



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 9/24/2019

To: Board of Supervisors of Sonoma County

Department or Agency Name(s): Auditor-Controller-Treasurer-Tax Collector, Information Systems Department

Staff Name and Phone Number: Cheryl Enold 565-6162, Sherry Bevens 565-8221

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Upgrade Time and Attendance Software to Kronos Dimensions and Cloud Services Subscription Agreement with Kronos, Incorporated.

Recommended Action:

- A) Authorize the Auditor-Controller-Treasurer-Tax Collector (ACTTC) or designee to sign a contract between Sonoma County and Kronos, Incorporated, for professional services and software licensing totaling \$150,742 and on-going monthly cloud based service and education licenses of Workforce Dimensions for a total of \$250,650 per fiscal year. Upgrading the current software benefits the community by enabling County employees to record timekeeping data in a consistent, modern tool to accurately perform cost accounting, maintain regulatory compliance and manage the County's timekeeping with high efficiency and accuracy.
- B) Authorize the ACTTC or designee to approve future change orders up to a cumulative maximum of \$25,000.

Executive Summary:

The County's time and attendance software, Kronos Workforce Central, utilizes Adobe Flash which is scheduled to be decommissioned at the end of 2020. The County must decide whether to upgrade our current on-site Kronos Workforce Central application to a newer version or convert to the cloud-based Kronos Workforce Dimensions application to ensure ongoing functionality. The ACTTC Payroll Division in conjunction with Information Systems Department (ISD) has identified Kronos Workforce Dimensions application and the Kronos Cloud Service product as the best choice for the County's business needs. Currently, Kronos Workforce Dimensions cloud based timekeeping system is used by thousands of entities including: California Department of Corrections and Rehabilitation ([CDCR <https://www.kronos.com/customers/california-department-corrections-and-rehabilitation>](https://www.kronos.com/customers/california-department-corrections-and-rehabilitation)), United States Secret Service, Transportation Security Administration, City of Oakland Police Department, BART Police, El Dorado County Sheriff, City of Santa Barbara, UC System, Alaska Airlines, Community Bank and Pitney Bowes.

Discussion:

The County has developed and managed its time and attendance system using Workforce Central since February 2006. The Workforce Central version we currently operate on utilizes Adobe Flash, and because Adobe will decommission Flash at the end of 2020, Kronos has advised the County it will not support the County's version of Workforce Central.

The County must decide whether to upgrade the current on-site Workforce Central application or transition to Kronos Dimensions and Cloud Service to ensure consistent, modern tools to develop and manage the County's timekeeping data.

Costs and Risks of On-Site Version Upgrade

If the County were to upgrade its on-site Workforce Central system, the effort would require Kronos to provide implementation assistance.

Even were the County to pay these upgrade costs to Kronos, estimated at \$59,000, there would be additional ISD costs. On-site improvement carries the risk of being only a transitional step due to industry trends that indicate that Kronos may eventually provide its timekeeping applications exclusively via the cloud.

Current annual maintenance and support costs for Kronos Workforce Central in FY 19/20 totaled \$122,560.

Costs of Moving to the Cloud

Significant discussion has transpired with Kronos over the last year to discuss the transition to Workforce Dimensions and Cloud Services. Consultant services to facilitate the recommended move to Kronos Workforce Dimensions are estimated at \$150,742, plus support from ISD is estimated at \$150,000 in FY 19/20. Kronos time and attendance has proven to be an effective solution and we do not recommend moving away from this software in the near future.

Annual maintenance and support of 5,050 Workforce Dimensions licenses at \$4/license is \$20,200 monthly or \$242,400 annually, plus \$8,250 for education licenses for a total annual cost of \$250,650. In FY 19/20, we will have an increase of \$77,000 in maintenance and support costs as a result of moving to Workforce Dimensions per employee pricing model (PEPM). This increase of \$77,000 has been included in the FY 19/20 HRIS rate structure and budget.

Workforce Dimensions will require significant changes to the current system setup and timecard coding structure which will prevent the migration of existing timekeeping data to Dimensions. In order to maintain accessibility to historical data for correction and audit purposes, the on-site system will be maintained for three full fiscal years with access limited to ACTTC Payroll Division staff. There will be no additional license costs for maintaining the Workforce Central application for audit purposes.

Costs associated with this upgrade effort are estimated at \$300,000, which are currently not included within the existing FY 19/20 HRIS rate structure and budget amounts. This upgrade significantly improves the system platform to a vendor hosted environment and improvements in software structure and capabilities, therefore, costs will be capitalized and amortized over a three year period, consistent with Generally Accepted Accounting Principles. The estimated capitalized upgrade costs of \$300,000 will be funded by a use of HRIS Fund net position (fund balance) in FY 19-20 and are expected to be included in user rates in FY 20/21-22/23 at an estimated \$100,000 per fiscal year.

Benefits of the Cloud

The County will realize many benefits by conducting a “move and improve” to Cloud Services, including:

New Functionality: Kronos is adding new features to the Cloud that it is not providing to on-site installations, including ability to offer multiple ways to code timecards for programmatic tracking and reimbursement purposes.

Advancements in Technology: The Dimensions product has been re-architected to be cloud native and able to readily leverage cloud innovations and capabilities. As this is the direction of the IT industry as a whole, this move offers the County an opportunity to gain stronger awareness and understanding of cloud alternatives while maintaining a low risk posture as cloud technology continues to mature.

Business Resiliency: Hosting through Kronos reduces the risk of business disruption in the event of a local disaster that could impact service delivery. This also allows County resources to focus on restoration of key services that affect life and safety should a major service disruption occur.

Extra Features

Dimensions product offers mobile timekeeping as a standard feature which would allow employees access to the timekeeping system from their mobile device. When paired with cloud services it would enable increased flexibility for employees to record time while in transit. This capability paired with application availability during a disaster scenario is another step toward improved business resiliency. It is the County goal to improve our digital services and applications with mobile features align with that goal. ACTTC Payroll Division will evaluate the mobile timekeeping module and if appropriate it will be implemented by the County.

Sonoma County Sheriff’s Office has identified an operational need to secure an application to administer and automate overtime and callout coverage which is currently being done manually by Sheriff’s Office Sergeants. Kronos developed the TeleStaff module specifically to automate scheduling rules and callout for Fire and Sheriff Departments. TeleStaff provides audit trail for tracking assignments and callouts as well as FEMA reporting automation. TeleStaff customers realize financial and time efficiencies very quickly when moving from manual or manu-mated systems. There are currently over 1,000 Public Safety accounts utilizing TeleStaff, including California Department of Corrections and Rehabilitation ([CDCR <https://www.kronos.com/customers/california-department-corrections-and-rehabilitation>](https://www.kronos.com/customers/california-department-corrections-and-rehabilitation)), United States Secret Service, Transportation Security Administration and dozens of other CA agencies. ACTTC Payroll Division anticipates partnering with the Sheriff’s Office to evaluate TeleStaff and if appropriate it will be implemented by the County.

Alternative Solutions

In addition to the benefits of increased stability and enhanced benefits over the longer term, the move to Cloud Services, at a cost of \$250,650 per fiscal year, is the least costly option which ensures that the County has reliable timekeeping software. Nonetheless, the ACTTC Payroll Division has considered alternatives to the move to Cloud Services, which are:

Upgrade the on-site system. Not recommended due to the \$59,000 estimated one time cost for consulting and the lack of access to new features being restricted by vendor for on premises solutions. It is also likely that

cloud-based solutions may improve resiliency and access to the applications during a regional event or disaster.

Wait to move to the Cloud until the Workforce Central no longer supports on premise. Not recommended because Kronos is constantly increasing their licensing pricing, which would cause costs to go up to \$10/month per employee license for an estimated annual cost of \$606,000/year for 5,050 licenses we are obtaining at a monthly rate of \$4/month per license, or \$242,400/year. In other words, in order to get the same functionality we are obtaining under this ordering document, the costs would increase by in excess of \$1,000,000 over the five year agreement. Executing this ordering document now locks us into the prior and much more favorable pricing structure for at least five years, and we may be able to negotiate an extension of these rates with minimal increases when the five year term expires.

In addition, the compatibility challenges we are currently facing with other software, such as legacy web browsers, will increase over time. Delaying an upgrade will have an adverse impact on enhanced cost account of staff hours and may prevent us from fully realizing the benefits of the improved time and attendance application. One example of this is with cost coding with parent-child relationships. Departments have requested the time and attendance systems have dynamic functionality to cost code time with pre-established hierarchical relationships or current labor level coding. The current Workforce Central does not allow for both coding structures to be utilized by departments, but Workforce Dimensions has this capability. This may significantly improve efficiency and accuracy of employee time coding and assist departments in reducing errors and adjustments to complete program claims and financial reporting.

Recommendation

Because of the numerous advantages provided by moving to Kronos Workforce Dimensions and Cloud Services, the ACTTC, HRIS Leadership Team, Information Services Department (ISD) and County Administrator's Office believe that this is the best option for the County and does not recommend any alternative approach.

If this request is not approved it does not remove the organizational need to upgrade the current application. This would result in employees being unable to accurately and timely record their time and attendance activity consistent with MOU language, or a costly and immediate search for and implementation of new software, and risk of.

Prior Board Actions:

9/30/2003 - Approve agreement with Kronos, Inc. to provide software implementation and support for time and attendance system.

3/1/2005 - Approve change order to existing implementation agreement to upgrade to new 5.0 release

FISCAL SUMMARY

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
Budgeted Expenses	\$77,000	\$250,650	\$250,650
Additional Appropriation Requested	\$300,000		
Total Expenditures	\$377,000	\$250,650	\$250,650
Funding Sources			
General Fund/WA GF			

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State/Federal			
Fees/Other	\$77,000	\$250,650	\$250,650
Use of Fund Balance	\$300,000		
Contingencies			
Total Sources	\$377,000	\$250,650	\$250,650

Narrative Explanation of Fiscal Impacts:

FY 19/20 increase of \$77,000 for Cloud subscription fees is covered by current FY 19/20 HRIS budget and rate model. One-time costs associated with this upgrade effort are estimated at \$300,000, which are currently not included within the existing FY 19/20 HRIS rate structure and budget amounts. As this upgrade significantly improves the system platform to a vendor hosted environment and improvements in software structure and capabilities, these upgrade costs are able to be capitalized and amortized over a three year period, consistent with Generally Accepted Accounting Principles. The estimated capitalized upgrade costs of \$300,000 will be paid out of current HRIS ISF Net Position (Fund Balance) and will be collected through user rates in FY 20/21-22/23 at an estimated \$100,000 per fiscal year.

Increased appropriations will be requested in 1st Quarter CBA's for the \$300,000 of capital expenditures.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)
N/A			

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Kronos Cloud Ordering Document

Related Items "On File" with the Clerk of the Board:

None