



COMMISSION FILE NO: 24-111-7 **DATE INTRODUCED:** July 22, 2024

INTRODUCED BY: Executive Director (Signature on File in the Office of the Commission)

REFERRED BY COMMISSION CHAIRPERSON TO: Policy, Finance, and Personnel Committee

RELATING TO: Change Order Request, Contract M06016C06, Enterprise Resource Planning System Implementation and Approve Changes in Total Project Cost – Project M06016

SUMMARY:

The Commission is requested to authorize the Executive Director to execute a change order to Contract M06016C06, Enterprise Resource Planning (ERP) System Implementation, with Protiviti, Inc., (Protiviti) in an amount not to exceed \$480,000.

Further, The Commission is requested to increase the total project cost (TPC) for Project M06016, Enterprise Resource Planning System Implementation, by \$580,000 for an amended TPC of \$16,824,008 and to make a corresponding change to Project M99001, Allowance for Cost and Schedule Change.

In January 2024, the Commission authorized a contract with Protiviti to implement Oracle ERP in an amount not to exceed \$3,200,000 with a project completion date of October 1, 2024. After completing design for five software processes to be implemented, staff recommends amending the contract by \$480,000 to address changes to scope. These changes reflect unknown configuration issues, process improvements, risk mitigation strategies, and cost avoidance opportunities. Specifically, the contract change allows for:

- Elimination of a homegrown software program.
- Centralized billing within Oracle.
- Correction of initial setup of Oracle software for human capital management (HCM).
- Ready HCM for payroll processing.
- Managing the payroll conversion to ADP Payroll Services.
- Increasing the number of system interfaces and fast formulas.
- Adding resources to future testing cycles.
- Increasing training efforts.

ATTACHMENTS: **BACKGROUND** **KEY ISSUES** **RESOLUTION**
FISCAL NOTE **S/W/MBE** **OTHER** _____

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07-12-24*

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

BACKGROUND

Change Order Request, Contract M06016C06, Enterprise Resource Planning System Implementation and Approve Changes in Total Project Cost – Project M06016

In February 2020, the Commission authorized a contract with Ciber Global, LLC, (HTC) to implement Oracle ERP. After years of staff efforts, numerous testing, and retesting intervals, the District is left without a functioning ERP. Thus, in February 2023, staff initiated testing routines of the HTC configured software to determine if the software allowed completion of two large business processes (payroll and vendor procure-to-pay). Neither test was successful. In May 2023, staff engaged Protiviti to assess the implementation work to date. The assessment provided staff with several conclusions consistent with staff’s testing and project concerns, which also confirmed that the implementation was not near completion. During this time, staff continued to work with HTC with no material project progress or willingness from HTC to pivot its implementation strategy or address staff’s concerns. On July 28, 2023, staff terminated HTC’s contract.

Contract to date, Protiviti has successfully gained District approval for all five functional design documents for the five process areas. Protiviti has also successfully gained District approval of the first round of testing these designs. This is something HTC was unable to accomplish. In addition, Protiviti has engaged District staff, fostered a partnership within the individual District teams by focusing on post-go-live efficiency and effectiveness, and created an overall team environment for the project. Protiviti’s expertise in Oracle and business processes has helped the District navigate a myriad of solution evaluation within each functional design.

	AMOUNT	PERCENTAGE INCREASE OVER ORIGINAL CONTRACT	AUTHORIZED BY
Original Contract	\$3,200,000		Commission
Requested Change Order	\$480,000	15%	Request of Commission
TOTAL	\$3,680,000		

The request for TPC above the change order addresses additional internal labor needed for additional staff engagement, additional staff testing, and staff training related to the change order. The current TPC reflects approximately \$12.2 million of costs incurred prior to Protiviti’s contract award in January 2024, the vast majority of which is internal labor.

RESOLUTION

Change Order Request, Contract M06016C06, Enterprise Resource Planning System Implementation and Approve Changes in Total Project Cost – Project M06016

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to execute a change order to Contract M06016C01, Enterprise Resource Management System Implementation, with Protiviti, Inc., in an amount not to exceed \$480,000.

FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the total project cost for Project M06016, Enterprise Resource Planning System Implementation, is increased by \$580,000 for an amended total project cost of \$16,824,008 and that a corresponding change is made to Project M99001, Allowance for Cost and Schedule Change.