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From the Milwaukee County Comptroller, Office of the Comptroller, and Chairman, Enterprise Resource Planning Executive Steering Committee, requesting authorization to process an administrative appropriation transfer to allocate \$1,500,000 of cash from the Debt Service Reserve, to replace the budgeted \$1,500,000 in general obligation bonds and/or notes for Capital Project WO60201, by recommending adoption of the following:

AN ENGROSSED RESOLUTION

WHEREAS, the Enterprise Resource Planning (ERP) project is business management software consisting of a set of integrated applications to consolidate common business operations; and

WHEREAS, the software will replace the current functions that are supported by Milwaukee County’s (the County) legacy systems; and

WHEREAS, in December 2017, the Milwaukee County Board of Supervisors approved a request from the Executive Steering Committee on the Enterprise Platform Modernization Project (Adopted File No. 17-736); and

WHEREAS, the request was for authorization to enter into contracts with Infor, Inc.; MHC Software, Inc.; Emphasys Software; and N. Harris Computer Corporation for the implementation and licensing of certain software and hardware to replace the County’s current legacy financial and human resource systems; and

WHEREAS, the ERP project was summarized last year in a status report (File No. 18-647): “This \$20 million-dollar project is the County’s (including Milwaukee County Transit System [MCTS]) implementation of Infor software to replace current financial, human resources, and payroll systems by the end of 2020”; and

WHEREAS, due to rising costs and stagnant State of Wisconsin transit aids which threaten the continued loss of bus service, the MCTS should explore all opportunities to reduce administrative expenses through shared efficiencies with the new ERP project, and should explore the ability to further reduce costs by using existing County business functions; and

WHEREAS, the 2017-2019 budgets included appropriations of \$20,700,876; and

WHEREAS, financing was provided from \$12,139,784 in general obligation bonds and \$8,561,092 of cash (sales tax/tax levy); and

45 WHEREAS, the amount of cash estimated for the project was based on project
46 budgets developed by the Information Management Services Division, Department of
47 Administrative Services, and an analysis performed by the Office of the Comptroller
48 (Comptroller) based on accounting standards in General Accounting Standards Board
49 Statement 51 Accounting and Financial Reporting for Intangible Assets (GASB 51); and

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51 WHEREAS, GASB 51 indicates which costs are eligible to be capitalized and
52 which are expensed; and

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54 WHEREAS, Wisconsin State Statutes do not allow the County to issue bonds to
55 finance expenses that are not capitalized; and

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57 WHEREAS, the adopted cash amounts were reduced as a result of limited
58 resources available in each of the annual budgets; and

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60 WHEREAS, an analysis by the Comptroller shows an estimated \$1,500,000 of
61 additional cash is needed for the project, and that \$1,500,000 of budgeted bond and
62 note proceeds can be reduced; and

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64 WHEREAS, the annual budgets stated that if additional cash financing was
65 required, based on a project assessment of the actual costs, an appropriation transfer
66 would be submitted to transfer cash from the Debt Service Reserve; and

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68 WHEREAS, the current estimated balance of the Debt Service Reserve as of
69 May 2019, is \$20.5 million; and

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71 WHEREAS, the Committee on Finance and Audit, at its meeting of June 13,
72 2019, recommended adoption of File No. 19-500 (vote 7-0); now, therefore,

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74 BE IT RESOLVED, the Office of the Comptroller (Comptroller) and the
75 Department of Administrative Services are authorized and directed to perform an
76 administrative appropriation transfer to allocate \$1,500,000 of cash from the Debt
77 Service Reserve in order to reduce the budgeted bonds and notes for Capital Project
78 WO60201 Enterprise Resource Planning (ERP) by \$1,500,000; and

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80 BE IT FURTHER RESOLVED, the Comptroller will work with the project
81 management team to complete a financial evaluation of the project, and if the evaluation
82 determines that additional funds are required, a request will be made to the County
83 Executive and the Milwaukee County Board of Supervisors; **and**

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85 **BE IT FURTHER RESOLVED, this funding is allocated with the**
86 **understanding that the Milwaukee County Transit System (MCTS) will be included**
87 **in the ERP project to modernize and help standardize business systems across**
88 **Milwaukee County (the County) operations; and**

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90 **BE IT FURTHER RESOLVED, the Director, Department of Transportation,**
91 **working in conjunction with MCTS and other appropriate parties within the**
92 **County, shall explore opportunities to create additional administrative cost**
93 **savings for the transit system through the shared use of existing business**
94 **functions.**

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jmj

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06/20/19

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