



City of Killeen

Legislation Text

File #: RS-24-019, Version: 1

Consider a memorandum/resolution approving Software-as-a-Service (SaaS) agreement with OpenGov and Ultimate Kronos Group (UKG) for the Financial and Human Capital Management (HCM) suite, in an amount not to exceed \$5,380,829.09.

DATE: February 6, 2024

TO: Kent Cagle, City Manager

FROM: Willie Resto, Executive Director of Information Technology

SUBJECT: Agreement with OpenGov as an implementer of the Financials and Ultimate Kronos Group (UKG) for the Human Capital Management (HCM) suite

BACKGROUND AND FINDINGS:

The City's current Enterprise Resource Planning System (Central Square) has been in place since 1998. The financial, human resources, and payroll systems are antiquated, a bottleneck to process improvement, and expensive to maintain. Options for on-going support of the aging financial systems, of which there are several discrete systems, are limited and the flexibility needed for process improvements is lacking. The City's HRIS/Payroll system requires customization to meet minimum business requirements, making it difficult to support. These systems require widespread use of paper, manual data entry, and duplicate data entry or custom integrations to pass data between systems.

Staff determined that the best approach was to procure an Enterprise Resource Planning (ERP) Solution. City staff formed a joint Steering Committee consisting of representatives from Finance, Human Resources, and Information Technology Departments to begin the process to define the scope and procurement of the ERP. The Steering Committee is governed by an Executive Committee consisting of the Directors of Human Resources, Information Technology, and Finance, with the Assistant City Manager functioning as the Project Executive Sponsor.

The evaluation team reviewed several proposals and invited four proposers to conduct high level demonstrations of their solutions. The field was then narrowed to two proposers who were invited to proof of capabilities sessions where detailed presentation of their solutions were provided to the same evaluation team.

Upon completion of the proof of capabilities demonstrations, the evaluation team consulted with the Executive Committee and recommended a finalist for reference checks and continue through the best and final offer process. The Executive Committee approved moving forward to check references on OpenGov as an implementer of the Financials and Ultimate Kronos Group (UKG) for the Human Capital Management (HCM) ERP suite along with TeleStaff scheduling platform.

The OpenGov Enterprise Resource Planning (ERP) system is software as a service system that helps automate and manage a government's processes across finance, budget, accounting and procurement.

The OpenGov ERP system provides:

- End-to-end financial suites including general ledger, accounts payable, accounts receivable, procurement;
- Full-featured budgeting and planning suite with operational, capital planning, workforce planning and interactive budget books;
- Government grade security with industry leading uptime;
- Highly configurable, painless implementation, faster time-to-value, and easy modifications for future proofing
- Reporting dashboards to track performance and communicate both internally and with constituents;
- Integrate and centralize data across the City Departments

Ultimate Software and Kronos Group's (UKG) system is a cloud-based solution for Human Capital Management, talent management, performance management, benefits administration, recruitment learning, and payroll solutions.

The UKG System provides:

- Enhanced workflow management
- Employee self-service portal
- Learning management system
- Automatic system notifications
- Time and attendance
- Enhanced employee scheduling
- Payroll
- Payroll services
- Benefits administration
- Real-time system updates
- Customized dashboards
- Performance management tools

The annual cost including licensing, maintenance and support are shown in the table below for OpenGov and UKG.

The total cost for OpenGov is \$3,035,825.51 over the five-year term is detailed below:

OpenGov	Software-as-a-Service	One-Time Implementation	Total
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Year 1	\$275,841.00	\$948,735.61	\$1,224,576.61
Year 2	\$432,689.90		\$432,689.90
Year 3	\$437,290.72		\$437,290.72
Year 4	\$459,155.26		\$459,155.26
Year 5	\$482,113.02		\$482,113.02
			\$3,035,825.51

The total cost for UKG \$2,345,003.58 over the five-year term is detailed below:

UKG	Software-as-a-Service	One-Time Implementation	Total
Year 1	\$395,568.00	\$202,479.70	\$5598,047.7
Year 2	\$411,390.72		\$411,390.72
Year 3	\$427,846.35		\$427,846.35
Year 4	\$444,960.20		\$444,960.20
Year 5	\$462,758.61		\$462,758.61
			\$2,345,003.58

Staff anticipates a project kickoff in March 2024. This will allow adequate time to set up and configure the system per City specifications.

The ERP project consists of the following phases of implementation, which is described in further detail in the Statement of Work:

- Phase I - Financials: General Ledger (Chart of Accounts), Vendor Management, Purchasing/eProcurement, Accounts Payable, Accounts Receivable, Inventory/Warehouse Management, Fixed Asset Management, Contract Management, Bank Account Management & Reconciliation, Cashiering & Till Management, Expenses, Projects & Grants
- Phase II - Human Capital Management (HCM): Payroll, Time Entry, Human Resources, Benefits, Leave Management
- Phase III - HCM: Performance Reviews/Management, Risk Management, Certification/Training/Learning Management/Career Development, and Expense reporting

Staff is recommending approving Software-as-a-Service agreements with OpenGov and Ultimate Kronos Group (UKG) for the Human Capital Management (HCM) suite along with TeleStaff scheduling platform.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

The Information Technology Department is seeking approval to enter into a Software-as-a-Service agreement

with OpenGov and Ultimate Kronos Group (UKG) for the Human Capital Management (HCM) suite using DIR Contract DIR-TSO-4227 (OpenGov) and Omnia Purchasing Cooperative Contract #18221 (UKG) and #18220 (TeleStaff a scheduling platform within UKG). Purchases made through a cooperative contract are exempt from the competitive bidding process as stated in the Texas Local Government Code (TLGC) section 271.102, subchapter F; a local government that purchases goods or services under this subchapter satisfies any state law requiring the local government to seek competitive bids for the purchase of goods or services.

FINANCIAL IMPACT:

What is the amount of the revenue/expenditure in the current fiscal year? For future years?

FY 2024 CIP project budget includes sufficient funding to pay for the one-time implementation cost of \$948,735.61 and the first and second year of licensing of \$708,530.90 for the OpenGov Software-as-a-Service for a total of \$1,657,266.51. In addition, it would include funding to pay for the UKG Software-as-a-Service to include the one-time implementation cost of \$202,479.70 and year one of licensing of \$395,568.00. The initial project cost in FY 2024 is \$2,255,314.21.

Years three through five of OpenGov and years two through five of UKG licensing will be incorporated into the annual Information Technology Fund operating budget. Paying for additional years of licensing upfront assists with impact to the operating budget due to the need to run dual financial systems for a period of time.

The total amount not to exceed for the 5-year term of the agreements is \$5,380,829.09.

Is this a one-time or recurring revenue/expenditure?

There is one-time cost for implementation and recurring annual expenditures for licensing.

Is this revenue/expenditure budgeted?

Yes, funds are available in the Governmental CIP Fund in account 349-8927-493.61-40, project code 230015 for initial one-time cost, year one and two licensing for OpenGov, and year one licensing for UKG. Funds for future years licensing will be included in the Information Technology Internal Service Fund operational budget for approval by City Council.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this revenue/expenditure?

Yes

RECOMMENDATION:

City staff recommends that the City Council authorize the City Manager or his designee to enter into a Software-as-a-Service agreement with OpenGov and Ultimate Kronos Group (UKG) using DIR Contract DIR-TSO-4227 (OpenGov) and Omnia Purchasing Cooperative Contract #18221 (UKG) and #18220 (TeleStaff a scheduling platform within UKG) in an amount not to exceed \$5,380,829.09, and that the City Manager, or designee, be expressly authorized to execute any and all change orders within the amounts set by state and

local law.

DEPARTMENTAL CLEARANCES:

Purchasing
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreements
Quotes
Contract Verification Forms
Certificates of Interested Parties
Presentation