

MONTEREY COUNTY BOARD OF SUPERVISORS

| | | |
|--------------------|--|--------------------|
| MEETING: | March 20, 2012 | AGENDA NO.: |
| SUBJECT: | Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 3 to and Renewal of the County of Monterey Agreement No. A-11065 with Kronos Incorporated, effective October 1, 2011, adding additional software, support services, and professional services related to worker productivity improvement at NMC, decreasing the total Agreement maximum liability to \$1,630,737.90, and extending the term to June 30, 2013. | |
| DEPARTMENT: | Natividad Medical Center | |

RECOMMENDATION:

Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 3 to and Renewal of the County of Monterey Agreement No. A-11065 with Kronos Incorporated, effective October 1, 2011, adding additional software, support services, and professional services related to worker productivity improvement at NMC, decreasing the total Agreement maximum liability to \$1,630,737.90, and extending the term to June 30, 2013.

SUMMARY/DISCUSSION:

Natividad Medical Center originally purchased the Kronos System on November 6, 2007 with an original agreement amount of \$558,000, to include payment for initial licensing for Kronos Time & Attendance, Scheduler and Workforce Analytics ("Application"). Natividad purchased this Application to appropriately schedule staff, to capture and allocate all productive and non-productive time worked, and to provide managers with the information necessary to assist them in meeting the hospital adopted productivity standards.

On June 8, 2010, NMC requested and obtained approval from the Board of Supervisors to amend the Agreement, adding \$56,000 for additional licenses and services to provide application oversight including but not limited to regular maintenance, license uploads, fix-it patches as well as software upgrades. At the time this amendment was approved NMC did not have the expertise in-house to provide such services. On February 15, 2011, NMC requested and obtained approval from the Board of Supervisors to amend the Agreement a second time, adding \$58,000 to purchase the Absenteeism & Leave Management Module. This addition provides NMC management with additional resources to help them track each employee's leaves. Monitoring of these types of times away will assist NMC in meeting the hospital's adopted productivity standards.

Natividad seeks to amend the agreement to add services and functionality to assist in monitoring productivity of hospital staff, but it must do so through a third amendment and renewal. NMC recommends approval of Amendment 3 as it will more clearly outline the costs of implementation of modules which NMC has purchased to date and to provide funds to cover the annual maintenance costs associated with utilizing the Application. Natividad did not place a third amendment to the Agreement on the Board of Supervisors' consent agenda in time before the Agreement expired because during a review of the existing agreements by the CAO's Office they determined that the current Purchase Order for this vendor exceeded the amount needed to complete such project; thus a thorough analysis was conducted by NMC and the vendor to provide a detailed account of all remaining funds needed to complete implementation of the Application.

To date at this time NMC has spent a total of \$353,107.37 in initial software/licensing fees, \$76,414.55 in maintenance costs, and \$216,679.46 in professional services for a total of \$646,201.38. The maximum liability under the agreement, currently at \$2,478,790 needs to be

reduced to \$1,630,737.90 to more closely reflect a more accurate maximum potential financial exposure to the County. This lowered maximum liability is intended to cover the cost of Kronos' services through September 30, 2011 plus Natividad's anticipated spending for Kronos services from October 1, 2011 through June 30, 2013.

NMC was previously authorized an amount of \$2,478,790; at this time NMC is requesting a decrease in the Purchase Order amount to allow for \$984,536.54 to be available for the 2011/2012 and 2012/2013 Fiscal years. This amount consists of \$756,322.54 for professional services and education materials for all five modules, \$100,000 in equipment and annual maintenance fees for two years at \$64,107.00 per year.

OTHER AGENCY INVOLVEMENT:

The Amendment has been reviewed and approved by County Counsel, the Auditor/Controller's office, and the Natividad Medical Center Board of Trustees.

FINANCING:

The cost for this Amendment is \$984,536.54, which is included in the Fiscal Year 2011/12 Approved Budget and recommended for 2012/2013 Requested Budget. This action will not require any additional General Fund subsidy.

Prepared by:

Janine Bouyea 783-2701

HR Administrator

February 3, 2012

Attachments: Agreement, Amendments #3, 2, 1, Board Order

Attachments are on file with the Clerk of the Board

Harry Weis

Chief Executive Officer

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Agreement No.: A-11065

Authorize the Purchasing Manager for)
Natividad Medical Center (NMC) to execute)
Amendment No. 3 to and Renewal of the)
County of Monterey Agreement No. A-11065.)
with Kronos Incorporated, effective October 1,)
2011, adding additional software, support)
services, and professional services related to)
worker productivity improvement at NMC,)
decreasing the total Agreement maximum)
liability to \$1,630,737.90, and extending the)
term to June 30, 2013.....

Upon motion of Supervisor Salinas, seconded by Supervisor Armenta, and carried by those members present, the Board hereby;

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 3 to and Renewal of the County of Monterey Agreement No. A-11065 with Kronos Incorporated, effective October 1, 2011, adding additional software, support services, and professional services related to worker productivity improvement at NMC, decreasing the total Agreement maximum liability to \$1,630,737.90, and extending the term to June 30, 2013.

PASSED AND ADOPTED on this 27th day of March 2012, by the following vote, to-wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, and Potter
NOES: None
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 76 for the meeting on March 27, 2012.

Dated: March 27, 2012

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By *Denise Hancock*
Deputy

**AMENDMENT NO. 3 TO AND RENEWAL OF
COUNTY OF MONTEREY AGREEMENT NO. A-11065 WITH
KRONOS INCORPORATED**

This Amendment No. 3 to and Renewal of the County of Monterey Agreement No. A-11065 (hereinafter, "Agreement") (hereinafter, "Amendment No. 3 and Renewal") is made and entered into effective as of October 1, 2011, by and between the County of Monterey, a political subdivision of the State of California (hereinafter, "County"), and Kronos Incorporated (hereinafter, "Contractor") (collectively, the County and Contractor are referred to as the "Parties").

WHEREAS, the Parties had previously entered into the Agreement on November 20, 2007 for software, support services, and professional services related to worker productivity improvement at NMC (the County purchased an initial license and paid for maintenance services for three software modules: Kronos Timekeeper –tracking employees work time, Workforce Scheduler – online hospital wide scheduling system, and Workforce Analytics – real time productivity system) for a total not to exceed amount of \$558,921.26, which Agreement specifically provided that "[t]he County does not guarantee any minimum or maximum amount of dollars to be spent under this Agreement"; and

WHEREAS, the Agreement was amended on June 8, 2010, adding additional software, support services, and professional services related to maintaining and managing the Kronos database at NMC and adding \$1,861,458.74 for a total not to exceed amount of \$2,420,380.00 (hereinafter, "Amendment No. 1"); and

WHEREAS, the Agreement was amended on February 15, 2011, adding additional software, support services, and professional services related to worker productivity improvement at NMC (the County paid for two software modules Kronos Attendance Module and Leave of Absence Module monitoring employee attendance and leave of absences) and adding \$58,410.00 (hereinafter, "Amendment No. 2") for a total not to exceed amount of \$2,478,790.00; and

WHEREAS, the Agreement as amended expired on September 30, 2011, Attachment 1; and

WHEREAS, the Parties wish to extend the term of the renewed Agreement through and including September 30, 2012, to add additional software, support services, and professional services related to worker productivity improvement at NMC, and to decrease the total Agreement maximum liability from \$2,478,790.00 to \$1,630,737.90 to more closely reflect a more accurate maximum potential financial exposure to County; Attachment 2 (Cost breakdown of Modules & Services)

NOW THEREFORE,

For valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The Agreement is hereby renewed in accordance with its prior terms and conditions as set forth in Attachment 1, incorporated herein by this reference, except as specifically set forth below.

2. The term of this Amendment No. 3 and Renewal is from October 1, 2011 to June 30, 2013 unless sooner terminated pursuant to the terms of this Amendment No. 3 and Renewal, or extended in writing by written agreement of the Parties.
3. Kronos shall provide County with additional software and additional support services and professional services related to worker productivity improvement at NMC, as described in to this Amendment No. 3 and Renewal.
4. If there is any conflict or inconsistency between the provisions of the Agreement, Amendment No. 1, Amendment No. 2, or this Amendment No. 3 and Renewal, the provisions of this Amendment No. 3 and Renewal shall govern.
5. The total amount payable by County to Contractor under the Agreement shall not exceed the total sum of \$1,630,737.90 for the full term of the Agreement and \$984,536.54 for the period October 1, 2011 through June 30, 2013.

IN WITNESS WHEREOF, the parties hereby execute this Amendment No. 3 and Renewal as follows:

NATIVIDAD MEDICAL CENTER

By: [Signature]
NMC Contracts/Purchasing Agent

Date: 4-3-12

By: [Signature]
Department Head (if applicable)

Date: 2/14/12

By: [Signature]
Stacy Saetta, Deputy County Counsel

Date: 3/5/12

By: [Signature]
Auditor/Controller

Date: 3/5/12

CONTRACTOR

KRONOS INCORPORATED

Contractor's Business Name***

By: _____
Signature of Chair, President, or Vice-President

Name and Title

Date: _____

By: _____
Signature of Secretary, Asst. Secretary, CFO,
Treasurer or Asst. Treasurer

Name and Title

Date: _____

**AMENDMENT NO. 3 AND RENEWAL OF
COUNTY OF MONTEREY AGREEMENT NO. A-11065 WITH
KRONOS INCORPORATED**

This Amendment No. 3 and Renewal (hereinafter, "Amendment No. 3 and Renewal") of the County of Monterey Agreement No. A-11065 (hereinafter, "Agreement") is made and entered into effective as of October 1, 2011 (the "Effective Date"), by and between the County of Monterey, a political subdivision of the State of California (hereinafter, "County"), and Kronos Incorporated (hereinafter, "Contractor") (collectively, the County and Contractor are referred to as the "Parties").

WHEREAS, the Parties had previously entered into the Agreement on November 20, 2007 for the purchase and sale of certain of Contractor's software, support services, and professional services related to the Kronos Workforce suite of software that provides time and attendance management and worker productivity improvement at Natividad Medical Center ("NMC") (the County purchased an initial license and paid for maintenance services for three software modules: Kronos Timekeeper – tracking employees work time, Workforce Scheduler – online hospital wide scheduling system, and Workforce Analytics – real time productivity system) for a total not to exceed amount of \$558,921.26 as reflected in the Order Form Quote # 94813-1, which Agreement specifically provided that "[t]he County does not guarantee any minimum or maximum amount of dollars to be spent under this Agreement"; and

WHEREAS, the Agreement was amended on or about April 27, 2010, and approved by the Board of Supervisors for the County of Monterey on or about June 8, 2010, to add additional software, support services, and professional services related to maintaining and managing the Kronos database at NMC, and adding \$1,861,458.74 for a total not to exceed amount of \$2,420,380.00 (hereinafter, "Amendment No. 1"); and

WHEREAS, the Agreement was further amended on or about February 16, 2011, as approved by the Board of Supervisors for the County of Monterey on or about February 15, 2011, by Amendment No. 2, adding additional software, support services, and professional services related to worker productivity improvement at NMC (the County paid for the Kronos Absence Manager Module monitoring employee attendance and leave of absences) and increased the not to exceed amount by adding \$58,410.00 (hereinafter, "Amendment No. 2") for a total not to exceed amount of \$2,478,790.00; and

WHEREAS, the Agreement, as amended, expired on September 30, 2011, (See Attachment 1); and

WHEREAS, the Parties wish to extend the term of the renewed Agreement through and including June 30, 2013 (the "Term of Agreement"), to allow for the County to purchase additional software, support services, and professional services related to Contractor's time and attendance software for worker productivity improvement management at NMC, and to restate and reduce the total Agreement maximum liability under the Agreement, up through and including June 30, 2013, from \$2,478,790.00 to \$1,630,737.90; which more accurately reflects the County's anticipated purchases of the Kronos products through the Term of the Agreement and County's maximum potential financial exposure to the County;

NOW THEREFORE,

For valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The Agreement is hereby renewed in accordance with its prior terms and conditions as set forth in **Attachment 1**, incorporated herein by this reference, and except as otherwise specifically set forth below.
2. Section 1.0 of the Agreement is hereby amended by extending the Term of the Agreement through June 30, 2013, unless sooner terminated pursuant to the terms of this Amendment No. 3 and Renewal, or extended in writing by written agreement of the Parties.
3. If there is any conflict or inconsistency between the provisions of the Agreement, Amendment No. 1, Amendment No. 2, or this Amendment No. 3 and Renewal, the provisions of this Amendment No. 3 and Renewal shall govern.
4. The parties further desire to restate the total amount payable by County to Contractor under the Agreement shall not exceed the total sum of \$1,630,737.90 for the Term of the Agreement and \$984,536.54 for the period October 1, 2011 through June 30, 2013. Notwithstanding the foregoing, the parties may by mutual agreement amend this provision to increase such amount as necessary to cover any additional purchases the County may desire to make from time to time.

IN WITNESS WHEREOF, the parties hereby execute this Amendment No. 3 and Renewal as follows:

NATIVIDAD MEDICAL CENTER

By: _____
NMC Contracts/Purchasing Agent

Date: _____

By: _____
Department Head (if applicable)

Date: _____

By: _____
Stacy Saetta, Deputy County Counsel

Date: _____

By: _____

Auditor/Controller

Date: _____

CONTRACTOR

KRONOS INCORPORATED

Contractor's Business Name***

By: 
Signature of Chair, President, or Vice-President

John O'Brien
Senior Vice President, Sales
Name and Title

Date: 3/6/2012

By:

Signature of Secretary, Asst. Secretary, CFO,
Treasurer or Asst. Treasurer

Name and Title

Date:



EXHIBIT 1

Kronos Incorporated
297 Billerica Road
Chelmsford, MA 01824

12-OCT-2011
SID CATO
NATIVIDAD MEDICAL CENTER
Solution ID: 6083270

Subject: Kronos Support Services Quote for NATIVIDAD MEDICAL CENTER
Contract #: 1178219 R08-AUG-11

Dear SID,

The support services and benefits provided with your Support Services agreement are due to expire. Please review the attached quote so that we can ensure that the upcoming invoice we send to your Accounts Payable organization accurately reflects your Kronos investment. (Please be aware that per the terms of your agreement Kronos will send an invoice 60 days prior to the start of your contract.) **If the attached quote matches your records, please sign the quote and return a copy to me within 10 business days.**

If your organization requires a Purchase Order for payment, please forward me a copy at this time so I can make sure it is referenced on the invoice.

When the invoice is paid, your organization is acknowledging that they accept the terms and conditions of the Kronos Support Agreements. If the invoice is not paid, your agreement will be cancelled and Kronos will require you to sign a new agreement, with applicable charges, in order to reactivate your service.

I encourage you to visit the Kronos Customer Portal at <http://customer.kronos.com> for access to SuperSearch, eCase management, Customer Forums, Product Documentation, Training tips and so much more! Experience the array of services Kronos offers.

Please contact me at the email address or telephone number provided below if you have any questions regarding your renewal. Thank you for your business.

Regards,

Yolanda Vaughn
Contract Administrator

tel: 713-802-6817
fax: 713-802-6830
email: yolanda.vaughn@kronos.com



Support Services Quote

Page 1 of 3

Payment Terms: Net 30 Days
Currency: USD
Customer PO Number:

Quote Type: Renewal
Customer: NATIVIDAD MEDICAL CENTER
Solution ID: 6083270
Contract #: 1178219 R08-AUG-11
Date: 12-OCT-2011
Prepared by: Yolanda Vaughn / West3

Bill To: NATIVIDAD MEDICAL CENTER
1441 CONSTITUTION BLVD
SALINAS CA 93906
UNITED STATES

Ship To: NATIVIDAD MEDICAL CENTER
1441 CONSTITUTION BLVD
SALINAS CA 93906
UNITED STATES

Contact: SID CATO
Email: catosl@natividad.com

CONTRACT SUMMARY

Contract Period: 21-SEP-2011 - 04-DEC-2012

| Description | Support Services | Estimated Tax | Subtotal |
|----------------------------|------------------|---------------|-------------|
| Software Support Services | \$58,867.91 | \$0.00 | \$58,867.91 |
| Equipment Support Services | \$4,024.44 | \$0.00 | \$4,024.44 |
| Educational Services | \$1,214.65 | \$0.00 | \$1,214.65 |
| Total | \$64,107.00 | \$0.00 | \$64,107.00 |

Annualized Contract Value: \$87,898.60

The Annualized Contract Value is the value of the contract if all services are priced for 365 days. The Annualized Contract Value does not include estimated tax. Please note that this quote may include services priced for prorated periods.

IMPORTANT NOTES

Support Services are subject to applicable taxes. The tax amount shown on this quote is only an estimate. The actual tax due will be reflected on the invoice.

| | |
|---------------------------------|---------------------------------|
| NATIVIDAD MEDICAL CENTER | KRONOS INCORPORATED |
| Signature: _____ | Signature: <u>Linda Macklin</u> |
| Name: _____ | Name: <u>LINDA MACKLIN</u> |
| Title: _____ | Title: <u>CM SPECIALIST</u> |
| Date: _____ | Date: <u>10/25/11</u> |



Support Services Quote

Page 2 of 3

Payment Terms: Net 30 Days
Currency: USD
Customer PO Number:

Quote Type: Renewal
Customer: NATIVIDAD MEDICAL CENTER
Solution ID: 6083270
Contract #: 1178219 R08-AUG-11
Date: 12-OCT-2011
Prepared by: Yolanda Vaughn / West3

Bill To: NATIVIDAD MEDICAL CENTER
1441 CONSTITUTION BLVD
SALINAS CA 93906
UNITED STATES

Ship To: NATIVIDAD MEDICAL CENTER
1441 CONSTITUTION BLVD
SALINAS CA 93906
UNITED STATES

Contact: SID CATO
Email: catosl@natividad.com

SOFTWARE SUPPORT SERVICES

| Line | Support Service Level | Covered Product | License Count | Start Date | End Date | Duration (days) |
|------|-----------------------|----------------------------------|---------------|-------------|-------------|-----------------|
| 1 | Gold | VISION,M/U,WEB | 1,250 | 05-DEC-2011 | 04-DEC-2012 | 366 |
| 2 | Gold | WORKFORCE HR V6 | 250 | 16-SEP-2012 | 04-DEC-2012 | 80 |
| 3 | Gold | WORKFORCE HR V6 | 1,250 | 27-SEP-2012 | 04-DEC-2012 | 69 |
| 4 | Gold | WORKFORCE PAYROLL V6 | 1,250 | 27-SEP-2012 | 04-DEC-2012 | 69 |
| 5 | Gold | WORKFORCE ADMINISTRATOR HR/PR V6 | 5 | 27-SEP-2012 | 04-DEC-2012 | 69 |
| 6 | Gold | WORKFORCE EMPLOYEE HR/PR V6 | 250 | 16-SEP-2012 | 04-DEC-2012 | 80 |
| 7 | Gold | WORKFORCE EMPLOYEE HR/PR V6 | 1,250 | 27-SEP-2012 | 04-DEC-2012 | 69 |
| 8 | Gold | WORKFORCE ABSENCE MANAGER V6 | 85 | 27-SEP-2012 | 04-DEC-2012 | 69 |
| 9 | Gold | WORKFORCE TIMEKEEPER V6 | 1,250 | 05-DEC-2011 | 04-DEC-2012 | 366 |
| 10 | Gold | WORKFORCE TIMEKEEPER V6 | 250 | 16-SEP-2012 | 04-DEC-2012 | 80 |
| 11 | Gold | WORKFORCE EMPLOYEE V6 | 1,150 | 05-DEC-2011 | 04-DEC-2012 | 366 |
| 12 | Gold | WORKFORCE MANAGER V6 | 85 | 05-DEC-2011 | 04-DEC-2012 | 366 |
| 13 | Gold | WORKFORCE SCHEDULER V6 | 850 | 05-DEC-2011 | 04-DEC-2012 | 366 |
| 14 | Gold | WORKFORCE ABSENCE MANAGER V6 | 1,250 | 12-MAY-2012 | 04-DEC-2012 | 207 |
| 15 | Gold | WORKFORCE INTEGRATION MANAGER V6 | 1,250 | 05-DEC-2011 | 04-DEC-2012 | 366 |
| 16 | Gold | WORKFORCE INTEGRATION MANAGER V6 | 250 | 16-SEP-2012 | 04-DEC-2012 | 80 |

| Support Services | Estimated Tax | Subtotal |
|---------------------------|---------------|-------------|
| Software Support Services | \$58,867.91 | \$0.00 |
| | | \$58,867.91 |

EQUIPMENT SUPPORT SERVICES

| Line | Support Service Level | Covered Product | Quantity | Start Date | End Date | Duration (days) |
|------|-----------------------|-----------------------|----------|-------------|-------------|-----------------|
| 1 | Depot Exchange | Data Collection: 4000 | 13 | 05-DEC-2011 | 04-DEC-2012 | 366 |
| 2 | Depot Exchange | Data Collection: 4000 | 4 | 30-JUN-2012 | 04-DEC-2012 | 158 |

| Support Services | Estimated Tax | Subtotal |
|----------------------------|---------------|------------|
| Equipment Support Services | \$4,024.44 | \$0.00 |
| | | \$4,024.44 |

EDUCATIONAL SERVICES

| Line | Support Service Level | Covered Product | License Count | Start Date | End Date | Duration (days) |
|------|-----------------------|-----------------|---------------|-------------|-------------|-----------------|
| 1 | Ed Services | KNOWLEDGE PASS | 1,250 | 12-MAY-2012 | 04-DEC-2012 | 207 |



Support Services Quote

Page 3 of 3

| Line | Support Service Level | Covered Product | License Count | Start Date | End Date | Duration (days) |
|------|-----------------------|-----------------|---------------|------------|----------|-----------------|
| | Subscription | | | | | |

| | Support Services | Estimated Tax | Subtotal |
|----------------------|------------------|---------------|------------|
| Educational Services | \$1,214.65 | \$0.00 | \$1,214.65 |