Committee Report

To:	Warden Milne and Members of Grey County Council
Committee Date:	September 14, 2023
Subject / Report No:	HRR-CW-12-23
Title:	Award of NRFP-HR-02-23 HCM Capital Project
Prepared by:	Jennifer Moreau
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	

Recommendation

1. **That report HRR-CW-12-23 be received; and**

2. *That Ceridian Canada Ltd. be awarded NRFP-HR-02-23, a contract to provide the Human Capital Management (HCM) Solution for the Corporation for a term of 5 years at a total fixed fee of $1,229,713.53 including non-refundable HST; and*

3. **That 2023 costs be funded $138,700 from the One-Time Funding Reserve and $10,706.93 from the Human Resources Reserve as per the 2023 Approved Budget; and**

4. **That Council authorize staff to negotiate the terms of final agreements with Ceridian Canada Ltd. in accordance with the provisions of Report HRR-CW-12-23; and**

5. **That Council authorize staff to proceed with that negotiation prior to formal Council approval as per Section 26.6 (b) of the Procedural By-Law; and**

6. **That the Warden and Clerk be authorized to sign the final agreements to bind the award as negotiated ahead of Council approval as per Section 26.6 (b) of the Procedural By-Law provided they are in a form satisfactory to the Chief Administrative Officer (CAO).**

Executive Summary

The Human Capital Management (HCM) Solution for the Human Resources (HR) department will modernize the current human resource management environment and replace the county's many existing systems, some of which are nearing "end-of-life" functionality, with a single integrated solution that manages the employee life cycle in its entirety, from hire to retire. The new system modernizes HR processes, eliminates cumbersome paper-based systems, provides employee self-service functionality, and gives managers real time online access to pay

and performance history, scheduling and attendance data, and key management metrics and reports. The cost of the system is based on a per employee per month license fee of approximately $14.

Background and Discussion

As a follow-up to a strategic operational review of the HR department in 2020 the CAO brought forward report CAOR-CW-18-20, which recognized that staffing costs represent 36% of the County's budget. The review outlined that the County's HR department needed to move from a transactional service area to a strategic business partner in order maximize productivity and find savings. Steps to achieve this were outlined in the report and included:

- Streamline the payroll system and upgrade HR software.
- Develop an IT strategy to automate HR processes in support of a reduction in manual and repetitive inputs, to allow for employee self-service, and to improve the scheduling processes for staff and management among other operational improvements and efficiencies.
- Implement data and trend analysis to support strategic decision making.
- Implement a modern performance management system that provides real value to everyone.
- Formalize talent management and succession planning processes.
- Put HR at the center of the recruitment and on-boarding processes to ensure consistent quality.

To add further context - the County currently uses a number of disparate Human Resources software systems to manage various parts of the same employee lifecycle, none of which are integrated or communicate with one another and some of which are nearing the end of their supported product cycle. As a result, there is significant manual intervention required in each of even the most routine of employee transactions, resulting in redundant effort, increased risk of human error, and a lack of centralized employee information with which to provide accurate, timely data for decision-making. Within these disparate systems there are also significant gaps in critical Human Resources functionality such as onboarding, scheduling, time & attendance and performance management, which add further requirements for manual intervention, duplicate data transaction, etc.

The challenges of operating in such a landscape are many and include:

- Multiple systems of record resulting in the duplication of data, complicating data availability and reporting.

- Multiple systems of record resulting in the duplication of entry and increased potential points of failure or error.

- Time-consuming data reconciliation processes and lack of visibility into disparate systems, creating inconsistent answers to the same questions.

- The inability to make data-driven business decisions due to the absence of aggregate data from a single integrated, reliable set of information causing significant rework.

- Individual business units have purchased software solutions to overcome similar problems.

- Lack of a proper workflow-based system for departments to approve their documents in a timely and efficient manner.

- An environment rife with redundant activity, underutilized systems, and functions contingent on a few critical roles.

- A recognition that operationally, the existing tools are a barrier to scalability and future operational objectives.

- Spreadsheet fatigue – spreadsheets created for input, output for many systems.

- Reliance on physical records / hard copy documents.

- The current Time and Attendance modules do not meet all requirements:

  - They do not send out available shifts to staff electronically nor is there a mechanism to accept a shift electronically. The County is currently sending out shift assignments utilizing a texting software and staff are responding by phone.
  - The system does not flag scheduling errors.
  - Seniority calculations are complicated and it is not simple to run a succinct report.
  - Shift availability entry is difficult for employees.
  - The system is not available to staff outside of work, and there are no mobile options.
  - Users and management do not find the current system intuitive.

To overcome these challenges and achieve our goals outlined in report CAOR-CW-18-20, the County needs to replace its outdated and siloed HR software systems.

As part of the 2023 budget Council approved a Capital Project to replace these software systems.

The objectives of this approved Capital Project included:

- Reduce/replace various disconnected and siloed data systems, improve communication and shared data across the organization instantly.

- Select an integrated solution that will enable automation between payroll, human resources and scheduling.

- Automate manual processes and activities, reduce redundancies and duplication of data entry through integration and workflow processes.

- Enhance management's capability to lead the organization based on timely, reliable and valuable information.

- Increase self-service capabilities for staff.

- Leverage out-of-the-box functionality to minimize customization.

Unaddressed, the County risks not realizing the efficiencies, costs savings, and innovation opportunities needed to support the organization's strategy and objectives today and in the future.

Summary of Evaluation Process

A Negotiated RFP to provide a HCM solution program to solve the problems listed above was posted to Bonfire on May 11, 2023 and closed on June 15, 2023. A summary of the process, the evaluation and a recommendation follow.

Proposals were read and evaluated by an Evaluation Committee comprised of members from Grey County Human Resources and Information Technology departments. Proposals were received from the following companies.

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AIMDek Technologies Inc
Appentus Technologies Pvt Ltd
Ceridian
DLGL Technologies Corporation
HR Path Canada Inc.
HR Strategies Consulting Inc
Kainos Canada Inc.
StarGarden Corporation
Ultimate Kronos Group, Inc.
Vigilant Consulting Services Inc.
Workday
Workzoom

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Proposals were evaluated against a set of pre-defined criteria and weighting that was stated as part of the NRFP. Proposals that met the mandatory criteria were then evaluated against the technical criteria.

Rated Criteria	Maximum Points
Functional and Technical Requirements Step 1 – Assessment of mandatory criteria. Respondent's must pass all mandatory criteria in order to continue to Step 2 below. Step 2 – Evaluation of rated criteria against the weightings to determine a weighted score for this section.	50
Company Profile & Relevant Experience	25
Approach, Methodology, Deliverables, and Implementation	40
Value Added	5
Subtotal Technical Points	120

Points for Price of Solution	20
Total Technical and Price	140

Ceridian was identified by the evaluation team as the highest scoring respondent across all criteria.

A follow up demonstration of all modules was held on August 2nd and attended by the whole evaluation team. This demonstration was scored against specific criteria and use-case scenarios developed by the evaluation team in advance to ensure the vendor could meet the County's specific requirements. Following the demonstration, negotiations commenced between Grey County staff and Ceridian. The final costs as negotiated are summarized in this report.

Legal and Legislated Requirements

Not applicable.

Financial and Resource Implications

The total cost of the Ceridian contract (October 2023 to September 2028) is $1,229,713.53 including non-refundable HST, over a 5-year period. Note that 2023 – 2025 costs include implementation, training and support fees.

The decommissioning of existing Human Resources software applications being replaced by the Ceridian HCM suite are anticipated to help off-set annual costs in 2026.

See below table for annual cost breakdown including non-refundable HST, and associated funding sources.

2023 Costs	
Software Subscription Costs	$ 27,718.23
Implementation Costs	$ 121,688.70
Total 2023 Costs	**$ 149,406.93**
2023 Funding	
One-Time Funding Reserve – 2023 Approved Budget	$ 138,700.00
Human Resources Reserve – 2023 Approved Budget	$ 10,706.93
Total 2023 Funding	**$ 149,406.93**

2024 Costs	
Software Subscription Costs	$ 160,549.62
Implementation Costs	$ 104,409.36
Total 2024 Costs	**$ 264,958.98**
2024 Funding	
Human Resources Reserve	$ 104,409.36

Budgeted Net Levy	$	160,549.62
Total 2024 Funding	**$**	**264,958.98**

2025 Costs		
Software Subscription Costs	$	210,226.31
Implementation Costs	$	26,998.96
Total 2025 Costs	**$**	**237,225.27**
Total Annual Subscription Cost – 2026 onward*		
2026	$	210,226.31
2027	$	210,226.31
2028	$	157,669.73
Total 5 Year Project Costs	**$**	**1,229,713.53**

* 2028 reflects 9 months of subscription cost to align with the timing of the 5 year contract, it is anticipated that in 2028 the cost will be for a full 12 months.

The 2023 approved budget includes $300,000 in reserve funding for the project. One-time implementation costs over the implementation period will be funded from the HR Reserve with annual subscription costs from levy.

All on-going support costs to maintain Ceridian's HCM subsequent to initial implementation will be allocated to the annual Human Resources budget.

Annual software subscription fees to utilize Ceridian's HCM product of $210,226.31 will be billed as a percentage of total annual cost to each department based on average number of users from that department over the period. This will require an increase to the levy; where possible, costs will be offset by departmental ministry funding.

An additional project cost of $335,000 over 5 years is anticipated, subject to on-going negotiations with Ceridian's partner vendors for additional modules / functionality. A staff report will be brought in January 2024 to request the award of these contracts. Implementation costs for this project will be funded from the Human Resources Reserve as part of the Corporate Scheduling Software Replacement project. This project will be included in the 2024 proposed budget. The remainder of this project will be included in future operating budgets, beginning in 2024 and will be funded from the levy. These operating costs will be billed as a percentage of total annual cost to each department based on average number of users from that department over the period.

Relevant Consultation

☒   Kim Wingrove, Chief Administrative Officer

Katherine Dabrowa, Financial Analyst

Will Scott, HR Project Specialist

Mike Alguire, Manager Purchasing

Sherri Adams, Buyer

Sandra Shipley, HR Manager

Appendices and Attachments - none