



AGENDA ITEM SUMMARY

City Council

STAFF

Brenda Ehleiter, Manager, Human Resources Information Systems
Gerry Paul, Purchasing Director
Ted Hewitt, Assistant City Attorney

SUBJECT

Resolution 2023-094 Approving an Exemption to the Competitive Purchasing Process to Procure Cornerstone OnDemand, Inc.'s Talent Management Software.

EXECUTIVE SUMMARY

The purpose of this item is to request approval of an exception to the competitive purchasing process to continue to use Cornerstone as the City's Talent Management software. The City's existing five-year agreement with Cornerstone for the software will expire in December 2023 and the City seeks to enter into a new agreement with Cornerstone. Not continuing the City's contractual relationship with Cornerstone would substantially impede the City's administrative functions and would also harm the City's financial interests.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

The City facilitated a competitive process in 2013 to select an integrated talent management system to support the City's talent processes, including recruitment and onboarding, learning, performance management, succession, and workforce planning. The City selected Cornerstone and invested multiple years implementing three modules (recruitment, learning, performance), and continues to optimize their functionality and capabilities. In 2018 the City Manager approved a new sole-source contract with Cornerstone, which did not require City Council approval as the cost to the City was less than \$200,000 per year. The City's current five-year agreement with Cornerstone will expire in December 2023, and the City seeks to enter into a new agreement with Cornerstone. Continuing to utilize Cornerstone will enable the City to optimize and leverage the software to support the current and future strategic direction of the City's talent initiatives.

Cornerstone is considered a market leader for performance and learning management, and it is used daily by much of our workforce.

Moving away from Cornerstone would be a resource-intensive, multi-year project and would be very disruptive to our current operations. Section 8-161(d)(1)(b) specifically authorizes exceptions to the competitive process, with approval of the City Manager, when: "Although there exists more than one (1) responsible source, a competitive process cannot reasonably be used or, if used, will result in a

substantially higher cost to the City, will otherwise injure the City's financial interests or will substantially impede the City's administrative functions or the delivery of services to the public." The City Manager approved this procurement on October 23, 2023.

Additionally, as this procurement exceeds a cost of \$200,000, Section 8-161(d)(3) requires Council approval of the procurement. Staff seek Council's approval of this procurement.

CITY FINANCIAL IMPACTS

The cost of the Talent Management software has been provided by Cornerstone as outlined below, and is incorporated into the 2023-2024 budget for Human Resources:

	2023	2024	2025	2026	2027	2028
Software Licenses	\$ 181,561.09	\$ 192,780.00	\$ 199,527.30	\$ 206,510.76	\$ 213,738.63	\$ 221,219.48
Inbound Data Feed	\$ 4,303.21	\$ 4,406.25	\$ 4,560.47	\$ 4,720.09	\$ 4,885.29	\$ 5,056.27
Customer Support Package	\$ 13,458.68	\$ 13,458.68	\$ 13,929.73	\$ 14,417.27	\$ 14,921.88	\$ 15,444.14
Content Studio	\$ 44,086.53	\$ 46,415.52	\$ 48,040.06	\$ 49,721.47	\$ 51,461.72	\$ 53,262.88
Edge Marketplace	-	\$ 5,000.00	\$ 5,175.00	\$ 5,356.13	\$ 5,543.59	\$ 5,737.62
Total	\$ 243,409.51	\$ 262,060.45*	\$ 271,232.57*	\$ 280,725.71*	\$ 290,551.11*	\$ 300,720.39*

**This is an estimate based on a 3.5% annual fee increase. Beth Diven is meeting with our Cornerstone account manager to negotiate final pricing.*

Transitioning to an alternative source would likely result in a significant negative cost impact to Human Resources and require a delay in other projects for the City.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Resolution for Consideration