transform the budget process form the initial stages of planning and personnel forecasting through final publication while enabling collaboration throughout the process. The software includes multi-year and personnel forecasting, and an electronic budget book which links the financial and non-financial data as appropriate.

Purchasing Method

Section 8(E)(3) of the City's Purchasing Policy allows for the City to waive the competitive bidding process when the purchase is made from a State of California contract, commonly referred to as "piggybacking".

Staff has confirmed that the price proposed by OpenGov is below the National Association of State Procurement Officials (NASPO) price list offered by a NASPO ValuePoint ("NASPO") vendor, which is also an authorized reseller of OpenGov. NASPO is a cooperative purchasing program facilitating public procurement solicitations and agreements using a lead-state model. The information below was extracted from the

detailed table provided by NASPO's vendor Carahsoft, which can be found on NASPO's website:

> https://www.naspovaluepoint.org/portfolio/cloud-solutions-2016-2026/carahsoft-technology-corporation/

You can download a price list from the website and refer to Excel worksheet line numbers 346679 and 346592. Additionally, for procurement purposes, OpenGov's software platform is the only integrated multi-tenant Software as a Service ("SaaS") solution that can meet and/or exceed the City's desired goals for communications, reporting, and civic engagement, as described in detail under the Product Selection section.

As illustrated in the table below, the National Association of State Procurement Officials (NASPO) list price is higher than what was negotiated by staff working directly with OpenGov, Inc.

Sheet Line Number	Manufacturer	Description	Vendor Part No	List Price	NASPO Price	Yorba Linda Price
346679	OpenGov	Budgeting and Planning - Between $60-80 Million - 5Y	OG-SWBA-B6080M-AR-5Y	$46,239.00	$45,776.61	$42,343.00
346592	OpenGov	Professional Services Deployment - Prepaid - All Tiers - 0Y	OG-PSBG-ALTR-OT-0Y	$222/Hour	$217.78/Hour	$185/Hour

Implementation Timeline and Methodology

If the contract is approved, staff anticipates an August 1, 2022, project kickoff. This will allow adequate time to customize the system to the City's specifications in time to use for the upcoming Two-Year Budget for FY 2023/24 and FY 2024/25. The preparation of the Two-Year Budget will commence in January or February of 2023.

OpenGov's deployment methodology includes project initiation, best practices review, configuration, validation and deployment. A dedicated team of OpenGov employees are assigned to our project and include an executive sponsor, a project manager, an analyst, subject matter experts, integration engineers and customer success managers. This proven approach to implementation has been successful in over 2,000 implementations.

FISCAL IMPACT

The one-time implementation cost is $52,725 and the ongoing cost of services is $42,343 annually. These first-year costs totaling $95,068 are built into the proposed FY 2022/23 budget. Ongoing costs will be built into subsequent budgets as directed by the City Council.

ALTERNATIVES

City Council could choose not to approve the Software Services Agreement and direct staff

to continue using the ERP budget module, Excel and Word programs to prepare the budget and other financial reports.

<u>ATTACHMENTS</u>

1. Attachment 1 – Scope of Work
2. Attachment 2 – Software Services Agreement