



## Motion No. M2021-11

### Contract Modification with Ultimate Software Group, Inc. for the HRMS Software Renewal

Meeting:	Date:	Type of action:	Staff contact:
Rider Experience and Operations Committee	02/04/2021	Final action	Jason Weiss, Chief Information Officer

### Proposed action

Authorizes the chief executive officer to execute a contract modification with Ultimate Software Group, Inc. to increase the contract amount by \$3,092,521 for a new contract amount not to exceed \$4,833,245 plus applicable taxes.

### Key features summary

- Under this contract Ultimate Software Group, Inc. will supply their SaaS (Software as a Service) product to support Human Resources Management System (HRMS).
- Ultimate software was installed and implemented in 2016 and is now used to perform all core agency's HR functions such as recruitment, applicant tracking, onboarding, personnel administration, performance management, compensation, benefits, leave management and succession planning, as well as payroll and timekeeping functions.
- This action will authorize funding for an additional five years on the contract through January 11, 2026. The funding accounts for the significant agency staff growth realized over the past few years, as well as additional forecasted staff growth through 2025 and anticipated contractual increases.
- Continued use of the software benefits the agency by enabling the following:
  - Automation of HR/Payroll business processes and elimination of workarounds and manual processes;
  - Compliance with legal requirements for electronic communications and data privacy/security;
  - Automation of the agency HR reporting through development of dashboard and reports.
- The funding also includes the implementation of additional software modules and consulting costs for the better adoption and optimization of the software. These optional consulting services would cover:
  - Annual updates that include a number of valuable added features and improvements;
  - Creation of new custom reports driven by anticipated changes to HR business Processes;
  - Custom functional configuration changes to the application to support changes to agency HR processes that are likely to occur in the future;
  - Upgrades and custom changes require training and support from the vendor.
- The amount requested covers 5 years of subscription costs and consulting support. To help control future costs, the team will negotiate a contract modification to reflect the new terms to extend

through January of 2026. Staff will return to the Board to seek additional funding for the contract options prior to January of 2026.

- Estimated taxes for the 5-year period (2021-2026) are \$285,223.

## **Background**

In 2013, Sound Transit engaged an external business services firm, Moss-Adams, to assess their existing Enterprise application that supported Human Resources (HR) / Payroll / Timekeeping functions. Moss-Adam's findings included recognition that HR functionality was substandard and deficient in many areas with numerous manual processes and workarounds.

Following this assessment, in 2014, Sound Transit solicited proposals for the Human Resource Management System through a competitive Request for Proposals. Ultimate Software Group, Inc. was determined to be the firm that best met the evaluation criteria, offered the best value and is in the best interest of Sound Transit. The resulting contract was approved and executed through Motion No. M2015-35 with an initial contract term of five years, plus ten one-year options to extend. Pricing for the option years is specified in the contract. With the initial five-year term coming to its end on January 11, 2021, this motion would approve the funds for option years six through ten.

Currently, Ultimate Software enables all HR business processes, as well as the timekeeping and some payroll functionalities. Approved funds will enable development of new custom reports, customization of functionality, annual application upgrades, and the provision of training on new functionality.

## **Procurement information**

This service was advertised to the general public via a formal competitive bid Request for Proposal (RFP) No. RTA/RP 0059-14 on September 24, 2014. In response to this competitive bid request, five firms submitted proposals on October 31, 2014, and subsequently reviewed and evaluated using price, past performance, and technical factors as the evaluation criteria. Ultimate Software Group, Inc. was determined to be the firm that best met the proposal evaluation criteria, offered the best value, and was in the best interest to Sound Transit.

When originally awarded, this proposed contract was for an initial five (5) year term from 2015 to 2020 along with ten (10) optional one-year extensions. The proposed rates by Ultimate Software Group were determined to be fair and reasonable based on competitive quoting and reasonable comparability to other bidders at that time and comparison to the ICE. The current rates are still fair and reasonable based on the market and previous experience. The contractor is performing in a satisfactory manner. There have been no changes in the contractual requirements nor have there been any other changes in the market which would directly affect the cost of the contract or make re-solicitation of the requirement more advantageous to Sound Transit.

## **Fiscal information**

The proposed action will amend the current contract by \$3,092,521 for a new total authorized contract amount not to exceed \$4,833,245, plus applicable taxes. This action will be funded from the Services category within the Information Technology department's annual operating budget. The Services category budget is \$10,935,764, of which a total of \$441,105 plus applicable taxes is estimated to be spent in 2021 and is within the agency's budget authority. After approval of this action, the remaining annual budget amount will be used to fund other department expenditures anticipated in the 2021 annual budget.

Funding for the additional years of the contract will be included in future annual budget requests.

**Informaiton Technology**

(in thousands)

<b>Cost Category</b>	<b>2021 Annual Operating Budget<sup>1</sup></b>	<b>YTD Actuals<sup>2</sup></b>	<b>This Action (Current Year Impact Only)</b>	<b>YTD Actuals Plus Action (Current Year Only)</b>	<b>Remaining Annual Operating Budget</b>
Salaries and Benefits	\$18,973	\$	\$	\$	\$18,973
Services	10,936		486	486	10,450
Materials and Supplies	628				628
Utilities	818				818
Miscellaneous	168				168
Leases and Rentals	510				510
<b>Total Annual Operating Budget</b>	<b>\$32,033</b>	<b>\$</b>	<b>\$486</b>	<b>\$486</b>	<b>\$31,547</b>

<b>Contract Spending Plan</b>	<b>Forecasted Spend for Remainder of</b>			<b>Total</b>
	<b>Spending to Date<sup>3</sup></b>	<b>2021</b>	<b>Future Spending</b>	
Schuchart Coporation	\$1,546	\$486	\$3,261	\$5,293

<b>Contract Detail</b>	<b>Board Approved Contract Value</b>	<b>Proposed Action</b>	<b>Proposed Revised Board Approved Contract Value</b>
Schuchart Corporation	\$1,741	\$2,811	\$4,552
Contingency		281	281
<b>Contract sub-total</b>	<b>1,741</b>	<b>3,092</b>	<b>4,833</b>
Estimated Taxes	176	284	460
<b>Contract Amount - Total</b>	<b>\$1,917</b>	<b>\$3,376</b>	<b>\$5,293</b>
Percent Contingency	0%	10%	6%

**Notes:**

<sup>1</sup>2021 Annual Operating Budget is located on page 48 of the 2021 Proposed Budget.

<sup>2</sup>Actuals as of January 1, 2021.

<sup>3</sup>Spending to Date as of December 24, 2020.

## **Disadvantaged and small business participation**

Sound Transit promotes and encourages small business participation, which also includes disadvantaged business enterprises (DBEs). Small business and DBE goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of small businesses/DBEs available to perform such subcontracting work.

Sound Transit determined that there were few small business and DBE subcontracting opportunities based upon the work described in this contract, so small business/DBE goals were not established.

## **Public involvement**

Not applicable to this action.

## **Time constraints**

A one-month delay would not create a significant impact.

## **Prior Board/Committee actions**

Motion No. M2015-35: Authorized the chief executive officer to execute a five-year contract with ten additional one-year options with Ultimate Software Group, Inc. to provide human capital management, payroll and timekeeping services for Human Resource Management System Project in the amount of \$1,513,673, with a 15% contingency of \$227,051, for a total authorized contract amount not to exceed \$1,740,724.

**Environmental review** – KH 1/21/21

**Legal review** – AJP 1/26/21



## Motion No. M2021-11

A motion of the Rider Experience and Operations Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer execute a contract modification with Ultimate Software Group, Inc. to increase the contract amount by \$3,092,521 for a new contract amount not to exceed \$4,833,245 plus applicable taxes.

### Background

In 2013, Sound Transit engaged an external business services firm, Moss-Adams, to assess their existing Enterprise application that supported Human Resources (HR) / Payroll / Timekeeping functions. Moss-Adam's findings included recognition that HR functionality was substandard and deficient in many areas with numerous manual processes and workarounds.

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- Automation of HR/Payroll business processes and elimination of workarounds and manual processes;
- Compliance with legal requirements for electronic communications and data privacy/security;
- Automation of the agency HR reporting through development of dashboard and reports.

The funding also includes the implementation of additional software modules and consulting costs for the better adoption and optimization of the software. These optional consulting services would cover:

- Annual updates that include a number of valuable added features and improvements;
- Creation of new custom reports driven by anticipated changes to HR business Processes;
- Custom functional configuration changes to the application to support changes to agency HR processes that are likely to occur in the future;
- Upgrades and custom changes require training and support from the vendor.

The amount requested covers 5 years of subscription costs and consulting support. To help control future costs, the team will negotiate a contract modification to reflect the new terms to extend through January of 2026. Staff will return to the Board to seek additional funding for the contract options prior to January of 2026.

Estimated taxes for the 5-year period (2021-2026) are \$285,223.

**Motion**

It is hereby moved by the Rider Experience and Operations Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized execute a contract modification with Ultimate Software Group, Inc. to increase the contract amount by \$3,092,521 for a new contract amount not to exceed \$4,833,245 plus applicable taxes.

APPROVED by the Rider Experience and Operations Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 4, 2022.

  
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Paul Roberts  
Rider Experience and Operations Chair

**Attest:**

  
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Kathryn Flores  
Board Administrator