

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 11/28/2017 (REVISED)

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request from the Executive Steering Committee for authorization to enter into agreements with Infor, Inc.; MHC Software, Inc.; Emphasys Computer Solutions, Inc. (dba Emphasys Software); and N. Harris Computer Corporation for the implementation and licensing of software and hardware to replace Milwaukee County's current legacy Financial and Human Resource Systems (Capital Project WO602 - Enterprise Platform Modernization)

FISCAL EFFECT:

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

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		
	Revenue		
	Net Cost		
Capital Improvement Budget	Expenditure	7,934,319	972,433
	Revenue		
	Net Cost	7,934,319	972,433

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 approval of the requested action will allow the Executive Steering Committee to enter into agreements with Infor and its subcontractors to replace the County's current legacy Finance and Human Resource Management systems with funding through Capital Project WO602 - Enterprise Platform Modernization.

B. The current request for an amount of \$7,934,319 in the current year and \$972,433 for the subsequent year will allow the County to enter into agreements with Infor and three software vendors (MHC, Emphasys Computer Solutions, and N. Harris Computer Corporation) which will include system purchase and implementation, data conversion and interface development, and testing and training for the new ERP system, as well as the first year of ongoing maintenance. The contract also includes an additional three years of maintenance, beyond the maintenance that is paid during the project build. The five year cumulative cost is \$12,170,500, which consists of Capital Project related costs of \$8,907,000, and operating maintenance costs after capital project completion of \$3,264,000. Some of the agreements will allow for extensions to the agreement after a five year period, while some of the agreements will continue indefinitely until terminated.

C. The 2017 and 2018 Capital Budget for Project WO602 included \$4,975,927 of cash and \$8,920,890 of capital borrowing using bonds. These two years will provide enough funds to encumber the agreements with Infor for the system purchase and implementation estimated at \$7,512,600 (\$2,583,300 of cash and \$5,272,402 of bonds), the software purchase from three other software vendors for \$344,000 (\$344,000 of bonds) (Image Express from MHC for \$82,435, iNovah from N. Harris for \$177,750, Sympro from Emphasys for \$83,000), and the first year of maintenance costs for the three other software vendors of \$79,000 (\$79,000 of cash). The second year of maintenance costs for Infor (\$891,500) and the second year of maintenance costs for the three other

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.

software vendors (\$81,000) is not included in the 2017 and 2018 capital budgets, but will either be in operating or capital costs for the 2019 budget. The remaining capital project budget for project WO602 will be used to hire contractors and backfill positions in County departments, who will be tasked with implementing the software. The first year of this cost for County tasked implementation is estimated at \$6,041,000. The second year of implementation will be a similar cost, but will have to be funded out of the 2019 capital budget.

D. The agreements with Infor, MHC Software, Emphasys Computer Solutions and N. Harris Computer Corporation have been used to estimate the purchase and implementation costs as well as the ongoing maintenance associated with the new ERP system. The information provided here is based on the currently defined project scope.

Department/Prepared By Scott B. Manske

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required