

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 6/26/2017

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request for authorization to amend the Agreement for Products and Services with Ceridian Corporation to enter into a fourth Extended Term Amendment through December 31, 2018.

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required
<input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget
<input checked="" type="checkbox"/> Decrease Operating Expenditures
<input type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|---|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	\$1,164,775
	Revenue	0	0
	Net Cost	0	\$1,164,775
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The third Extended Term expires at the end of 2017, so the Office of the Comptroller would like Milwaukee County to enter into a fourth Extended Term Amendment in order to continue receiving services including essential services for the Payroll Division from January 1, 2018, through December 31, 2018. The pending Extended Term Amendment reflects that Ceridian no longer provides many human resources functions. It includes a 3% increase in fees for services effective January 1, 2018. It would allow another 3% increase twelve months later.

B. Services in the fourth Extended Term are projected to cost a total of \$1,164,775 in 2018.


C. The fourth Extended Term Amendment will not impact the current year. In 2018, the fourth Extended Term Amendment is projected to cost \$1,164,775.

D. This analysis assumes that the County will continue to require the same amount of services that it used in 2016. Actual expenses may vary depending on the volume of requests for employee payroll updates, per employee per month charges, maintenance fees, and other factors. Fees will increase by 3% on January 1, 2018.

The analysis above does not contemplate the County possibly deciding to terminate the agreement for convenience. Such termination would result in the County paying Ceridian a cancellation charge equal to 50% of the average monthly fees for services to the County during the three months preceding the County's notice to Ceridian of its intent to cancel, times the number of whole or partial months between the effective date of cancellation and the expiration of the third Extended Term. To illustrate, assuming average monthly fees of roughly \$97,065 and termination of services six months early, Milwaukee County would be subject to a cancellation charge of \$291,194.

Department/Prepared By Alexis Gassenhuber

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.