



## Legislation Text

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**File #:** 14-495, **Version:** 1

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### **AUTHORIZATION FOR A CONTRACT AMENDMENT WITH CHERRYROAD FOR THE CITYWIDE HCM UPGRADE**

Staff Contact: Tom Duensing, Director, Finance and Technology

#### **Purpose and Recommended Action**

This is a request for City Council to approve Contract Amendment No. 1 (C-8670-1) with CherryRoad, Inc. for an operational upgrade and efficiency enhancements to the PeopleSoft Human Capital Management software for an additional \$437,200, bringing the total contract amount to \$1,205,160, and approve a General Fund contingency request in the amount of \$387,410. Funding for the project will be allocated to multiple funds consistent with the original project funding allocation. Consistent with the City Charter, Council is also being requested to provide authorization to exceed appropriation in the PeopleSoft HRMS Updates project budget until the 4<sup>th</sup> quarter of the fiscal year, at which time the budget transfers from the General Fund and other funds can be processed.

#### **Background**

The city has been using PeopleSoft Human Capital Management (HCM) software to provide necessary operational support for managing staff and generating payroll. The city also pays for software maintenance which covers problem resolutions and software upgrades to address changes in employment regulations, and tax updates which comply with state and federal payroll tax rates.

Required software upgrades are common in order to remain on the most current version of business software applications. This upgrade is required in order to receive necessary tax updates that otherwise would no longer be available after December 2016. Payroll tax updates are required to properly calculate payroll taxes. In 2012, a request for proposal (RFP 13-06) was issued to seek assistance in upgrading the HCM system due to its complexity and a lack of sufficient internal resources to complete the project.

#### **Analysis**

In order to keep costs at a minimum, the main focus of the original agreement with CherryRoad was on upgrading the system for basic functionality and the agreement did not include any system enhancements. During the discovery period of the project, key items which use existing HCM functionality were identified that, if implemented, would improve Glendale's processes, provide efficiencies, and ultimately save staff resources. Some examples include:

- Eliminating several Access databases that are currently being used to capture data that should be stored in the HCM system such as managing benefit information for COBRA, survivors, and retirees. Duplicative work is created since staff is currently re-entering data. Additionally, there is risk to the city since the creator of the databases is no longer with the city and existing staff don't have the knowledge to fix the Access databases if they break.

- Expansion of employee self-service functionality including enabling employees to view W-2 data and benefit summary information on-line. Also the enhancements will allow employees to update their own payroll information such as direct deposit, W-4 tax data, etc. Currently, these processes are done manually and require employees to complete paper forms that must be routed to payroll staff and entered into the system.
- Automate processes for generating final and retroactive pay. Currently, these processes are manual and staff spends extensive time on these tasks.
- Increase the use of workflow, which automates forms and allows them to be routed and approved through the HCM system. Using workflow will replace current paper processes that require data to be manually routed and entered into the system.

### **Previous Related Council Action**

On October 22, 2013, Council approved \$813,465 for the Human Capital Management upgrade which included Contract No. C-8670, with CherryRoad, Inc., and other project costs to upgrade the PeopleSoft Human Capital Management System.

### **Budget and Financial Impacts**

A total of \$813,465 was approved by Council in October of 2013, and the expansion of the project requires an additional \$578,670. This brings total project costs to \$1,392,135 which includes CherryRoad contract costs to \$1,205,160 and other project costs to \$186,975. The additional \$578,670 funding for the project will be allocated to multiple funds consistent with the original project funding allocation. City Charter limits transfers between funds to the 4th quarter of a fiscal year. Staff is requesting a General Fund contingency transfer of \$387,410 and authorization to exceed appropriation in the project until the fourth quarter of the fiscal year, at which time transfers to the Technology Replacement Fund can then be processed consistent with the following funding allocation. The current budget transfer request is a budget transfer from General Fund, Contingency (1000-11901-510200) to General Fund, CIP Reserve, Misc. CIP (1000-81013-551000) for \$387,410 to reserve the funds. During the 4th quarter of the fiscal year, staff will then request an inter-fund transfer from General Fund, Misc. CIP (1000-81013-551000), and transfers from the additional funds totaling \$191,260, to the Technology Replacement Fund, PeopleSoft HRMS Update, Misc. CIP (1140-84700-551000).

The funding allocation, by fund, for this request is outlined below. Again, transfers from the funds to the Technology Replacement Fund, will be requested during the 4<sup>th</sup> quarter of the fiscal year.

<b>Cost</b>	<b>Fund</b>
\$387,410	1000 - General
\$11,882	1040 - General Services
\$383	1100 - Telephone Services
\$383	1140 - PC Replacement
\$383	1220 - Arts Commission Fund
\$766	1281 - Stadium Events Operations
\$766	1282 - Arena Event Operations
\$14,949	1340 - Highway User Gas Tax

\$18,877	1660 - Transportation Sales Tax
\$1,533	1740 - Civic Center
\$958	1750 - City Sales Tax-Bed Tax
\$2,300	1760 - Airport Special Revenue
\$1,916	1880 - Recreation/Marketing Self Sust.
\$89,402	2360+ - Water & Sewer
\$14,949	2440 - Landfill
\$28,364	2480 - Sanitation
\$3,449	2530 - Training Facility Revenue Fund
\$578,670	<b>Total</b>

<b>Cost</b>	<b>Fund-Department-Account</b>
\$387,410	1000-11901-551200 - General Fund, Contingency

Capital Expense? Yes

Budgeted? Yes

Requesting Budget or Appropriation Transfer? Yes

If yes, where will the transfer be taken from? 1000-11901-510200 General Fund Contingency