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MEMO TO: Mayor and Members of the City Council

FROM: Malisa Files, Finance Director

SUBJECT:

Workforce Management System Implementation

I.   RECOMMENDED ACTION

Review and discussion of Workforce Management System implementation as a follow-up to the conversation at the Finance, Administration and Communications Committee.

II.   DEPARTMENT CONTACTS

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III.   DESCRIPTION/BACKGROUND

In the 2017-2018 Budget, Council approved the Workforce Management project which would integrate key human resource (HR) business processes, including timekeeping, payroll, personnel records, benefits and learning and certification management. At the time staff knew that the timekeeping system, an in-house developed program, would no longer be supported on its platform. In keeping with the age of the timekeeping system, the City was informed that the current Eden payroll system would eventually be sunset by Tyler Technologies. The City's current HR/Payroll system originally was put in place as a stop-gap measure at the time the City was implementing the Dynamics financial system in 2011. At that time, it was always staff's intention to implement the salary and benefits module that was supposed to be developed as a part of the Dynamics suite. The salary and benefits module for Dynamics never materialized. What was meant to be a short-term solution, became a long-term solution for the City. Now however, it is imperative the City replace the HR/Payroll system in a timely manner so as not to risk a system failure.

Given the reasons stated above, the most viable option for the City was to search for an integrated system to cover all human resource processes and take advantage of the updated customer centric platforms for all of our workforce systems.

Risk Mitigation

As explained above the City is vulnerable as it is reliant on business systems that have been or are on a path to be, what is known in the technology world as 'sunset'. This means that some of the City's HR/Payroll systems have not been supported or are nearing a de-supported state in the relatively near future and if a failure occurred, recovery would be difficult and costly. For example, Redmond's timekeeping system is built on a VB6 platform using development tools that are no longer supported. Should the system fail, the City would rely on pen, paper and manual entry to accomplish payroll. In addition, primary HR applications were implemented in an era of stove-piped or stand-alone systems. These disparate systems are not capable of sharing data. This puts the integrity of the data in any single system at risk and necessitates duplicate data entry.

System Selection
In 2017, through a competitive bid process, the City contracted with Soft Resources to assist in the evaluation and selection of software solutions and service providers who could best accommodate the City's workforce management business requirements. A total of eight (8) proposals were reviewed in response to the Request for Proposal (RFP) released in the later part of that year.

Market analysis of available solutions demonstrated that the implementation of an end to end fully integrated solution which satisfies requirements for managing the workforce from recruitment to retirement and is poised to keep pace with technology advancements was the most cost-effective approach. It provides the City with a single source of employee data and minimizes our dependency on building and maintaining costly integration components across disparate HR systems.

The proposal that ranked above others in the selection process was submitted by Kronos, a solution provider operating exclusively in the workforce management space for over 40 years. Kronos proposed an integrated solution which included the Cornerstone Learning Management system as well as a third-party implementation consultant, JK Seva who would oversee the entire implementation effort.

This solution will increase the accessibility and reliability of our workforce data and create efficiencies in the business process by automating some now manually intensive processes. Using self-service portals, both managers and employees alike are provided the flexibility to access necessary processes from where they are on devices most accessible to them, such as pads or telephones.

Return on Investment
At the Finance Administration and Communications Committee, Councilmembers asked for return on investment data. The largest return on investment comes from staff time duplicating data entry because of lack of system integration. For example, the public safety departments use a product called Telestaff for scheduling on shifts. Employees in Police and Fire currently enter the shift schedule in Telestaff and then enter it again into the City's timekeeping system. Assuming each firefighter and police officer spends 10 minutes on duplicate data entry, twice a month for 12 months, the time savings would equal 2,600 hours or $125,000 dollars of wages. With the implementation of an integrated system, the time and money saved would be used by public safety personnel to concentrate on their primary activities. Other examples of ROI can be found in Attachment A.

Cost
The cost of the integrated Workforce Management System is $1.2 million with a $250,000 contingency. A portion of the total amount will go towards one-time implementation ($300,000) with $900,000 dedicated to a three-year ongoing support and maintenance contract. The contingency amount is predicated on an October 1, 2019 go-live date. Should the City fail to meet the go-live time frame, the

go-live would be delayed by one quarter due to payroll and tax reporting requirements.

A portion of the funding for the startup of the Workforce Management project was approved by Council in the 2017-18 budget. A request for the balance of the project funding is included in the 2019-20 budget. If the balance of necessary funds is not approved, a 'non-appropriation of funds' clause which is added to the contract allows us to terminate. Under those circumstances, the scope of the project would be narrowed to include only the replacement of the current timekeeping system using funding previously approved.

Timeline
The project will last approximately 15 months and is scheduled to begin on November 5th, 2018 with a go-live date of October 1, 2019.

IV. PREVIOUS DISCUSSIONS HELD

- 2017-2018 Budget discussions in October - November 2016
- Finance, Administration and Communications Committee - August 25, 2018

V. IMPACT

A. Service/Delivery:

Return on Investment and service delivery advantages are explained in Attachment A and summarized below:

- Eliminate duplicate entry on timecards
- Reduce the number of personnel action notices requiring workflow
- Reduce the time it takes to route and approve personnel action notices
- Creates central repository for training and certifications
- Allows customers to access their employee record on mobile devices

B. Fiscal Note:

The new system is estimated to cost $1.2 million with a contingency of $250,000. A breakdown of the cost is below.

- $300,000 one-time implementation
- $900,000 ongoing support and maintenance for three years ($300,000 per year)
- $250,000 continency to mitigate a delayed go-live
- A reduction of ($45,000) in first year of support costs from current system; ($120,000) in second year and beyond in current supports costs, already included in the $1.2 million cost.

VI.   ALTERNATIVES TO STAFF RECOMMENDATION

Council can choose to:
- Approve the project as submitted.
- Approve the project with changes.
- Do not approve the project. Staff would then move to replacing just the timekeeping system that is at risk of failure.

VII.   TIME CONSTRAINTS

Staff will bring a contract before the City Council on October 2, 2018. If there is a delay in contract approval, then the go-live date of the new system will also be delayed.

VIII.   LIST OF ATTACHMENTS

Attachment A: Workforce Management Return on Investment