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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: February 25, 2020

RE: **Exempting the Procurement of Financial and Accounting System Annual Software Maintenance Agreement from Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Tyler Technologies, Inc.**

The motion detailed below was prepared at the request of Finance Director Bob Newell, who asked that it be placed before the City Council for consideration at its meeting of March 5, 2020. If adopted, the motion provides for exempting the procurement of the Finance Department's financial and accounting system annual software maintenance agreement from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code and authorizing the acquisition of such software maintenance agreement from Tyler Technologies, Inc. at a cost not to exceed \$81,294.

Subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code provides for exempting the purchase of such services from competitive bidding/quotations when:

"Supplies, materials, equipment or contractual services which should be purchased from a specific source in order to prevent incompatibility with previously purchased supplies, materials, equipment or contractual services. For the purpose of this paragraph, the term incompatibility is defined as:

- (A) The inability to interconnect, combine, interchange, or join; or
- (B) That which causes substantial duplication in maintenance, expertise or training or in the stocking of parts, materials, supplies or replacement. Any purchase which is to be excluded from competitive bidding by authority of this subparagraph which exceeds \$10,000, must first be approved by the council."

The rationale for the exemption is detailed in Mr. Newell's transmittal memorandum and needs no elaboration on the part of my office. I concur with the Finance Director's recommendation.

Mr. Newell will be attending the City Council meeting of March 5, 2020, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

Pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, it is recommended the City Council adopt the motion exempting the procurement of the Finance Department's financial and accounting system annual software maintenance agreement from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorizing the City Manager to enter into an agreement for the purchase of such annual software maintenance agreement with Tyler Technologies, Inc. in an amount not to exceed \$81,294; and approving funding from the Finance Department's 2020 Software Maintenance Services account (Account No. 635.04).

Recommended Motion: Pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, I move the City Council exempt the procurement of the Finance Department's financial and accounting system annual software maintenance agreement from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorize the City Manager to enter into an agreement for the purchase of such annual software maintenance agreement with Tyler Technologies, Inc. in an amount not to exceed \$81,294; and approve funding from the Finance Department's 2020 Software Maintenance Services account (Account No. 635.04).

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Bob Newell, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

TO: Karl R. Amylon, City Manager/KPU General Manager

FROM: Bob Newell, Finance Director

DATE: February 17, 2020

SUBJECT: Request to Exempt the Procurement of an Annual Software Maintenance Agreement from New World Systems for the Finance Department from the Competitive Bid/Written Quotation Requirements of the Ketchikan Municipal Code

As you are aware, the City acquired a financial and accounting system from New World Systems. Subsequent to this acquisition, Tyler Technologies acquired New World Systems. In order to ensure that the system is properly maintained and updated, the Finance Department must enter into an annual maintenance contract. In order to ensure compatibility of the maintenance services with the systems in place it is necessary to acquire the maintenance services directly from Tyler Technologies, Inc.

The amount of the annual maintenance agreement for 2020 is \$81,294, which remains unchanged from 2019. At this price, the Ketchikan Municipal Code requires that the City Council approve the purchase and staff seek either competitive bids or written quotations unless the City Council approves an exemption. Subparagraph 6 of Section 3.12.050 (a) of the KMC provides an exemption that would be appropriate for this transaction. Subparagraph (6) states the following:

"Supplies, materials, equipment or contractual services which should be purchased from a specific source in order to prevent incompatibility with previously purchased supplies, materials, equipment or contractual services. For purpose of this subparagraph, the term "incompatibility" is defined as:

- (A) the inability to interconnect, combine, interchange, or join; or
- (B) that which causes substantial duplication in maintenance, expertise or training or in the stocking of parts, materials, supplies or replacements.

Any purchase which is to be excluded from competitive bidding by the authority of this subparagraph which exceeds ten thousand dollars must first be approved by the council."

Since acquiring the annual maintenance agreement from Tyler Technologies, Inc. is the only option available to the City that would ensure that the maintenance services provided would be compatible with the existing New World Systems software applications, I recommend seeking approval from the City Council to exempt this procurement from the competitive bid/written quotation requirements of the KMC.

Funding in the amount of \$81,294 is available in the Finance Department's 2020 Software Maintenance Services Account No. 635-04. The cost of the annual maintenance will be shared by other city departments through the assessment of interdepartmental charges.

Karl R. Amylon
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Recommended Motion:

Pursuant to Subparagraph 6 of Section 3.12.050 (a) of the Ketchikan Municipal Code, I move the City Council exempt the procurement of an annual software maintenance agreement for 2020 from Tyler Technologies, Inc. for the Finance Department from the competitive bid and written quotation requirements of the Ketchikan Municipal Code; authorize the city manager to enter into an agreement for annual maintenance services with Tyler Technologies, Inc. for an amount not to exceed \$81,294; and approve funding from the Finance Department's 2020 Software Maintenance Services Account No. 635-04.