



COUNTY COUNSEL  
**COUNTY OF HUMBOLDT**

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***SENT VIA UNITED STATES MAIL***

August 18, 2021

Mr. Scott Brown  
ADP Vice President/Counsel  
5800 Winward parkway, Mail Stop A-425  
Alpharetta, GA 30005

Re: ADP Payment Dispute

Mr. Brown,

Thank you for your response to the County of Humboldt's inquiries regarding the June 4<sup>th</sup>, 2021 correspondence from ADP claiming certain termination fees.

The County of Humboldt cannot find contractual justification for the \$795,500 in unspecified implementation fees claimed in ADP's June 4<sup>th</sup> letter. The Master Services Agreement (MSA) contained pricing for implementation fees of \$146,065 for the original period and expected "go-live" date. As I am sure you are aware, this target was not met. However, the extension of the go-live date and associated fees during the two extension periods is documented in mutually agreed upon statements of work executed under the process detailed in section 11.9 of the MSA.

The first executed change request (prepared 11/19/20) extended the go-live date from 1/1/21 to 4/9/21 and specifically included the extension of ADP resources for the extended period. The fees for this extension were \$109,520 (\$102,120 for project team extension & \$7,400 for balance conversion), plus a fee of \$29,979 which would be waived if the April go live date was met.

As is clear from the contractual documents, that date was not met, and a second change request and associated statement of work (prepared 3/5/21) was executed which extended the go-live date to 7/1/21. This agreement extended ADP resources at a rate of \$34,000 per month and was clearly inclusive of implementation fees (*see* section III.(1)). As you know, this go-live date was not met, and the County terminated the agreement on 5/26/21. Accordingly, the documented contractual implementation fees should be as follows:

Fees under the original MSA	\$146,065	
First extension of go-live	\$132,099	(\$29,979 + \$102,120; fee plus 3 months of extended services @ agreed rate)
Second extension of go-live	<u>\$51,000</u>	(extension from 4/10/21 to 5/26/21 @ monthly agreed extended services rate)
Total implementation fees	\$329,164	

The extension of the go live date total is the total of the MSA and the 11/19/20 & 3/5/21 change requests executed by the parties. There is no justification for unspecified hours for implementation fees totaling \$795,000 as these were not mutually agreed upon by the parties in accordance with section 11.9 of the MSA. No notice or agreement for fees in excess of the contractual amount was ever provided or prepared as required by both the MSA and executed Statement of Work.

Regarding Professional services the county has this response. Several supportive services were requested throughout the engagement. These services include client-side support, change management support and 2020 Affordable Care Act reporting support. Some of these services were rendered and paid for. Others were unable to be completed due to termination of the agreement and the inability of the ADP solution to meet the County's needs, most specifically around position control. Consequently, ResNav solutions is not included as an amount due.

Services rendered:

Payroll and Benefits Support: \$52,900

ADP/RCM provided client-side support consultants engaged in assisting with the configuration, set-up, and testing of benefits and payroll modules.

ADP Strategic Advisory Services/Professional Services: \$8,625

ADP was contracted to create change management/training documents that would support our transition to ADP. These items include a Manager Toolkit, Narrated PowerPoint, and Employee Day One guides. This work began but was not completed; approximately 75% of the work was completed and the number represents 75% of the \$11,500 SOW total.

Accordingly, the County is willing to complete closure of the agreement with ADP for \$390,689.

Lastly, the County recently received an invoice for implementation charges in June at a rate of \$115 an hour (a total of \$15,065). It is unclear what services this invoice is related to and why it includes dates post termination. A copy of this invoice is attached.

Please let me know any question you may have and if further discussion would be helpful.

Sincerely,



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Jefferson Billingsley  
Humboldt County Counsel