

CITY COUNCIL ACTION REQUEST

Department(s): Human Resources	CEQA: Not a Project, File No. PP17-003,	Coordination: CAO	Dept. Approval: /s/ Jennifer Schembri
Council District(s): N/A	Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.		CMO Approval:  5-9-19

SUBJECT: AMENDMENT TO THE AGREEMENT FOR FLEXIBLE SPENDING ACCOUNT (FSA) ADMINISTRATION

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to negotiate and execute an amendment to extend the term by one year and three months to December 31, 2020 and increase the maximum amount of compensation to be paid to P&A Group by enrolled employees for the administrative fee for Flexible Spending Account (FSA) administration by \$67,500 from \$216,000 to \$283,500.

BASIS FOR RECOMMENDATION:

The City has two current agreements with P&A Group for the following services:

- FSA Administrative Services for medical and childcare flexible spending accounts with the final option ending August 31, 2019
- Commuter Benefit Administrative Services and COBRA Administrative Services with the final option ending December 31, 2020.

Approval of this recommendation will align the agreement expiration dates and allow Human Resources to conduct a competitive procurement process for all three services to begin January 1, 2021. This will assist in obtaining the most competitive proposals due to economy of scale. Vendors who provide these services generally offer all three services that the City requires. This alignment of agreement expiration dates will also reduce staff time in Human Resources and City Attorney's office who currently maintain two separate agreements with the same vendor.

COST AND FUNDING SOURCE:

No impact to funding as enrolled employees pay the FSA administration fee.

FOR QUESTIONS CONTACT: Amy Morton, Senior Analyst, (408) 975-1425