

Office of the County Auditor
Auditor’s Analysis

Council Bill No. 22-2022

Introduced: April 4, 2022

Auditor: Michael A. Martin

Fiscal Impact:

The fiscal impact of this legislation is estimated by the Department of Finance (Finance) to be \$5.3 million over the maximum 10-year term of the agreement.

The 10-year cost estimate of this variable price contract is based on the rates noted in the Pricing Appendix to the agreement, which take into consideration assumed employment levels and a 4 percent annual increase beginning in Year 4. Our Office was not provided, and therefore could not review, the actual calculation of Finance’s estimated annual costs.

Finance’s estimated costs are summarized in the table below:

Agreement Term	Estimated Costs	Comments
Year 1	\$ 497,153	Rates locked; includes implementation costs of \$26,500
Years 2 - 3	941,306	Rates locked
Years 4 - 10	3,866,050	1-Year Optional Renewals with assumed 4 percent rate increase
Total	\$ 5,304,509	

Our Office would like to emphasize that there could be changes to the annual cost estimates if the volume of payroll transactions changes due to the number of County employees deviating from the number used by Finance.

Our Office has been informed that implementation costs totaling \$816,500 (associated with the proposed Human Capital System contract) are included in Capital Project C0312 and will be paid for using the project’s existing PayGo appropriations. This contract includes \$26,500 of the \$816,500 in implementation costs.

The contract costs noted in the table above (outside of the \$26,500 of implementation costs) will be supported by General Fund appropriations within Finance’s Operating Budget.

Purpose:

This legislation establishes a 3-year Global Master Services Agreement between the County and Automatic Data Processing, Inc., (ADP) in which ADP will provide Payroll and Human Resource services to the County. This agreement provides for seven 1-year automatic renewals unless either party should terminate the agreement beforehand.

Other Comments:

This contract will provide ADP's human capital modules to the County, including new user and administrative functions. These modules include ADP Payroll Service, ADP Human Resource Services, ADP Health Compliance Services, ADP Compensation Management (New), and ADP Learning Management System (New).