



CITY OF KIRKLAND
Information Technology Department
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MEMORANDUM

To: Marilynne Beard, Interim City Manager
From: Brenda Cooper, Chief Information Officer;
Date: April 8th 2010
Subject: Permit System Replacement

RECOMMENDATION

That City Council approve the purchase of a permit system and authorize use of the Major System Replacement Reserve as well as authorize the City Manager to sign a contract with Energov Solutions.

BACKGROUND DISCUSSION

The City of Kirkland is using an electronic permit system that was purchased in 1988 originally to support business licensing and then extended to support permitting in 1992. Even though the system was sold a few times and renamed at least twice, it was maintained and supported by the various companies that procured it, and is in fact still maintained at a very basic level by Accela, the current owner. Accela has been clear that they plan to stop providing any support at all for the system soon.

We began identifying funding in the CIP about five years ago for the replacement of the aging system. However, we had only rough estimates of the actual cost of replacement. When City Council approved the 2008-13 CIP, \$621,000 was set aside for this project.

In 2009, we determined that other local cities also owned systems that are being phased out by Accela. We joined together to do a regional procurement process in two phases.

- Phase I: Evaluate the market and assess the likely price that we would have to pay for this system.
- Phase II: Develop and issue an RFP and select a vendor.

At this point, both phases have been completed and a system has been selected that we believe will meet our needs. Six cities joined together on the procurement and five of the six cities selected the same vendor, [Energov Solutions](#).

Phase I Results:

Phase I was completed on September 30, 2008. Eleven cities shared the cost of Phase I. The complete final report is available on the City's webpage and can be accessed by searching for "Regional Permit Replacement."

Phase I estimated that our "one-time" costs to procure a new system would be around \$1.3 million (reference page 11). The 2009-2014 CIP process was already complete, so there was no opportunity to add funds in that process, even if funds had been available. When we prepared the 2009 CIP update, we were able to reallocate funds from some technology CIP projects that we could defer because they were optional, reduce, or close out. This resulted in about \$200,000 dollars being added to the Major Systems Reserve to help with the likely shortfall in this project.

Phase II Activities and Results:

In 2009, we joined up with 6 cities for Phase II: Kirkland, Bothell, Issaquah, Renton, Redmond, and Sammamish (the other cities from Phase I dropped out, primarily for lack of budget). We issued and awarded an RFP for a vendor to help us with the system selection process, and jointly chose Soft Resources, LLC, a Kirkland-based IT consulting company that specializes in large-systems acquisitions.

Soft Resources started work in early 2009, and a joint RFP was released in October of 2009. The responses varied widely; the amounts that would be paid to vendors¹ came in between just under two hundred thousand dollars to just under two million dollars. The list was winnowed down to four vendors and each vendor had a day to demonstrate their system to us as a region. We also performed extensive background checks on the vendors and sent two people on a site visit to Charleston County, South Carolina to look at the Energov Solutions installation there.

While we realize that this is a "no new levels of service" budget time, the very act of purchasing a replacement system will result in some positive benefits to the city and its customers. These include:

- The system is based on GIS, and will leverage the investment you've made so far in GIS data and technology.
- Energov will be much easier to integrate with our award-winning regional portal, mybuildingpermit.com, and is one part of our strategy to take plans online for all permit types which is both better for the environment and less expensive for the contractor.
- We will be able to take business license application, payments, and renewals online. This may improve compliance with our licensing requirements.
- The mobile capability is much enhanced including giving field inspectors and code enforcement staff better access to GIS data, routing information, and improved field connectivity.
- This allows us to add Interactive Voice Response (IVR) for permitting and business licensing functions.

¹ Which is only about three-quarters of the total project cost

- A better workflow tool will improve our ability to track and control permits.
- We will have better connections into the state databases for contractors and business licenses in order to be sure contractors are licensed.

We have been in negotiations with Energov Solutions, and have agreed on the following price structure:

Item	Cost	Notes
Software and interfaces	\$246,928	Includes desktop and mobile licensing to support staff in Finance (business licensing), Fire and Building, Public Works, and Planning, interface to mybuildingpermit.com, interactive voice response, and a markup tool for electronic plans. (Includes an additional \$10,000 one-time discount)
Server Hardware and System Software	\$15,884	Includes three servers and associated licensing
Implementation	\$327,617	Includes system analysis, business process analysis, user acceptance testing design, migration of up to 30 reports and the inclusion of 250 standard reports, data conversion from our system and from King County's system, various small internal integrations, travel, and training.
Total Software, Hardware, and implementation	\$590,429	
Add first year's maintenance	\$77,098	
Total with maintenance	\$667,527	
Add contingency (15%)	\$49,143	Contingency is a percent of implementation costs, which are more variable than software or hardware costs
Add estimated backfill	\$145,000	This is to backfill a portion of the project work with other staff so that key players can participate in this project. Details broken out below
Total request	\$861,670	

Funding Sources:		
Permit Replacement CIP	\$590,015	Estimated remaining amount in CIP after consultant services for study and RFP
Major Systems Reserve	\$200,000	This is roughly the amount we added to this reserve in anticipation of this project
IT cash saved by not paying support for Advantage this past year	\$17,674	
Utilities	\$22,000	Fair allocation of the portion of permitting that directly and clearly benefits utilities
Permit technology fee cash	\$37,000	
Total	\$866,689	
Less request	\$861,670	
Over (Shortfall)	\$5,019	

Affect on Ongoing Costs:

While this will replace the ongoing cost of the current permit system, the maintenance of the new system will be more expensive. The current annual maintenance cost is just over \$20,000 per year, and the new cost will be just over \$75,000. The increase was anticipated since software maintenance is priced as a percentage of the purchase price (generally with an inflation escalator and cap) and modern systems are much more expensive. In comparison, the police systems we implemented (and then transferred to NORCOM) had about \$90,000 a year in ongoing maintenance associated with them plus a premium for 24/7 support. The cost will be assessed to user departments and partially recovered through development fees.

Staff Backfill:

This is a very large project. The permit system is used by almost all departments and performs critical public-facing functions such as permits, inspections, business licensing, and code enforcement. Although the work is not being done because of Annexation (we would have had to complete this project at about the same time even if we didn't annex), it is important that we complete the work before annexation.

The actual staff we anticipate will work on the project are:

Project Director(s):	Tom Phillips and Brenda Cooper
Project Manager:	Katy Coleman
Technical Project Lead:	Kyle Coulson
Project Team:	Dawn Nelson
	Desiree Goble
	Gloria Martin
	Steve Lybeck
	Tom Jensen
	Shelli Craig

Other staff may have roles in various parts of the project, but these people will be involved throughout the implementation.

In all cases the key people we need working on this are senior staff, and we are adding staff that they can delegate to in order to help free up enough time to do this project. We are requesting specific staff backfill in three areas, and the establishment of a small reserve that can be drawn on for other needs.

This is not going to cover the total staff time costs for the project. This is simply the estimated amount we recommend to backfill. Other work on this project will be absorbed by existing or planned capacity or through prioritization of existing work. Backfill funding availability is not automatic: whether or not it becomes available to the requesting departments may depend on development services activity levels.

The project was already on IT's workplan and we believe we have adequate resources to complete it.

SUMMARY

This is a planned project with a significant amount of work and change associated with it. Although it is being driven by an acute need to replace an aging tool, we believe the project will be instrumental in helping us to get into position to continue improving and modernizing critical permitting and inspection processes and to begin to provide business licensing activities online.

FISCAL NOTE

CITY OF KIRKLAND

Source of Request							
Brenda Cooper, Chief Information Officer							
Description of Request							
Request funding of \$200,000 from the Technology Major Systems Replacement Reserve to provide additional funding for the planned purchase of a Permit System replacement.							
Legality/City Policy Basis							
Fiscal Impact							
One-time use of \$200,000 of the Technology Major Systems Reserve. The reserve is able to fully fund this request.							
Recommended Funding Source(s)							
<i>Reserve</i>	Description	2010 Est End Balance	Prior Auth. 2009-10 Uses	Prior Auth. 2009-10 Additions	Amount This Request	Revised 2010 End Balance	2010 Target
	Major Systems Replacmnt. Rsv.	247,900	0	197,600	200,000	245,500	247,900
	2009-10 Prior Authorized Additions include: \$144,600 from the closure of Police Automatic Vehicle Location System project and \$53,000 from the closure of Parks Work Order System project.						
<i>Revenue/Exp Savings</i>							
<i>Other Source</i>							
Other Information							

Prepared By	Neil Kruse, Budget Analyst	Date	April 9, 2010
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