



City of Grand Island

Tuesday, October 13, 2009

Council Session

Item G32

#2009-270 - Approving Contract for Third Party Administrative Services for Section 125 Plan

Staff Contact: Brenda Sutherland

Council Agenda Memo

From: Brenda Sutherland, Human Resources Director
Meeting: October 13, 2009
Subject: Cafeteria Plan
Item #'s: G-32
Presenter(s): Brenda Sutherland, Human Resources Director

Background

The City of Grand Island provides a Section 125 Cafeteria Plan for its employees. This plan allows employees the ability to set aside pre-tax dollars for qualifying medical and dependent care reimbursements. The City currently has a contract with Process Works that will expire at the end of this calendar year.

Discussion

The City advertised a request for proposals in July 2009. We received proposals from seven vendors. Interviews were held with finalists and the vendor that was chosen who satisfied the requirements and provided the best overall package and price was brought to us by a local agent, Mr. J.J. Green of North Central Marketing. The Company he proposed as the third party administrator of this benefit is TASC, a company located in Madison, Wisconsin. TASC specializes in the administration of cafeteria plans as well as other benefits administration.

The City is currently paying an administration fee of \$4.00 per plan participant. TASC will be charging \$3.50 per plan participant. This rate has been guaranteed for three years. There will be no set up fee. There will be a renewal fee in the second and third year of \$200. Employees will enjoy many of the same benefits that they currently have with online filing and direct deposits. In addition we will now have a local agent to help with administrative questions. TASC has also submitted a contract to handle the run out of the current plan that will extend into 2010 for a fee of \$1.50 per plan participant. Process Works offered to administer the contract run out for \$4.00 per plan participant. TASC'S offer makes better financial sense for the City. A copy of the service agreement is on file in the Clerk's office.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the contract(s) with TASC of Madison Wisconsin to act as third party administrator for the City's Section 125 Cafeteria Plan.

Sample Motion

Move to approve the contract with TASC as the third party administrator for the City's Section 125 Cafeteria Plan and to approve the contract with TASC to handle the run out for the current plan in that will end in 2010.



Wes Nespor, Purchasing Agent

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Better Tomorrow, Today*

**REQUEST FOR PROPOSAL
FOR
THIRD PARTY ADMINISTRATIVE SERVICES FOR SECTION 125 PLAN**

RFP DUE DATE: August 7, 2009 at 4:00 p.m.
DEPARTMENT: Human Resources
PUBLICATION DATE: July 13, 2009
NO. POTENTIAL BIDDERS: 10

SUMMARY OF PROPOSALS RECEIVED

Payflex Systems USA, Inc.
Omaha, NE

Regional Care, Inc.
Scottsbluff, NE

ASIFlex
Columbia, MO

North Central Marketing, Inc.
Grand Island, NE

Shonsey & Associates
Grand Island, NE

Almquist, Maltzahn, Galloway & Luth
Grand Island, NE

McDermott & Miller
Grand Island, NE

cc: Brenda Sutherland, Human Resources Director
Jeff Pederson, City Administrator
Dale Shotkoski, City Attorney

Tami Herald, HR Specialist
David Springer, Finance Director
Wes Nespor, Purchasing Agent

RESOLUTION 2009-270

WHEREAS, the City of Grand Island invited proposals for TPA Services to assist in administration of a Section 125 Cafeteria Plan in accordance with a Request for Proposal on file with the Human Resources Department; and

WHEREAS, proposals were due on August 7, 2009; and

WHEREAS, proposals were received and evaluated in accordance with established criteria; and

WHEREAS, J.J. Green of North Central Marketing submitted a proposal with TASC of Madison Wisconsin as a third party administrator that is in accordance with the terms of the request for proposals and all statutory requirements contained therein and the City Procurement Code, such proposal being in the amount of \$3.50 per participant per month and an annual renewal fee of \$200 in years two and three for the term of the three year contract: and

WHEREAS, TASC submitted a proposal to administer the run out claims for the current plan year in the amount of \$1.50 per participant per month.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the proposal of TASC, of Madison Wisconsin submitted by J.J. Green of North Central Marketing is hereby approved for TPA services to assist in the administration of a section 125 Cafeteria Plan in the amount of \$3.50 per plan participant per month with an annual renewal fee of \$200 in years two and three and also for the administration of the run out services for the current plan in the amount of \$1.50 per plan participant per month.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to execute an agreement for such services on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, October 13, 2009.

Margaret Hornady, Mayor

Attest:

Approved as to Form	☐ _____
October 8, 2009	☐ City Attorney

RaNae Edwards, City Clerk