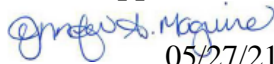


CITY COUNCIL ACTION REQUEST

Department(s): Finance	CEQA: Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment	Coordination: ITD, CAO, CMO – Budget Office	Dept. Approval: /s/ Julia H. Cooper
Council District(s): Citywide			CMO Approval:  05/27/21

SUBJECT: FIRST AMENDMENT TO THE AGREEMENT WITH CHERRYROAD TECHNOLOGIES, INC. FOR HUMAN RESOURCES, PAYROLL, BUDGET, AND TIMEKEEPING SYSTEMS

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to execute the First Amendment to the Agreement with CherryRoad Technologies, Inc. (Morris Plains, NJ) for Human Resources, Payroll, Budget, and Timekeeping Systems to extend managed services, managed router, and hosting services, increase compensation by \$330,000 for a maximum compensation not to exceed \$9,004,741 for the initial term ending December 31, 2021, and add up to one (1) three-year and two (2) one-year options to extend the term through December 31, 2026 under the same material terms and conditions, subject to the appropriation of funds.

Desired Outcome: To ensure continuation of services required to maintain and support the City's human resources, payroll, budget, and timekeeping systems.

BASIS FOR RECOMMENDATION:

In 2015, the City completed a competitive Request for Proposal (RFP) for the purchase of human resources, payroll, timekeeping, and budget systems. Council authorized staff to execute agreements pertaining to this project in June 2015¹ and authorized increases to these agreements in September 2016.² All systems were live by early 2017.

CherryRoad Technologies, Inc. (CherryRoad) was the primary vendor involved in this project. CherryRoad conducted the system implementation and provides ongoing hosting services to allow the systems to be accessible through the web. Through Change Order #9 to the agreement, staff added managed services to outsource some of the ongoing maintenance and operational improvements to the systems and a second site managed router to provide system redundancy and failover capabilities to achieve service improvements and systems resilience. These services will end June 30, 2021. The current agreement with CherryRoad has no provision for option terms after the initial term. This recommendation allows staff to extend the services through the end of the initial term ending December 31, 2021 and with option terms through December 31, 2026 as required.

In order to set fixed pricing, staff recommends the first option term be for a period of three (3) years through December 31, 2024. Staff expects to bring these services in-house or initiate a new procurement prior to the end of the first option. The second and third options would be exercised as needed and would be subject to annual price renegotiation in accordance with the Producer Price Index (PPI) final demand, not to exceed 3% over the previous year's fees unless otherwise negotiated.

Approval of this recommendation will ensure the human resources, payroll, budget, and timekeeping systems are properly maintained and supported until these services can be transitioned to City staff or can be awarded under a new procurement.

¹ Council Resolution June 2015: <https://records.sanjoseca.gov/Resolutions/RES77427.PDF>

² Council Resolution September 2016: <https://records.sanjoseca.gov/Resolutions/RES77940.PDF>

Climate Smart San José: The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

Commission Recommendation/Input: There is no commission recommendation or input associated with this action.

This Council item is consistent with the City's 2020-2021 Adopted Operating Budget City Service Areas Delivery Framework: "To effectively develop, manage, and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects."

COST AND FUNDING SOURCE:

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Recommendation*	2021-2022 Proposed Operating Budget Page	Last Budget Action (Date, Ord. No)
001	0432	Information Technology Department Non-Personal / Equipment	\$8,708,130	\$780,000	VIII-219	TBD

*Funding for the FY 2021-2022 Proposed Operating Budget will be considered by Council in June 2021. The Amt. for Recommendation includes \$330,000 in funding for the remainder of the initial term through December 31, 2021 as well as funding for part of the first option term through June 30, 2022. Funding beyond FY 2021-2022 will be subject to appropriation through the annual budgeting process.

FOR QUESTIONS CONTACT: For program-related questions, please contact Rob Lloyd, Chief Information Officer, at rob.lloyd@sanjoseca.gov. For contract-related questions, please contact Jennifer Cheng, Deputy Director of Finance, at jennifer.cheng@sanjoseca.gov.