

**BOARD OF WATER SUPPLY  
CITY AND COUNTY OF HONOLULU  
REQUEST FOR EXEMPTION FROM  
CHAPTER 103D**

DATE: May 15, 2020

TO: Ernest Y.W. Lau, P.E.  
Manager and Chief Engineer

VIA: Procurement Office

FROM: Henderson Nuuhiwa *HN*  
Program Administrator, IT Division

RE: REQUEST FOR EXEMPTION FROM CHAPTER 103D for the  
selection and award of a contract for Kronos Workforce Central  
Upgrade and Move to Kronos Cloud

Pursuant to Section 103D-102(b)(4), Hawaii Revised Statutes (HRS) and Subchapter 9, Chapter 3-120 of the Hawaii Administrative Rules (HAR), I am recommending that an exemption be granted from the provisions of Chapter 103D, HRS, for selecting a contractor to award a contract to for Kronos Workforce Central Upgrade and Move to Kronos Cloud.

**Vendor Name & Address:** Kronos Incorporated  
900 Chelmsford Street  
Lowell, MA 01851

**Amount of the Contract:** \$78,910.96

**Term of the Contract:** Twelve (12) months

**Prior Exemption Contract Numbers:** None

**A. Background:**

The version of Kronos v8.0.15, that BWS is on, utilizes Java and Adobe Flash, a deprecated multimedia software platform used for rich internet applications, desktop applications, and mobile applications. Adobe has announced that it will stop updating Flash at the end of 2020. This means Kronos will not be supporting Flash after the end of 2020. It is highly recommended to upgrade Kronos Workforce Central to version 8.1.6 on premise or in the Cloud as a Software as a Service (SaaS) solution. With

the IT Strategic direction of Cloud first, the decision is to move to Kronos Cloud.

Kronos has a promotion ongoing until June 30, 2020, where the upgrade services and training fees to move to the Cloud is waived. This will be a like-for-like or lift and shift implementation with no added features.

**B. Describe how procurement by competitive means is neither practicable nor advantageous to the Board of Water Supply (BWS)**

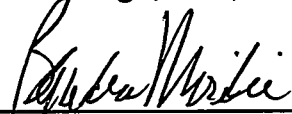
The Kronos Workforce Central is a proprietary software, developed and maintained by Kronos. Further, hosting as a SaaS solution must be in the Kronos Private Cloud. We attempted to procure from various NASPO SPO Vendor List contracts, however, we were unsuccessful due to Kronos having no agreement with the NASPO vendors and/or their proprietary nature.

**C. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable**

Requesting direct contract with Kronos Inc, for the Workforce Central Upgrade and Move to Kronos Cloud as a SaaS solution. Kronos, Inc. is HCE compliant.

**Accordingly, I recommend your approval to exempt the award of a contract for the Kronos Workforce Central Upgrade and Move to Kronos Cloud from the provisions of Chapter 103D, HRS. The application of this exemption will be limited to these facts and circumstances and may not be used as precedence to award any other contracts.**

**I certify that the information provided above is to the best of my knowledge, true, correct.**

  
\_\_\_\_\_  
Requestor

  
\_\_\_\_\_  
Division Head

5/15/20  
\_\_\_\_\_  
Date

5/15/2020  
\_\_\_\_\_  
Date

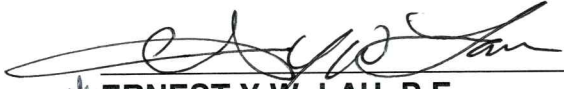
Direct Questions to: Sandra Moriki

Phone: (808) 748-5211

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Date of Public Notice posting: MAY 22 2020 - JUN - 1 2020

APPROVED AS RECOMMENDED / NOT APPROVED

  
ERNEST Y.W. LAU, P.E.  
MANAGER AND CHIEF ENGINEER

RN

06/1/2020  
Date

CERTIFIED AS TO AVAILABILITY OF FUNDS

  
JOSEPH COOPER  
WATERWORKS CONTROLLER

M  
5/22/20

5/22/20  
Date

REVIEWED AS TO PROCUREMENT FORM

  
KATHRYN HOFFMAN  
PROCUREMENT OFFICE

M

6/1/2020  
Date

**BOARD OF WATER SUPPLY  
CITY AND COUNTY OF HONOLULU**

May 22, 2020  
(Date Notice Posted)

**NOTICE OF REQUEST FOR EXEMPTION FROM CHAPTER 103D HAWAII REVISED  
STATUTES**

The Manager and Chief Engineer is reviewing a request for exemption from Chapter 103D, Hawaii Revised Statutes (HRS), to award a contract for Kronos Wordforce Central Upgrade and move to Kronos Cloud as a Software as a Service (SaaS) solution.

The award shall be made to:

Name of Vendor: Kronos Incorporated

Address of Vendor: 900 Chelmsford Street  
Lowell, MA 01851

Cost: \$78,910.96

Term of Contract: Twelve (12) months

Direct any inquiries to: Kathryn Hoffman

Address: Board of Water Supply  
Procurement Office  
630 S. Beretania St.  
Honolulu, HI 96843

Telephone No.: (808) 748-5071

Fax Telephone No.: (808) 550-9193

Submit written objection(s) to this Notice of Intent to Issue an Exemption from Chapter 103D, HRS within seven (7) calendar days from the date this notice was posted to:

Manager and Chief Engineer  
Board of Water Supply  
630 S. Beretania St.  
Honolulu, HI 96843

Telephone No. (808) 748-5071

103D Exemption Reference No.: BWS-20-05EX

## FEE PROPOSAL

This is a fixed fee contract. The compensation of the Consultant shall be made based on the agreed hourly rates of pay shown in the pay schedule, provided below. The hourly rates shall include the direct labor costs, the overhead rate and profit, other direct costs and all applicable taxes, including State general excise and use tax.

### AGREED HOURLY RATES OF PAY

Task Category	Hours	Hourly Rate	Cost
Project Manager	36	\$0.00	\$0.00
Technology Consultant	91	\$0.00	\$0.00
Integration Consultant	16	\$0.00	\$0.00
Solution Consultant	38	\$0.00	\$0.00
Instructor Lead Training	1550	\$0.00	\$0.00

Direct Labor Allowance: \$0.00

This contract includes a fixed Cloud service fee for the first year. The compensation to the Consultant shall be based upon the agreed monthly fee shown in the Cloud service fee schedule, provided below.

### AGREED CLOUD SERVICE FEE

Task Category	Months	Monthly Fee	Cost
SaaS Cloud Service Fee	12	\$6280.00	\$75,360.00

Annual Service Fee: \$75,360.00

**ORDER FORM**

Order Type: Quote

Date: 5/5/2020

Quote#: Q-47245  
Expires: 5/15/2020  
Sales Executive: Ryan Filek

**Bill To Contact:**

Bill To: HONOLULU BOARD OF WATER SUPPLY  
630 SOUTH BERETANIA ST  
HONOLULU, HI 96843 USA

**Ship To Contact: Sandy Moriki**

Ship To: HONOLULU BOARD OF WATER SUPPLY  
630 SOUTH BERETANIA ST  
HONOLULU, HI 96843 USA

Ship to Phone: [REDACTED]  
Contact: SANDY MORIKI  
Email: cloudservices-licensing@kronos.com

Currency: USD  
Customer PO Number:  
Solution ID: 6011576  
Initial Term: 12 months  
Billing Start Date: 90 Days from Execution of  
Order Form  
Data Center Location: USA

Shipping Terms: Shipping Point  
Ship Method:  
Freight Term: Prepay & Add  
Renewal Term: 12 months  
Payment Term: Net 30 Days

**Order Notes:**

This order is made as part of a Kronos promotion. All pricing is discounted solely in connection with such promotion and will not be applied to future orders. Customer's Software Support and Cloud Hosting services, as applicable, for the existing Workforce Central perpetual licenses shall continue, in accordance with Kronos Support policies, for a period of ninety (90) days from execution of this Order Form, and shall terminate thereafter, unless Customer chooses to reinstate Software Support and Cloud Hosting services, as applicable, at applicable fees. Workforce Central SaaS Monthly Service Fees shall be invoiced at the Billing Frequency indicated on this Order Form, commencing on the Billing Start Date. As of the Billing Start Date, Kronos will credit any pre-paid but unused fees for Software Support and/or Cloud Hosting Services on the perpetual licenses, as applicable. Credits may be applied against any amounts owed to Kronos by Customer until such credit is expended. Customer shall pay for Software Support and Cloud Hosting services fees, as applicable, on the perpetual licenses until the Workforce Central SaaS Billing Start Date. Professional Services concessions valid only for the Workforce Central licenses included on this Order Form.

For a period of 1 year from the date of this Order Form, Customer may purchase additional employee capacity for the Applications set forth herein at the following prices: The costs of any individual Application(s) included in the Timekeeper Bundle (i.e., Workforce Manager) will be set forth on a mutually agreed upon Order Form based on Kronos' then current list price.

Applications	PEPM
Workforce Timekeeper	\$4.25
Workforce Manager	Included
Workforce Employee	Included
Workforce Integration Manager	Included
Workforce Mobile Employee	Included
Workforce Mobile Manager	Included
Workforce Enterprise Archive	\$0.35
Workforce Accruals	\$0.50
KSS Tool Attestation Tool Kit	\$0.25

Future Capacity and Capacity Added above Converted license counts will be added via the Timekeeper bundle, which includes: Workforce Timekeeper; Workforce Manager 1:10 Ratio; Workforce Employee; Workforce Integration Manager; Workforce Mobile Employee; Workforce Mobile Manager. The costs of any individual Application(s) included in the Timekeeper Bundle (i.e., Workforce Manager) will be set forth on a mutually agreed upon Order Form based on Kronos' then current list price.

The fees for the Applications are invoiced 60 days prior to the Billing Start Date.

**PERPETUAL TO SAAS CONVERSION TABLE**

Billing Frequency: Annual in Advance

Converted Applications	License Count	PEPM	Monthly Service Fee
Perpetual License to SaaS Conversion Monthly Service Fee	N/A	N/A	6,280.00

Converted Applications	License Count
WORKFORCE TIMEKEEPER V8 SAAS	1,000
WORKFORCE MANAGER V8 SAAS	175
KRONOS ENTERPRISE ARCHIVE V8 SAAS	1,000
WORKFORCE ACCRUALS V8 SAAS	1,000
KSS TOOL, ATTESTATION TOOL KIT V8 SAAS	1,000
WORKFORCE EMPLOYEE V8 SAAS	1,000
WORKFORCE INTEGRATION MANAGER V8 SAAS	1,000

**Bill As You Go Services**

Billing Frequency: Billed monthly as delivered

Item	Billing Role	Quantity	Unit Price	Total Price
PRO SVCS WFC UPGRADE TO CLOUD HOSTING/SAAS CONVERSION	Project Manager	36	USD 0.00	USD 0.00
PRO SVCS WFC UPGRADE TO CLOUD HOSTING/SAAS CONVERSION	Technology Consultant	91	USD 0.00	USD 0.00
PRO SVCS WFC UPGRADE TO CLOUD HOSTING/SAAS CONVERSION	Integration Consultant	16	USD 0.00	USD 0.00

Item	Billing Role	Quantity	Unit Price	Total Price
PRO SVCS WFC UPGRADE TO CLOUD HOSTING/SAAS CONVERSION	Solution Consultant	38	USD 0.00	USD 0.00
				<b>USD 0.00</b>

**Bill As You Go Instructor Led Training**

Billing Frequency: Monthly as delivered

Item	Points	Total Price
Bill-As-You-Go Instructor Lead Training	1,550	USD 0.00
		<b>USD 0.00</b>

**Quote Summary**

Item	Total Price
Total Monthly Service Fees	USD 6,280.00

	Total Price
Bill As You Go Instructor Led Training	USD 0.00

	Total Price
Total Bill As You Go Services	USD 0.00



**HONOLULU BOARD OF WATER SUPPLY**

**Kronos Incorporated**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Effective Date: \_\_\_\_\_

Effective Date: \_\_\_\_\_

Invoice amount will reflect deposit received. All professional services are billed as delivered with a payment term of Net Upon Receipt. Unless otherwise indicated above, this order is subject to the attached terms and conditions which the customer acknowledges have been read. THIS ORDER IS SUBJECT TO APPLICABLE TAXES. THE ACTUAL TAX AMOUNT TO BE PAID BY CUSTOMER WILL BE SHOWN ON CUSTOMER'S INVOICE. Shipping and handling charges will be reflected on the final invoice. The Monthly Price on this Order Form has been rounded to two decimal places for display purposes. As many as eight decimal places may be present in the actual price. Due to the rounding calculations, the actual price may not display as expected when displayed on your Order Form. Nonetheless, the actual price on your invoice is the true and binding total for this order for purposes of amounts owed for the term. If you are tax exempt; please provide a copy of your "Tax Exempt Certificate" with your signed quote.

# Statement of Work for HONOLULU BOARD OF WATER SUPPLY

## Workforce Central - Upgrade and Move to Kronos Cloud

Sales Executive	Ryan Filek
Author	Tina Hermsen
Expiration Date	7/13/2020
Quote Number	2020-58839
Revision #	1
Opportunity ID	Opp-342049
Status	Approved
Customer SID	6011576

## Overview

This Statement of Work ("SOW") provides an overview of the project including scope, approach, costs, and how the project will be managed. To support a successful implementation, the customer will provide the required internal project resources.

## Project Objectives

Honolulu Board of Water Supply would like to upgrade their current Workforce Central On-Premise environment from v8.0 to 8.1 and migrate to the Kronos Private Cloud (KPC). The upgrade is considered "paradoy" and does not include the activation or configuration of new features or functionality unless otherwise required by the newer version of Kronos Workforce Central.

## Proposed Solution

Module	Project Type
Workforce Timekeeper	Upgrade
Workforce Manager	Upgrade
Workforce Employee	Upgrade
Workforce Integration Manager	Upgrade
Workforce Accruals	Upgrade
Kronos Enterprise Archive	Upgrade
KSS Tool Attestation Tool Kit	Upgrade

Project duration is expected to be 8 working weeks, based upon our experience with our customers and products. Depending upon the preparation and engagement of your organization, there may be opportunity to complete the project in a compressed duration. However, if project resources are unprepared or unavailable, the duration of the project may need to be extended, increasing the budget required to successfully complete this scope of work. Requests for additional scope or activities outside of this planned project scope may be accommodated through the change process. In this circumstance, Kronos may issue a change order to ensure the appropriate budget is available.

Kronos will deliver the scope of this project utilizing a remote approach.





## Instructor Led Training

Kronos Instructor Led Training is purchased as Training Points. Training Points allow you to budget for training with the flexibility to adjust your plan during implementation.

**Core Team** training will help your key functional and technical users to make informed solution design, configuration decisions and provide core product knowledge.

Module	Description
Workforce Timekeeper	Public instructor led training for 2

**Train-the-Trainer Programs** prepares internal training teams to deliver user training to managers, supervisors and employees.

Module	Description
Workforce Timekeeper	Public instructor led training for 1



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## Project Approach

The project team will collaborate to establish a project plan with tasks, responsibilities, and milestone dates and provide the foundation for project control. Kronos will complete an environment readiness review with your project team resources to ensure the server environment is available and pre-requisites have been installed. Kronos will perform test upgrade, deploy interfaces and complete validation testing of upgraded environment. Upon completion of customer user acceptance testing, Kronos will complete the upgrade to production.

## Project Leadership

Kronos will provide guidance through the life cycle of the project and provide best practices to implement the solution. As the main point of contact, the Kronos Project Manager will partner with the customer project leadership to develop the project plan to ensure objectives are achieved. The Kronos Project Manager will also deliver a collaborative workspace, which will serve as the dashboard for all aspects of the progress of the implementation.

## Solution Assumptions

### Workforce Central

- 2 Workforce Central environment(s) included in this deployment
- Customer has SQL Database
- The Authentication method will be Standard
- Upgrade existing archive data base and import into Enterprise Archive target data base
- 4 existing interface(s) included
  - 1 Time Data to JD Edwards
  - 1 Person Date from JD Edwards
  - 1 Job Data from JF Edwards
  - 1 Time/Jobs data from Kona by Confluence



## Services Investment Summary

This SOW represents a time and materials engagement. Travel expenses are not included and will be invoiced separately as incurred.

Service Type	
Professional Services	\$0.00
Educational Services	\$0.00
	\$0.00



## Signatures and Approvals

SUBMITTED AND APPROVED BY KRONOS REPRESENTATIVE

By: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

This Statement of Work is subject to the HONOLULU BOARD OF WATER SUPPLY's Workforce Central SaaS or perpetual license agreement with Kronos governing Professional and Education Services. By signing below, the authorized HONOLULU BOARD OF WATER SUPPLY's representative agrees to purchase the services described herein.

ACCEPTED AND AGREED  
HONOLULU BOARD OF WATER SUPPLY

By: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

HONOLULU BOARD OF WATER SUPPLY may make necessary copies of this document for the sole purpose of facilitating internal evaluation and/or execution of proposed project. Otherwise, the document or any part thereof may not be reproduced in any form without the written permission of Kronos Incorporated. All rights reserved. Copyright 2020.





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**FINANCE  
EXEMPT PROCUREMENT**

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**I. References**

HAR 3-120  
HRS 103D-102

**II. Overview**

A situation when a procurement of a good, service, or construction by competitive means is either not practicable or not advantageous to the BWS.

**III. Requirements**

a. Procurements exempt under HRS Section 103D-102(b):

- (1) Solicited or entered into before July 1, 1994, unless the parties agree to its application to a contract solicited or entered into prior to July 1, 1994;
- (2) To disburse funds, irrespective of their source:
  - (A) For grants or subsidies as those terms are defined in section 42F-101, made by the State in accordance with standards provided by law as required by article VII, section 4, of the State Constitution; or by the counties pursuant to their respective charters or ordinances;
  - (B) To make payments to or on behalf of public officers and employees for salaries, fringe benefits, professional fees, or reimbursements;
  - (C) To satisfy obligations that the State is required to pay by law, including paying fees, permanent settlements, subsidies, or other claims, making refunds, and returning funds held by the State as trustee, custodian, or bailee;
  - (D) For entitlement programs, including public assistance, unemployment, and workers' compensation programs, established by state or federal law;
  - (E) For dues and fees of organizations of which the State or its officers and employees are members, including the National Association of Governors, the National Association of State and County Governments, and the Multi-State Tax Commission;
  - (F) For deposit, investment, or safekeeping, including expenses related to their deposit, investment, or safekeeping;
  - (G) To governmental bodies of the State;
  - (H) As loans, under loan programs administered by a governmental body; and
  - (I) For contracts awarded in accordance with chapter 103F.



- (3) To procure goods, services, or construction from a governmental body other than the University of Hawaii bookstores, from the federal government, or from another state or its political subdivision;
- (4) To procure the following goods or services which are available from multiple sources but for which procurement by competitive means is either not practicable or not advantageous to the State:
  - (A) Services of expert witnesses for potential and actual litigation of legal matters involving the State, its agencies, and its officers and employees, including administrative quasi-judicial proceedings;
  - (B) Works of art for museum or public display;
  - (C) Research and reference materials including books, maps, periodicals, and pamphlets, which are published in print, video, audio, magnetic, or electronic form;
  - (D) Meats and foodstuffs for the Kalaupapa settlement;
  - (E) Opponents for athletic contests;
  - (F) Utility services whose rates or prices are fixed by regulatory processes or agencies;
  - (G) Performances, including entertainment, speeches, and cultural and artistic presentations;
  - (H) Goods and services for commercial resale by the State;
  - (I) Services of printers, rating agencies, support facilities, fiscal and paying agents, and registrars for the issuance and sale of the State's or counties' bonds;
  - (J) Services of attorneys employed or retained to advise, represent, or provide any other legal service to the State or any of its agencies, on matters arising under laws of another state or foreign country, or in an action brought in another state, federal, or foreign jurisdiction, when substantially all legal services are expected to be performed outside this State;
  - (K) Financing agreements under chapter 37D; and
  - (L) Any other goods or services which the policy board determines by rules or the chief procurement officer determines in writing is available from multiple sources but for which procurement by competitive means is either not practicable or not advantageous to the State; and
- (5) Which are specific procurements expressly exempt from any or all of the requirements of this chapter by:
  - (A) References in state or federal law to provisions of this chapter or a section of this chapter, or references to a particular requirement of this chapter; and
  - (B) Trade agreements, including the Uruguay Round General Agreement on Tariffs and Trade (GATT) which require certain non-construction and non-software development procurements by the comptroller to be conducted in accordance with its terms.

b. Procurements Exempt under HAR Chapter 3-120, Exhibit A:

- (1) Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases, and costs associated with publication of articles in scholarly journals;
- (2) Services of printers, rating agencies, support facility providers, fiscal and paying agents, and registrars for the issuance and sale of the State's or counties' bonds;
- (3) Services of lecturers, speakers, trainers, facilitators and scriptwriters, when the provider possesses specialized training methods, techniques or expertise in the subject matter;
- (4) Services of legal counsel, guardian ad litem, psychiatrists, psychologists, receivers and masters when required by court order;
- (5) Insurance to include insurance broker services;
- (6) New or used items which are advantageous and available on short notice through an auction; bankruptcy, foreclosure, etc.;
- (7) Food and fodder for animals;
- (8) Facility costs for conferences, meetings, and training sessions;
- (9) Advertisements in specialized publications, such as in ethnic or foreign publications, trade publications, or professional publications;
- (10) Arbitrator and mediator services;
- (11) Interpreter services;
- (12) Procurement of repair services when dismantling is required to assess the extent of repairs;
- (13) Burial services consisting of mortuary, crematory, cemetery, and other essential services for deceased indigent persons or unclaimed corpses;
- (14) Radio and television airtime when selection of station is based on the targeted audience (i.e., ethnic or age group, gender, etc.);
- (15) Subscription costs and registration or workshop fees for conferences or training; and
- (16) Court reporter services.

**IV. Procedures**

a. If the exemption is pre-approved, the following applies:


1. Requesting division must attach this directive with the applicable pre-approved exemption number circled to the NALU requisition.
2. Requesting division shall attach any insurance, licensing, certifications, and any other compliance documents to the NALU requisition.
3. Once the NALU requisition is approved, Purchasing will issue a purchase order or contract citing the authority and coordinate with the requesting division. Purchasing will attach the Hawaii Compliance Express (HCE) Certificate of Vendor Compliance to the purchase order. The vendor shall be compliant in order for a purchase order to be issued.

- b. If the exemption is not pre-approved under HRS 103D-102(b) or HAR 3-120, Exhibit A, then the following applies:
1. If a good, service, or construction is \$25,000 or above, a request for CPO approval must be submitted to Purchasing. The request must establish that a situation exists wherein procurement by competitive means would be either not practicable or not advantageous to the BWS.
  2. Purchasing will post the request for exemption on the Purchasing website for seven (7) calendar days before taking any action on the request.
  3. Objections to the request for exemption must be submitted to the BWS within seven (7) calendar days of the initial posting on the website.
  4. The request for exemption will be approved or disapproved by the CPO based on any objections or comments received.
  5. If approved by the CPO, requesting division will attach the approved request for exemption to the NALU requisition.
  6. Requesting division shall attach any insurance, licensing, certifications, and any other compliance documents to the NALU requisition.
  7. Once the NALU requisition is approved, Purchasing will issue a purchase order or contract and coordinate with the requesting division. Purchasing will attach the Hawaii Compliance Express (HCE) Certificate of Vendor Compliance to the purchase order. The vendor shall be compliant in order for a purchase order or contract to be issued.

**V. Effective Date**

This directive is effective immediately.

APPROVED:

  
\_\_\_\_\_  
ERNEST Y.W. LAU, P.E.  
Manager and Chief Engineer *WL*  
*ML*

*9/10/12*  
\_\_\_\_\_  
Date