



CITY OF  
**TUMWATER**

**BUDGET & FINANCE COMMITTEE  
MEETING AGENDA**

**Online via Zoom and In Person at  
Tumwater City Hall, Council Conference  
Room, 555 Israel Rd. SW, Tumwater, WA  
98501**

**Friday, September 26, 2025  
12:00 PM**

1. Call to Order
2. Roll Call
- [3.](#) Approval of Minutes: Budget and Finance Committee, August 22, 2025
- [4.](#) Year-to-date budget update (Finance Department)
- [5.](#) SaaS Cloud Contract Amendment with Tyler Technologies (Information Technology Department)
- [6.](#) Discuss Baseline Financial Assessment (Executive Department)
7. Additional Items
8. Adjourn

**Meeting Information**

All committee members will be attending remotely. The public are welcome to attend in person, by telephone or online via Zoom.

**Watch Online**

<https://us02web.zoom.us/j/84147038226?pwd=uOgvc9eWdlky3JEhegKYHGWlpDMpGX.1>

**Listen by Telephone**

Call (253) 215-8782, listen for the prompts and enter the Webinar ID 841 4703 8226 and Passcode 222925.

**Public Comment**

The public may submit comments by sending an email to [council@ci.tumwater.wa.us](mailto:council@ci.tumwater.wa.us), no later than 5:00 p.m. the day before the meeting. Comments are submitted directly to the Committee members and will not be read individually into the record of the meeting.

**Post Meeting**

Video of this meeting will be recorded and posted on our City Meeting page: <https://tumwater-wa.municodemeetings.com>.

**Accommodations**

The City of Tumwater takes pride in ensuring that people with disabilities are able to take part in, and benefit from, the range of public programs, services, and activities offered by the City. To request an

accommodation or alternate format of communication, please contact the City's ADA Coordinator directly, call (360) 754-4129 or email [ADACoordinator@ci.tumwater.wa.us](mailto:ADACoordinator@ci.tumwater.wa.us). For vision or hearing impaired services, please contact the Washington State Relay Services at 7-1-1 or 1-(800)-833-6384.

# MEETING MINUTES

TUMWATER BUDGET & FINANCE COMMITTEE

August 22, 2025



**CONVENE:** 12:00 p.m.

**PRESENT:** Mayor/Chair Debbie Sullivan, and Councilmembers Eileen Swarthout, Peter Agabi, and Michael Althausen.

Staff: City Administrator Lisa Parks, Assistant City Administrator Kelly Adams, Finance Director Troy Niemeyer, City Attorney Karen Kirkpatrick, and Executive Assistant Brittaney McClanahan.

**APPROVAL OF MINUTES:** **Councilmember Agabi moved, seconded by Councilmember Swarthout, to approve the minutes of July 25, 2025 as presented. A voice vote approved the motion.**

**MONTHLY FINANCIAL UPDATE:** Director Niemeyer gave a budget update regarding:

- Sales tax
- Public safety sales tax
- B&O tax
- General fund revenues & expenditures
- Water and sewer revenues & expenditures
- Storm and golf revenues & expenditures
- Economy in general
- Audit from State Auditor's Office

Councilmember Swarthout asked about revenue from new businesses. Director Niemeyer said the city doesn't typically see revenue from new businesses until after the first two months of opening. Director Niemeyer confirmed new construction increases our property tax revenue as well as sales tax revenue.

Administrator Parks asked Director Niemeyer explained the negative numbers showing on the water revenue and expense slide.

Councilmember Althausen joined the meeting at 12:14 p.m.

Councilmember Althausen asked if the Golf without capital included debt service. Director Niemeyer confirmed we are done with debt service in 2025.

Chair Sullivan asked about tariffs and if they were nearly done or if they were still a risk. Director Niemeyer confirmed there is a risk that more tariffs could have a negative effect on the economy.

**INTERGOVERNMENTAL  
COOPERATIVE  
PURCHASING  
AGREEMENT –  
NATIONAL  
PURCHASING  
PARTNERS:**

Director Niemeyer discussed the agreement, which is similar to the state contract. The organization has banded together with other entities to use purchasing power to negotiate favorable money saving contract terms related to EMS products and services. The existing contract was signed in 2020. This agreement will update our current contract information.

**MOTION:**

**Councilmember Swarthout moved, seconded by Councilmember Althausen, to place the Intergovernmental Cooperative Purchasing Agreement – National Purchasing Partners for Goods/Services on the September 2, 2025, City Council Consent Calendar with a recommendation to approve and authorize the Mayor to sign. A voice vote approved the motion unanimously.**

**ADJOURNMENT:**

**With there being no further business, Chair Sullivan adjourned the meeting at 12:32 p.m.**

Prepared by Brittaney McClanahan, Executive Assistant

TO: Budget and Finance Committee  
FROM: Troy Niemeyer, Finance Director  
DATE: September 26, 2025  
SUBJECT: Year-to-date budget update

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1) Recommended Action:

This item is informational only.

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2) Background:

Staff will provide regular budget-to-actual reports.

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3) Policy Support:

Be fiscally responsible and develop sustainable financial strategies.

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4) Alternatives:

☐ n/a

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5) Fiscal Notes:

n/a

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6) Attachments:

A. none

TO: Budget & Finance Committee  
FROM: Matthew Ames, Information Technology Project Manager  
DATE: September 26, 2025  
SUBJECT: SaaS Cloud Contract Amendment with Tyler Technologies

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1) Recommended Action:

Place the SaaS Cloud Contract Amendment with Tyler Technologies on the October 7, 2025, City Council consent calendar with a recommendation to approve and authorize the Mayor to sign.

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2) Background:

In 2021, the city began upgrading its primary software for managing key business functions like Finance, Human Resources, Utility Billing, Permitting and Asset Management. The software provider, Tyler Technologies, is now releasing powerful new features, including Artificial Intelligence (AI) tools, that are only available to cloud customers. By moving to the cloud, the city gains access to these modern tools, which will improve efficiency. Staff have confirmed with the provider that migrating now is the most efficient option. It will require less staff time and cause the least disruption to public services compared to delaying the move.

Moving from our on-premise version to the SaaS (Cloud) version was discussed at the September 10, 2024 work session and again at the November 12, 2024 budget workshop #3.

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3) Policy Support:

Be fiscally responsible and develop sustainable financial strategies.

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4) Alternatives:

- ☐ Place the contract amendment to support modernizing our Enterprise Resource Planning on the October 7, 2025, City Council considerations calendar.
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5) Fiscal Notes:

The original contract for licensing and implementation costs in 2021 was \$891,989, plus annual subscription and maintenance fees. Amendment #1 added \$7,800, and Amendment #2 added \$35,000 to the total cost, bringing the total contract cost to \$934,789. This Cloud contract, Amendment #3 was planned and approved through the budget process for the 2025-2026 budget. The annual cost of our current annual subscription fee \$182,347. The cost of the SaaS (Cloud) annual subscription fee is \$334,000, or \$151,654 more than the

current, on-premise subscription fee.

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6) Attachments:

A. SaaS Cloud Contract Amendment with Tyler Technologies

## Attachment A



## THIRD AMENDMENT

This third amendment ("Amendment") is effective as of the date of signature of the last party to sign as indicated below ("Amendment Effective Date"), by and between Tyler Technologies, Inc. with offices at One Tyler Drive, Yarmouth, Maine 04096 ("Tyler") and the City of Tumwater, Washington, with offices at 555 Israel Road SW, Tumwater, Washington 98501 ("Client").

WHEREAS, Tyler and Client are parties to an agreement dated November 17, 2021 (collectively with all amendments, the "Agreement"); and

WHEREAS, Tyler and the Client are parties to a first amendment dated January 29, 2024 ("First Amendment"); and

WHEREAS, Tyler and the Client are parties to a second amendment dated May 24, 2024 ("Second Amendment"); and

WHEREAS, Section (I)10 of the initial Agreement states that Agreement may only be modified by a written amendment signed by an authorized representative of each party.

WHEREAS, Tyler and Client desire to amend the terms of the Agreement as provided herein.

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, Tyler and Client agree as follows:

1. The items set forth in the sales quotation attached as Exhibit 1 to this Third Amendment are hereby added to the Agreement as of the first day of the first month following the Third Amendment Effective Date. Payment of fees and costs for such items shall conform to the following terms:
  - a. SaaS Fees.
    - i. SaaS Fees are invoiced annually in advance, beginning on the commencement of the initial term as indicated in Section C(1) of Exhibit 2. Subsequent annual SaaS Fees are invoiced annually in advance of each anniversary thereof. Your fees for each subsequent year will be set at our then-current rates.
    - ii. SaaS fees for the Asset Maintenance Tyler Software are waived for the time period beginning on the commencement of the initial term as indicated in Section C(1) of Exhibit 2 and ending January 1, 2027.
  - b. Unless otherwise provided herein, services identified at Exhibit 1 and added to the Agreement pursuant to this Amendment, along with applicable expenses, shall be invoiced as provided and/or incurred.
2. We will host the Tyler Software in accordance with the terms and conditions set forth in the



SaaS Services Exhibit, attached hereto as Exhibit 2, and the Service Level Agreement, attached hereto as Schedule 1 to Exhibit 2.

3. This Amendment shall be governed by and construed in accordance with the terms and conditions of the Agreement.
4. Except as expressly indicated in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the dates set forth below.

Tyler Technologies, Inc.

City of Tumwater, Washington

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## **Exhibit 1**

### **Amendment Investment Summary**

The following Amendment Investment Summary details the software, products, and services to be delivered by us to you under the Agreement. This Amendment Investment Summary is effective as of the Amendment Effective Date, despite any expiration date in the Amendment Investment Summary that may have lapsed as of the Amendment Effective Date.

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Quoted By: Christina Young  
 Quote Expiration: 06/30/25  
 Quote Name: Tumwater-ERP-SaaS Flip - 2025

SaaS Term 1.00

#### Sales Quotation For:

#### Shipping Address:

City of Tumwater  
 555 Israel Rd SW  
 Tumwater WA 98501-6515

#### Tyler SaaS and Related Services

Description	Qty	Imp. Hours	Annual Fee
<b>Financial Management</b>			
Accounting	1	0	\$ 20,805.00
Accounts Payable	1	0	\$ 6,282.00
Budgeting	1	0	\$ 6,282.00
Capital Assets	1	0	\$ 5,317.00
Cash Management	1	0	\$ 3,538.00
Contract Management	1	0	\$ 2,330.00
eProcurement	1	0	\$ 3,538.00
Inventory	1	0	\$ 4,991.00
Project & Grant Accounting	1	0	\$ 4,184.00
Purchasing	1	0	\$ 8,986.00
<b>Human Resources Management</b>			
Advanced Scheduling - Up to 250 Employees	1	0	\$ 14,630.00
Advanced Scheduling Mobile Access	1	0	\$ 3,444.00
Human Resources & Talent Management	1	0	\$ 7,053.00
Payroll with Employee Access	1	0	\$ 9,108.00

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Time & Attendance - Up to 250 Employees	1	0	\$ 14,630.00
Time & Attendance Mobile Access	1	0	\$ 4,396.00
Revenue Management			
Accounts Receivable	1	0	\$ 4,625.00
Business Licenses	1	0	\$ 5,003.00
Cashiering	1	0	\$ 7,769.00
Central Property File	1	0	\$ 0.00
Citizen Self Service	1	0	\$ 4,625.00
General Billing	1	0	\$ 3,149.00
Utility Billing CIS	1	0	\$ 7,686.00
Utility Billing Meter Interface	1	0	\$ 2,535.00
Civic Services			
Civic Access - Community Development	1	0	\$ 5,245.00
Community Development Suite	22	0	\$ 21,802.00
e-Reviews	1	0	\$ 8,404.00
Enterprise Permitting & Licensing Advanced Automation Bundle	1	0	\$ 0.00
Enterprise Permitting & Licensing Mobile	5	0	\$ 1,650.00
Enterprise Permitting & Licensing View Only License	1	0	\$ 1,980.00
Enterprise Service Requests	1	0	\$ 3,869.00
Report Toolkit	1	0	\$ 1,569.00
Enterprise Asset Management			
Asset Maintenance - Site License	1	0	\$ 99,836.00
Content Management			
Content Manager Core includes Onboarding	1	0	\$ 9,631.00
Data Insights			
Enterprise Analytics and Reporting (Limited Use) w Executive Insights	1	0	\$ 16,910.00
Additional			
ACFR Statement Builder	1	0	\$ 0.00
Enterprise Forms Processing (including Common Form Set)	1	0	\$ 5,904.00
GIS Site License	1	0	\$ 11,476.00
Notify includes 30,000 Msgs and 1,000 Mins per year	1	0	\$ 6,684.00
Recurring Services			
Data Access Services	1	0	\$ 3,000.00

TOTAL 0 \$ 352,866.00

Professional Services

Description	Quantity	Unit Price	Ext Discount	Extended Price	Maintenance
120 Remote Hours for UB Implementation after SaaS flip	120	\$ 155.00	\$ 0.00	\$ 18,600.00	\$ 0.00
Amazon Web Services Configuration Fee	1	\$ 2,981.00	\$ 2,981.00	\$ 0.00	\$ 0.00
Project Managerment - for UB Implementation after SaaS flip	20	\$ 155.00	\$ 0.00	\$ 3,100.00	\$ 0.00
Project Planning Services	1	\$ 16,464.00	\$ 0.00	\$ 16,464.00	\$ 0.00
TOTAL				\$ 38,164.00	\$ 0.00

Summary	One Time Fees	Recurring Fees
Total Tyler License Fees	\$ 0.00	\$ 0.00
Total SaaS	\$ 0.00	\$ 352,866.00
Total Tyler Services	\$ 38,164.00	\$ 0.00
Total Third-Party Hardware, Software, Services	\$ 0.00	\$ 0.00
Summary Total	\$ 38,164.00	\$ 352,866.00
Contract Total	\$ 391,030.00	

Client’s purchase of the items listed above is subject to the Comments below  
Unless otherwise indicated in the contract or amendment thereto, pricing for optional items will be held  
For six (6) months from the Quote date or the Effective Date of the Contract, whichever is later.

Customer Approval: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ P.O.#: \_\_\_\_\_

*All Primary values quoted in US Dollars*

**Comments**

Tyler's quote contains estimates of the amount of services needed, based on our preliminary understanding of the scope, level of engagement, and timeline as defined in the Statement of Work (SOW) for your project. The actual amount of services required may vary, based on these factors.

Tyler's pricing is based on the scope of proposed products and services contracted from Tyler. Should portions of the scope of products or services be altered by the Client, Tyler reserves the right to adjust prices for the remaining scope accordingly.

Unless otherwise noted, prices submitted in the quote do not include travel expenses incurred in accordance with Tyler's then-current Business Travel Policy.

Tyler's prices do not include applicable local, city or federal sales, use excise, personal property or other similar taxes or duties, which you are responsible for determining and remitting. Installations are completed remotely but can be done onsite upon request at an additional cost.

In the event Client cancels services less than four (4) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the cancelled services if Tyler is unable to re-assign its personnel.

The Implementation Hours included in this quote assume a work split effort of 70% Client and 30% Tyler.

Implementation Hours are scheduled and delivered in four (4) or eight (8) hour increments.

Tyler provides onsite training for a maximum of 12 people per class. In the event that more than 12 users wish to participate in a training class or more than one occurrence of a class is needed, Tyler will either provide additional days at then-current rates for training or Tyler will utilize a Train-the-Trainer approach whereby the client designated attendees of the initial training can thereafter train the remaining users.

Community Development: Tyler leads and owns the "Assess and Define" and "Configuration" 2 unique business transactions, 2 template business transactions, 1 geo-rules and 1 automation events. Configuration elements beyond this will be owned by the client.

Content Manager Core includes up to 1TB of storage. Should additional storage be needed it may be purchased as needed at an annual fee of \$5,000 per TB.

Amazon Web Services (AWS) has provided a credit in the amount of \$2,981 in sponsorship of your project.

Utility billing library includes: standard Utility bill, standard UB receipt, standard UB delinquent notice, standard door hanger and standard final utility bill.

Financial library includes: standard A/P check, standard EFT/ACH, standard Purchase order, standard Contract, 1099M, 1099INT, 1099S, 1099NEC and 1099G.

Business license library includes: standard business license and standard renewal application.

General Billing library includes: standard invoice, standard statement, standard general billing receipt and standard miscellaneous receipt.

Personnel Actions Forms Library includes: standard Personnel Action form - New and standard Personnel Action Form - Change.

Project Management includes project planning, kickoff meeting, status calls, task monitoring, verification and transition to support.

Your payment of the annual subscription or SaaS fee for Tyler Notify will include an identified amount of messages and/or minutes annually. Additional messages and/or minutes may be purchased from Tyler in defined packages at our then-current rates. Tyler Notify will not restrict use of messages and/or minutes that exceed the allotted messages but reserves the right to invoice you for documented overages occurring during the annual term. Any unused messages or minutes remaining at the end of your annual subscription term expire.

Tyler's form library prices are based on the actual form quantities listed, and assume the forms will be provided according to the standard Enterprise ERP form template. Any forms in addition to the quoted amounts and types, including custom forms or forms that otherwise require custom programming, are subject to an additional fee. Please also note that use of the Tyler Forms functionality requires the use of approved printers as well. You may contact Tyler's support team for the most current list of approved printers. Any forms included in this quote are based on the standard form templates provided. Custom forms, additional forms and any custom programming are subject to additional fees not included in this quote. The additional fees would be quoted at the time of request, generally during the implementation of the forms. Please note that the form solution provided requires the use of approved printers. You may contact Tyler's support team for the most current list of approved printers.

Payroll library includes: standard PR check, standard direct deposit, standard vendor from payroll check, standard vendor from payroll direct deposit, W2, W2c, ACA 1095B, ACA 1095C and 1099 R.

In the event Client acquires from Tyler any edition of Content Manager software other than Enterprise Edition, the license for Content Manager is restricted to use with Tyler applications only. If Client wishes to use Content Manager software with non-Tyler applications, Client must purchase or upgrade to Content Manager Enterprise Edition.

The SaaS Setup Fee for your project has been discounted by 100% by credits sponsored and provided by Amazon Web Services (AWS).





## Exhibit 2

### SaaS Services

*SaaS Services for the Tyler Software will be provided subject to the following terms and conditions.*

#### SECTION A – DEFINITIONS

- **“Data”** means your data necessary to utilize the Tyler Software.
- **“Data Storage Capacity”** means the contracted amount of storage capacity for your Data identified in the Investment Summary.
- **“Defined Users”** means the number of users that are authorized to use the SaaS Services. The Defined Users for the Agreement are as identified in the Amendment Investment Summary. If the Amendment Investment Summary contains Enterprise Permitting & Licensing labeled software, Defined Users mean the maximum number of named users that are authorized to use the Enterprise Permitting & Licensing labeled modules as indicated in the Amendment Investment Summary.
- **“SaaS Fees”** means the fees for the SaaS Services identified in the Amendment Investment Summary.
- **“SaaS Services”** means software as a service consisting of system administration, system management, and system monitoring activities that Tyler performs for the Tyler Software, and includes the right to access and use the Tyler Software, receive maintenance and support on the Tyler Software, including Downtime resolution under the terms of the SLA, and Data storage and archiving. SaaS Services do not include support of an operating system or hardware, support outside of our normal business hours, or training, consulting or other professional services.
- **“SLA”** means the Service Level Agreement. A copy of our current SLA is attached hereto as Schedule 1.
- **“Third Party SaaS Services”** means software as a service provided by a third party, if any, identified in the Amendment Investment Summary.

#### SECTION B – SAAS SERVICES APPLICABLE TO TYLER SOFTWARE

1. Rights Granted. We grant to you the non-exclusive, non-assignable limited right to use the SaaS Services solely for your internal business purposes for the number of Defined Users only. The Tyler Software will be made available to you according to the terms of the SLA. You acknowledge that we have no delivery obligations and we will not ship copies of the Tyler Software as part of the SaaS Services. You may use the SaaS Services to access updates and enhancements to the Tyler Software, as further described in Exhibit C of the Agreement. The foregoing notwithstanding, to the extent we have sold you perpetual licenses for Tyler Software, your rights to use such Tyler Software are perpetual, subject to the terms and conditions of this Agreement. We will make any such software available to you for download.

2. SaaS Fees. You agree to pay us the annual SaaS Fees. Those amounts are payable as set forth in Section 1(a) of the Third Amendment attached hereto. The SaaS Fees are based on the number of Defined Users and amount of Data Storage Capacity. You may add additional users or additional data storage capacity on the terms set forth in Section I(1) of the Agreement. In the event you regularly and/or meaningfully exceed the Defined Users or Data Storage Capacity, we reserve the right to charge you additional fees commensurate with the overage(s). We will provide 45 days advance notice of any additional charges or fees.
3. Ownership.
  - 3.1. We retain all ownership and intellectual property rights to the SaaS Services, the Tyler Software, and anything developed by us under this Agreement.
  - 3.2. The Documentation is licensed to you and may be used and copied by your employees for internal, non-commercial reference purposes only.
  - 3.3. You retain all ownership and intellectual property rights to the Data. You expressly recognize that except to the extent necessary to carry out our obligations contained in this Agreement, we do not create or endorse any Data used in connection with the SaaS Services.
4. Restrictions. You may not: (a) make the Tyler Software or Documentation resulting from the SaaS Services available in any manner to any third party for use in the third party's business operations; (b) modify, make derivative works of, disassemble, reverse compile, or reverse engineer any part of the SaaS Services; (c) access or use the SaaS Services in order to build or support, and/or assist a third party in building or supporting, products or services competitive to us; or (d) license, sell, rent, lease, transfer, assign, distribute, display, host, outsource, disclose, permit timesharing or service bureau use, or otherwise commercially exploit or make the SaaS Services, Tyler Software, or Documentation available to any third party other than as expressly permitted by this Agreement.
5. SaaS Services.
  - 5.1. Our SaaS Services are audited at least yearly in accordance with the AICPA's Statement on Standards for Attestation Engagements ("SSAE") No. 21. We have attained, and will maintain, SOC 1 and SOC 2 compliance, or its equivalent, for so long as you are timely paying for SaaS Services. The scope of audit coverage varies for some Tyler Software solutions. Upon execution of a mutually agreeable Non-Disclosure Agreement ("NDA"), we will provide you with a summary of our compliance report(s) or its equivalent. Every year thereafter, for so long as the NDA is in effect and in which you make a written request, we will provide that same information. If our SaaS Services are provided using a 3rd party data center, we will provide available compliance reports for that data center.
  - 5.2. You will be hosted on shared hardware in a Tyler data center or in a third-party data center. In either event, databases containing your Data will be dedicated to you and inaccessible to our other customers.
  - 5.3. Our Tyler data centers, including third-party data centers used by Tyler, have fully-redundant telecommunications access, electrical power, and the required hardware to provide access to the Tyler Software in the event of a disaster or component failure. In the event of a data center failure, we reserve the right to employ our disaster recovery plan for resumption of the SaaS

Services. In that event, we commit to a Recovery Point Objective (“RPO”) of 24 hours and a Recovery Time Objective (“RTO”) of 24 hours. RPO represents the maximum duration of time between the most recent recoverable copy of your hosted Data and subsequent data center failure. RTO represents the maximum duration of time following data center failure within which your access to the Tyler Software must be restored.

- 5.4. We conduct annual penetration testing of either the production network and/or web application to be performed. We will maintain industry standard intrusion detection and prevention systems to monitor malicious activity in the network and to log and block any such activity. We will provide you with a written or electronic record of the actions taken by us in the event that any unauthorized access to your database(s) is detected as a result of our security protocols. We will undertake an additional security audit, on terms and timing to be mutually agreed to by the parties, at your written request. You may not attempt to bypass or subvert security restrictions in the SaaS Services or environments related to the Tyler Software. Unauthorized attempts to access files, passwords or other confidential information, and unauthorized vulnerability and penetration test scanning of our network and systems (hosted or otherwise) is prohibited without the prior written approval of our IT Security Officer.
- 5.5. We test our disaster recovery plan on an annual basis. Our standard test is not client-specific. Should you request a client-specific disaster recovery test, we will work with you to schedule and execute such a test on a mutually agreeable schedule. At your written request, we will provide test results to you within a commercially reasonable timeframe after receipt of the request.
- 5.6. We will be responsible for importing back-up and verifying that you can log-in. You will be responsible for running reports and testing critical processes to verify the returned Data.
- 5.7. We provide secure Data transmission paths between each of your workstations and our servers.
- 5.8. Tyler data centers, including third-party data centers used by Tyler, are accessible only by authorized personnel with a unique key entry. All other visitors to Tyler data centers must be signed in and accompanied by authorized personnel. Entry attempts to the data center are regularly audited by internal staff and external auditors to ensure no unauthorized access.
- 5.9. Where applicable with respect to our applications that take or process card payment data, we are responsible for the security of cardholder data that we possess, including functions relating to storing, processing, and transmitting of the cardholder data and affirm that, as of the Effective Date, we comply with applicable requirements to be considered PCI DSS compliant and have performed the necessary steps to validate compliance with the PCI DSS. We agree to supply the current status of our PCI DSS compliance program in the form of an official Attestation of Compliance, which can be found at <https://www.tylertech.com/about-us/compliance>, and in the event of any change in our status, will comply with applicable notice requirements.

## **SECTION C – SAAS TERM AND TERMINATION of SAAS SERVICES**

1. Term. The term for Tyler SaaS Services is one (1) year commencing on the first day of the first month following the Amendment Effective Date. Upon expiration of the initial term, the term will

renew automatically for additional one (1) year renewal terms at our then-current SaaS Fees unless terminated in writing by either party at least sixty (60) days prior to the end of the then-current renewal term. Your right to access or use the SaaS Services will terminate at the end of the term for SaaS Services.

2. Failure to Pay SaaS Fees. You acknowledge that continued access to the SaaS Services is contingent upon your timely payment of the SaaS Fees. If you fail to timely pay undisputed SaaS Fees, we may discontinue the SaaS Services and deny your access to the Tyler Software pursuant to Section F(2) of the Agreement.



**Exhibit 2**  
**Schedule 1**  
**SERVICE LEVEL AGREEMENT**

**I. Agreement Overview**

This SLA operates in conjunction with, and does not supersede or replace any part of, the Agreement. It outlines the information technology service levels that we will provide to you to ensure the availability of the application services that you have requested us to provide. All other support services are documented in the Support Call Process. This SLA does not apply to any Third Party SaaS Services. All other support services are documented in the Support Call Process.

**II. Definitions.** Except as defined below, all defined terms have the meaning set forth in the Agreement.

*Actual Attainment:* The percentage of time the Tyler Software is available during a calendar month, calculated as follows: (Service Availability – Downtime) ÷ Service Availability.

*Client Error Incident:* Any service unavailability resulting from your applications, content or equipment, or the acts or omissions of any of your service users or third-party providers over whom we exercise no control.

*Downtime:* Those minutes during Service Availability, as defined below, when all users cannot launch, login, search or save primary data in the Tyler Software. Downtime does not include those instances in which only a Defect is present.

*Emergency Maintenance Window:* (1) maintenance that is required to patch a critical security vulnerability; (2) maintenance that is required to prevent an imminent outage of Service Availability; or (3) maintenance that is mutually agreed upon in writing by Tyler and the Client.

*Planned Downtime:* Downtime that occurs during a Standard or Emergency Maintenance window.

*Service Availability:* The total number of minutes in a calendar month that the Tyler Software is capable of receiving, processing, and responding to requests, excluding Planned Downtime, Client Error Incidents, denial of service attacks and Force Majeure. Service Availability only applies to Tyler Software being used in the live production environment.

*Standard Maintenance:* Routine maintenance to the Tyler Software and infrastructure. Standard Maintenance is limited to five (5) hours per week.

**III. Service Availability**

**a. Your Responsibilities**

Whenever you experience Downtime, you must make a support call according to the procedures outlined in the Support Call Process. You will receive a support case number.

b. Our Responsibilities

When our support team receives a call from you that Downtime has occurred or is occurring, we will work with you to identify the cause of the Downtime (including whether it may be the result of Planned Downtime, a Client Error Incident, denial of service attack or Force Majeure). We will also work with you to resume normal operations.

c. Client Relief

Our targeted Attainment Goal is 100%. You may be entitled to credits as indicated in the Client Relief Schedule found below. Your relief credit is calculated as a percentage of the SaaS Fees paid for the calendar month.

In order to receive relief credits, you must submit a request through one of the channels listed in our Support Call Process within fifteen days (15) of the end of the applicable month. We will respond to your relief request within thirty (30) day(s) of receipt.

The total credits confirmed by us will be applied to the SaaS Fee for the next billing cycle. Issuing of such credit does not relieve us of our obligations under the Agreement to correct the problem which created the service interruption.

Credits are only payable when Actual Attainment results in eligibility for credits in consecutive months and only for such consecutive months.

Client Relief Schedule	
Actual Attainment	Client Relief
99.99% - 99.70%	Remedial action will be taken
99.69% - 98.50%	2% of SaaS Fees paid for applicable month
98.49% - 97.50%	4% of SaaS Fees paid for applicable month
97.49% - 96.50%	6% of SaaS Fees paid for applicable month
96.49% - 95.50%	8% of SaaS Fees paid for applicable month
Below 95.50%	10% of SaaS Fees paid for applicable month

\* Notwithstanding language in the Agreement to the contrary, Recovery Point Objective is one (1) hour.

#### IV. Maintenance Notifications

We perform Standard Maintenance during limited windows that are historically known to be reliably low-traffic times. If and when maintenance is predicted to occur during periods of higher traffic, we will provide advance notice of those windows and will coordinate to the greatest extent possible with you.

Not all maintenance activities will cause application unavailability. However, if Tyler anticipates that activities during a Standard or Emergency Maintenance window may make the Tyler Software unavailable, we will provide advance notice, as reasonably practicable, that the Tyler Software will be unavailable during the maintenance window.

TO: Budget and Finance Committee  
FROM: Lisa Parks, City Administrator  
DATE: September 23, 2025  
SUBJECT: Discuss Baseline Financial Assessment

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1) Recommended Action:

This is a review and discussion item, only.

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2) Background:

The intent of this item is to discuss the Baseline Financial Assessment presentation provided at the September 16, 2025 Council meeting, and begin to discuss types of strategies that may be needed to address budget challenges identified. This discussion is also scheduled for a full Council Work Session in October.

---

3) Policy Support:

Refine and sustain a great organization.

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4) Alternatives:

N/A

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5) Fiscal Notes:

N/A

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6) Attachments:

A: Tumwater Fiscal Strategy Update

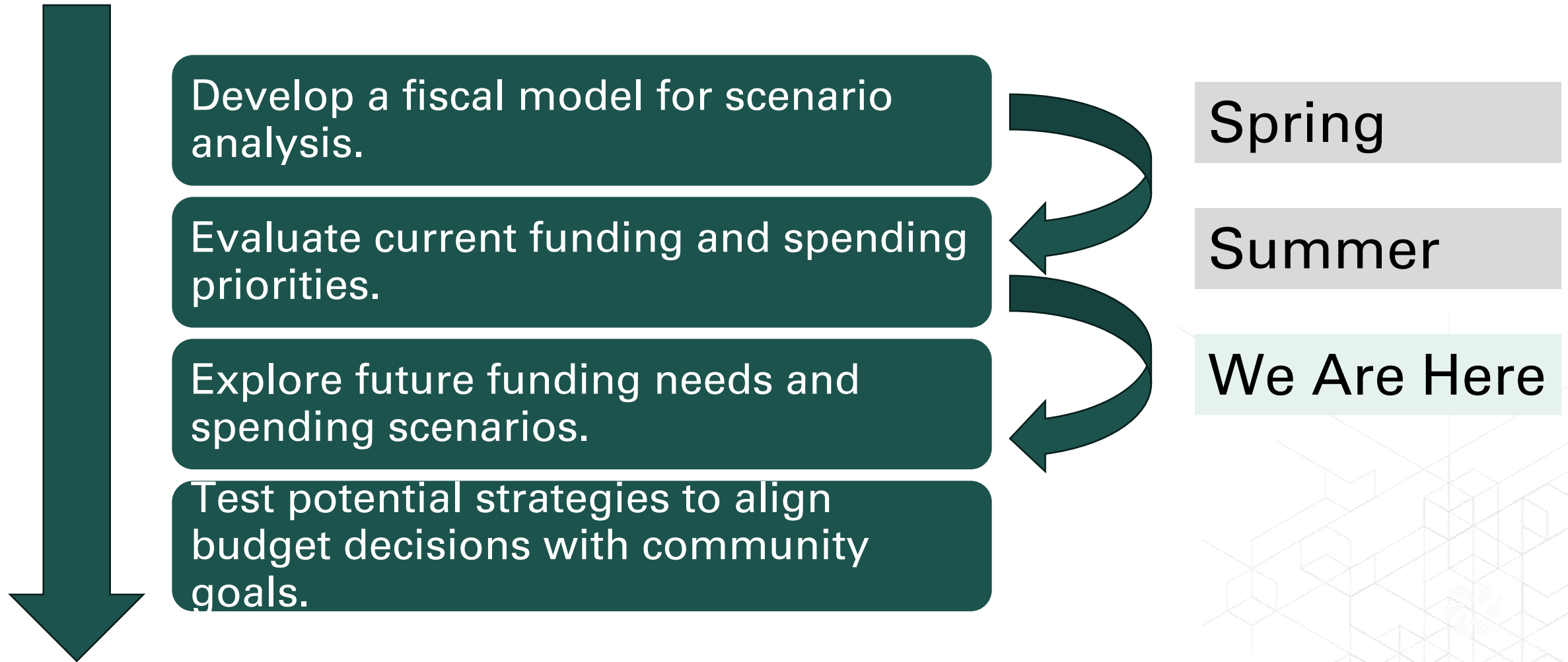


# Tumwater Fiscal Strategy Updates

Prepared for Tumwater  
City County

September 16, 2025



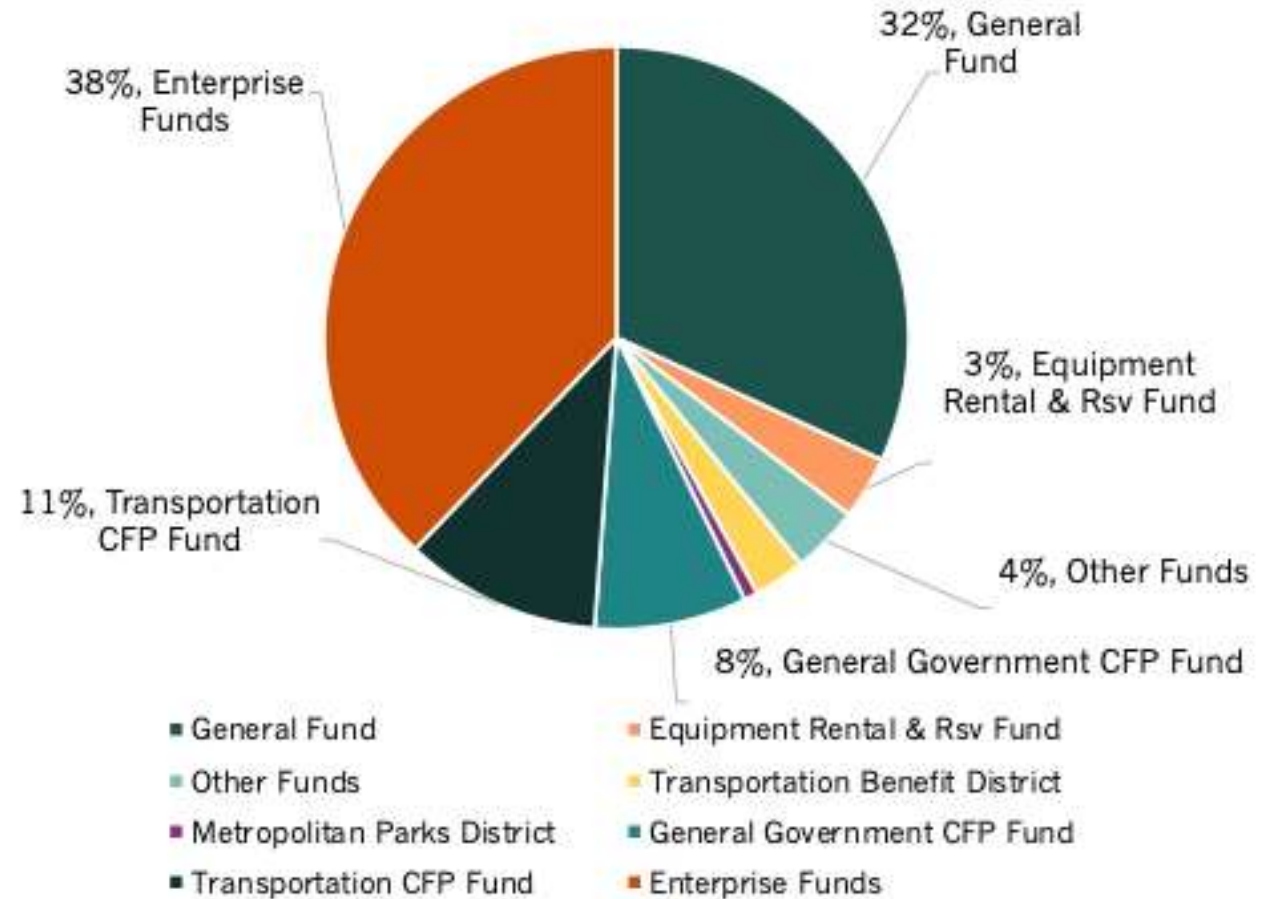


# General vs Enterprise Funds

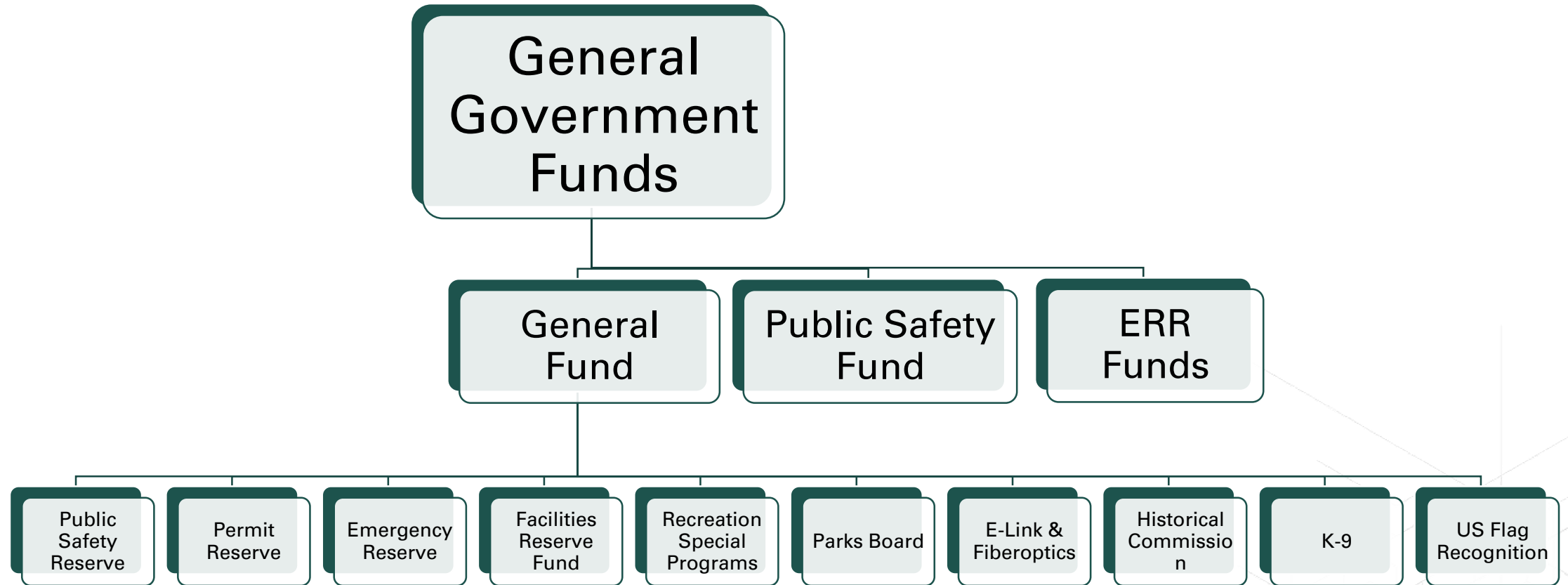
Our scenario planning and financial modeling focuses on **General Government Funds** — where City Council has the most discretion and influence over service levels, staffing, and investments.

- **General Government Funds (approx. 60%)**
  - ◆ Supported primarily by tax revenues (e.g., property tax, sales tax, utility tax).
  - ◆ Funds core services like police, planning, parks, and administration.
  - ◆ Most budget tradeoffs and policy decisions happen here.
- **Enterprise Funds (approx. 38%)**
  - ◆ Self-supporting through user fees (e.g., water, sewer, stormwater).
  - ◆ Legally restricted to cover the cost of providing specific services.
  - ◆ Not typically available to fund general city services.

**City of Tumwater Fund Structure**

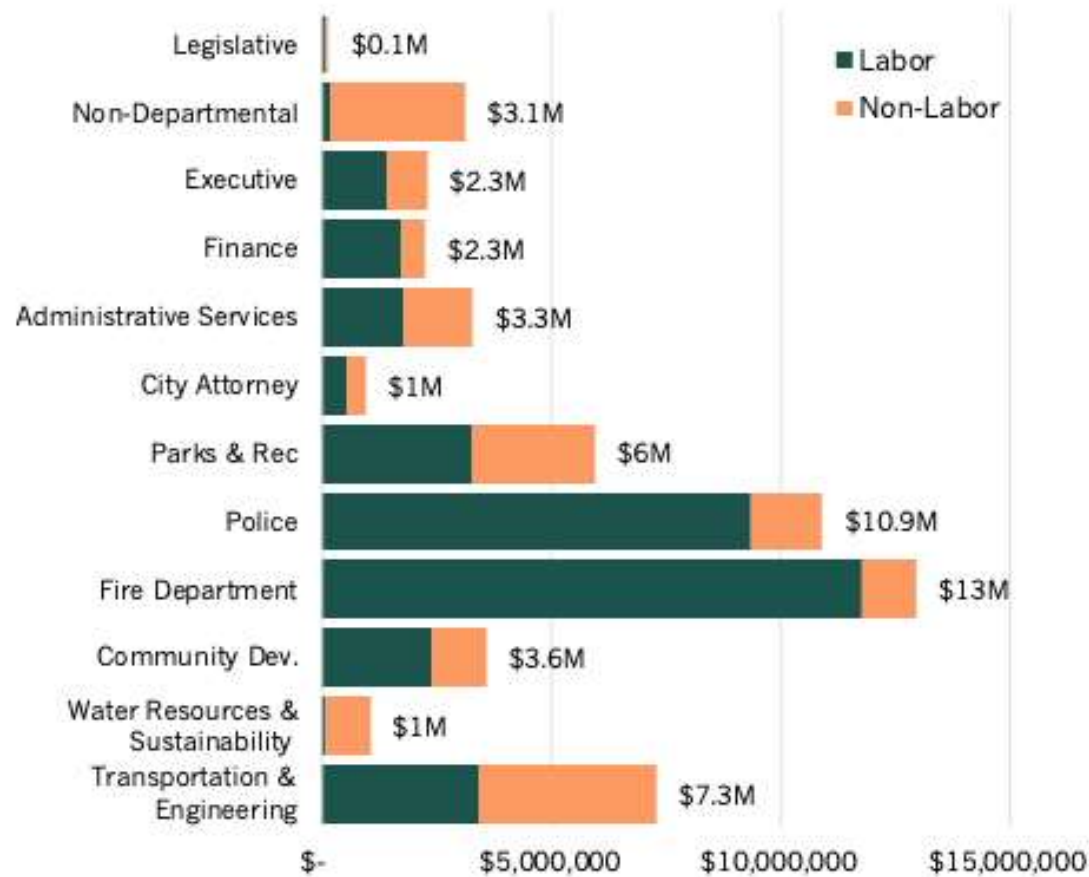


# General Government Funds

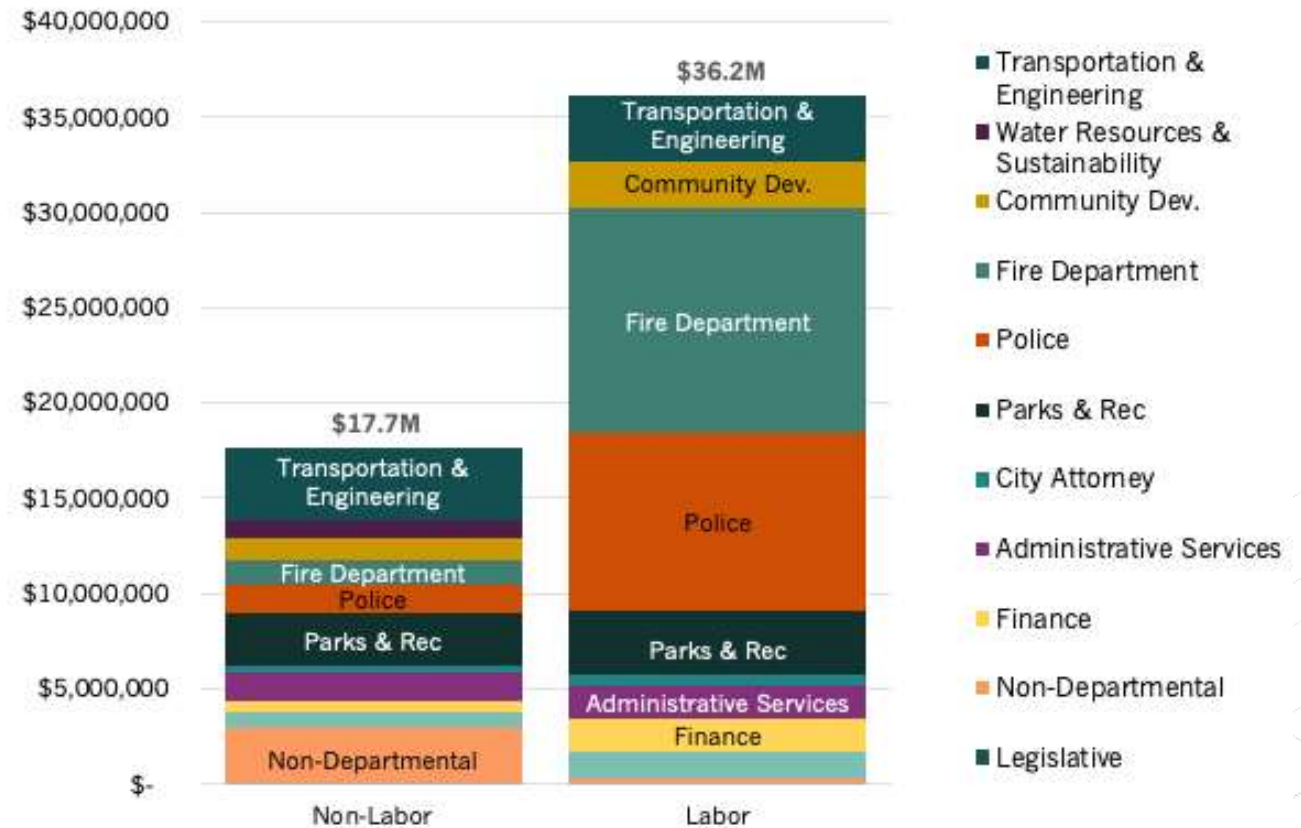


# 2025 Baseline – Status Quo

## 2025 Budget Baseline Costs by Department



## 2025 Budget Baseline



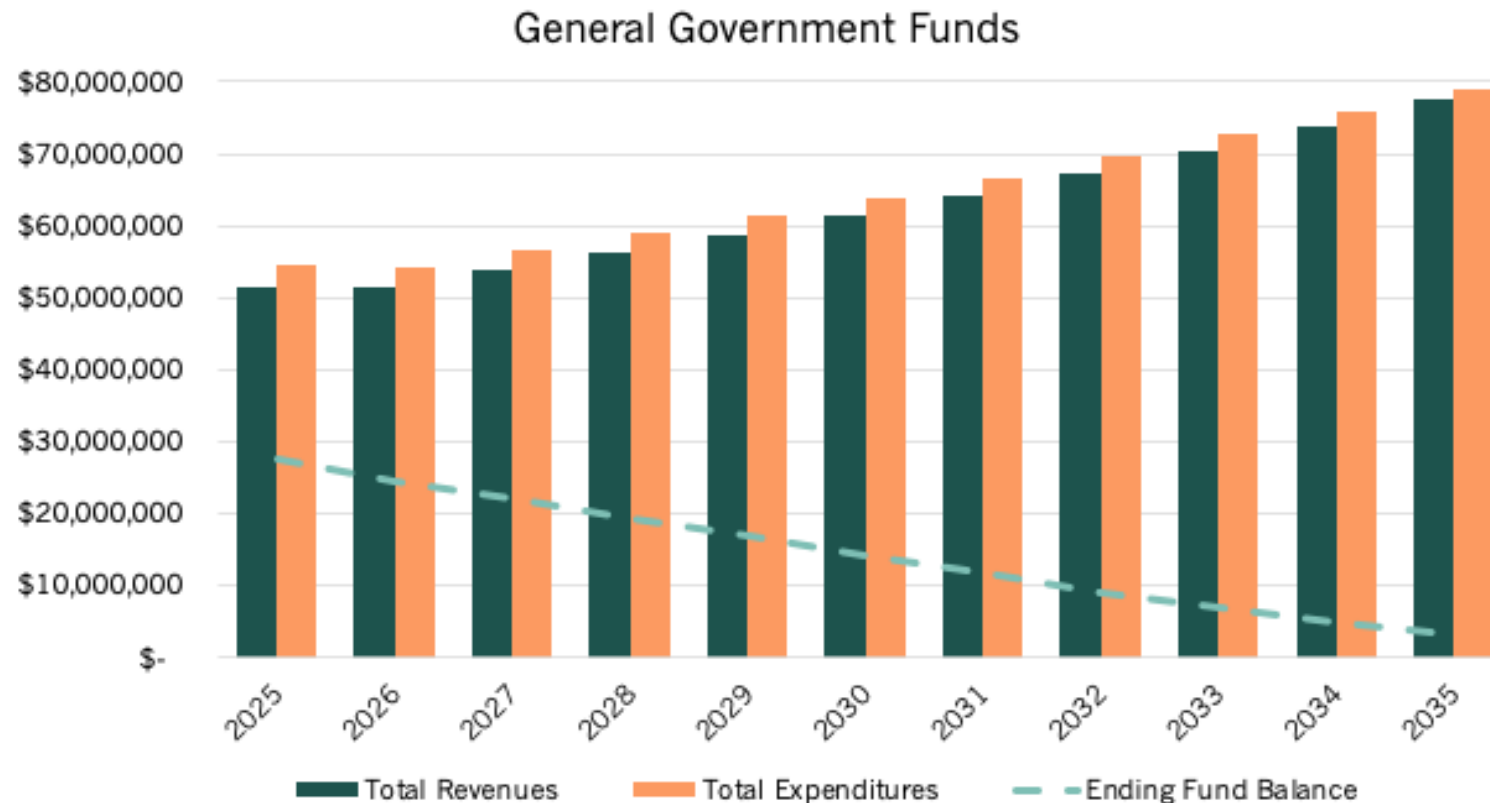
Note: This includes departmental spend through the General fund and Equipment Rental & Rsv funds.

# What's in the Baseline?

- Same balance of “doing more with less”
- No expansions or new initiatives
- No new debt obligations
- Doesn't account for unmet needs identified by departments
- No new requirements from state or federal
- Fiscal cliff looms (more or less) depending on rate of economic growth.

# Baseline Forecast – Trend Growth

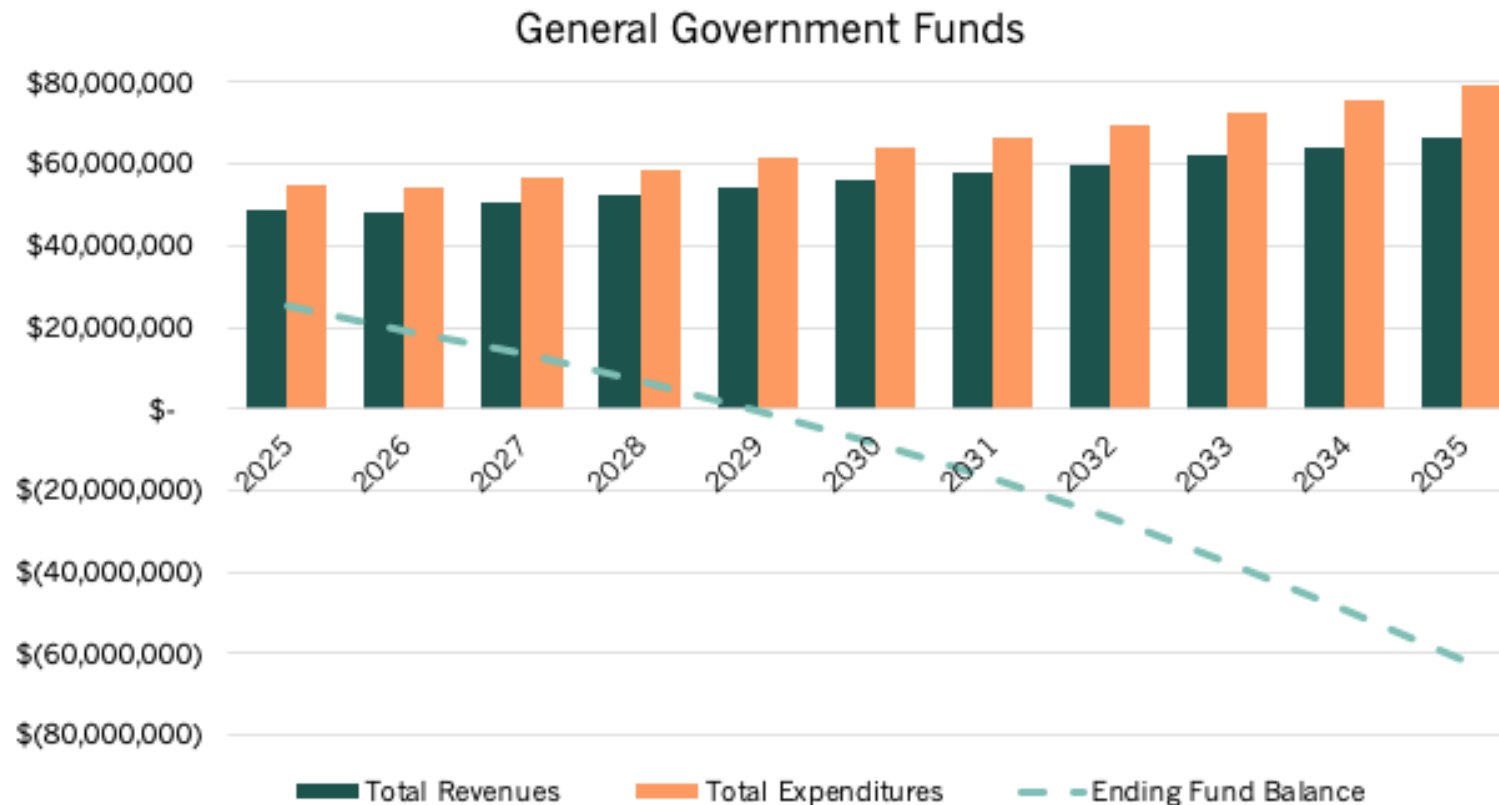
- If the economic (tax base) growth follows historic trends, the City is in a stronger fiscal position through 2035, with both revenues and reserves declining and manageable rate.
- This baseline outlook provides flexibility to pursue community priorities, provided future spending is aligned with sustainable revenues.





# Baseline Forecast – Slower Growth

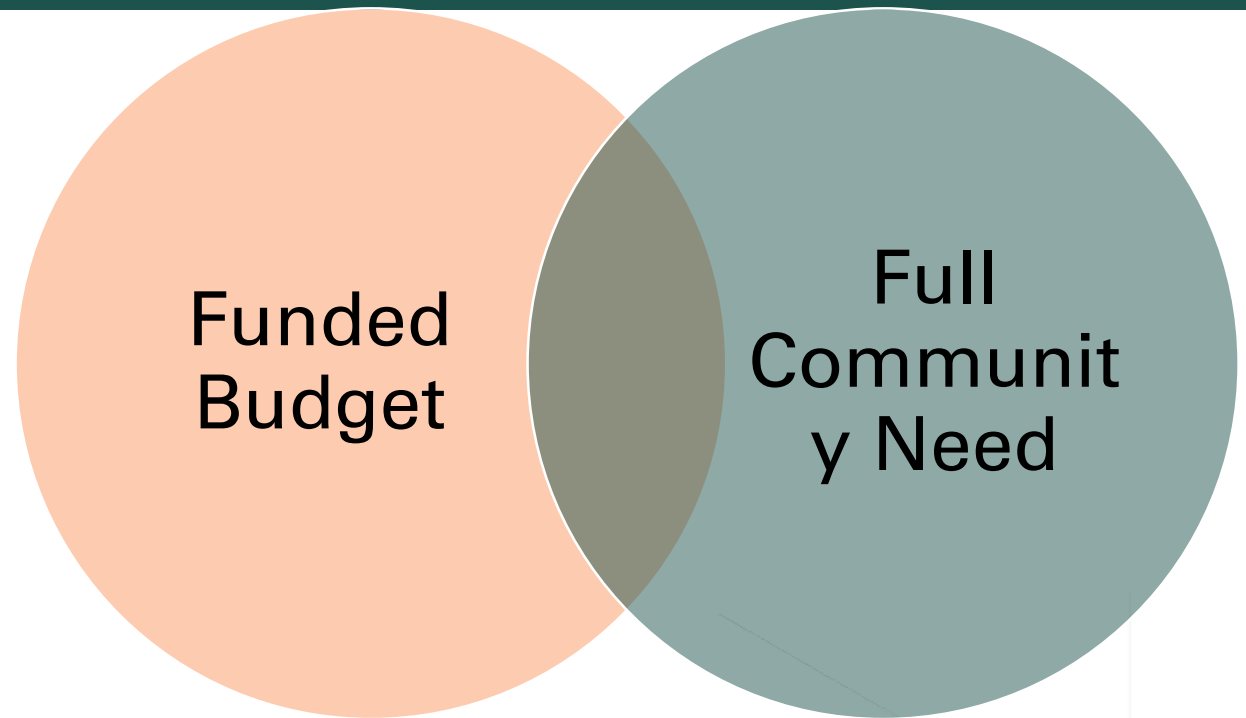
- If the **economic (tax base) growth** is lower than trend, the City maintains a positive fund balance for several years, providing a substantial cushion to delay or soften the impact of a future structural deficit.
- This gives Tumwater time to align service expectations and revenues thoughtfully, rather than reactively.





# Introducing the Shadow Deficit

- Gap between needed and funded services
- The flipside of “doing more with less”
- Includes staffing, service expansions, and unfunded capital needs



- What is included in the adopted budget: Staff, services, and projects with funding

- Staffing and services departments say are necessary
- Community expectations for service level and quality
- Capital needs identified but not funded

# Understanding the “Shadow Deficit”

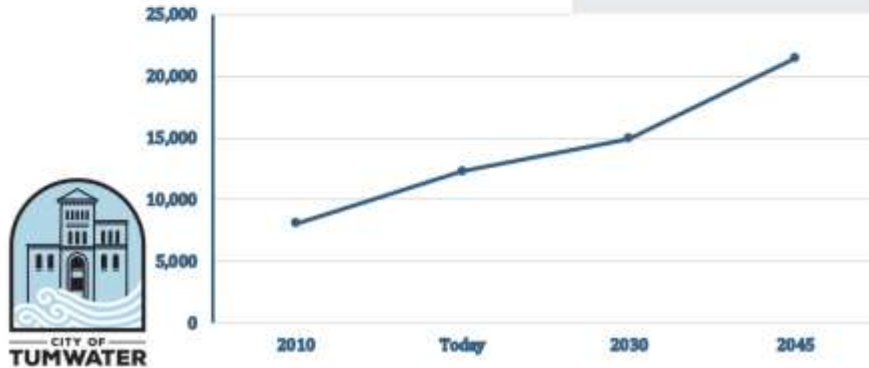
- **Definition:** The difference between community expectations or commitments and the resources currently available to meet them.
- **Examples include:**
  - ◆ Unfunded state or federal mandates.
  - ◆ Community desires for increased or improved services without additional funding.
  - ◆ Infrastructure maintenance or expansions that have been delayed due to budget constraints.
- **Implications:**
  - ◆ Without addressing the “shadow deficit,” the city risks ongoing gaps between expectations and reality, leading to deferred maintenance, reduced service quality, or budget shortfalls.

# Past Budget Presentations on Shadow Deficit

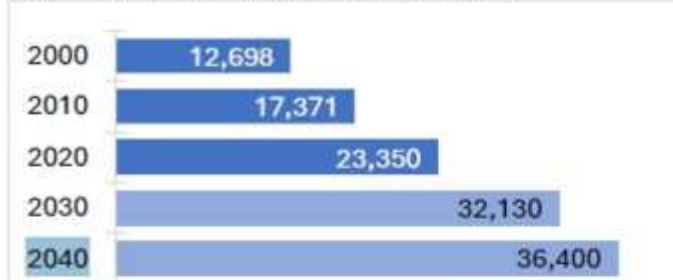
## Context – GROWTH!

	2004	2024*
Number of FTEs	123	237.25
Acres of Parks	130	238
Permits Processed	968	1,900
FD Calls for Service	4,444	6,000
PD Calls for Service	9,700	17,700
Water Customers	5,458	10,121
Sewer Customers	3,986	7,676

Housing unit growth over time

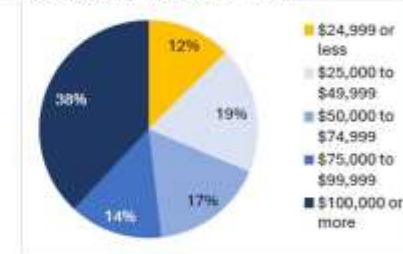


Population – Estimates & Projections

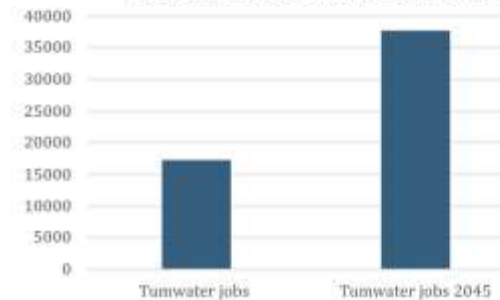


	2004	2024
Acres of Parks/Employee	32.5/1	43/1
Permits Processed/Employee	81/1	146/1
FD Calls for Service/Employee	153/1	113/1
PD Calls for Service/ Employee	346/1	412/1

Households by Income (2017-2021)\*



Job Estimates Now and Future



Budget Presentation  
5

# Budget Framework for Council Decision-Making

## 1. Core & Required Services

- Includes many essential services required by law or necessary for basic community function (e.g., public safety, regulatory compliance) but not all.

## 2. Existing Community Commitments

- Existing programs and services reflecting past community decisions and commitments (e.g., parks maintenance, library services).

## 3. Enhanced Service & Infrastructure Investments

- Proposed improvements or expansions in service quality, scope, or scale that would require new costs or increased revenues (e.g., infrastructure upgrades, expanded recreational facilities).

# Framing The City's Budget Decisions

## Why Use a Three-Tier Budget Framework?

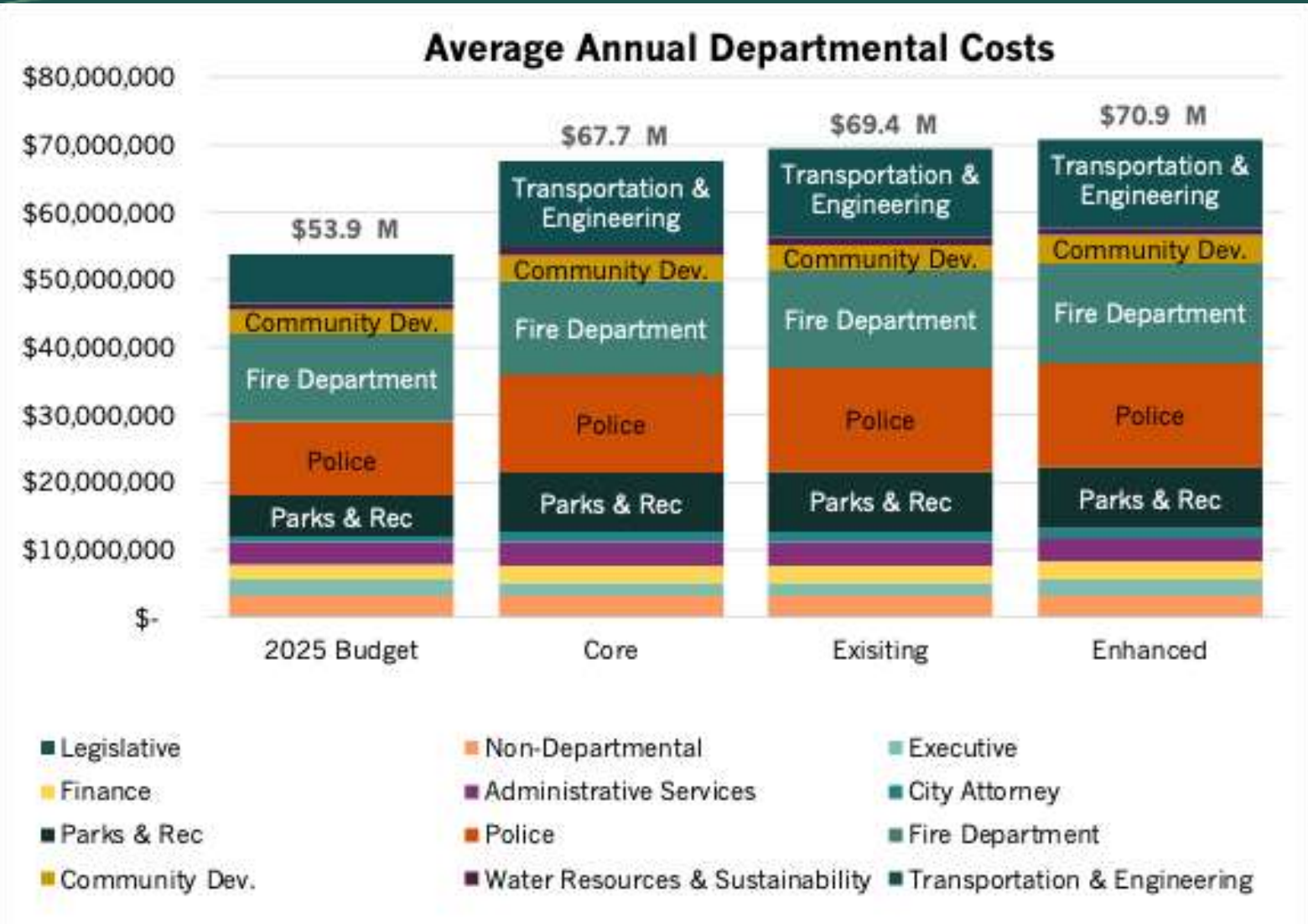
1. **Clarity:** It simplifies complex budget information by distinguishing essential, committed, and discretionary spending.
2. **Transparency:** It shows clearly how past and present decisions shape future financial needs.
3. **Priority Setting:** It helps the council prioritize choices, highlighting what must be funded versus areas where the city might invest more strategically.
4. **Revenue Awareness:** It illustrates why additional resources or new revenues may be needed to achieve community goals.

# Shadow Deficit Is Present In Most Communities

- This isn't a sudden "budget" shortfall—it's the cumulative effect of:
  - ◆ Population and service area growth outpacing staffing and infrastructure expansion.
  - ◆ Deferred maintenance and one-time fixes substituting for long-term solutions.
  - ◆ New community expectations and mandates added over time without proportional increases in base funding.
  - ◆ Longstanding structural constraints on revenue growth (e.g., 1% levy limit factor).



# Total Departmental Costs



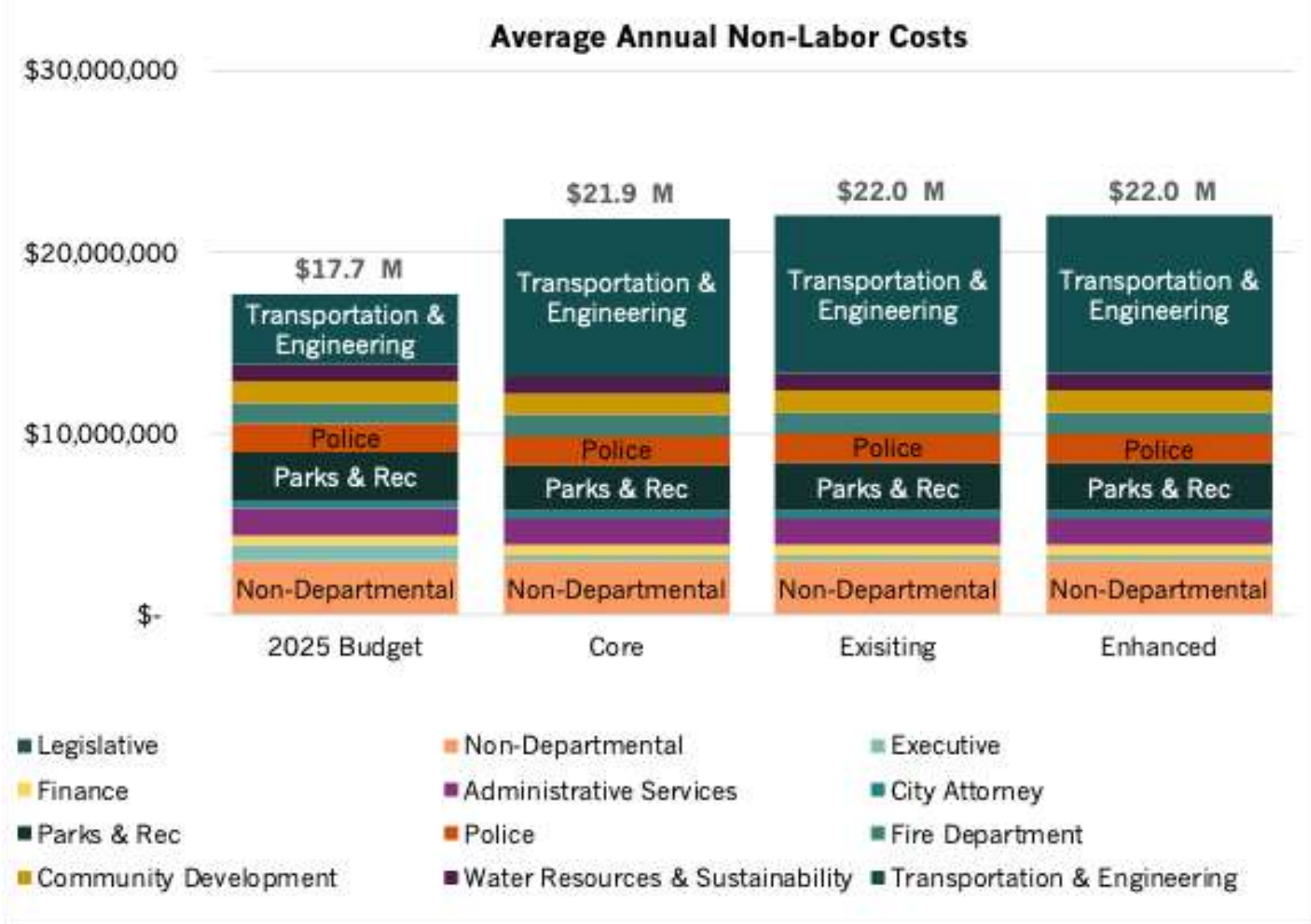
Note: This is the average annual cost from 2025-2035 not accounting for inflation, COLA adjustments, or standard raises.



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# Non-Labor Costs



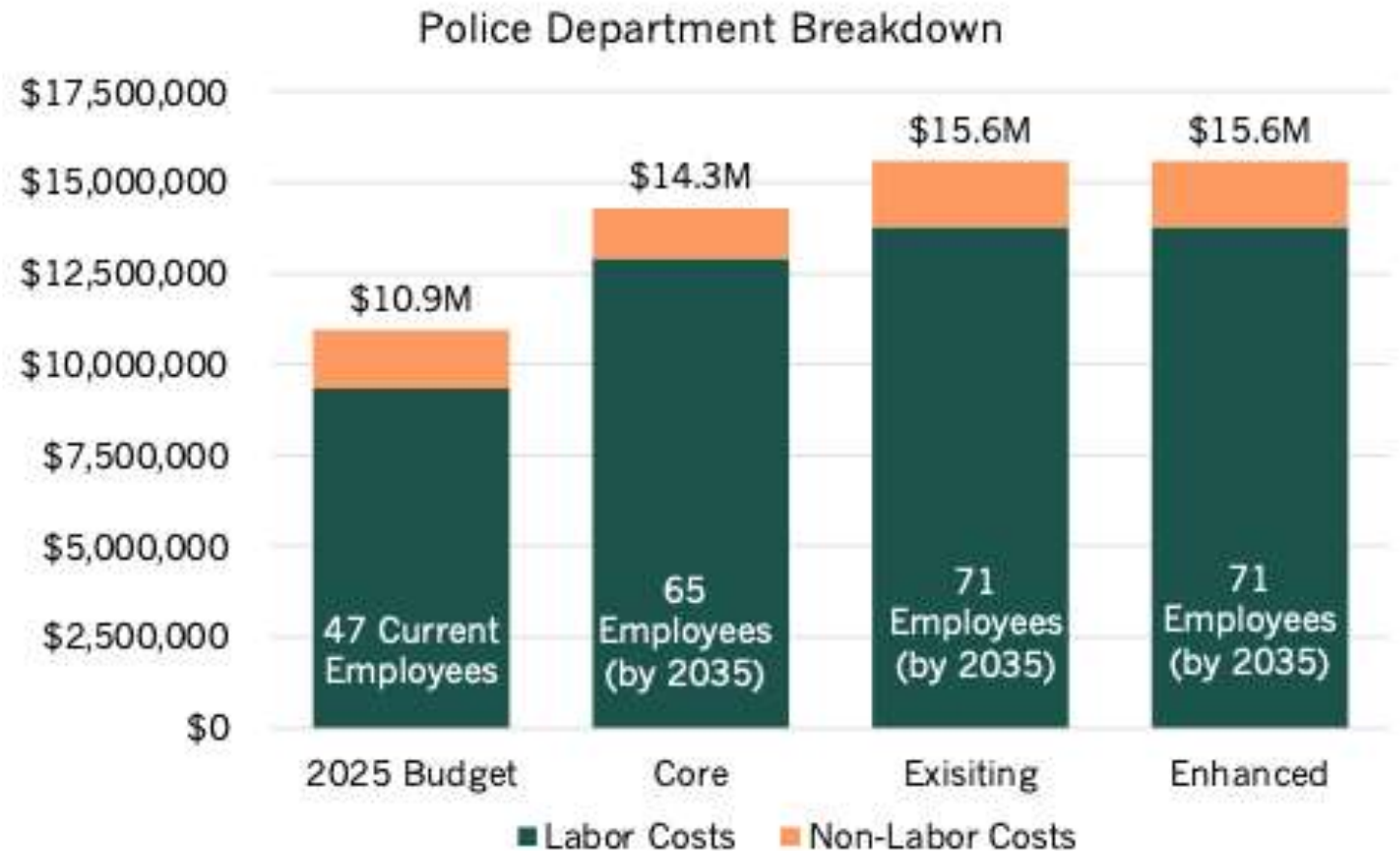
Note: This is the average annual cost from 2025-2035 not accounting for inflation.

# Reflections – Results in Wider Context

- **Patterns Seen Across Many Cities:** The findings in Tumwater reflect broader challenges faced by cities statewide and nationally.
- **The 1% Levy Cap Pushes the Cliff Out:** Strong economic cycles (e.g., new construction, sales tax growth) have temporarily delayed—but not eliminated—the structural imbalance caused by Washington’s 1% property tax growth limit.
- **Austerity Limits Strategic Investments:** During lean years, cities often avoid adding new programs or staff, leaving long-term service gaps and deferred maintenance.
- **Shadow Deficit Is Structural and Cumulative:** The current gap in service and infrastructure isn’t new—it has slowly built over years or decades due to incremental underfunding of core and committed services.
- **Local Choices Drive Outcomes.** Each community ultimately sets its own priorities:
  - ◆ Some stay within existing resources and reprioritize internally.
  - ◆ Others use councilmanic tools (e.g., banked capacity, utility taxes).
  - ◆ Some ask voters to support service expansions through levies or bonds.

# Department-Level Views – Police Department

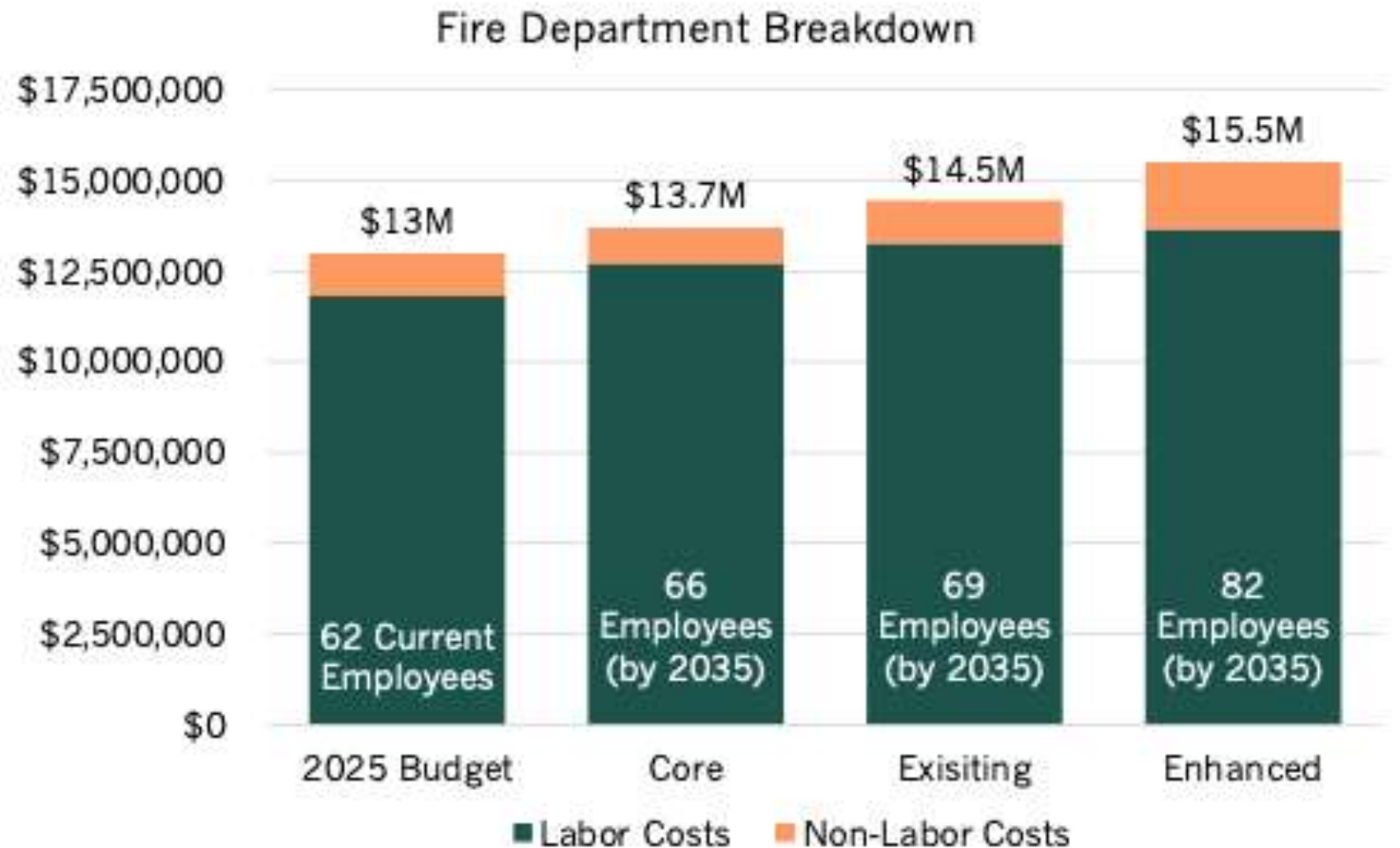
- The Police Department needs to add 36 staff over the next 10 years to meet existing commitments
  - ◆ Including 19 Police Officers and
  - ◆ 5 front office/non-commissioned staff
- With each additional staff member additional vehicle/equipment is needed.
- This figure **does not** include the cost of new facilities with greater staff capacity.



Note: This is the average annual cost from 2025-2035 not accounting for inflation, COLA adjustments, or standard raises.

# Department-Level Views – Fire Department

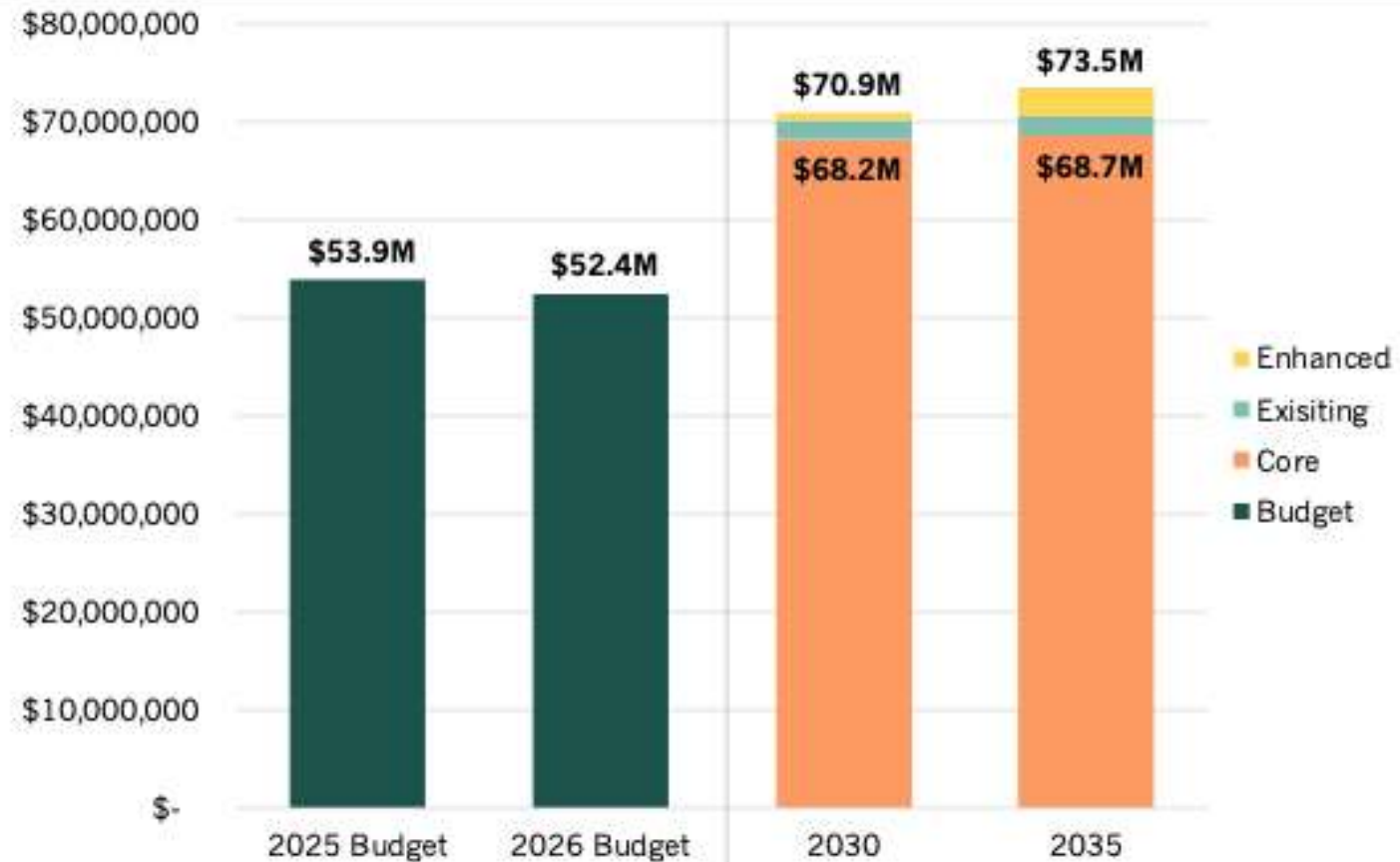
- The Fire Department needs to add 7 staff over the next 10 years to meet existing commitments.
  - ◆ Including 3 Firefighters
- Non-Labor costs include fire engine replacements, station remodeling, and more with the potential of being funded by a levy lid lift.



Note: This is the average annual cost from 2025-2035 not accounting for inflation, COLA adjustments, or standard raises.

# What This Means for the 2027–28 Budget

- The 2025 budget (\$53.9M) is significantly below what departments identified as necessary to sustain core and existing service levels into the future.
- This reveals a **persistent and growing** “shadow deficit” —the gap between what is budgeted and what is needed to fully deliver services and meet commitments.
- The City will need to make strategic tradeoffs: revisit commitments, assess capacity, or identify new resources to close this gap.



Note: This just the labor and non-labor costs from 2025-2035 not accounting for inflation, COLA adjustments, or standard raises.



# What This Means for the 2027–28 Budget

## Council Will Need/Want To:

### Reassess Current Commitments

- Reevaluate the sustainability of services that have been approved but may not be fully funded over the long term.

### Prioritize Enhancements Thoughtfully

- Identify which service expansions or infrastructure investments best reflect community priorities and justify new revenues.

### Bridge the Shadow Deficit

- Determine how to address the structural gap between desired service levels and current fiscal capacity—including staffing, operations, and capital needs.

### Build Long-Term Capacity

- Make strategic choices that create financial and operational space to adapt to future needs without compromising core services.

- Where is the shadow deficit most urgent?
  - ◆ Are there specific departments or services where the gap between need and funding is especially acute?
- Which commitments require near-term action?
  - ◆ Are there existing service levels or promises to the community that are underfunded or at risk?
- Is there interest in service expansion?
  - ◆ What's the council's appetite for investing in new or enhanced services or infrastructure?
- What principles should guide future budget scenarios?
  - ◆ Should we focus on equity, efficiency, growth, risk, or community demand when developing options?

# How Scenario Modeling Will Help

## Model different futures:

- Status Quo – Continue current services with existing funding
- Commitment Alignment – Fully fund existing commitments and obligations
- Vision-Driven Expansion – Pursue new or enhanced services tied to community goals

## Evaluate tradeoffs:

- Staffing levels and operational capacity
- Long-term fund balance health
- Revenue requirements, including potential tax rate changes



- Staff Leadership Team
  - ◆ Coordinate scenario design and strategic priorities
- Develop & Test Scenarios
  - ◆ Model financial and operational outcomes for different service strategies
- Return to Council
  - ◆ Share findings, gather feedback, and refine direction for the 2027–28 budget