

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 9/28/2017

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 revised fourth Extended Term Amendment through December 31, 2019.

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	\$1,110,456
	Revenue	0	0
	Net Cost	0	\$1,110,456
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. The Office of the Comptroller would like Milwaukee County to enter into a revised fourth Extended Term Amendment in order to continue receiving services including essential services for the Payroll Division from January 1, 2018, through December 31, 2019. This Amendment reflects that Ceridian no longer provides benefits and recruiting functions. It includes a 3% increase in fees for services effective January 1, 2018. It would allow another 3% increase on January 1, 2019.

B. Services in the revised fourth Extended Term are projected to cost \$1,110,456 in 2018 and \$1,143,770 in 2019. Ceridian staff indicated that if the County were to instead extend the contract for only one year, rates would increase by 7% beginning January 1, 2018. By extending for two years, rates will only increase by 3% beginning January 1, 2018, and may again increase by 3% on January 1, 2019. Opting for the two-year extension results in a 4% savings in 2018 or an estimated \$43,124.

C. The revised fourth Extended Term Amendment will not impact 2017. This Amendment is projected to cost \$1,110,456 in 2018 and \$1,143,770 in 2019. The 2018 Requested Budget would provide sufficient funds for the 2018 cost in Org. 1921 (Human Resources and Payroll System).

D. This analysis assumes the County will require the same amount of services that it used in 2016 and 2017. 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, and are assumed to increase by 3% on January 1, 2019.

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 fourth Extended Term. To illustrate, assuming average monthly fees of roughly \$95,314 in 2019 and termination of services three months early, the County would be subject to a cancellation charge of \$142,971.

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.