



**MEMO TO:** Members of the City Council

**FROM:** Mayor John Marchione

**DATE:** August 20, 2019

**SUBJECT: Approval of Amendment No. 2 with Kronos, Inc. for Software Support and Maintenance of Workforce Management Systems; and Professional Services for Implementation in an Amount of \$592,146**

**I. RECOMMENDED ACTION**

Approve contract amendment no. 2 with Kronos, Inc. for consulting services and three-year software maintenance and support agreement for the implementation of Workforce Management Systems in a total amount of \$592,146. The proposed amendment is within the approved project budget.

**II. DEPARTMENT CONTACTS**

Jonny Chambers, TIS Director	425-556-2160
Malisa Files, Finance Director	425-556-2122
Cathryn Laird, Human Resources Director	425-556-2125
Maria O'Neill, Technology Project Manager	425-556-2720

**III. DESCRIPTION/BACKGROUND**

In 2017, an RFP was posted for replacement of our existing and outdated HR, Payroll and Timekeeping software systems. From the eight RFP responses received, Kronos, Inc. was selected as a solution provider. Their software solution proposal included a product called Workforce Central as the core HR solution. In October 2018, the City entered into contracts with Kronos, Inc. for software solutions and JK Seva as an implementation partner.

In March of 2019, the JK Seva contract was terminated as a result of their inability to adequately staff the implementation effort.

Prior to re-engaging with the implementation effort, the City revisited a conversation with Kronos concerning the version of the product that would best support the City's needs over the long term.

In 2017 when the City selected the Kronos Workforce Central solution, the Kronos Workforce Dimensions product had not yet reached maturity as a mainstream HR solution across Public-Sector organizations. Since then, it's gained recognition as Kronos' flagship

product and is deployed across several state and local government entities. Kronos as well as the City team believe that the Dimensions product is the best version of the software for the City. Kronos is the preferred implementor of this product in the Public-Sector space at this time

#### **IV. PREVIOUS DISCUSSIONS HELD**

<b>Date</b>	<b>Meeting</b>
March 28, 2017	Overview of contract proposal with SoftResources
April 18, 2017	Approval of contract with SoftResources for Workforce RFP
September 18, 2018	Staff Report on ROI
October 2, 2018	Approval of contract with Kronos, Inc.
April 23, 2019	Project Update to FAC Committee of the Whole
June 25, 2019	Project Update to FAC Committee of the Whole
July 23, 2019	Project Update to FAC Committee of the Whole
Today	Contract Amendment No. 2

#### **V. IMPACT**

##### **A. Service/Delivery:**

The change from Workforce Central to Workforce Dimensions requires the City to amend the Kronos contract with updated implementation, support, and maintenance terms. Kronos has provided an updated scope of work and cost adjustments for the implementation of Workforce Dimensions. The amendment extends the support and maintenance agreement by one year.

##### **B. Fiscal Note:**

The \$592,146 increase to the Kronos contract is offset by both the termination of the JK Seva contract as well as an acceptable reduction in contingency dollars. Projected one-time implementation costs on the project remain unchanged. Ongoing costs through 2021 are reduced. Ongoing costs projected for the one-year extension of support and maintenance services will be budgeted for in the 2021/2022 biennial budget.

#### **VI. ALTERNATIVES TO STAFF RECOMMENDATION**

Council can choose to approve the contract as submitted or not approve the contract and staff will create and post a new RFP for implementation services delaying the project and risking the failure of existing timekeeping systems.

## **VII. TIME CONSTRAINTS**

A delay in approval of the Kronos Amendment beyond the August 20, 2019 Council meeting delays the project, escalates the risk that key legacy HR/Payroll systems will fail before the Kronos solution is fully deployed, increases the cost of mitigating that risk, and potentially increases the cost of the project overall.

## **VIII. LIST OF ATTACHMENTS**

Attachment A: Kronos Amendment No. 2

Exhibit A: Scope of Work

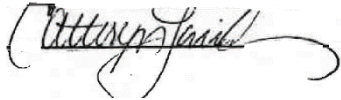
Exhibit B: Order Form

Exhibit C: Terms and Conditions



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**Jonny Chambers, Technology and Information Services Director**



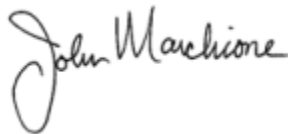
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**Cathryn Laird, Human Resources Director**



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**Malisa Files, Finance Director**



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Approved for Agenda \_\_\_\_\_  
**John Marchione, Mayor**