

**COUNCIL ACTION FORM**

**SUBJECT: CHANGE ORDER NO. 1 FOR ADDITIONAL SERVICES REQUIRED TO TRANSITION FINANCIAL SOFTWARE HOSTING AND MAINTENANCE FROM CENTRALSQUARE**

**BACKGROUND:**

CentralSquare Technologies, LLC, a CentralSquare Company (Central Square) is the City's software vendor for the integrated financial, payroll, utility billing, and parking citation management applications. For the past two decades, the City has contracted with the vendor on an annual basis for maintenance services. Central Square is the sole provider for the software applications and associated maintenance.

Prior to 2021, the City contracted for software maintenance, but hosted the software on a server in City Hall. On June 22, 2021, the City Council approved a waiver of formal bidding requirements and authorized the purchase of financial software hosting and maintenance from Central Square for \$133,410.95. The City entered into a Software-as-a-Service (SaaS) Agreement with Central Square to host and provide software services to the City. This Agreement allowed the City to implement Central Square software and eliminated the requirement for the City to maintain a server.

The original contract included three main services: 1) The costs to start up the SaaS solution, which includes the work of moving data from the on-premises service to the hosted service, 2) Hosting fees, to go into effect once the SaaS solution is live, and 3) software fees, to go into effect once the SaaS solution is live. The start-up cost is a one-time cost, while the hosting and software fees are annual fees. The year of service that the software and hosting fees were to begin was on the date that the SaaS hosting "goes live," and would be up for renewal one year from that date.

The "go live" date is difficult to predict with high accuracy, because there are many factors that may impact the length of the migration period. Central Square's sales team initially estimated that a migration to this SaaS solution would be a 3-month time frame. The transition period from on-premise software to Software-as-a-Service took 156 days, with the City's go-live date of December 5, 2021. Therefore, the software and hosting services contained in this contract will be provided from December 5, 2021 through December 4, 2022, with any future renewals based on those dates.

From July 2021 through the completion of the transition on December 5, 2021, the City had to maintain its on-premise hosted software with Central Square to ensure continuing service for employee-users, at a cost of \$36,939.61. This cost is commensurate with the average daily cost of the on-premises services in the expired contract. **The cost to maintain the on-premise software during these 156 days was not included in the original contract with Central Square. Now that the transition is complete, a change order is necessary to account for this additional on-premise software time.**

**This Change Order, in the amount of \$36,939.61, accounts for 156 days of on-premise software during the transition and will increase the total Agreement amount to \$170,350.56. This is one-time cost and the City will have long-term savings with the elimination of the server and will have a more resilient system with the hosted software. Because the year of software and hosting for the SaaS solution did not begin until the transition period was complete, this change order does not cause the City to pay for two services during the same period of time. The SaaS agreement term length will be lengthened to offset the change in costs.**

The approved FY 2021/22 budget includes \$161,000 to implement Central Square software and related hardware maintenance. Additional funds exist in the Information Technology operating budget to cover the balance of \$9,350.56 in expenses.

<b>ITEM</b>	<b>COST</b>
Central Square Software	\$ 97,265.25
Central Square Hosting	26,145.70
Central Square Hosting – Startup Fee	10,000.00
Central Square On-premise Software, 156 days	36,939.61
<b>TOTAL</b>	<b>\$170,350.56</b>

**ALTERNATIVES:**

1. Approve Change Order No. 1 to CentralSquare Technologies, LLC, a CentralSquare Company of Lake Mary, FL, for 156 days of on-premise software during the transition to a Software-as-a-Service product, in the amount of \$36,939.61.
2. Do not authorize Change Order No. 1 for on-premise software to CentralSquare, Technologies, LLC, a CentralSquare Company.

**CITY MANAGER’S RECOMMENDED ACTION:**

The transition to hosted Central Square software has been successful. The continued use of the on-premise software in the transitional period was integral to the success of this project.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.