



Osseo City Council

AGENDA

WORK SESSION
Monday, September 26, 2022
6:00 p.m., Council Chambers

MAYOR DUANE POPPE COUNCILMEMBERS: JULIANA HULTSTROM, HAROLD E. JOHNSON, LARRY STELMACH, ALICIA VICKERMAN

1. **Call to Order**
2. **Roll Call** (quorum is 3)
3. **Approval of Agenda** (requires unanimous additions)
4. **Discussion Items**
 - A. **Discuss Tyler Tech Project Financing**
5. **Adjournment**



City of Osseo City Council Work Session Meeting Item

Agenda Item:	Discuss Tyler Tech Project Financing
Meeting Date:	September 26, 2022
Prepared by:	Riley Grams, City Administrator
Attachments:	Tyler Tech Project Budget Worksheet

Background:

Councilmembers Harold Johnson and Juliana Hultstrom have requested that this item come before the full Council for discussion. They have raised questions relating to the Tyler Tech software implementation expenditures and related financing for the project.

The 2020 utility bond issue included \$125,000 for the implementation of new Tyler Tech software that includes, utility billing, meter reading, payroll, accounts payable, general ledger accounting and reporting, budgeting, cashiering, building permits and several other applications. This new system is intended to streamline and enhance some of the accounting and reporting tasks of the City. As a reminder, the old system (Banyon) was creating many issues for Staff with constant crashes and the inability to generate necessary reports we need to administer the City's finances.

At the time the bond money was received in 2020, the bonds proceeds were allocated to the water and sewer funds - \$62,500 to each. Since then, all software implementation costs have been currently split equally between the water and sewer utility funds equally – consistent with the split of the bond proceeds to finance the project. The schedule of the software project costs to date was provided to the Council as requested prior to the last Council meeting. The report thru July 26, 2022 for Tyler expenditures and August 23, 2022 for Abdo expenditures totaled \$143,661.25 which was \$10,624.10 more than the proceeds of the bond issue and the bond issue premium. Attached is the schedule for your easy reference.

There is some concern that the implementation expenditures are somehow charged to the water and sewer fund twice. That will not be the case. Finance Consultant Gary Groen uses the example of buying a car. If he goes out and buys a new car for \$50,000 and borrow \$50,000 to pay for it, he will repay the \$50,000 that he borrowed from the bank over a period of time. He will not have paid for the car twice. Rather, he will have paid for it just once as he pays the bank back for the money he borrowed. The same applies to the financing for the software.

The City will pay for the Tyler and Abdo expenditures from the bond proceeds the City borrowed. The City will repay the money borrowed (2020 bond issue) over a period of 10 years together with interest. The total payments of principal and interest over the 10-year period will total \$139,748.61 (\$14,748.61 Interest and \$125,000. Principal). At the time the bonds were issued it was assumed that all related costs of expenditures, financing and repayment would all be split between equally between the water and sewer utility funds. The City Council reviewed this process and directed Staff to move forward with the bond sale and subsequent bond repayment process as outlined.

Recently, Councilmember Johnson has suggested that some of the Tyler and Abdo expenses are not related to any sewer and/or water utility functions, and thus should be removed from those funds and placed elsewhere (General Fund? CIP Funds?). Councilmember Johnson estimates that approximately one-third of the expenditures should be removed. Gary and I discussed this option in detail and both agreed that this would not be an issue.

We can easily review the to-date expenses and determine which ones are not related to utilities, and then place them into a different fund (Staff recommends the CIP Equipment Fund). Staff would then place a matching revenue stream into the same fund to offset that expense. Likewise for the additional \$10,624, we can determine how much of that should be taken out of the utility fund and placed elsewhere, along with a matching revenue amount as well. Consistent with this approach we would reallocate the project expenses, the bond proceeds and future debt service payments.

Recommendation/Action Requested:

Staff recommends the City Council discuss the item and direct Staff accordingly.

City of Osseo
Summary of Tyler Technologies
From Project Inception to July 26, 2022

Check Number	Description	Check Date	Total	General Fund	Water Fund	Sewer Fund	Storm Water Fund	Proof Total
41786	Utility Billing Data Review	3/23/2021	\$ 260.00		\$ 97.50	\$ 97.50	\$ 65.00	\$ 260.00
42666	Project Management - Financial Software	8/10/2021	\$ 5,000.00		\$ 2,500.00	\$ 2,500.00		\$ 5,000.00
42718	Incode Financial Management	8/24/2021	\$ 2,535.00		\$ 1,267.50	\$ 1,267.50		\$ 2,535.00
42763	Annual Fees	9/14/2021	\$ 19,363.00		\$ 9,681.50	\$ 9,681.50		\$ 19,363.00
42763	Incode Financials	9/14/2021	\$ 325.00		\$ 162.50	\$ 162.50		\$ 325.00
42800	Data Conversion/Mapping	9/29/2021	\$ 2,372.50		\$ 1,186.25	\$ 1,186.25		\$ 2,372.50
42841	Accounts Payable Mapping & Configuration	10/12/2021	\$ 6,272.50		\$ 3,136.25	\$ 3,136.25		\$ 6,272.50
42889	Conv. Accounts Pay, Personnel Management, Time & Att.	10/26/2021	\$ 11,770.00		\$ 5,885.00	\$ 5,885.00		\$ 11,770.00
42973	Utility Billing Financial Data Review	11/23/2021	\$ 2,080.00		\$ 1,040.00	\$ 1,040.00		\$ 2,080.00
42928	Exchange Incode financials	11/9/2021	\$ 260.00		\$ 130.00	\$ 130.00		\$ 260.00
42990	Conversion Analysis	12/14/2021	\$ 520.00		\$ 260.00	\$ 260.00		\$ 520.00
42118	Perform Parallel Payroll	12/14/2021	\$ 5,785.00		\$ 2,892.50	\$ 2,892.50		\$ 5,785.00
42215	Incode Building Permits	1/25/2022	\$ 780.00		\$ 390.00	\$ 390.00		\$ 780.00
43033	Financials	1/11/2022	\$ 3,770.00		\$ 1,885.00	\$ 1,885.00		\$ 3,770.00
42282	Utility Billing - Configure Rate Structure	2/15/2022	\$ 3,022.50		\$ 1,007.50	\$ 1,007.50	\$ 1,007.50	\$ 3,022.50
42322	Utility Billing Configure Tests	3/1/2022	\$ 2,275.00		\$ 1,137.50	\$ 1,137.50		\$ 2,275.00
42370	Utility Billing Configure Tests	3/15/2022	\$ 3,510.00		\$ 1,755.00	\$ 1,755.00		\$ 3,510.00
42406	Utility Billing Configure Tests	3/29/2022	\$ 5,535.00		\$ 2,767.50	\$ 2,767.50		\$ 5,535.00
42448	Building Permits & Utility Billing	4/12/2022	\$ 7,020.00		\$ 3,510.00	\$ 3,510.00		\$ 7,020.00
42483	Utility Billing Go Live	4/26/2022	\$ 1,950.00		\$ 975.00	\$ 975.00		\$ 1,950.00
42519	Utility Billing Production	5/10/2022	\$ 4,160.00		\$ 2,080.00	\$ 2,080.00		\$ 4,160.00
45040	Utility Billing, Permits, Financials	5/26/2022	\$ 9,240.00		\$ 4,620.00	\$ 4,620.00		\$ 9,240.00
45082	Utility Billing, Permits, Financials	6/15/2022	\$ 10,117.00		\$ 5,058.50	\$ 5,058.50		\$ 10,117.00
45128	Personnel & Time & Attendance	6/28/2022	\$ 9,365.00		\$ 4,682.50	\$ 4,682.50		\$ 9,365.00
45170	Personnel & Time & Attendance	7/12/2022	\$ 585.00	\$ 585.00				\$ 585.00
45225	Personnel & Time & Attendance	7/26/2022	\$ 1,040.00		\$ 520.00	\$ 520.00		\$ 1,040.00
Totals for Project To Date Thru 7/26/2022			\$ 118,912.50	\$ 585.00	\$ 58,627.50	\$ 58,627.50	\$ 1,072.50	\$ 118,912.50
Add AEM/Abdo Project Management thru 8/23/2022			\$ 24,748.75		\$ 12,374.38	\$ 12,374.37		\$ 24,748.75
Total Tyler Tech & Abdo Project Expenditures To Date			\$ 143,661.25	\$ 585.00	\$ 71,001.88	\$ 71,001.87	\$ 1,072.50	\$ 143,661.25
Bond Proceeds To Finance Conversion Project			\$ 125,000.00		\$ 62,500.00	\$ 62,500.00		\$ 125,000.00
Bond Proceeds - Reoffering Premium			\$ 8,037.15		\$ 4,018.00	\$ 4,019.15		\$ 8,037.15
Total Financing Bond Proceeds for Conversion			\$ 133,037.15		\$ 66,518.00	\$ 66,519.15		\$ 133,037.15

City of Osseo
Summary of Abdo/AEM Expenses
From Project Inception to July 26, 2022

Check Number	Description	Check Date	Total	General Fund	Water Fund	Sewer Fund	Storm Water Fund	Proof Total
41590	Payroll YE W-2s, 1099s 2020 Payroll setup, etc	1/26/2022	\$ 8,247.50	\$ 8,247.50				\$ 8,247.50
41637	2020 Year End Accounting Services	2/9/2021	\$ 310.00	\$ 310.00				\$ 310.00
41740	Payroll YE W-2s, 1099s 2021 Payroll setup, etc	3/23/2021	\$ 11,473.60	\$ 11,473.60				\$ 11,473.60
41791	2021 Payroll Accounting	4/13/2021	\$ 2,237.50	\$ 2,237.50				\$ 2,237.50
41910	April 2021 Payroll	5/25/2021	\$ 1,550.00	\$ 1,550.00				\$ 1,550.00
42000	May 2021 Payroll Accounting	6/29/2021	\$ 618.75	\$ 618.75				\$ 618.75
42026	2018 Payroll Tax Accounting	7/13/2021	\$ 1,778.75	\$ 1,778.75				\$ 1,778.75
42671	2018 Payroll Tax Accounting	8/24/2021	\$ 503.75	\$ 503.75				\$ 503.75
42767	2018 Payroll Tax Accounting	9/29/2021	\$ 3,547.50	\$ 3,547.50				\$ 3,547.50
42846	2018 Payroll Tax Accounting	10/26/2021	\$ 618.75	\$ 618.75				\$ 618.75
42846	Software Change - Payroll	10/26/2021	\$ 1,485.00	\$ 1,485.00				\$ 1,485.00
42932	2018 Payroll Tax Accounting	11/23/2021	\$ 183.75	\$ 183.75				\$ 183.75
42932	Payroll Preparation	11/23/2021	\$ 783.75	\$ 783.75				\$ 783.75
42980	2018 Payroll Tax Accounting	12/14/2021	\$ 41.25	\$ 41.25				\$ 41.25
42980	Software Change - Payroll	12/14/2021	\$ 1,155.00	\$ 1,155.00				\$ 1,155.00
42170	December 2021 Payroll & Consulting	1/25/2022	\$ 242.25	\$ 242.25				\$ 242.25
42170	Software Change - Payroll & Account Payable	1/25/2022	\$ 520.00	\$ 520.00				\$ 520.00
42375	2021 W-2s, 1099s, 1096 etc.	3/29/2022	\$ 6,939.24	\$ 6,939.24				\$ 6,939.24
45000	2018 Payroll Tax Accounting	5/26/2022	\$ 487.25	\$ 487.25				\$ 487.25
45000	Software Change - Utility Billing	5/26/2022	\$ 1,402.50	\$ 1,402.50				\$ 1,402.50
45000	2021 Payroll Accounting	5/26/2022	\$ 2,019.00	\$ 2,019.00				\$ 2,019.00
45047	May Consulting & Project Management	6/15/2022	\$ 1,290.00	\$ 1,290.00				\$ 1,290.00
45174	June Consulting & Project Management	7/26/2022	\$ 11,145.00	\$ 11,145.00				\$ 11,145.00
45265	July Consulting & Project Management	8/23/2022	\$ 7,751.25	\$ 7,751.25				\$ 7,751.25
Total AEM/Abdo Invoices 2021 & 2022				\$ 66,331.34	\$ -	\$ -	\$ -	\$ 66,331.34
Adjustment to Charge Tyler Tech Project Management				\$ 1,485.00				\$ 1,485.00
Adjustment to Charge Tyler Tech Project Management				\$ 1,155.00				\$ 1,155.00
Adjustment to Charge Tyler Tech Project Management				\$ 520.00				\$ 520.00
Adjustment to Charge Tyler Tech Project Management				\$ 1,402.50				\$ 1,402.50
Adjustment to Charge Tyler Tech Project Management				\$ 1,290.00				\$ 1,290.00
Adjustment to Charge Tyler Tech Project Management				\$ 11,145.00				\$ 11,145.00
Adjustment to Charge Tyler Tech Project Management				\$ 7,751.25				\$ 7,751.25
Abdo /AEM Invoices to Charge to Tyler Tech Implementation Project (Move Expense to Water and Sewer Funds)				\$ 24,748.75	\$ 12,374.38	\$ 12,374.37	\$ -	\$ 24,748.75
Net Abdo/AEM Expenses for General Fund Operations				\$ 41,582.59	\$ 12,374.38	\$ 12,374.38	\$ -	\$ 66,331.34