



# Howard County

*Internal Memorandum*

**SUBJECT--** *Testimony for Resolution \_\_-2015*

February 18, 2015

TO: Lonnie R. Robbins  
Chief Administrative Office

Through: Stanley J. Milesky  
Director of Finance

From: Rafiu O. Ighile  
Deputy Director of Finance

The County has engaged Automatic Data Processing (ADP) since 1993 to be the County's payroll provider. The County planned to embark on a RFP process to select a payroll provider pending the full implementation of our Enterprise Resource Planning (ERP) System. While the County has implemented some version of the SAP ERP system, it has not implemented the Human Capital Management segment that will enable us to alleviate the County requirements from ADP.

The County engaged Expense Reduction Analysts (ERA) to review our current services and pricing from ADP and assist in negotiating a new contract. ERA specializes in negotiating with ADP and other payroll providers to obtain service improvements and competitive pricing on behalf of their customers. ERA was tasked with assisting the County in its negotiation with ADP for a new contract that would allow the County flexibility as we consider the functionality required for a new Human Capital Management component of our SAP ERP, at cost for service, including service improvements that are competitive with other providers.

ERA negotiated and received two cost saving options from ADP:

- Option 1 - a three year term with a 7% cost reduction in the County's services, along with no price increase for years 1 and 2 and a 3.5% increase in year 3. Total cost savings of \$130,567
- Option 2 - a five year term with a 10% cost reduction, along with no price increases in years 1, 2, 3 and 5 with a 2.5% increase in year 4. Total cost savings of \$393,590

The County wishes to enter a new 5-year negotiated contract with annual renewals that would provide significant savings for the County over the 5 years with no rate increase in the first 3 years and 2.5% in the final 2 years. After the initial 5 years, the rate increases will not exceed 3% compared to the current contract that allows for over 4% increases annually.

We strongly recommend the approval of the resolution to enable the County carry on with the ability to process bi-weekly payroll for its employees.

cc: Jennifer Sager