



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/5/2017

Agenda Placement: 6S

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Heather Ruiz - Director
Human Resources

REPORT BY: Kevin Lemieux, Senior Human Resources Analyst - 253-4000

SUBJECT: Amendment No. 3 and No. 4 to Agreement No. 170137B with PayFlex to Extend Term and Increase the Monthly Administration Fees

RECOMMENDATION

Director of Human Resources requests approval of and authorization for the Chair to sign Amendment No. 3 and Amendment No. 4 to Agreement No. 170137B (formerly Agreement No. 8034) with PayFlex Systems USA, Inc. extending the term of the agreement through December 31, 2017, retroactive to January 1, 2017 (Amendment No. 3); and extending the term of the agreement through December 31, 2018, adding three years of automatic renewal, increasing the monthly administrative fees from \$4.63 to \$4.86 for flexible spending account benefits, and increasing the monthly administrative fees from \$3.60 to \$3.78 for commuter benefits, effective January 1, 2018 (Amendment No 4).

EXECUTIVE SUMMARY

PayFlex Systems USA, Inc., was awarded a contract to provide flexible spending account benefits to County employees, effective January 1, 2014. On September 9, 2014, the County and PayFlex amended the agreement to provide commuter benefits in order to comply with the Bay Area Commuter Benefits Program. If approved, Amendment No. 3 extends the term of the agreement through December 31, 2017 (retroactive to January 1, 2017 due to an administrative oversight). Amendment No. 4 extends the term of the agreement through December 31, 2018, adds three years of automatic renewal, and increases the monthly administrative fees, effective January 1, 2018. The contractor is not a local vendor.

FISCAL IMPACT

Is there a Fiscal Impact? Yes

Is it currently budgeted?	Yes
Where is it budgeted?	100% Employee Benefits.
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	No
Future fiscal impact:	Funding is provided in the Employee Benefits budget. The administration fees for flexible spending account benefits and commuter benefits are on-going and are budgeted accordingly, and are offset by forfeitures in the plan.
Consequences if not approved:	The County would not be able to provide flexible spending account benefits and commuter benefits to employees.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

PayFlex Systems USA, Inc., was awarded a contract to provide flexible spending account benefits to County employees effective January 1, 2014. These benefits allow employees to use pre-tax money for eligible medical or dependent care expenses. On September 9, 2014, the County and PayFlex amended the agreement to provide commuter benefits in order to comply with the Bay Area Commuter Benefits Program. This benefit works similarly to flexible spending account benefits in that it allows employees to use pre-tax money for eligible transit or parking expenses in order to go to work.

Amendment No. 2 did not properly extend the PayFlex agreement term, therefore, Amendment No. 3 extends the agreement date through December 31, 2017, retroactive to January 1, 2017. Additionally, Human Resources was notified of PayFlex Systems USA, Inc.'s new administrative fees for the 2018 calendar year. Amendment No. 4 reflects these revised rates, including an increase from \$4.63 to \$4.86 for flexible spending account benefits, and an increase from \$3.60 to \$3.78 for commuter benefits, effective January 1, 2018 through December 31, 2018. Amendment No. 4 also includes automatic renewal at the end of each year, for three years, through December 31, 2021.

Therefore, the Director of Human Resources recommends approval of the proposed amendments.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan