



City of Grand Island

Tuesday, November 13, 2012

Council Session

Item G4

#2012-317 - Approving Contract for Section 125 Cafeteria Plan

Staff Contact: Brenda Sutherland

Council Agenda Memo

From: Brenda Sutherland, Human Resources Director

Meeting: November 13, 2012

Subject: Approval of Section 125 Flexible Spending Plan

Item #'s: G-4

Presenter(s): Brenda Sutherland, Human Resources Director

Background

The City of Grand Island provides a Section 125 Flexible Spending Plan, also referred to as a Cafeteria Plan for its employees. This plan allows employees the ability to set aside pre-tax dollars for qualifying medical, dependent care and non-employer sponsored premium reimbursements. The City currently has a contract with TASC that will expire at the end of this calendar year.

Discussion

The City advertised a request for proposals in August 2012. We received proposals from four 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 our current vendor, TASC. Mr. J.J. Green of Primark Insurance Agency, is the broker representing TASC.

TASC is a third party administrator that specializes in the administration of flexible spending plans as well as other benefits administration and is located in Madison, Wisconsin.

The City is currently paying an administration fee of \$3.50 per plan participant per month. TASC will be charging \$3.58 per plan participant per month at the renewal in January 2013. This rate has been guaranteed for three years. There will be no set up fee or renewal fees. Employees will enjoy the same benefits that they currently have with online filing, direct deposits and a debit card. We also have a local agent to help with administrative questions. Since TASC is the current vendor, they will treat this as a regular contract renewal and the terms of the current contract, unless otherwise specified in the Fee Structure Agreement, will remain in place. The current contract is available for review 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

Recommend approval of the renewal contract with TASC to provide the flexible spending plan benefit for City employees.

Sample Motion

Move to approve a three year contract renewal with TASC as the vendor for the City's flexible spending plan.



Jason Eley, Purchasing Agent

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Better Tomorrow, Today*

**REQUEST FOR PROPOSAL
FOR
SECTION 125 CAFETERIA PLAN**

RFP DUE DATE: October 10, 2012 at 4:00 p.m.
DEPARTMENT: Human Resources
PUBLICATION DATE: September 10, 2012
NO. POTENTIAL BIDDERS: 9

SUMMARY OF PROPOSALS RECEIVED

P & A Group
Buffalo, NY

WageWorks
Centennial, CO

EideBailly
Minneapolis, MN

TASC – Primark Insurance Agency
Grand Island, NE

cc: Brenda Sutherland, Human Resources Director
Jason Eley, Purchasing Agent

Tami Herald, HR Risk Mgt/Benefits Cor.
Jaye Monter, Finance Director

P1591



November 7, 2012

The City of Grand Island
TASC Client ID# 4102-0676-3328

RE: Fee Structure Agreement

TASC will offer and implement to the client, City of Grand Island, a three (3) year rate guarantee for administrative services of the city's flexible spending plan (FlexSystem).

The rate guarantee will become effective with the first invoice of the 2013 plan year and service period beginning 1-1-2013. All contract provisions from current plan documents will remain in force with this and future renewals unless otherwise specified in this Fee Structure Agreement dated November 7, 2012.

The fee guarantee will remain in effect through the 2015 plan year. Stated fees may be subject to change beginning with the 1-1-2016 plan year, including run-out services, if any.

FlexSystem fee structure

Current fees:

\$3.50 per participating employee per month (including TASC Card)
\$700.00 minimum monthly fee

New fees:

\$3.58 per participating employee per month (including TASC Card)
\$718.00 minimum monthly fee

No Annual Renewal or Compliance Fee

For the City

TASC

_____ Date

_____ Date

RESOLUTION 2012-317

WHEREAS, the City of Grand Island provides a Section 125 Flexible Spending Plan, also referred to as a Cafeteria Plan for its employees; and

WHEREAS, the City advertised a Request For Proposals (RFP) for a vendor to administer this plan; and

WHEREAS, TASC of Madison, Wisconsin is the third party administrator who currently administers the plan and who had the successful proposal; and

WHEREAS, a fee of \$3.58 per participant per month will be in effect for a three (3) year period beginning January 1, 2013 and will remain through December 31, 2015.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Section 125 Flexible Spending Plan will be administered by TASC, of Madison, Wisconsin for the period mentioned above and all provisions of the current contract will remain in place unless otherwise specified in the updated Fee Structure Agreement.

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, November 13, 2012.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
November 9, 2012	☐ City Attorney