



AGENDA MEMORANDUM

Future Item for the City Council Meeting of October 24, 2017
Action Item for the City Council Meeting of October 31, 2017

DATE: October 24, 2017

TO: Margie C. Rose, City Manager

FROM: Steve Viera, Director Human Resources
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**Section 125 Cafeteria Plan Administration Services, with a Total Potential
Multi-year Amount of Up to \$178,062.00**

CAPTION:

Motion authorizing City Manager, or designee, to execute an agreement with Application Software, Inc., dba ASIFlex of Columbia, Missouri to provide Section 125 Cafeteria Plan Administration Services for the Corpus Christi City employees and their families in response to Request for Bid No. 1262 based on the lowest responsive, responsible bid for a total amount not to exceed \$35,612.40, of which \$32,644.70 is funded in FY2017-18 in the Employee Fund. The term of the agreement is for one year with an option to extend for up to four additional one-year periods, subject to the sole discretion of the City, with a total potential multi-year amount of up to \$178,062.00.

PURPOSE:

This service agreement is for Section 125 Cafeteria Plan Administration Services for City employee who elect flexible spending account and dependent care assistance programs.

BACKGROUND AND FINDINGS:

Section 125 Plans refer to written plans offered under the Internal Revenue Code Section 125 that allows pretax deduction of health insurance and other benefit plan premiums. These plans, more commonly known as Cafeteria Plans, not only reduce employees' tax burden but also save employers money by eliminating employer-required matching of Social Security and Medicare taxes on these pre-tax deductions. The Section 125 plan also permits employees to elect flexible spending account and dependent care assistance programs which allow employees to re-direct some of their pay on a pre-tax basis to use for eligible medical or dependent care expenses for themselves and their family. Application Software, Inc., dba ASIFlex will be administering these benefit plans.

The Purchasing Division conducted a competitive Request for Bid process to obtain bids for a new contract. The City received seven responsive, responsible bids, and is recommending the award to the lowest responsive, responsible bidder, Application Software, Inc., dba ASIFlex.

ALTERNATIVES:

Not applicable.

OTHER CONSIDERATIONS:

Not applicable.

CONFORMITY TO CITY POLICY:

This purchase conforms to the City's purchasing policies and procedures and State statutes regulating procurement.

EMERGENCY / NON-EMERGENCY:

Non-emergency.

DEPARTMENTAL CLEARANCES:

Human Resources

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2017-2018	Current Year	Future Years	TOTALS
Line Item Budget	\$46,550.00	\$145,417.30	\$191,967.30
Encumbered / Expended Amount	\$10,901.00	\$0.00	\$10,901.00
This item	\$32,644.70	\$145,417.30	\$178,062.00
BALANCE	\$3,004.30	\$0.00	\$3,004.30

Fund(s): Other Employee Fund

Comments: The initial contract is for an amount not to exceed \$35,612.40, with \$32,644.70 is funded in FY2017-18. Total potential multi-year amount of up to \$178,062.00. Annual funding will be requested during future budget years.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement
Bid Tabulation