

Non-Competitive Contract with Kronos Canadian Systems Inc., for Proprietary Workforce Management Software Licenses, Cloud Subscriptions and Related Services

Date: June 30, 2025

To: General Government Committee

From: Chief Technology Officer and Chief Procurement Officer

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report is about criteria to be applied to negotiations carried on or to be carried on by or on behalf of the City of Toronto and contains technical and commercial information supplied in confidence to the City of Toronto, which, if disclosed, could reasonably be expected to prejudice the competitive position significantly or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

The purpose of this report is to request City Council authority to enter a five (5) year non-competitive contract with Kronos Canadian Systems Inc., a Canadian Business Subsidiary of Ultimate Kronos Group (UKG) (USA Based Supplier) for proprietary workforce management software licenses, cloud subscriptions, and related services.

Non-competitive procurements may be undertaken where both the proposed procurement and supplier can be justified in good faith based on an exception set out in Toronto Municipal Code Chapter 195, Procurement. These procurements will be proceeding under the exception related to compatibility, where Kronos Canadian Systems and the City has determined in good faith that both the proposed procurement and the selected supplier, along with the terms and conditions of the contract are beneficial to the City (Toronto Municipal Code, Chapter 195, Procurement, Section 7.1K.).

By 2027, the supplier is retiring and ending support for its legacy on-premises workforce management system, which the City of Toronto has used since 2016 as its enterprise-standard solution for divisions with complex scheduling and workforce planning needs.

This report addresses business continuity for the two divisions currently dependent on the legacy system until full migration to the new platform is complete and state of good repair by moving to an up-to-date, fully supported platform. Additionally, this report supports City's broader modernization goal to ensuring all divisions with complex scheduling needs are on a single, unified solution.

City Council approval is required in accordance with Municipal Code Chapter 195 - Purchasing, where the current request exceeds the Chief Procurement Officer's authority of the cumulative five-year commitment limit for each supplier under Article 7, Section 195-7.3D of the Purchasing By-Law or exceeds the threshold of \$500,000 net of Harmonized Sales Tax allowed under staff authority as per the Toronto Municipal Code, Chapter 71-Financial Control, Section 71-11A.

RECOMMENDATIONS

The Chief Technology Officer and the Chief Procurement Office recommend that:

1. City Council grant authority to the Chief Technology Officer, in accordance with Sections 195-6.6 and 195-8.5 of the Toronto Municipal Chapter 195 (Procurement), to enter into, and execute a non-competitive contract with Kronos Canadian Systems Inc., a UKG company, commencing from the date of award for a three (3) year term with options to extend the Contract term by up to two (2) additional one (1) year periods, for up to the total amount set out in Confidential Attachment 1, subject to terms and conditions acceptable to the Chief Technology Officer.
2. City Council direct that Confidential Attachment 1 remain confidential at this time as it pertains to criteria to be applied to negotiations carried on or to be carried on by or on behalf of the City of Toronto and be made public at the discretion of the Chief Procurement Officer following the execution of the contract authorized by recommendation 1.

FINANCIAL IMPACT

Financial Impact is included in Confidential Attachment 1.

The financial costs enclosed in Confidential Attachment 1 assume the Master Service Agreement is finalized. The financial impact outlined in Confidential Attachment 1 is estimated based on current pricing, as negotiations are still ongoing at the time of writing this report. Financial allocations based on this estimate will vary based on divisional operational requirements. Should there be delays with the Master Service Agreement, the City will limit its spending to essential operational expenses until the agreement is in place.

DECISION HISTORY

In 2020, a new Purchase Order No. 6052184 was created following the adoption of GL16.5 by City Council for the Renewal of Proprietary Technology Maintenance Contracts Supporting the City Services from 2021-2025. This report sought authority to renegotiate and renew 186 non-competitive contracts for maintaining proprietary technology, including software, hardware, and subscriptions. These contracts support City services identified in Appendices B and C of this report and span five years from January 1, 2021, to December 31, 2025. Through this the Workforce Central maintenance and support is now covered by Purchase Order number 6052184.

[Agenda Item History – 2020.GL.16.5](#)

On June 18, 2019, the Purchase Order was amended to accommodate expected staffing growth at Toronto Paramedic Services following the City Council's adoption of the Division's Multi-Year Staffing and Systems Plan. On December 2, 2019, the General Government and Licensing Committee under (GL10.11) granted the authority to amend and increase Purchase Order No. 6041647 with Kronos. This growth necessitated an increase in operational licensing needs and clock terminals, resulting in an amendment amounting to \$170,765 net of all taxes (\$173,770 net of HST recoveries). As a result, the total contract amount was adjusted from \$4,011,580 net of all taxes (\$4,082,184 net of HST recoveries) to \$4,182,345 net of all taxes (\$4,255,954 net of HST recoveries).

[Agenda Item History 2019.GL.10.11](#)

On September 25, 2017, the Government Management Committee under (GM22.15) granted the authority to amend and increase Purchase Order No. 6041647 with Kronos. The Purchase Order was amended, increasing to \$201,387 net of all taxes (\$204,931 net of HST recoveries). This adjustment is related to the annualized increase in the Kronos TASS five-year operational software license maintenance and support.

[Agenda Item History – 2017.GM22.15](#)

On March 25, 2015, the Bid Committee awarded a contract to Calian Ltd. and Kronos Canadian Systems Inc. ("Kronos") for the implementation of the Time, Attendance, and Scheduling System (TASS) and the SAP HCM Modernization and Cross Application Timesheet System (CATS) project, with a combined total cost of \$13,949,696 net of all taxes (\$14,195,211 net of HST recoveries). Kronos was awarded for software licenses, support, and maintenance for \$3,310,355 net of all taxes (\$3,368,617 net of HST recoveries).

[Agenda Item History – 2015.BD18.1](#)

COMMENTS

Workforce management solutions play a critical role in supporting City operations. They enable divisions to manage complex staff scheduling, time tracking, and payroll. Historically, City divisions with complex scheduling and workforce planning needs relied on fragmented, often manual, and non-integrated systems. The City's has a long-term

modernization strategy to align all divisions on a single, unified software that integrates with core City systems such as SAP Human Capital Management (HCM) for payroll

A single, integrated platform provides an end-to-end solution that improves efficiency, aligns with industry best practices, and enhances the organization's ability to manage and deploy a large, diverse workforce.

The City started using UKG workforce management solution as its centralized software in 2016 and, to date, two (2) divisions, Parks and Recreation and Toronto Paramedic Services, have deployed solutions using it, supporting 20,000 staff. Ultimately, the City plans to onboard 13 divisions to the software representing approximately 30,000 employees by 2030.

By 2027, the supplier will no longer support the current version of the centralized software that the City uses as it transitions to a cloud solution offering. In addition, procuring the new cloud-based workforce management solution ensures operational continuity in the short term, while advancing the long-term goal of a unified, modern, and centralized system that supports over 20,000 employees today and an additional 10,000, expected by 2030. The non-competitive contract requested through this report consolidates subscriptions, licences, professional services, and support packages from Kronos Canadian Systems under a new 5-year term to unify timelines, terms and pricing and strengthen overall contract management.

Prior to bringing this report for City Council consideration, Technology Services did undertake a third-party market analysis to inform its procurement strategy. The net result of the that analysis demonstrated that suppliers Cloud solution, continues to be the best option for the City at this time.

This procurement aligns with the City's strategic objectives, ensuring data-driven decision-making and operational efficiency, and the Digital Infrastructure Strategic Framework. It addresses complex scheduling needs driven by shift work, collective agreements, and operational requirements. It is part of a larger technology modernization and workforce management transformation initiative, supporting a well-run City and financial sustainability.

The Fair Wage Office has reported that Kronos Canadian Systems has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

CONTACT

Farshad Kajouii, Deputy Chief Technology Officer, Technology Services Division,
(416) 392-2659, Farshad.Kajouii@toronto.ca

Marianne Gonzalez Angulo, Acting Manager, Purchasing Client Services, Purchasing and Materials Management Division, 416-338-3109,
Marianne.GonzalezAngulo@toronto.ca

SIGNATURE

Sonia Brar
Chief Technology Officer

Genevieve Sharkey
Chief Procurement Officer

ATTACHMENTS

Confidential Attachment 1