

**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE : April 29, 2013
TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors
FROM : Scott B. Manske, Comptroller
SUBJECT: Execution of extension with Ceridian Corporation for HRIS (**For Information Only**)

Policy Issue:

In 2005, Milwaukee County entered into a contract with Ceridian Corporation for a human resource information system (HRIS) solution for the County. After a request for proposal process and negotiations, the Department of Administrative Services was approved to complete the negotiations and enter into a contract with Ceridian by resolution 05-145 (a) (a) dated July 29, 2005. The contract called for an initial term of five years from the effective date of the contract of July 29, 2005, with two subsequent renewal periods of three years each. The initial five-year term ended on July 29, 2010. The Department of Administrative Affairs – Fiscal Affairs office entered into the first extension of the contract for the first renewal period of three-years on July 29, 2010 with the term ending on July 29, 2013. The Office of the Comptroller is recommending the extension of the contract for the second renewal period of three-years. The three-year extension would be from July 29, 2013 to July 29, 2016. This contract extension does not require County Board approval, since the contract terms remain unchanged, and the estimated cost of the contract will be less than the contract estimate for repetitive fees.

Background:

The County had a goal in 2005 of replacing its current payroll, human resource system, and retirement system from the mainframe product Genesys. The goal was to improve these systems, provide an internet based recruiting product, provide an on-line time reporting system and no longer require the County to maintain the system on the County mainframe. After a request for proposal process the County selected the Ceridian system to provide a payroll, human resource, recruiting, and benefits solution. A decision was made that the retirement system would not be under Ceridian but under an alternative system, that was built for retirement processing.

After the completion of negotiations, the selection committee submitted a resolution for the authority to execute the contract. The contract was approved by resolution 05-145 (a)(a). The contract called for repetitive fees of \$1,662,145 that was based on a fixed fee for services that were to be provided and volumes for this work, as stated in the initial Statement of Work. After a year under the contract, volumes and billings were evaluated, and the County and Ceridian negotiated revised rates based on its usage of the products. The repetitive fees have been maintained under \$1,662,145 annual limit, as a result of this agreement.

The opportunity for Disadvantage Business Enterprise (DBE) participation was during the implementation of the Ceridian products, which set a goal of 17% participation. Per the contract, the DBE participation applied to only the implementation phase of the contract, since the on-going (repetitive) fees would be directly paid to Ceridian to maintain the system (contract exhibit

D section 10). If the County performs any enhancements to the system in the future, the County will look for DBE participation.

After the implementation phase, the County began payroll and human resource processing in November 2007. The recruiting system was rolled out approximately six months later. During the past eight years of the contract, Ceridian has made changes to the system to ensure it meets the initial statement of work and County specifications.

Terms of Extension of Agreement for Additional Three Year's:

The County and Ceridian will enter into the following terms for the extension of the Agreement for a three-year period.

1. **Extended Term.** The services as outlined in the Agreement, and all of its exhibits, will be provided for an extended term commencing on the July 29, 2013 (Effective Date) and expiring 36 months after the Effective Date, or July 29, 2016 (the "Extended Term"). As provided for in the Terms of the Agreement, the County provided two (2) subsequent renewal periods. The second subsequent renewal period is agreed to by this Amendment. Year 2013 at 0% increase, Year 2014 at 3% increase, Year 2015 at 3% increase.
2. **Service Charges.** Prior to the expiration of the Extended Term and after this Amendment has been in effect for at least 12 months, Ceridian reserves the right to increase prices annually for any services identified in the Agreement by giving Client at least 30 days' written notice of the change, but prices will not increase by more than 3.0% in any 12-month period.
3. **Cancellation.** County may cancel the Agreement prior to the expiration of the Extended Term by furnishing at least 90 days' prior written notice to Ceridian. If County cancels the Agreement, it will pay a cancellation charge equal to the percent of the average monthly charge (computed based on the charges for services provided to County during the 3-month period preceding cancellation) times the number of whole or partial months between the date that the cancellation is effective and the end of the expiration of the Extended Term. The cancellation for convenience charge applies during the ongoing service years; 50% for the first year or remainder thereof of the first year, 25% for the second year or remainder thereof of the second year, and 10% for the final year or remainder thereof of the third and final year. However, this shall not restrict the County from cancelling the contract in accordance with the terms in the agreement Section 7 and Section 8.

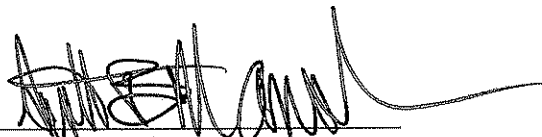
4. Other Terms.

- a. Rate for professional services shall not exceed \$140 per hour for the Extended Term.
- b. Rate for creation of Reports and Power Query's shall not exceed \$140 per hour for the Extended Term.
- c. Forty (40) hours of Crystal Report programming hours shall be made available at no cost for each of the three years of the Extended Term.
- d. Three (3) Insight (Annual Ceridian Conference) admission fees, for each year of the Extended Term, shall be provided at no cost to the County.
- e. \$200 flat fee for supplemental runs, not producing checks.
- f. Local CD-Rom at 0.00 cost

Recommendation:

The County continues to work with the vendor to make the product more efficient. Ceridian and the County have a good working relationship, to solve issues that arise during processing that would delay payroll. At present, we believe that the County should continue the use of the Ceridian HRIS solution for benefits, recruiting, time and attendance and payroll for an additional three-year period.

An addendum has been finalized to formalize the three-year extension of the contract with Ceridian Corporation.



Scott B. Manske
Comptroller

cc: Chris Abele, County Executive
Supervisor Willie Johnson, Jr., Co-Chairman, Finance, Audit and Personnel
Committee
Supervisor David Cullen, Co-Chairman, Finance, Audit and Personnel Committee
Don Tyler, Director, Department of Administrative Services
Stephen Cady, Fiscal and Budget Analyst, County Board