

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

324



FROM: Riverside County Regional Medical Center (RCRMC)

SUBMITTAL DATE:
September 12, 2015

SUBJECT: Approval of Five-Year Sole Source Contract with Kronos Incorporated for Automated Timekeeping and Analytics. District 5; [\$2.9 million]; Hospital Enterprise Fund.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the expenditure of \$2,916,508 for a project to install an automated timekeeping system and associated analytics at RCRMC, including five years of maintenance and support;
2. Approve the sole source procurement and delegate authority to the Purchasing Agent to sign a contract with Kronos Incorporated in the amount not to exceed \$2,916,508 to complete this project, following negotiation and completion of a detailed scope of work and sufficient contractual terms, and approval by the County Executive Office, Riverside County Information Technology and County Counsel;
3. Authorize the Purchasing Agent, in accordance with Ordinance No. 459 and based on the availability of fiscal funding, to sign amendments that do not increase the contract total by more than 10% or change the substantive terms of the agreement, as approved by County Counsel.

BACKGROUND:

(continued on next page)



Zareh H. Sarrafian,
Hospital Chief Executive Officer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 1.5 million	\$ 328,264	\$ 2.9 million	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS: Hospital Enterprise Fund (40050) **Budget Adjustment:** none
For Fiscal Year: 15/16 to 19/20

C.E.O. RECOMMENDATION: **APPROVE**
 BY: 
 Christopher M. Hans
County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

Lisa Brandl, Director
 PURCHASING & FLEET SERVICES
 FORM APPROVED COUNTY COUNSEL
 BY: Anita C. Willis
 DATE: 9-16-15
 Departmental Concurrence

- A-30
- 4/5 Vote
- Positions Added
- Change Order

3-33

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FORM 11: Approval of Five-Year Sole Source Contract with Kronos Incorporated for Automated Timekeeping and Analytics. District 5; [\$2.9 million]; Hospital Enterprise Fund.

DATE: September 12, 2015

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

This project is to implement Kronos for RCRMC and its associated clinics. The project will include professional services, physical hardware (Time Collection Devices/TCD's) and software associated with implementing the Kronos solution. Kronos' completely automated time and attendance solutions will reduce labor costs by enforcing pay and work rules, consistently and accurately, across the organization. Labor-intensive timecard tracking, data entry, and approval processing are simplified. This will reduce the administrative time associated with attendance exceptions and employee inquiries, and also minimize overpayments and compliance risk.

The county will obtain professional services from Kronos for its implementation of Kronos for RCRMC. These services will implement the latest release of Kronos Workforce Central (timekeeping), Workforce Scheduler Extensions for HealthCare, Workforce Analytics, and Acuity Metrics linked to Scheduler. Kronos must interface compatibly with the County's Enterprise Payroll system, PeopleSoft, and any other enterprise systems identified as required through the discovery phase. The workforce analytics reports put the right information at manager's fingertips. By providing the latest and most detailed labor activity data, management will know how productive the workforce is and have the information to make swift corrections when needed.

Kronos is relied upon in over 10,000 locations in over 100 different countries, including hundreds of US hospitals.

The return on investment is expected to be less than two years. Estimated yearly savings includes freeing up 7-8 payroll time entry clerks (\$550,000) for other work, replacing a poorly performing nursing acuity system (\$110,000), estimated time entry improvement savings annually (\$750K to \$1 million). Additionally, Kronos will provide daily productivity reporting, replacing the current system that reports using two-week old data.

Impact on Residents and Businesses

There is no direct impact on residents or businesses.

Contract History and Price Reasonableness

Kronos is the only manufacturer of this particular product, though there are other time keeping systems on the market. Human Resources and RCIT together conducted an analysis of available products, and recommend that Kronos be the county's standard time keeping system.

County Mental Health has an agreement with Kronos, so this new agreement will be an extension of the existing relationship. This new agreement's pricing is 65% off list price, and is better than the Mental Health pricing. The terms being offered to the county are comparable or better than those offered to other regional medical centers. The most recent special pricing will save the county \$500K over 5 years, compared to our previous quote.

This investment was reviewed and approved by the Technology Standards and Oversight Committee in September, 2015.



Date: 16 September 2015

From: Zareh H. Sarrafian
Hospital Chief Executive Officer

To: Board of Supervisors/Purchasing Agent

Via: Rick Hai, Procurement Contract Specialist (951-955-3618)

Subject: Sole Source Procurement; Request for Automated Timekeeping and Analytics

The below information is provided in support of my Department requesting approval for a sole source.

1. Supplier being requested:

Kronos Incorporated

2. Vendor ID:

0000007476

3. Supply/Service being requested:

Automated timekeeping system Software as a Service including analytic component.

4. Alternative suppliers that can or might be able to provide supply/service and extent of market search conducted:

Kronos is the only manufacturer of this particular product, though there are other time keeping systems on the market. Human Resources and RCIT together conducted an analysis of available products, and recommend that Kronos be the county's standard time keeping system.

5. Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide (if proprietary software or machinery, hardware, please provide a supporting letter from the manufacturer):

Workforce Central is proprietary to Kronos as the only manufacturer and distributor of this product.

6. Reasons why my department requires these unique features and what benefit will accrue to the county:

Kronos' completely automated time and attendance solutions will reduce labor costs by enforcing pay and work rules, consistently and accurately, across the organization. Labor-intensive timecard tracking, data entry, and approval processing are simplified. This will reduce the administrative time associated with attendance exceptions and employee inquiries, and also minimize overpayments and compliance risk.



7. **Period of Performance:** 1 October 2015 to 30 September 2020, Five (5) years total
 Is this an annually renewable contract? No
 Is this a fixed-term agreement: Yes


8. **Identify all costs for this requested purchase. If approval is for multiple years, ongoing costs must be identified below. If annual increases apply to ongoing costs such as CPI or other contract increases, provide the estimated annual cost for each consecutive year. If the annual increase may exceed the Purchasing Agent's authority, Board approval must be obtained. (Note: ongoing costs may include but are not limited to subscriptions, licenses, maintenance, support, etc.)**

Description:	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	Total
One-time Costs:						
Hardware and services	\$1,147,573	\$0	\$0	\$0	\$0	\$1,147,573
Ongoing Costs:						
<i>SaaS and services</i>	\$355,277	\$328,264	\$359,138	\$361,763	\$364,493	\$1,768,936
Total Costs	\$1,502,264	\$328,264	\$359,138	\$361,763	\$364,493	\$2,916,508

Note: Insert additional rows as needed

9. **Price Reasonableness:** County Mental Health has an agreement with Kronos, so this new agreement will be an extension of the existing relationship. This new agreement's pricing is 65% off list price, and is better than the Mental Health pricing. The terms being offered to the County are comparable or better than those offered to other regional medical centers. The most recent special pricing will save the county \$500K over 5 years, compared to our previous quote. Total not to exceed \$2,916,508.


10. **Projected Board of Supervisor Date (if applicable):** 22 September 2015


 Department Head Signature (or designee) Zareh H. Sarrafian Print Name 9/12/15 Date

Purchasing Department Comments:

Approve Approve with Condition/s Disapprove

Not to exceed: \$ 2,916,508 One time Total Amount through 30 September 2020 (Date)


 Purchasing Agent 9/16/15 Date 16-334 Approval Number
 (Reference on Purchasing Documents)