



Legislation Text

File #: 2021-0268, **Version:** 1

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 Workforce Dimensions and Cloud Services Subscription Agreement with Kronos, Incorporated

Recommended Action:

- A) Authorize the Auditor-Controller-Treasurer-Tax Collector (ACTTC) or designee to execute a contract amendment with Kronos, Incorporated, for professional services and software licensing for an upgrade to the County's time and attendance software to cloud-based Kronos Workforce Dimensions, increasing the professional services amount by \$143,490 for a new total of \$294,232 and increasing the annual license costs by \$60,600 for a new total of \$311,250 per year.
 - B) Authorize the ACTTC or designee to execute future amendments to the agreement with Kronos, Incorporated, in consultation with Information Systems Department, which are consistent with the essential terms of the original agreement and do not extend the terms and allows for up to \$25,000 in additional amendments of these agreements.
 - C) Adopt a Budget Resolution approving adjustments to the FY20-21 Budget in the amount of \$72,100 using available fund balance in the Human Resource Information Systems Internal Service Fund
- (4/5th Vote Required)

Executive Summary:

In September 2019, the ACTTC Payroll Division in conjunction with the Information Systems Department (ISD) began the implementation of an upgrade to the County's time and attendance software to Kronos Workforce Dimensions, a cloud based application, with an original planned go-live in the fall of 2020. The upgrade project has been delayed several times due to challenges related to the Kincadee wildfire in FY 19-20, Glass and LNU wildfires in FY20-21 and the COVID-19 pandemic beginning in March 2020. Additionally, the implementation team discovered a system limitation in Kronos Workforce Dimensions that requires the County to implement an additional module to accurately perform cost coding, Kronos Workforce Dimension Work ("Work" module) and the ability to unlimited number of cost accounting codes within the Work module, which improve full cost recovery from revenue streams with funding partners.

This contract amendment will increase the professional services amount for the planning, design, implementation and related training of Kronos Workforce Dimensions, including the Work module, by \$143,490 for a new professional services amount of \$294,232. The amendment also adds the license

subscription costs for the Work module of \$60,600 annually, for a new total annual license subscription cost of \$311,250 per year. Increased one-time implementation costs will be financed with available fund balance and ongoing annual license costs will be recovered as period costs through user rates. Alternatively, the county could not implement the Work module, which is not recommended because the County would reach system coding limitations within 2-3 years of implementation and would be required to implement the Work module or another timekeeping system to ensure adequate timekeeping cost coding to accurately achieve full reimbursement and revenue streams with the County's funding partners

Discussion:

Background

The County has developed and managed its time and attendance system using on-site Kronos Workforce Central since 2006. Workforce Central relies on Adobe Flash and in 2019 the County was notified that Kronos would not support our current version of Workforce Central once Adobe Flash was decommissioned in December 2020. Because of this pending loss of support, the ACTTC Payroll Division and ISD researched possible solutions, which included an upgrade to the current on-site version of Kronos Workforce Central, upgrading to cloud-based Kronos Workforce Dimensions, and implementing an entirely new time and attendance system. After careful analysis, ACTTC and ISD determined that the best and most cost-effective solution was an upgrade to Kronos Workforce Dimensions and this recommendation was brought to the Board in September 2019.

With the Boards approval, in September 2019 the County entered into a professional services agreement with Kronos, Incorporated and began the implementation of Kronos Workforce Dimensions, with an original planned go-live in the fall of 2020. The upgrade project has been delayed several times due to the Kincadee wildfire in FY19-20, Glass and LNU wildfires in FY20-21 and the COVID-19 pandemic beginning in March 2020. Once it was evident the implementation would not meet the targeted implementation of fall 2020, the County redirected focus and secured use of Adobe Flash through the sole authorized Adobe vendor, Harman Connected Services, to provide Adobe Flash functionality until the implementation of Kronos Workforce Dimensions can be completed. This has allowed the County to continue using our current version of Kronos Workforce Central even though Adobe Flash has been decommissioned.

In addition to natural disasters, the implementation was delayed by the discovery of a system limitation in Kronos Workforce Dimensions that limits the number of cost accounting codes available for County use. The Work module is a cost accounting module allows the County to use an unlimited number of cost accounting codes, in addition to providing other beneficial functionality, but the Work module was not included in the original agreement with Kronos, Incorporated as the vendor did not fully contemplate the volume of codes added annually. The County would expect to reach the system limit of accounting codes within the next 2-3 years if we implement Kronos Workforce Dimensions without implementing the Work module. At that time the County would need to implement the Work module to continue using Kronos Workforce Dimensions, which would represent a whole separate implementation and would be significantly more expensive and time-

consuming as a standalone implementation than adding the Work module to the current implementation. ACTTC Payroll and ISD therefore recommend that the scope of the current implementation of Kronos Workforce Dimensions be expanded to include the Work module.

Original Agreement and Cost of Implementation

In September 2019, the County approved a contract with Kronos, Incorporated to implement Kronos Workforce Dimensions and upgrade from on premise to a cloud based service model. The initial Kronos Workforce Dimensions project included a professional services agreement with Kronos, Incorporated for \$150,742 plus annual license costs of \$250,650. Additionally, ISD consulting services related to the implementation of Kronos Workforce Dimensions were originally estimated to be \$150,000. The total original cost of the originally cloud base improvement implementation was \$300,742.

Costs of Extending the Implementation Timeline and Adding Work Module

The cost to implement Kronos Workforce Dimensions is increasing because of the delay in the project timeline as well as the addition of the Work module. The amendment to the agreement with Kronos, Incorporated will increase the professional services amount for the planning, design, implementation and related training of Kronos Workforce Dimensions, including the Work module, by \$143,490 for a new professional services amount of \$294,232. Of this amount, \$15,677 represents the cost of project delays and \$127,814 represents the cost to add the Work module. The amendment also adds the license subscription costs for the Work module of \$60,600 annually, for a new total annual license subscription cost of \$311,250 per year. Additionally, ISD consulting services related to the implementation of Kronos Workforce Dimensions, including the Work Module, have increased by \$75,000, of which \$19,000 represents the cost of rework, for a new total estimated cost of \$225,000. These reimbursements to ISD cover the services of project management, system implementation and technical interfaces with the existing payroll and EFS financial systems. Additionally, during November and December 2020, Payroll project and ISD resources were redirected to secure the Harman Connected Services licenses and implementation throughout the County to ensure employees were able to have uninterrupted access to the current timekeeping system.

The revised total cost of the Kronos Workforce Dimensions upgrade, including the Work Module, is \$544,482 (includes Kronos professional services of \$294,232, ISD consulting costs of \$225,000 and capitalized license costs of \$25,250), an increase of \$243,742 from the original estimated implementation cost which only included implementation of new software and migration to the vendors Cloud services. Of the total \$243,742 increase in the project cost, \$72,100 will be incurred in FY20-21 and the remaining \$171,642 will be incurred in FY21-22. The increased costs will be funded initially with available fund balance in the HRIS ISF. Once the project is placed in service, the total cost will be amortized in the HRIS rates over a 3-year period, consistent with Generally Accepted Accounting Principles.

Costs of Not Implementing Work Module and Alternative Solutions

If the County were to move forward with only the Kronos Workforce Dimension upgrade we would reach

system coding limitations within 2-3 years and would be required to implement the Work module or another timekeeping system to ensure adequate timekeeping cost coding to accurately achieve full reimbursement and revenue streams with the County's funding partners. The cost to implement the Work module separately would be significantly more than the cost to include Work in the current implementation. The cost of implementing a new timekeeping system would be substantial in both time resources to conduct a Request for Proposal, staff to learn and program a new system with current needs and negotiated labor agreements as well as the financial costs of new software. 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.

Extra Features

In recent months the County has looked to identify ways to more accurately track the time and costs associated with Board priorities and initiatives that mingle with other County programs. The Work module allows more flexibility in utilizing cost code levels and allows for an unlimited amount of cost codes. The Work module features will enable the County to utilize one of the labor category levels previously used for cost coding to more easily and accurately track employee time and costs associated with Board priorities in addition to the complex cost coding needs of departments. The new County-wide labor codes will be consistent with those codes used in the County's general ledger software, PeopleSoft Financials (also known as the Enterprise Financial System or EFS), for consistent coding/reporting.

Recommendation

Because of the numerous advantages provided by Kronos, Incorporated products and Cloud Services, the ACTTC and ISD recommend that the County implements the Kronos Workforce Dimensions Work module as part of the current Kronos software implementation and upgrade to Cloud Services.

If this request is not approved, the County will still need to complete the in-progress implementation of the current application and will incur additional costs to work around system limitations in 2-3 years.

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

9/24/2019 - Approve agreement with Kronos, Incorporated to provide software implementation and support for Kronos Workforce Dimensions time and attendance system upgrade and annual cloud licensing.

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses	\$200,000	\$392,000	\$492,744
Additional Appropriation Requested	\$72,100	\$171,642	
Total Expenditures	\$272,100	\$563,642	\$492,744

Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other		\$392,000	\$492,744
Use of Fund Balance	\$272,100	\$171,642	
Contingencies			
Total Sources	\$272,100	\$563,642	\$492,744

Narrative Explanation of Fiscal Impacts:

The revised total cost of the Kronos Workforce Dimensions upgrade, including the Work module, is \$544,482 (includes Kronos professional services of \$294,232, ISD consulting costs of \$225,000 and capitalized license costs of \$25,250), an increase of \$243,742 from the original estimated implementation cost. Of the total \$243,742 increase in the project cost, \$72,100 will be incurred in FY20-21 and the remaining \$171,642 will be incurred in FY21-22. The increased costs will be funded initially with available fund balance in the HRIS ISF. Once the project is placed in service, the total cost will be amortized in the HRIS rates over a 3-year period, consistent with Generally Accepted Accounting Principles. The application license costs will increase by \$60,600 annually, to \$311,250, once the implementation project is placed in service. There is no impact to published HRIS user rates for FY20-21 or FY21-22.

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

Narrative Explanation of Staffing Impacts (If Required):**Attachments:**

- A) Kronos Cloud Ordering Document - Amendment
- B) September 24, 2019 Board Item
- C) Kronos Cloud Ordering Document - Original
- D) Budget Resolution

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