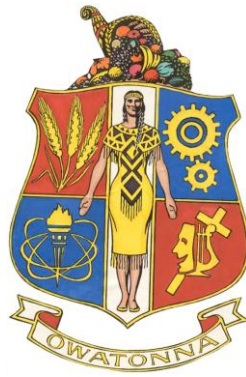


THE CITY OF

Office of Finance Director
Rhonda Moen



OWATONNA

540 West Hills Circle
Owatonna, MN 55060-4794
Ph. (507) 774-7350
FAX: (507) 444-4394

DATE: May 26, 2021
TO: Honorable Mayor and City Council
FROM: Rhonda Moen, Finance Director
SUBJECT: Payroll and HR Services Software

Purpose:

Approving the contract with Ultimate Kronos Group (UKG) to provide use of the their software, support, and Software as a Service (SaaS).

Background:

Three years ago the City entered into a contract with Ultimate Software (UltiPro) to provide payroll and HR services on a SaaS basis. This contract term was for three years. The original contract provided for no increases for three years and then an “up to 10 percent” increase after that time. We were able to negotiate another three year contract that will include a zero percent increase for the first year and 4% increases for each of the next two years.

Budget Impact:

There will be an increased annual cost of approximately \$2,900 for the last two years of the contract. This will need to be budgeted for in 2022 and 2023.

Staff Recommendation:

Staff recommends that the Council approve this contract with Ultimate Kronos Group.



Effective Date: May 20, 2021

Customer: City Of Owatonna

AR#: CIT1030

UKG Representative: Jason Valiga

UKG Division: Strategic Enablement

Re: Amendment to the Agreement (“Amendment”) between UKG Inc. (formerly known as The Ultimate Software Group, Inc.) and Customer

The parties have agreed to amend the Agreement as follows:

1. The term of the SaaS Agreement shall be extended for a term of thirty-six (36) months from May 29, 2021 through May 28, 2024 (“Renewal Term”). Thereafter, the SaaS Agreement shall automatically renew for successive renewal terms of one (1) year each. Customer may not terminate the SaaS Agreement during this Renewal Term except as set forth below. The Customer may terminate the SaaS Agreement after the Renewal Term by serving written notice of its intention at least ninety (90) days prior to the date of next such renewal period. Either party shall have the right to terminate the SaaS Agreement upon thirty (30) days prior written notice upon any breach hereof by the other party, provided the party in breach shall not have cured such breach during such thirty (30) day period.
2. During the Renewal Term and thereafter, Customer agrees to an increase in the Subscription Fees pursuant to the Agreement as follows:
 - i. May 29, 2021 – May 28, 2022 – no increase
 - ii. May 29, 2022 – May 28, 2023 – four percent (4%)
 - iii. May 29, 2023 – May 28, 2024 – four percent (4%)
 - iv. May 29, 2024 and thereafter, any increase shall not exceed ten percent (10%) per annum.
3. Customer is hereby reducing the current minimum number of Compensated Employees from 275 Compensated Employees to 175 Compensated Employees and as a result commencing on May 29, 2021, the Subscription Fees pursuant to the Agreement shall be calculated based upon a minimum of 175 Compensated Employees per month.

This Amendment is subject to the terms and conditions of that certain SaaS Agreement between the parties with an effective date of December 19, 2017 along with various addenda, supplements, amendments, etc. to same (hereinafter collectively referred to as the “Agreement”). All other terms and conditions of the Agreement are reaffirmed and remain unchanged by this Amendment. In the event of a conflict between the terms of this Amendment and the Agreement, the terms of this Amendment will govern.

The parties agree that any signature (including but not limited to any electronic symbol attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record) hereto shall have the same legal validity and enforceability as a manually executed signature to the fullest extent permitted by applicable law, and the parties hereby waive any objection to the contrary. This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original of this Amendment but all counterparts together, shall constitute one and the same instrument. Each counterpart may be executed by electronic signature or manual signature. Delivery of an executed counterpart of this Amendment by telecopier or facsimile transmission or other electronic means shall be effective as delivery of a manually executed counterpart of this Amendment.

City Of Owatonna

By: 6717B213BDF944F...

Name: Rhonda Moen

Title: Finance Director

Date: 5/20/2021 | 1:55 PM EDT

Customer - Strategic

UKG Inc.

By: FC72BA7B57904DC...

Name: Maria Tako

Title: VP, Contracts Administration

Date: 5/24/2021 | 5:27 PM EDT