Agenda Item 9-D
Action Item

To: Chairman Skinner and the VRE Operations Board
From: Rich Dalton
Date: June 19, 2020
Re: Authorization to Execute a Contract for an Enterprise Resource Planning Software Solution and Technology Services

Recommendation:
The VRE Operations Board is asked to authorize the Acting Chief Executive Officer to execute a contract with Tyler Technologies, Inc. of Plano, Texas, for the purchase and implementation of an Enterprise Resource Planning (ERP) Software Solution and Technology Services in the amount of $1,450,320, plus a 20% contingency of $290,064, for a total amount not to exceed $1,740,384.

Summary:
VRE currently utilizes multiple, non-integrated software systems to manage its business functions. An analysis was performed to help identify existing gaps within VRE’s current information systems. A consultant assisted VRE in defining the specifications for an ERP solution to streamline current VRE systems and department functions. These types of software license/maintenance agreements fall under an exception to VRE’s Purchasing Policies and Procedures and do not require a competitive solicitation process. Staff evaluated vendors and determined the integrated ERP system Munis® and associated technology services from Tyler Technologies, Inc. were compliant with VRE’s requirements and selected Munis® as the best value for VRE.

Background:
VRE currently utilizes multiple, non-integrated software systems to manage its business functions. In 2017, VRE began reviewing current information technology systems to
determine the requirements for an Enterprise Resource Planning (ERP) tool within the organization.

The Operations Board authorized VRE to execute a task order with STV Inc. in November 2017 to perform an analysis aimed at identifying existing gaps within information systems that support VRE’s enterprise resources. The purpose of the task order was to assist VRE in defining the specifications for an ERP solution to streamline current VRE systems and department functions. The new ERP solution must provide business process management that allows VRE to use a system of integrated applications to manage the business and automate many back office functions including; finance, budgeting, accounting, procurement, human resources, accounts payable, accounts receivable and other related areas.

STV conducted a gap analysis and a survey of all VRE employees to assess needs and gather requirements. The gap analysis revealed VRE’s need to implement a single system of record for the VRE enterprise. A single system will facilitate linking business data throughout the organization and allow each department to seamlessly collaborate with other functions and departments. The system is intended to replace multiple standalone legacy applications such as Mitchell Humphrey’s Financial Management System for accounting, MicroMain’s Inventory Management software, and dozens of Excel and Word files.

The analysis further showed VRE would benefit greatly from a new system that will provide efficiency for staff through the creation of a single source of real-time data for integrated financials, procurement, inventory management, and invoice processing. Additionally, the vendor self-service functionality will allow vendors to manage their contact information, access procurement opportunities, review awarded purchase orders and submit invoices to VRE electronically.

The new system must be scalable and capable of integrating with existing VRE applications such as e-Building, the Microsoft Office Suite, Keolis software, SharePoint, and electronic messaging systems. It also must allow for future integration capability with other new program interfaces as the need arises, and shall provide key performance indicators through data analytics, reporting and dashboards as visual cues for the organization’s performance.

Because software license/maintenance agreements are classified as an exception to VRE’s Purchasing Policies and Procedures, they do not require a competitive solicitation process, and authorization for a Request for Proposals was therefore not sought from the Operations Board. However, VRE staff did formally evaluate the functionality of the ERP solutions offered by eleven potential vendors, of which eight vendors ultimately responded to a Request for Information.

After software demonstrations in September 2019, VRE narrowed the search to five vendors. A second round of demonstrations was conducted with representation from all departments within VRE, which further narrowed the search to three vendors.
A final round of follow-up discussions was conducted with the three vendors, and a final evaluation of the ERP software solutions was performed by the Technical Evaluation Team (TET), consisting of VRE staff from multiple departments and the ERP Project Manager.

The TET completed a survey ranking the top three vendors. It was determined the integrated ERP system, Munis®, and associated technology services from Tyler Technologies, Inc. were compliant with VRE’s specifications and technical requirements and unanimously selected to be the best value for VRE.

**Ranking of the final three firms:**
1. Tyler Technologies, Inc. – Plano, Texas
2. Oracle NetSuite – San Mateo, California
3. Acumatica – Bellevue, Washington

VRE will be taking advantage of the discount/pricing structure from an existing cooperative contract executed between Sourcewell and Tyler Technologies. Sourcewell is a service cooperative originally created by the Minnesota legislature as a local unit of government. Sourcewell conducts competitive solicitations for goods and services and ultimately awards cooperative contracts that include provisions allowing the resultant contracts to be utilized by educational, governmental and non-profit entities throughout the country.

The proposal from Tyler Technologies consists of twenty-four months of initial analysis, design, data migration and implementation of various ERP modules as well as annual software licensing fees, for a term of five years. The system will be provided via the Software as a Service (SaaS) model hosted by the vendor in the cloud, reducing VRE’s burden to maintain servers, software and cybersecurity patches.

**Fiscal Impact:**

Funding for the design and implementation of an ERP system is provided for in the approved FY 2020 Capital Improvement Program (CIP) through the “ERP Implementation” project, which has a total budget of $2.8 million funded primarily through prior year capital reserve contributions. Funding for future years will be included in each proposed annual budget in the Software Maintenance line item under Information Technology.
Virginia Railway Express
Operations Board

Resolution
9D-06-2020

Authorization to Execute a Contract for an Enterprise Resource Planning Software Solution and Technology Services

WHEREAS, VRE currently manages its business functions with multiple, non-integrated software systems; and,

WHEREAS, VRE has performed an analysis to define the specifications for an Enterprise Resource Planning (ERP) solution; and,

WHEREAS, the analysis showed VRE would benefit greatly from an ERP system to provide efficiency for staff through the creation of a single source of data for integrated financials, procurement, inventory management and invoice processing, and one that is scalable and capable of integrating with existing VRE applications; and,

WHEREAS, software license/maintenance agreements are classified as an exception to VRE’s Purchasing Policies and Procedures and do not require a competitive solicitation process; and,

WHEREAS, the VRE Technical Evaluation Team reviewed and evaluated proposed software solutions from a range of potential providers and unanimously recommended the Munis® ERP system provided by Tyler Technologies, Inc.; and,

WHEREAS, the VRE Operations Board relies upon staff to have complied with all applicable laws, regulations, policies and procurement procedures that pertain to this action in the development of its recommendation to the VRE Operations Board;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby find that, in accordance with recently adopted amendments to budget bills HB 29 and 30, meeting by electronic means is authorized because the nature of the declared emergency makes it both impracticable and unsafe for the Operations Board to assemble in a single location on June 19, 2020, and that meeting by electronic means is authorized because the items on the June 19, 2020 Operations Board Meeting Agenda are statutorily required or necessary to continue operations of the Operations Board and the discharge of the Operations Board’s lawful purposes, duties, and responsibilities; and further find that meeting by electronic means is authorized because the items on the June 19, 2020 Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by member localities of the Virginia
Railway Express Operations Board to assure the continued operation of the government during the disaster posed by the public health emergency resulting from COVID-19; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to execute a contract with Tyler Technologies, Inc. of Plano, Texas, for the purchase and implementation of an Enterprise Resource Planning (ERP) Software Solution and Technology Services in the amount of $1,450,320, plus a 20% contingency of $290,064, for a total amount not to exceed $1,740,384.

Approved this 19th day of June 2020

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Gary Skinner
Chairman

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Jeanine Lawson
Secretary