

STAFF REPORT

DATE: August 8, 2022
TO: Sacramento Regional Transit Board of Directors
FROM: Lisa Hinz, VP, Security, Safety and Customer Satisfaction
SUBJ: RATIFYING THE GENERAL MANAGER/CEO'S EXECUTION OF THE LICENSE AND SERVICES AGREEMENT WITH TYLER TECHNOLOGIES, INC., RATIFYING EXECUTION OF A QUOTE WITH TYLER TECHNOLOGIES, INC. TO ADD ADDITIONAL LICENSES, APPROVING THE FIRST AMENDMENT TO THE LICENSE AND SERVICES AGREEMENT WITH TYLER TECHNOLOGIES, AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO PAY ANNUAL SOFTWARE SUPPORT FEES FOR TYLER TECHNOLOGIES PRODUCTS

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approving the recommended action will retroactively authorize payments previously made to Tyler Technologies, Inc. for software licenses and software maintenance and authorize continued payment of support fees for critical software products used by SacRT Police Services staff.

FISCAL IMPACT

To date, \$192,408.32 has been expended for the Tyler Technologies, Inc. software acquisition, maintenance, and support. The following are the continued costs for ongoing maintenance and support:

FY23: \$26,262
FY24: \$27,050
FY25: \$27,861
FY26: \$28,697
FY27: \$29,558

The FY23 cost for support and software maintenance is budgeted. The cost for future fiscal years will be included in the respective operating budgets.

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DISCUSSION

In December 2017, the General Manager/CEO executed a License and Services Agreement with Tyler Technologies, Inc. for software licenses, professional services, maintenance and support, and hosting services for Brazos Fare Enforcement (Tyler software Versaterm interface and Tyler software Carol Miller Justice Center interface). The cost for the professional set up services and initial 60 software licenses was \$95,375. The set up and licenses were acquired under a sole source procurement for Transit Ambassadors and contracted sworn officers and deputies to write electronic citations on SacRT's bus and light rail system. Electronic citations are used to enforce SacRT's fare structure and other laws, such as no trespassing on the right of way. Carol Miller Justice Center mandated electronic citations by January 1, 2018; paper citations are no longer accepted. All citations written by sworn staff are required to be processed under the Sacramento Police Department's Record Management System (called Versaterm). The Sacramento Police Department contracted with Tyler Technologies, Inc., so SacRT must use the same software company to write electronic citations.

The License and Services Agreement included an initial year of maintenance with the \$95,375 payment. However, it identified that recurring annual costs of at least \$16,357.68 would be required if SacRT wanted to continue to receive ongoing maintenance for the software, which includes product updates and support.

Since SacRT did not opt out, in the initial purchase, of the ongoing maintenance and support services, the Maintenance and Support Agreement continues auto-renewing, at the then-current pricing, until (1) SacRT ceases to make the required payments; or (2) provides 30 days' advance notice of its desire to terminate the maintenance component. For this reason, the original execution of the License and Services Agreement was unauthorized, because the commitment to pay these on-going costs was beyond the General Manager/CEO's contracting authority (which was \$100,000 in 2017). SacRT has nonetheless continued to pay the annual costs to maintain these 60 licenses and two other software components (Interface: CMS and Interface: RMS) since 2017.

In addition, in February 2018, a purchase order was issued and a quote was executed to purchase 30 additional software licenses "subject to the terms and conditions of [the existing License and Services Agreement]", including the auto-renewal of the maintenance component, for a cost of \$25,000 for the initial acquisition and a minimum of \$6,300 in recurring maintenance fees. This action was also an unauthorized procurement.

Currently, the maintenance cost for these products is approximately \$26,261.90. SacRT continues to use these products for critical operations support and payment of the annual support fees will continue to be required. The original 2017 License and Services Agreement allows Tyler Technologies, Inc. to increase the support fees annually, with no cap on year-over-year increases. The proposed Amendment would establish the annual fee amounts through Fiscal Year 2027-28, which reduces budgetary risk to SacRT. After that time, the then-current fees would apply for so long as the software is used.

The Board is being asked to approve five actions:

- (1) Retroactively ratify the General Manager/CEO's execution of the 2017 License and Services Agreement, which will authorize the previous payments that have been made since 2018;
- (2) Retroactively ratify the execution by SacRT Staff of the quote in 2018 that committed SacRT to purchase and maintain the additional 30 licenses;
- (3) Approve an extension of a sole source procurement for these services, as they cannot be provided by a vendor other than Tyler Technologies, Inc.;
- (4) Approve the First Amendment to the License and Services Agreement to set out the maintenance fees that will be due through 2028; and
- (5) Delegate authority to the General Manager/CEO to pay for all Tyler Technologies Annual Maintenance and Support Fees for so long as SacRT continues to use these products.

RESOLUTION NO. 2022-08-091

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

August 8, 2022

RATIFYING THE GENERAL MANAGER/CEO'S EXECUTION OF THE LICENSE AND SERVICES AGREEMENT WITH TYLER TECHNOLOGIES, INC., RATIFYING EXECUTION OF A QUOTE WITH TYLER TECHNOLOGIES, INC. TO ADD ADDITIONAL LICENSES, APPROVING THE FIRST AMENDMENT TO THE LICENSE AND SERVICES AGREEMENT WITH TYLER TECHNOLOGIES, AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO PAY ANNUAL SOFTWARE SUPPORT FEES FOR TYLER TECHNOLOGIES PRODUCTS

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

That, pursuant to Sections 1.105 and 1.405.B.2 of the Procurement Code (Ordinance 21-10-01), the Board of Directors hereby ratifies the execution by the General Manager/CEO of the November 2017 License and Services Agreement by and between the Sacramento Regional Transit District (therein "Client") and Tyler Technologies (therein "Tyler") for the purchase of software support and maintenance e-citation software, as SacRT was required to use this software to comply with Sacramento County Superior Court requirements, Tyler Technologies has proprietary rights in the software, and no other contractor could provide the required products and support.

That, pursuant to Sections 1.105 and 1.405.B.2 of the Procurement Code (Ordinance 21-10-01), the Board of Directors hereby ratifies the February 9, 2018 execution by SacRT Staff of Quote QUO-4669-B5M9Y8, which added 30 licenses and maintenance of those licenses to the scope of the existing License and Services Agreement on a sole source basis.

THAT, pursuant to Section 1.405.B.2 of the Procurement Ordinance (Ordinance 21-10-01), the Board of Directors hereby approves an Amendment to the License and Services Agreement by and between the Sacramento Regional Transit District (therein "Client") and Tyler Technologies (therein "Tyler") to specify the recurring support fees that SacRT will pay for Tyler to support and maintain its proprietary software through Fiscal 2027-28.

THAT, the Board hereby delegates authority to the General Manager/CEO to enter into any required agreement and pay all required annual support fees to maintain the functionality of the Tyler Technologies software for so long as SacRT continues to use Tyler Technologies products.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary