



HISTORIC  
FRANKLIN  
TENNESSEE


09-23-14

ITEM #6  
WRKS

## MEMORANDUM

September 12, 2014

**TO:** Board of Mayor and Aldermen

**FROM:** Eric S. Stuckey, City Administrator   
Russell Truell, Assistant City Administrator / CFO  
Shirley Harmon, Human Resources Director  
Brian Wilcox, Purchasing Manager

**SUBJECT:** Consideration of contract award to Total Administrative Services Corp. (TASC) of Madison, Wisconsin in the amount of \$4.50 per participant per month (\$200 minimum fee per month) for Section 125 plan administration services for a two-year term of service to be effective January 1, 2015, with two (2) options to extend the term of service, each time for up to one (1) additional year, for a maximum possible term of service of four (4) years total, for the Human Resources Department (Purchasing Office Procurement Solicitation No. 2015-008A; Contract No. 2014-0245)

### **Purpose**

The purpose of this procurement is to continue the City's practice of offering to its employee workforce administration of a Section 125 plan (which is a cafeteria-style employee benefit plan designed pursuant to Section 125 of the Internal Revenue Code that provides participants the opportunity to receive certain benefits on a pretax basis).

### **Background**

The City published on August 14, 2014 a Notice to Bidders in the *Williamson Herald* for voluntary employee benefits and/or administration of Section 125 plans. In addition, solicitation documents were sent on or about the same date directly to thirteen (13) potential proposers known or thought to be interested in this solicitation. For Section 125 plan administration services, proposals from three (3) service providers were publicly opened at the submittal opening held on September 4, 2014. A tabulation of the proposals received for this solicitation is attached. All proposals were evaluated by the City's group employee insurance benefits consultant, the firm of Cowan Benefit Services, Inc. of Franklin. For the Section 125 plan administration services, the proposal scored highest pursuant to the evaluation criteria listed in the request for proposals is from Total Administrative Services Corp. (TASC) of Madison, Wisconsin.

### **Financial Impact**

Section 125 plan administration fees are currently not budgeted inasmuch as that service is currently provided at no additional charge by the current voluntary benefits carrier. At the current usage rate and the rate of \$4.50 per participant per month quoted by TASC, staff estimates the annual fee for Section 125 plan administration services would be approximately \$6,912 per year for the initial term of the award if the TASC proposal is accepted. The TASC proposal contemplates a CPI-based rate adjustment after the initial term of award.

### **Options**

In accordance with the solicitation documents, the City reserves the right to reject any and all proposals.

### **Recommendation**

In the attached, City consultant Cowan Benefit Services, Inc. recommends that the City accept the proposal scored highest pursuant to the evaluation criteria listed in the request for proposals, from Total Administrative Services Corp. (TASC) of Madison, Wisconsin, in the amount of \$4.50 per participant per month (\$200 minimum fee per



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month) for Section 125 plan administration, for a two-year term of service to be effective January 1, 2015, with two (2) options to extend the term of service, each time for up to one (1) additional year, for a maximum possible term of service of four (4) years total. Staff concurs with this recommendation and recommends that the City accept, contingent upon Law Department and City Administrator approval of City Contract No. 2014-0245, the TASC proposal. Purchasing Manager Brian Wilcox is of the opinion that the prepared solicitation documents as distributed allowed for competition among multiple vendors, and that the recommendation appears to be made in a fair and impartial manner based upon the proposals received.

**Tabulation of Submittals \***

<b>Purchasing Office Solicitation No.:</b>		2015-008A (administration of Section 125 plans)				
<b>Notice to proposers published in the Williamson Herald on:</b>		8/14/14				
<b>Number of potential proposers that were notified of / that submitted a proposal in response to this request for proposals:</b>		11 / 3				
<b>Date and time proposal due and publicly opened:</b>		9/4/14, 2:00 PM				
<b>Present at opening of proposals:</b>		Jake Davis of Cowan Benefits; Shirley Harmon, Carol Youngken and Tammie Pitts of the City of Franklin Human Resources Department; and Suzanne Ward and Brian Wilcox of the City of Franklin Purchasing Office				
<b>Target meeting of BOMA at which recommendation will be considered:</b>		10/14/14				
<b>Proposals received from:</b>						
		<b>Does the proposal include all required documents?</b>	<b>Does the proposal take any exceptions to the City's procurement solicitation? / If so, how many?</b>	<b>Average points allocated by proposal evaluation team (out of a possible 50, utilizing evaluation criteria as listed in RFP):</b>	<b>Payment terms:</b>	<b>Proposal is valid and may be accepted through:</b>
<b>Consociate</b> 2828 N. Monroe Street Decatur, Illinois 62526 Darren Reynolds, JD, CEO and President 217/451-9101 darrenr@consociate.com		Yes	Proposer takes no exceptions. However, City notes that proposer's contract period and rate guarantee are not consistent with CoF RFP.	40.00	Net 30 days	12/1/2014
<b>Total Administrative Services Corp. (TASC)</b> 2302 International Lane Madison, Wisconsin 53704 Chad Landen, Regional Sales Director 800/422-4661x8834 chad.landen@tasconline.com		Yes	Proposer takes no exceptions. However, City notes that proposer's contract period and rate guarantee are not consistent with CoF RFP.	43.50	Net 30 days	11/30/2014
<b>USable Life Insurance Company</b> 17500 Chenal Parkway Little Rock, AR 72223 PO Box 1650, Little Rock, AR 72203 Rebecca Gross Coker, Acct. Exec., Middle TN 615/823-5946 rebecca.coker@usablelife.com		Yes	Proposer takes no exceptions. However, City notes that proposer's contract period and rate guarantee are not consistent with CoF RFP.	42.50	Net 30 days	11/30/2014



**COWAN BENEFIT SERVICES, INC.**  
*Brokerage, Consulting & Outsourcing*

To City of Franklin HR Department,

As the Consultant for the City of Franklin, we submitted Request for Proposals (RFPs) to the market in order to find the best partners with which to administer Section 125 benefits and provide Voluntary benefits. Our recommendations are below based on the responses from providers and scoring system used by the evaluators.

We recommend TASC as the City of Franklin's provider for Section 125 administration. They are the City's current administrator, and as such, no transition or implementation will be required. Also, the bidding process revealed no financial savings would be achieved by moving to another administrator. Further, the City has no issues, relating to service or administration, which pertains to TASC.

We recommend UNUM as the City of Franklin's provider for Voluntary Benefits. UNUM is one of the largest providers of Voluntary Benefits in the nation. UNUM was the only bidder with the technology capable of integrating all voluntary benefit products with the City of Franklin's online enrollment system, Kronos. Also, UNUM will not require employees to attend one-on-one meetings, which is a requirement of the current carrier. Finally, UNUM provided a very thorough response to the RFP to include rates, plans, and satisfactory answers to all questions.

Sincerely,

Jay Brown – Senior Consultant, Cowan Benefit Services  
CC: Jake Davis- Account Manager, Cowan Benefit Services