

Memorandum



CITY OF DALLAS

DATE December 8, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **December 13, 2023, Upcoming Agenda Item 23-3065 for Supplemental Agreement with Workday**

This memorandum provides information related to the upcoming December 13, 2023, agenda item 23-3065.

This item provides authorization to execute Supplemental Agreement No. 13 to increase the City’s service contract with Workday, Inc. for continued licensing, configuration, hosting, maintenance, and technical support for the City’s existing talent management and payroll system. It extends the current contract from March 8, 2024, to March 7, 2025, in an amount not to exceed \$4,952,024.05, increasing the overall contract value from \$19,970,488.21 to \$24,922,512.26.

COST BREAKOUT

The contract against which this Supplemental Agreement would be applied was approved under Council Resolution 18-0372. The breakout of costs against this contract for the period 2018 through March 7, 2023, is as follows:

<u>Contract Cost Category</u>	<u>Contract Amount</u>
License Subscriptions (through Feb. 2024)	\$ 12,740,424.00
Prism Analytics	\$ 999,223.89
Professional Services	\$ 5,632,485.32
Training Credits	\$ 186,355.00
Learn On-Demand + Adoption	\$ 162,000.00
Premium Customer Mgmt	\$ 250,000.00
Total	\$ 19,970,488.21

For this Supplemental Agreement, the majority of the additional \$4,952,024.05 is for hosting and licensing fees for the new period of performance covering March 2024 through March 2025 for the Workday modules in use by or being implemented by the City. These modules include Payroll, Basic Compensation, Recruiting & Onboarding, Learning, Talent & Performance, Benefits, Advanced Compensation, and Prism Analytics. These hosting and licensing fees account for \$2,800,000 of the total increase.

The breakout of costs for this Supplemental Agreement is as follows:

Contract Cost Category	Contract Amount
License Subscriptions (Mar. 2024 – Mar. 2025)	\$ 2,800,000.00
Deployment Tenant	\$ 106,000.00
Training Credits	\$ 125,000.00
Premium Customer Mgmt	\$ 613,000.00
Training Credits, Deployment Tenant, and Professional Services (allocation TBD)	\$ 1,308,024.05
Total	\$ 4,952,024.05

The additional items include a new Workday Support plan, technical training for City of Dallas employees, and additional deployment tenants/environments. The support plan provides the City with an increased level of technical support to assist in measuring and improving the operational performance of our Workday system, technical experts to provide guidance and change management during our upcoming implementation, and targeted training for our staff as we begin to deploy and utilize the new Workday modules. The additional deployment tenants are needed to support the implementation of several new Workday modules scheduled for completion in the next 18 months.

BACKGROUND

The city originally procured the Workday **Human Capital Management (HCM) and Talent Management** subscriptions for implementation in 2018. These subscriptions include several transactional modules which would provide the City end-to-end talent management support when fully implemented. These modules include Payroll, Basic Compensation, Recruiting/Onboarding, Learning, Talent/Performance, Benefits, and Advanced Compensation modules.

During Phase One of the Workday project, the City implemented the Payroll, Basic Compensation, and Prism Analytics modules. However, the additional modules remained unused since the Phase One implementation did not include sufficient budget to configure, test, and complete implementation. Implementation of the additional modules is underway and full implementation is expected by March 2025. The current schedule is as follows:

Workday Module/Talent Management	Current/Legacy System	Implementation Date	Current Legacy System Cost
<i>Payroll</i>	<i>Lawson</i>	<i>July 2020</i>	\$ 391,000.00
<i>Basic Compensation</i>	<i>Manual</i>	<i>July 2020</i>	
<i>Prism Analytics</i>	<i>Manual</i>	<i>November 2023</i>	
Recruitment & Onboarding	NeoGov	Feb-24	\$ 320,000.00
Talent & Performance	NeoGov	Feb-24	\$ 80,000.00
Benefits	EBC	Oct-24	\$ 110,000.00
Advanced Compensation	Manual	Feb-25	
Learning Management	Learning Zen	Feb-25	\$ 24,000.00
			\$ 925,000.00

Note: Workday is a subscription-based service and offers a fixed price regardless of the number of modules implemented or utilized.

Due to the unavailability of the additional Workday functionality, the City has continued to use the existing systems for *Benefits, Recruiting, Talent, and Learning*, incurring an additional cost of over \$500,000 per year during this period. Upon implementation of these final Workday talent management modules, the City will retire and discontinue use of these legacy systems as the full range of talent management functionality will be available through Workday.

Through application of this Supplemental Agreement, the City completes full implementation of Workday and accrues multiple additional benefits:

- Enhanced Security:** Consolidating talent management processes within the Workday platform bolsters data security. Workday employs robust security measures, including encryption and access controls.
- Efficiency Gains:** With a unified platform, redundant data entry and manual processes across disparate systems are minimized or eliminated. This streamlines workflows, reduces administrative overhead, and allows talent management teams to focus on strategic initiatives rather than routine tasks.
- Reduced Managerial Burden:** Workday's user-friendly interface and self-service capabilities empower managers and employees to handle various talent management-related tasks independently. This reduces the burden on talent managers for routine inquiries, approvals, and updates.
- Advanced Talent Management:** Workday's comprehensive talent management modules offer tools for recruiting, onboarding, performance management, and learning and development. These integrated functions provide a holistic view of an employee's journey, enabling better talent nurturing and retention strategies.

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5. **Improved Transparency and Reporting:** Workday offers robust reporting and analytics capabilities. By centralizing data from different talent management functions, it provides real-time insights into workforce trends, allowing for informed decision-making. This transparency fosters better strategic planning and resource allocation.
6. **Scalability and Adaptability:** Workday is designed to scale alongside organizational growth and adapt to changing business needs. As the city evolves, the platform can accommodate new requirements, processes, and regulations without requiring significant reconfiguration or system overhauls.
7. **Regulatory Compliance:** Workday often stays updated with regulatory changes, helping organizations stay compliant with evolving labor laws, industry regulations, and data privacy standards. This reduces the risk of non-compliance penalties.

Please contact HR Director Nina Arias, or Chief Information Officer Bill Zielinski if you have additional questions.



Jack Ireland
Chief Financial Officer

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Mark Swann, City Auditor
Billerae Johnson, City Secretary
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