



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

DATE: July 28, 2017

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Information Technology

CONTACT/PHONE NUMBER: Beto Juarez, (619) 578-7755

REQUESTED ACTION:

Approve a multi-year Software License and Service Agreement award to Yardi System's Inc. in an amount not to exceed \$2,247,000 over the next five years.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Housing Commission staff is requesting authorization to award a contract and Purchase Agreement to Yardi Systems, Inc. for an Agency-wide migration to a private, cloud-hosted environment of the Yardi Enterprise Management Software system. The contract will allow the Housing Commission to upgrade.
- Yardi has been the Housing Commission's Enterprise Management system for the past 5 years. This system has allowed the business to integrate multiple legacy applications such as Emphasys.
- The current instance of Yardi is self-hosted and managed in-house. All self-hosted clients are required to migrate to Yardi's, cloud-hosted environment due to the seamless integration of new releases and updates, rapid deployment of modules, as well as active hardware and network performance monitoring.
- Future upgrade strategies are now better defined with a consistent pricing model for all Public Housing Agencies.
- Yardi cloud services guarantee security compliance standards, data recovery, automatic encryption, intrusion detection, and multiple firewall layers for added protection. All data and security storage protocols also comply with PCI, SSAE 18, and Sarbanes-Oxley regulations.
- Migrating the current Yardi system to the cloud would immediately provide redundancy, availability, increased security, and accessibility from anywhere while minimizing operational impact to the Housing Commission in case of an emergency.



REPORT

DATE ISSUED: July 20, 2017

REPORT NO: HCR17-059

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of July 28, 2017

SUBJECT: Procurement of Enterprise Management System

COUNCIL DISTRICT: Citywide

REQUESTED ACTION:

SEVEN DAY ADVANCE NOTICE OF SAN DIEGO HOUSING COMMISSION HEARING OF THE FOLLOWING MATTER HAS BEEN PROVIDED TO THE HOUSING AUTHORITY MEMBERS PURSUANT TO THE PROVISIONS OF SAN DIEGO MUNICIPAL CODE SECTION 98.0301(e)(4)(B)

Approve a multi-year Software License and Service Agreement award to Yardi System's Inc. in an amount not to exceed \$2,247,000 over the next five years.

STAFF RECOMMENDATION:

That the San Diego Housing Commission (Housing Commission):

- 1) Authorize the President & Chief Executive Officer ("CEO"), or designee, to execute a one-year Software License and Service Agreement (Purchase Agreement) with Yardi, under a General Services Agreement (GSA) Schedule 70 contract, to renew the Housing Commission's existing Yardi Enterprise Management Software system and associated implementation services, as well as additional non-Yardi consultants/contractors/temps, in the amount of \$399,000 with four (4) additional one-year extension options, at a cost of \$2,247,000 over the next 5 years.
- 2) Authorize the President & CEO, or designee, to execute amendments/extensions in one-year increments, as approved as to form by General Counsel, which compensation for amendments/extensions shall be based on the prior year's cost, plus an escalation percentage cap equal to the Consumer Price Index, and, if necessary, a 20% contingency for cost for an increase in additional licenses, services and/or Housing Commission units' support, utilizing funds that have been approved through the Housing Commission and Housing Authority annual budget process.
- 3) Authorize the President & CEO, or designee, in a form approved by General Counsel, to execute all necessary documents to complete this action and implement these approvals and to further authorize the President & CEO, or designee, to take such actions as are necessary and appropriate to implement these approvals by the Housing Commission.

July 20, 2017

Procurement of Enterprise Management System

Page 2

SUMMARY:

Housing Commission staff is requesting authorization to award a contract and Purchase Agreement to Yardi Systems, Inc. for an Agency-wide migration to a private, cloud-hosted environment of the Yardi Enterprise Management Software system. The contract will allow the Housing Commission to upgrade the software system to its latest version while enabling staff to work more efficiently, effectively and accurately on an integrated, cloud-hosted software platform with improved capabilities and functionality. Enhanced capabilities include improved financial management workflows, guaranteed security compliance, automatic encryption of data, and 24/7 system monitoring spread across 12 data centers around the globe.

The contract cost per year is as follows:

Annual Software Fees	
Licensing / Support / Maintenance	
Year 1	\$399,000
Year 2	\$435,000
Year 3	\$471,000
Year 4	\$471,000
Year 5	\$471,000
Total	\$2,247,000

Yardi has been the Housing Commission's Enterprise Management system for the past 5 years. This system has allowed the business to integrate multiple legacy applications such as Emphasys and Peoplesoft, while automating many back-office functions in the areas of accounting, procurement, property management, finance, and real estate, which have grown in their operational functions since the initial implementation. The Commission is proposing to enter into a new Purchase Agreement with Yardi Systems to continue supporting these operations.

The current agreement was for a 5 year term and is close to expiring. In 2012, the Housing Authority, under HA Resolution No. 1545, granted the President and Chief Executive Officer the authority to execute up to ten years of amendments/extensions of the Software License and Services Agreement. The system is efficiently meeting all of our operational needs, and Yardi has been a great partner to the Commission allowing us to make a myriad of customizations to meet the unique needs of a Moving to Work Public Housing Agency.

San Diego Housing Commission is one of only 39 MTW agencies across the country. As such, Yardi customizations for the agency include developing the entire MTW module, which was not part of the original implementation, as well as supporting the needs of our additional housing units as the Commission has increased its portfolio. SDHC is also responsible for servicing and underwriting loans, issuing bonds for various initiatives, and performing complex financial real estate operations. Other public agencies currently utilizing Yardi Enterprise Management system include Seattle Housing Authority, Housing Authority of the City of Los Angeles, San Bernardino Housing Authority, Washington D.C. Housing Authority, and Oakland Housing Authority among many others.

July 20, 2017

Procurement of Enterprise Management System

Page 3

The current instance of Yardi is self-hosted and managed in-house. As part of Yardi Systems Inc.'s policies, all self-hosted clients are required to migrate to Yardi's, cloud-hosted environment. This is due to the seamless integration of new releases and updates, rapid solution implementation and deployment of modules, as well as active hardware and network performance monitoring. By hosting the system in the cloud, Yardi is also able to provide better protection against outdated technology and has designed their systems for maximum scalability and accessibility.

In order to achieve favorable contract terms, a group of Public Housing agencies formed a Consortium. This multi-agency group worked very closely with the Yardi team to negotiate contract terms that would be beneficial for Yardi PHA clients in the consortium. These terms included:

- Discounted licensing fees
- Contract durations
- Consistent pricing across Public Housing Agencies
- Consumer Price Index rate of increase cap
- Service Level Agreements (SLAs) and technical support
- Secure anytime/anywhere web access

Future upgrade strategies are now better defined with a consistent pricing model for all Public Housing Agencies. In Yardi's cloud-hosted environment, the Commission is also posed to take advantage of online portals which are only available in through Yardi's cloud environment, such as RentCafe, which can increase resident engagement by providing state-of-the-art online technologies through resident portals. It also provides SDHC with the ability to consider implementation of future Yardi online products that are in line with the Commission's current Strategic Plan direction to maximize resources through operational efficiencies and technological innovations.

In the current self-hosted environment, there is always a potential for downtime to occur. While there are backup processes in place, in the event of a disaster, it could take several days for the current system to become available for use. In addition, all software maintenance windows, application upgrades, and updates to the software are performed manually by IT staff. Yardi cloud services guarantee security compliance standards, data recovery, automatic encryption, intrusion detection, and multiple firewall layers for added protection. All data and security storage protocols also comply with PCI, SSAE 18, and Sarbanes-Oxley regulations

Migrating the current Yardi system to the cloud would immediately provide redundancy, availability, increased security, and accessibility from anywhere while minimizing operational impact to the Housing Commission in case of an emergency. Leveraging Yardi cloud services will also free up internal IT resources which could be repurposed to focus on other strategic projects.

FISCAL CONSIDERATIONS

Funds for this request are included in the approved FY18 Housing Commission Information Technology budget. Funds for all future years will be budgeted in applicable fiscal years to the Information Technology department's budget.

July 20, 2017

Procurement of Enterprise Management System

Page 4

The Software License and Service agreement (Purchase Agreement) includes annual cost. Compensation for amendments and/or extensions will be based on the prior year's cost, plus an escalation percentage cap of 4% for Consumer Price Index.

The Yardi Enterprise Management software will provide the Agency with a solid state-of-the-art solution that meets the requirements for today, a clear roadmap for all future versions, increased security anytime/anywhere access, and improved technical support services.

EQUAL OPPORTUNITY/CONTRACTING

Yardi Systems Inc., is global real estate software solutions company based out of Santa Barbara, CA.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

The Housing Commission Board approved previous recommendation at the regular Housing Commission meeting of January 20, 2012, by a vote of 4-0.

The Housing Authority of the City of San Diego approved previous recommendation at the regular Housing Authority meeting of February 28, 2012, by a vote of 8-0 under resolution HA-1545.

ENVIRONMENTAL REVIEW

The funding of this item is not a project within the meaning of the California Environmental Quality Act. This activity is exempt from the National Environmental Policy Act pursuant to 24 CFR Part 58.34(a)(3) as an administrative and management activity.

Respectfully submitted,



Beto Juarez
Vice President & Chief Information Officer
Information Technology Department

Approved by,



Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

Hard copies are available for review during business hours at the security information desk in the main lobby and the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the "Public Meetings" section of the San Diego Housing Commission website at www.sdhc.org.