City of Columbus

Legislation Details (With Text)

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On agenda:	4/9/2018	**Final action:**		4/12/2018

Title: To authorize the City Auditor to modify the existing contracts with Tyler Technologies, Inc. and Microsoft Corporation and provide funding for the support, hosting, and maintenance of Dynamics AX; to authorize the appropriation and expenditure of up to $770,000.00 from the Special Income Tax Fund and expenditure of $302,059.00 from the general fund, for a total expenditure of $1,072,059.00; and to declare an emergency ($1,072,059.00).

Sponsors:

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Attachments: 1. Legislation template R.2017.pdf

Date	Ver.	Action By	Action	Result
4/12/2018	1	CITY CLERK	Attest	
4/11/2018	1	MAYOR	Signed	
4/9/2018	1	COUNCIL PRESIDENT	Signed	
4/9/2018	1	Columbus City Council	Approved	Pass

The City Auditor originally entered into a Professional Services Agreement with Tyler Technologies, Inc., for the Purchase and Installation, Maintenance, and Support of City Financial Management System. The contract was authorized by Ordinance No. 1077-2013 and passed by the Columbus City Council on May 20, 2013.

The contract included annual renewal provisions for hosting, maintenance, and support for the Dynamics AX system manufactured by Microsoft with services provided through its partner Tyler Technologies, Inc. The most recent renewal for 2017 was authorized by Ordinance No. 0152-2017 and passed by Columbus City Council 2/6/2017.

This legislation authorizes the City Auditor to provide funding for the support and hosting of the city's financial management system, Dynamics AX according to the existing contract with Tyler Technologies, Inc. and Microsoft Corporation. This ordinance is to allow the extension of the contract for up to two (2) additional years, funded annually and subject to appropriation by Council, in order to continue operations without interruption and while the City plans its migration strategy to a newer version of the product.

Since the original implementation of Dynamics AX 2012 (DAX) for the Public Sector, Microsoft has released a major product version update called Dynamics 365 (D365). It is likely the City would want to migrate to the newer version, which can be hosted in the Microsoft cloud versus using a third party host, before the end of any hosting term and it would be impractical to bid and move the existing version to a new host. Most hosting companies require a 2-3 year term with early opt out penalties in order to recoup the initial investment in hardware and software licenses to support the product platform. The renewed contract will also include a sixty (60) day opt out clause without penalty allowing the City to migrate earlier if it becomes advantageous and desirable for the City to do so.

The two year extension term will also allow the City to participate in a Microsoft sponsored program for existing DAX customers to begin an evaluation of D365 and to conduct an upgrade assessment analysis. This program conducts a

readiness assessment for the City to help evaluate the level of effort necessary to upgrade latest release of the software product and to eventually begin migration planning from the version hosted by Tyler to the D365 version in the cloud. The City has agreed to participate in this Microsoft sponsored program, which entails an independent third party partner, i.e.: not Tyler or Microsoft, evaluating the functional and technical readiness of the City to migrate to the new version of the product. The chosen partner will also be one with experience migrating customers from current version (DAX) to the next version (D365) Microsoft while paying the partner directly for the services to conduct the analysis to help it understand and align the product with Public Sector customer needs and to assist the City in the initial stages of determining its readiness to upgrade to the latest version.

Once the City has determined the new version is ready to support the functional and technical needs of the City, it would initiate a new project with new legislation authorizing the project and conduct an RFP for an implementation partner.

The cost for the AX hosting and support extension was negotiated with Tyler Technologies for items that went beyond the existing term. The City of Columbus requested a comparison quote for hosting from a competing Dynamics AX hosting provider, One Neck, which was higher than the amount quoted by Tyler Technologies, required a three year commitment in time, and included an early termination penalty. Based upon this cost estimate and reasons stated above, the City Auditor has determined that renewal with Tyler is the most suitable course of action at this time.

Cost breakdown estimates for this 2 year renewal modification are as follows:

Dynamics Fees	2018	2019
AX hosting (April 1-March 31)	770,000	962,500
TIE Extensions (Annual contract cost)	68,850	68,850
BREP (MSFT AX maintenance May)	174,869	180,115
TIE & AX support (Annual)	58,340	73,340
TOTAL annually by ordinance	**1,072,059**	**1,284,805**

To authorize the City Auditor to modify the existing contracts with Tyler Technologies, Inc. and Microsoft Corporation and provide funding for the support, hosting, and maintenance of Dynamics AX; to authorize the appropriation and expenditure of up to $770,000.00 from the Special Income Tax Fund and expenditure of $302,059.00 from the general fund, for a total expenditure of $1,072,059.00; and to declare an emergency ($1,072,059.00).

WHEREAS, it is necessary for the City Auditor to modify the contracts with Tyler Technologies, Inc. and Microsoft Corporation to continue yearly maintenance, hosting, and support services for Dynamics AX for the City of Columbus necessary for 2018 operations; and

WHEREAS, it is necessary to authorize the appropriation and expenditure of up to $770,000.00 from the Special Income Tax Fund; and

WHEREAS, it is necessary to authorize the expenditure of $302,059.00 from the general fund; and

WHEREAS, an emergency exists in the usual daily operations of the City Auditor's Office in that it is immediately necessary to authorize the City Auditor to modify existing contracts and authorize additional maintenance, hosting, and support services related to Dynamics AX, thereby preserving the public health, peace, safety, and welfare; now, therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the City Auditor is hereby authorized to modify existing contracts with Tyler Technologies Inc. and

Microsoft Corporation for yearly maintenance, hosting and support services for Dynamics AX for the City of Columbus' Public Sector.

SECTION 2. That the sum of $770,000.00 is hereby authorized to be appropriated and expended from the Special Income Tax Fund 4430 and subfund 443001 Dept./Div 22-01, Object Class 03, main account 63946. (Sheets attached)

SECTION 3. That the sum of $302,059.00 is hereby available and authorized for expenditure from General Fund 1000 and subfund 100010 Dept./Div. No. 22-01 , Object Class 03, main account 63946. (sheet attached)

SECTION 4. That the sum of $1,072,059.00 is for maintenance, help desk, and hosting of Dynamics AX for 2018.

SECTION 5. That the funds necessary to carry out the purpose of this ordinance are hereby deemed appropriated and authorized for expenditure and the City Auditor shall establish such accounting codes as necessary.

SECTION 6. That the City Auditor is authorized to make any accounting changes to revise the funding contract or contract associated with the expenditure of the funds.

SECTION 7. That for reasons stated in the preamble hereto, which is hereby made a part hereof, this resolution is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.