



Legislation Details (With Text)

File #: 18-329 **Version:** 1 **Name:**

Type: Consent Agenda **Status:** Passed

File created: 9/5/2018 **In control:** Town Council

On agenda: 9/11/2018 **Final action:** 9/11/2018

Title: A Resolution Approving an Agreement with Paycom Software Inc. for the Licensing of a Hosted HR/Payroll System; And Authorizing And Directing The Appropriate Town Officers To Sign Said Agreement.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Paycom Resolution, 2. Paycom Software Inc. Contract, 3. Paycom Software Inc. Pricing

Date	Ver.	Action By	Action	Result
9/11/2018	1	Town Council	approve	Pass

SUBJECT: A Resolution Approving an Agreement with Paycom Software Inc. for the Licensing of a Hosted HR/Payroll System; And Authorizing And Directing The Appropriate Town Officers To Sign Said Agreement.

DEPARTMENT: Finance/Human Resources

PRESENTER: Steve Felten

FISCAL INFORMATION:

Cost as Recommended: \$16,000 (2018 conversion costs)
 Balance Available: \$0
 Budget Line Item Number: 100-80-110-600080-100311
 New Appropriation Required: Yes

STAFF RECOMMENDATION: Approval of resolution to enter into contract with Paycom Software Inc. for the licensing of a Hosted HR/Payroll System.

SUMMARY AND BACKGROUND OF SUBJECT MATTER:

The Town currently uses multiple systems and manual processes in administering its payroll, human resource and benefits programs. There are significant costs, inefficiencies and risks as a result. The Town’s ERP system provided by Tyler Technologies currently provides a significant portion of these processes (payroll and certain aspects of its HR and benefits administration activities), but there are significant gaps in the necessary functionality. For example, the current system was to provide a process for administering the hiring process, from the posting of the job to the on-boarding of the employee. That functionality has never been delivered. Benefits administration, currently handled by a combination of multiple third-party providers and manual processes, is very cumbersome and very prone to error.

To address the benefits administration needs, staff has been exploring alternative providers that could provide a more seamless, user-friendly system. In the course of that search staff became aware of the system provided by Paycom Software Inc., a major provider of mid-tier payroll/HR/benefits systems. As a result, staff explored the possibility of

Paycom's system being the provider of all the Town's personnel-related system needs. After multiple demos and both on-site and phone interviews of current governmental clients of Paycom, staff is satisfied that Paycom's system can provide all the required functionality.

Specifically, it will provide a greatly stream-lined process for the hiring of staff, a much-improved process for benefits administration, and address various internal control weaknesses (including that cited by the auditors in recent years).

Due to staff's familiarity with other providers that could provide similar functionality, it was decided it was not necessary to conduct an RFP process. Staff is satisfied that Paycom is the best choice for the Town's needs. In addition to the enhanced functionality that will be provided, Paycom provides a fixed cost for the life of its relationship with its customers (approximately \$80,000 in 2019). The only increase will be the result of the addition of more employees. Staff knows of no other provider that provides similar pricing.

The alternatives of utilizing Paycom's system is the addition of a new system for benefits administration that is estimated to cost approximately \$30,000 per year. However, these additional costs would only address a portion of the current gaps. The incremental cost to the Town of the Paycom system compared to current and projected costs is approximately \$15,000 per year. As a result, it is staff's recommendation that the Board authorize entering into a contract with Paycom for utilization of its system.

Total conversion costs at approximately \$16,000. As noted above, annual licensing and hosting costs will be approximately \$80,000. The only costs anticipated for 2018 are the conversion costs. Licensing fees will begin in 2019.

ABOUT THE COMPANY: Paycom Software Inc., based in Oklahoma City, is a publicly traded company, has been in business since 1998. The company's primary business is to "provide tools to manage the entire employee lifecycle and remain compliant from hire to retire from one application." 2017 net income was \$67 million on revenues of \$433 million.

ATTACHMENTS:

- a. Resolution
- b. Contract
- c. Pricing addendum