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**AMENDMENT No. 1 to
Agreement for Application Hosting and Technology Support Services**

THIS AMENDMENT No. 1 (hereinafter the "Amendment") is made, and entered into this ____ day of March, 2011, by and between LUZERNE COUNTY, PENNSYLVANIA, with offices located at 200 North River St., Wilkes Barre, PA 18701 ("Customer") and ACS GOVERNMENT SYSTEMS, INC., with offices located at 8260 Willow Oaks Corporate Drive, Fairfax, VA 22031 ("ACS"), each referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, the Parties have entered into that certain Agreement for Application Hosting and Technology Support Services which commenced on January 1, 2010 (the "Agreement"; capitalized terms used in this Amendment without definition shall have the meanings given to such terms in the Agreement), between Customer and ACS, whereby Customer engages ACS to provide certain information technology hosting and support services related to Customer's business operations;

WHEREAS, the Customer desires for ACS to implement and host a time management system (the "Workforce Management System");

WHEREAS, Kronos Incorporated ("Kronos") owns proprietary software, Kronos Workforce Central Suite (the "Kronos Software"), which will provide a strong operational model for implementing the Customer's Workforce Management System;

WHEREAS, ACS has an existing agreement with Kronos that allows ACS to license the Kronos Software to Customer;

WHEREAS, ACS and Customer wish to expand the scope of the Agreement to: include a perpetual license of the Kronos Software; provide for one year of maintenance on the Kronos Software; provide for hosting of and technology support services for the Kronos Software until the Termination Date (as defined in this Amendment); and extend the term of the Agreement with respect to the services described in this Amendment;

NOW, THEREFORE, ACS and CUSTOMER agree as follows:

1. Kronos Software License

ACS grants and Customer accepts a perpetual, worldwide, non-exclusive, and non-transferable (except as otherwise set forth in this Amendment) license to use the Kronos Software, Section 6.3 of the Agreement notwithstanding. The Parties hereby expressly acknowledge that Customer's right to use the Kronos Software pursuant to the terms of the Agreement and this Amendment includes use of the Kronos Software for the sole benefit of the Customer by its employees, agents and consultants (on a need to know basis only and to the extent such consultants provide services to Customer and are bound by the confidentiality terms of the Agreement) (collectively, the "Customer Parties") and by ACS, its employees, agents, consultants, subcontractors and by any entity controlling, controlled by or under common control

services provided under the Agreement, this Amendment shall not affect the term thereof or the Parties' rights to amend or extend those services.

5. Pricing Terms

5(a). License Fee

The fee for the license to the Kronos Software will be a firm-fixed price as set forth in Exhibit B attached hereto.

5(b). Software Maintenance Fee

The fee for the one year of Maintenance Services on the Kronos Software will be an annual firm-fixed price fee as set forth in Exhibit B attached hereto. The fees for subsequent years of maintenance on the Kronos Software will be billed by Kronos directly to the Customer and fall outside the scope of this Amendment.

5(c). Implementation Fee

The fee for the Implementation Services will be on a time and materials basis as set forth in Exhibit B attached hereto. For purposes of this fee, the Parties have assumed a specific level of effort. ACS will endeavor to complete the Implementation Services within the stated level of effort. Any changes to project plans as mutually established in the initial project planning stages, will be communicated via weekly project updates amongst ACS and Customer project team leadership. Any changes to the expected project schedule and/or costs will be mutually agreed to by formal change management procedures, with resulting change orders.

5(d). Hosting Fee

The fee for the Hosting Services will be a fixed monthly fee as set forth in Exhibit B attached hereto. There will also be a fee charged on a one-time firm-fixed price basis (the "Kronos Hosting Setup Fee") for setting up the hosting of the Kronos Software at the ACS hosting facility. Should there be any travel and/or out-of-pocket expenses necessary, these will be billed at actual and in arrears as incurred. Any such travel and out-of-pocket expenses will only be incurred with the up-front mutual understanding and agreement by Customer.

6. Other Terms and Conditions

All other terms and conditions set forth in the original Agreement between the Parties are unchanged and remain in full effect.

IN WITNESS WHEREOF, ACS and CUSTOMER have caused this Amendment to be signed by their duly authorized officers on the day and year first set forth hereinabove.

ACS Government Systems, Inc.

Luzerne County, Pennsylvania

Signature

Signature

Name _____

Name

Title _____

Title

Date _____

Date

Maryanne Petrucci

MARYANNE PETRUCCI

Commissioner

3-14-2011

EXHIBIT A – Scope of Services

Customer requests that ACS supplement the Services it is providing under the terms of the Agreement by performing the supplemental services described below:

ACS will provide the following areas of support to the Workforce Management System:

I. The **Maintenance Services** shall consist of the following services:

ACS supports the Customer's main payroll application under the Agreement, so ACS will be the first point of contact for Customer for support and maintenance services related to the Kronos Software for one year from the date of this Amendment. All upgrades of the Kronos Software will be managed through ACS Support Services to ensure all integration is properly maintained. Should any maintenance or support issues arise that are directly related to the Kronos Software, ACS will engage Kronos, on Customer's behalf, to troubleshoot and correct problems within the Kronos Software as necessary.

II. The **Implementation Services** shall consist of the following services:

1. Project Management

- a. ACS will provide 208 hours of project management support to achieve the following activities:
 - i. Preliminary Project Planning
 - ii. Creation of a Project Plan and modifications as necessary
 - iii. Creation of a Communication Plan
 - iv. Provide Resource Scheduling of ACS and County staff
 - v. Document Project Standards and Audit requirements
 - vi. Issue documentation
 - vii. Facilitate decision making and issue resolution
 - viii. Establish a recommended plan for ongoing management of tasks
- b. ACS staff will document and assemble all project plan detail regarding above activities.

2. Business Process Redesign

- a. ACS will provide 168 hours of business process redesign support to achieve the following activities:
 - i. Review existing business process concerns with Customer team
 - ii. Recommend and/or Assess other business process concerns and/or opportunities based on observation and analysis
 - iii. Leverage ACS best practice toolkit to identify & propose recommendations that may aide the implementation environment
 - iv. Where appropriate, recommend and implement new process improvements specifically designed to fit within the customers business processes

- v. Document a desired future state process environment for Customer and formalize in a Future State Design document
 - vi. Develop a Gap Analysis document to determine which process improvements can be implemented and which present obstacles in structure or timing. Address these in the that so that the decision team can address
 - vii. Guide Kronos on implementing to assure results from these improvements
3. Advanced Training Support
 - a. ACS will provide 80 hours of advanced training support with the following activities:
 - i. Develop & deliver a training program to augment standard application training provided by Kronos, to meet specific needs of Luzerne County.
 - ii. This training will be geared to a Train the Trainer approach so that key Luzerne County project staff will be prepared to train all other Luzerne County staff on a continual go-forward basis.
 4. Implementation & Setup of the Kronos Software
 - a. The initial implementation and setup of the Kronos Software on the ACS Hosting Server will be performed by Kronos with cooperation and direct involvement of the ACS hosting center operations staff. Some onsite assistance in Luzerne County will be needed by the appropriate Luzerne County IT staff.

III. **The Hosting Services** shall consist of the following:

1. 60-month term for fully-hosted systems
 - a. The solution consists of a Windows Application server and MS SQL Database with new hardware. Two environments will be included (PRD production environment and TST test environment) in order to manage upgrades and other testing (as needed) outside the daily production environment.
2. Kronos applications to be loaded and licensed by the Customer are:
 - a. Workforce Timekeeper v6
 - b. Workforce Process Manager v6
 - c. Workforce Employee v6
 - d. Workforce Absence Manager v6 to include:
 - i. Workforce Attendance
 - ii. Workforce Accruals
 - e. Workforce Integration Manager v6
3. Approximately 2,000 active employees in full roll-out
4. Backup media/Off-site backup storage/tape vaulting for all databases
5. Application Management Services (related to the hosted Kronos applications):
 - a. Infrastructure & Technology Services
 - b. Operations, Systems and Applications Management & Monitoring

- c. O/S Administration
 - d. MS SQL server support
 - e. Storage and Backup Administration
 - f. All media and off-site storage vaulting
 - g. Kronos Administration
 - i. Problem solving
 - ii. Patching/installs
 - iii. Database Support and upgrades
 - iv. Performance Management and Tuning
 - v. Capacity Management & Reporting
 - h. Service Level Management & Reporting
 - i. SAS 70 Type II Audit conducted annually
6. WAN Network Connectivity & Access
- a. ACS Hosting Services will provide all internal networking from the switches to the redundant Cisco ASA 5520 firewalls with 2 megabyte VPN access to Customer
 - b. Customer will provide internet access for the VPN tunnel
 - c. ACS Hosting Services will provide needed internal networking configurations, hardware, and upgrades to the host site internal environment necessary to service the customer software begin hosted as described and expected within this document. Should add-on modules be requested by the customer or upgrades to the software are necessary that demand the need for additional hardware, or network software in order to service the customer, then additional one-time set-up fees or monthly usage charges will be negotiated with the customer.

EXHIBIT B

Fees: Customer will pay ACS the following fees:

I. Kronos Software License

The fee for the license to the Kronos Software will be billed on a one-time fixed-fee basis at a price of **\$175,275.00**.

II. Maintenance Services

The fee for the first year of Maintenance Services on the Kronos Software will be an annual firm-fixed price fee in the amount of **\$37,175.00**, covering a period of 12 months from date of signing this Amendment. ACS will provide the first year of Maintenance Services as described in Exhibit A. Kronos will directly provide any maintenance services and will invoice the Customer directly for subsequent years of maintenance services.

III. Implementation Services

For purposes of the Implementation Services, ACS services for the Project Manager and Workforce Management Senior Process consultant will be billed monthly on a time-and-materials basis at the hourly rates outlined in the table below and based upon actual time devoted to servicing Customer:

Consultant Classification	Hourly Rate	Estimated Time	Estimated Fees
Time & Attendance Project Management	\$160	208	\$33,280
Workforce Management Senior Process Consultant	\$160	168	\$26,880
Advanced Training Support	\$160	80	\$12,800
Estimated Total			\$72,960

IV. Hosting Services

ACS services for the Hosting Services will be billed on a fixed-fee basis for the Kronos Hosting Setup Fee and a fixed-fee per month basis for the Hosting Services at the rates described below:

Service	Fee
Kronos Hosting Setup Fee	\$25,000

Service	Monthly	Number of	Annual	Total
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	Amount	Months	Fees	Fees
Hosting Services	\$5,000	60	\$60,000	\$300,000

Payment Schedule: Payments will be made in accordance with the following payment schedule:

- 1) The fees for the Kronos Software and the Maintenance Services will be invoiced upon delivery, which will occur within 30 days of signing of this Amendment, to the ACS hosting facility on behalf of Customer.
- 2) With respect to the Implementation Services, ACS services for the Project Manager and Workforce Management Senior Process consultant will be invoiced monthly on an "as incurred" basis, and in accordance with the project plan and any mutually agreed upon change orders that may occur.
- 3) Kronos Hosting Setup Fee shall be invoiced upon execution of this agreement, as initial planning and readiness efforts in the data center will begin immediately.
- 4) Fees for the ongoing Hosting Services shall be invoiced at the 1st of each month, beginning September 1, 2011 and continuing for 60 months through August 31, 2016.