

# CHANGE ORDER FORM

**CHANGE ORDER NO. FOUR (4)** to Amended and Restated Human Resources Outsourcing Contract No. DMS 14/15-011 dated as of 12/22/2020 (Contract) by and between the STATE OF FLORIDA, DEPARTMENT OF MANAGEMENT SERVICES (Department) and NorthgateArinso, LLC (Service Provider) (each, a “Party” and collectively, the “Parties”), is hereby amended as follows and effective coincident with the date of the last signature below:

## 1. Description of Changes:

Under this Change Order, the modifications include continuation of Project work under Change Order #2 in furtherance of remediating the People First system to interface with Florida PALM (Florida’s modern financial management solution), integrating the People First System with Florida PALM, and updating the new chart of accounts, as necessary. The Service Provider shall use its employees and subcontractors to perform the work.

## 2. Implementation (Development, Testing, Maintenance, Go-live, Integration and Hypercare) Activities and Timeline:

The parties acknowledge that the scope of this Project (as defined in Change Order #2) is expected to extend over multiple fiscal years, necessitating additional appropriations for funding and subsequent Change Orders to exercise and fund additional Project years. This Change Order specifically pertains to the second year of Project work and Fees related to Fiscal Year 2024-2025 (Option Year 1), which is hereby exercised and funded in accordance with Section 5.1 herein. After Option Year 1, an additional option year may be available in fiscal year 2025-2026 (Option Year 2), which may be exercised and funded via execution of a Change Order. The projected labor, travel costs, and Fees for the Project, as outlined in Section 5.1, for Option Year 2 is not guaranteed amounts payable to the Service Provider and will be subject to appropriations and assessment of the remaining Project work and issuance of a new Change Order in accordance with Change Order #2.

Upon execution of this Change Order, the Service Provider shall continue all Project work described in Change Order #2 through June 30, 2025. Such work shall continue in accordance with the Project Plan currently approved by the Department and shall ensure that any changes align with the Department's established guidelines and are formally authorized, in writing, by the Department prior to implementation.

The Parties acknowledge the fees for the parallel environments, as described in Change Order #2, shall be assessed as set forth in Section 5.1(c).

Throughout the term of Option Year 1, the Service Provider will collaborate with the Department and the Florida PALM team by engaging in planning meetings, agency workshops, and requirements gathering, as requested by the Department or Florida PALM team, which will further

permit adjustments to the Business Requirements Documentation consistent with the scope of work herein to be reviewed and approved by an authorized representative of the Department.

### **3. Conduct of Parties:**

The Parties agree to make commercially reasonable efforts to execute all tasks timely and diligently in accordance with the Department approved Project Plan to ensure the successful completion of the modifications to the People First system coincides with the rollout of the financials and payroll components of the Florida PALM system, scheduled for January 2026. Service Provider shall not be liable for, nor be deemed to be in breach hereof, due to failures to fulfill obligations or any other act or omission associated with this Change Order attributable to (a) any failure by Department to comply with its obligations or perform its assigned tasks hereunder, (b) Service Provider's reliance upon any Department direction or any information provided or otherwise made available to Service Provider by or on behalf of Department or (c) any act or omission of any Department vendor or other State of Florida agency or their vendors. The Parties shall make reasonable efforts to mitigate the effects of any of the foregoing circumstances.

The Department's rights to terminate the Contract for breach are set forth in Section 7.4 of the Contract. Moreover, given what the Parties mutually agree are aggressive timelines set forth herein, the Parties will work collaboratively if changes need to be made to the projected timelines despite good faith reasonable efforts being made to accomplish the timelines. Notwithstanding the foregoing, the Department reserves the right to terminate this Change Order for convenience in accordance with Section 7.2 of the Contract, and this provision is not intended to supplement or create any additional termination rights for the Department. In the event of a termination of this Change Order, the Contractor shall not be entitled to recover any cancellation charges, lost profits, or amounts not previously incurred under this Change Order.

In accordance with Florida Statutes, Project activities in future fiscal years are dependent upon the annual appropriation of funds. The scope of Project work performed under subsequent Change Orders exercising and funding additional Option Year(s) will, in part, be governed by the status of the Florida PALM project. To the extent the Parties agree to this and any other related Changes Orders reflecting changes to this Project's scope, schedule, or funding executed pursuant to the process delineated in Section 4.9 of the Contract. For each subsequent Project Change Order to exercise and fund an Option Year, the Department will specify the authorized expenditure amount based on the currently approved and in effect Project scope, BRD and appropriations to arrive at a total Change Order value. The Service Provider shall not perform or invoice for Fees, labor, or travel costs in an amount greater than the amounts set forth in the applicable Change Order. No work, including the continuation and maintenance of the parallel environments, can be carried out prior to exercising and funding an Option Year. For this Change Order, funds will be sourced from the Department's reverted and reappropriated funds under Section 154 and Administered Funds under Sections 235 and 2107 of Chapter 2023-239, Laws of Florida.

**4. Impact to Contract:**

There are no changes to the provisions of the Contract for this change order. Project Resources, Fees and SEH are outlined under Section 5.1 below.

**5. Schedule Resources and Fees:**

This Change Order authorizes work for Fiscal Year 2024-2025 at a total amount of \$8,018,120, plus any unexpended balance of the funding provided under Change Order #2 for the Base Year. This Project ceiling for Fiscal Year 2024-2025 may not be exceeded by Service Provider in the performance of the specific Services hereunder. To the extent the scope of the Project Plan and Project Schedule remain the same, the proposed Fees, labor, and Travel Costs for Option Year 1 shall not be increased, except to accommodate any unexpended funding balance from the Base Year and shall not exceed the applicable fiscal year funds appropriated for the purpose of fulfilling the Project.

This Change Order facilitates the Service Provider's delivery of hourly work, maintenance, and equipment. All hourly work and monthly maintenance fees will be invoiced quarterly after completion in compliance with the Contract's terms. The Service Provider shall submit invoices with detailed information for auditing purposes, including, where applicable, the date of work, staff involved, authorized travel details, where applicable, and work category. Billing will be rounded to the nearest hour.

**5.1. System Enhancement Hours, Fees, and Travel Costs:**

The following System Enhancement Hours, Fees, and Travel Costs may only be incurred to the extent it does not exceed funds appropriated to the Department for the purpose of fulfilling the Project work and aligns with the scope of the applicable Change Order.

	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026**</b>	<b>Project Total</b>
Fees:				
Specialized Sub-Contractor Labor	\$ 777,000	\$ 3,612,000	\$ 1,428,000	\$ 5,817,000
Service Provider Labor	\$ 1,228,080	\$ 2,556,120	\$ 1,385,160	\$ 5,169,360
<b>Labor Subtotal</b>	<b>\$ 2,005,080</b>	<b>\$ 6,168,120</b>	<b>\$ 2,813,160</b>	<b>\$ 10,986,360</b>
Parallel Environments	\$ 2,100,000	\$ 1,800,000	\$ 850,000	\$ 4,750,000

Travel	\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000
<b>Total Not to Exceed Cost</b>	<b>\$ 4,155,080</b>	<b>\$ 8,018,120</b>	<b>\$ 3,713,160</b>	<b>\$ 15,886,360</b>
Number of SEH	7,430	3,500	2,625	12,677
SEH Value	\$ 1,228,080	\$ 595,000	\$ 446,250	\$ 2,155,090
<b>Total Not to Exceed Cost Less SEH</b>	<b>\$ 2,927,000</b>	<b>\$ 7,423,120</b>	<b>\$ 3,266,910</b>	<b>\$ 13,731,270</b>
Appropriation	\$ 2,689,220	\$7,423,120	TBD	TBD
Administered Funds	\$ 413,780	\$0	TBD	TBD
<b>Total Appropriation</b>	<b>\$ 3,103,000</b>	<b>\$7,423,120</b>	<b>TBD</b>	<b>TBD</b>

\* Proposed Fees, labor, and Travel Costs for Option Year 1 shall not be increased, except to accommodate any unexpended funding balance from the Base Year

\*\*Funding for fiscal year 2025-26 is subject to appropriation which will be confirmed and authorized through future Change Orders to exercise and fund the Option Year.

**a. System Enhancement Hours (SEH):**

The Service Provider shall use SEH at \$170 per hour, in accordance with Appendix G of the Contract, to perform work under this Change Order prior to the expenditure of funds for Service Provider labor.

Once the agreed upon number of SEH are exhausted, the Service Provider shall notify the Department in writing, at which point the Department may authorize use of additional SEH or authorize the Service Provider to begin invoicing for labor based on the applicable hourly fee outlined above.

**b. Service Provider and Specialized Sub-Contractor Labor Fees:**

Service Provider and Specialized Sub-Contractor labor fees shall be invoiced in accordance with the attached price sheet. Any modifications to the attached price sheet shall be approved, in writing, by the Department prior to implementation of said modifications.

The hourly rates for the labor costs for this Project shall not exceed the hourly rates set forth below:

Services	Fees/ Hour
IT Development	\$170
Specialized Subcontractor	\$250

**c. Continuation and Maintenance Fees:**

Monthly maintenance Fees for the parallel technical environment assessed for each month maintenance is provided is \$50,000 and shall be invoiced quarterly beginning the month the parallel technical environment set-up is complete and is anticipated to continue through two complete months after the Florida PALM project go-live. In addition, for Fiscal Year 2024-2025 a continuation fee of \$1,200,000 shall be invoiced on the anniversary of the setup of the initial parallel environments to extend the environments for an additional year.

**d. Service Provider and Specialized Subcontractor Travel:**

All travel expenses associated with this Project will have a maximum cap of \$50,000 per Fiscal Year and will be subject to prior approval by the Department and reimbursement pursuant to section 112.061, Florida Statutes. Any travel costs must receive explicit pre-authorization from the Department before being incurred to be considered for reimbursement.

**6. Risk Assessment and Project Management Plan:**

The work under this Change Order is, in part, based on the expected scope associated with the Florida PALM financials and payroll integration. Unforeseen or unplanned risks outside the control of Service Provider may affect the timing of the go-live date, including Department delays, as they may require significant changes to various aspects of the Project scope (i.e., the chart of accounts, FLAIR codes, and payroll waves). In such cases, the Parties will work in good faith to negotiate revised timelines and other project management impacts caused by such risks. To be effective, the revised timelines must be approved in writing (which may be via email or other electronic acknowledgement) by an authorized representative of the Department.

The Service Provider, in drafting the Project Plan, assumed that the financials and payroll Florida PALM go-live date will occur in January of 2026. Any deviation from this timeline for either of these work components would introduce considerable risk and could result in changes to the Project scope, schedule, or costs.

Furthermore, both Parties acknowledge the necessity of developing detailed Business Requirements Documents to ensure the successful integration with Florida PALM. Consequently, this Change Order anticipates the organization of process workshops resulting in detailed Business Requirements Documents to comprehensively document these requirements and subsequently to be approved by the authorized representative of the Department. As these detailed requirements are yet to be defined at the time of the execution of this Change Order, the

Parties commit to discussing any necessary adjustments to the work assessment once these requirements are clarified, enabling a more precise evaluation of the Project's scope. This collaborative approach will ensure that the Department's interests and Project goals are aligned.

Except as otherwise specifically provided herein, all other terms and conditions of the Contract remain unchanged. This Change Order shall constitute an integral part of the Contract following its execution and delivery. In the event of a conflict between the Contract and this Change Order #4, this Change Order #4 shall control.

IN WITNESS WHEREOF, the Parties have duly executed this Change Order effective on the last date of execution.

Department of Management Services

By:   
DocuSigned by: C94713929499485...

Name: Pedro Allende

Title: Secretary

Date: 7/22/2024 | 10:11 PM EDT

NorthgateArinso, LLC (Service Provider)

By:   
DocuSigned by: 7B7B709E24F3421...

Name: Frank Leistner

Title: SVP Global Payroll

Date: 6/28/2024 | 7:53 AM PDT