



COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Office of the Comptroller

DATE: August 29, 2016

TO: Theo Lipscomb, Sr., Chairperson, County Board of Supervisors

FROM: Scott B. Manske, Comptroller

SUBJECT: **Request for authorization to amend the Agreement for Products and Services with Ceridian Corporation for a third Extended Term – Action Item**

Policy Issue

Wisconsin Statutes Section 59.52(31) require Committee on Finance and Audit consideration and County Board approval of a contract with a value greater than \$300,000.

Background

Milwaukee County and Ceridian Corporation entered into an Agreement for Products and Services on July 29, 2005, for an initial five-year term through July 29, 2010, as approved in File No. 05-145(a)(a). Under the agreement, Ceridian implemented and provided ongoing annual service for a human resources information system (HRIS) including payroll, human resources, recruiting, and benefits systems.

The first and second renewals were exercised for the three-year periods ending July 29, 2013, and July 29, 2016.

Since the original agreement, some of the systems have transitioned to new vendors (for example, the Employee Assistance Program, wellness, Flexible Spending Accounts, health and welfare services, and Retirement Self Service) or are in the process of transitioning (for example, the recruiting management system).

Additionally, the County has begun developing an enterprise resource planning (ERP) system to provide finance and human resources management. In the next few years, the County will transition to the new system. In the meantime, we will

need Ceridian to continue to provide payroll as well as some human resources and recruiting functions.

The original agreement called for a 17% Disadvantaged Business Enterprise (DBE) participation goal for the implementation phase. The ongoing services phase does not have a DBE goal since the County pays all repetitive fees directly to Ceridian to maintain the system.

Provisions of the Pending Extended Term Amendment for a Third Renewal

The pending third Extended Term Amendment contains the following provisions:

1. **Extended Term.** Ceridian will provide Dayforce Workforce Management, Human Resources Payroll, Tax Filing, Self Service, and Wage Attachments Disbursement services from August 1, 2016, through December 31, 2017. This will formalize the fact that Ceridian is no longer providing many benefits functions.

Upon expiration of the Extended Term, the original agreement would remain in effect until terminated with notice.

2. **Service Fees.** On August 1, 2016, fees for the services will increase by 3%.

Twelve months later, Ceridian may increase fees by no more than 3% with 30 days' notice. However, Payroll staff has received assurance that Ceridian does not intend to impose another increase on or after August 1, 2017.

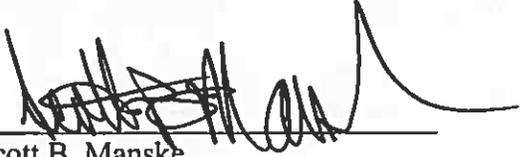
3. **Cancellation.** If the County terminates services prior to December 31, 2017, then it must pay Ceridian a cancellation charge.

We anticipate that the County will launch the ERP system after December 31, 2017, at which point Ceridian's services will no longer be needed. The County may need to extend the agreement with Ceridian if a new system is not completed by that date.

Committee Action

The Comptroller's Office recommends that Milwaukee County amend the Agreement for Products and Services with Ceridian Corporation to enter into a third Extended Term through December 31, 2017.

We request that this report be referred to by the Committee on Finance and Audit for action.



Scott B. Manske
Comptroller

Attachments

- Cc: Supervisor Peggy A. West, Chairwoman, Finance and Audit Committee
Chris Abele, County Executive
Finance and Audit Committee
Kelly Bablitch, Chief of Staff, County Board
Raisa Koltun, Chief of Staff, Office of the County Executive
Teig Whaley-Smith, Director, Department of Administrative Services
Rick Norris, Director, Community Business Development Partners, Department of
Administrative Services
Steve Cady, Research & Policy Director, Research Services Division, Office of the
Comptroller
Janelle Jensen, Senior Committee Coordinator, Office of the County Clerk