



Office of the City Manager

CONSENT CALENDAR
December 15, 2020

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Liam Garland, Director, Department of Public Works

Subject: Contract: Benefit Resource, Inc. for Third-Party Administrator of the Employee Commute Benefit Program; Contract No. 8746A Amendment: Edenred USA

RECOMMENDATION

Adopt two Resolutions authorizing the City Manager to:

1. Execute a contract and any amendments with Benefit Resource, Inc., (BRI) to provide third-party administrator services for the City of Berkeley's Employee Commute Benefit Program for an amount not to exceed \$28,974 for the period of March 1, 2021 through February 28, 2023; and
2. Amend Contract No. 8746A with the City's current third-party administrator, Edenred Commuter Benefit Solutions, a subsidiary of Edenred USA, increasing the contract amount by \$6,000 for a total amount not to exceed \$276,000, and extending the contract period three months through March 31, 2021 to ensure a seamless transition to BRI, the new third-party administrator.

FISCAL IMPACTS OF RECOMMENDATION

Funding for the Commute Benefit Program is budgeted annually in the Payroll Deduction Fund (Fund 013). Annual program administration costs of \$14,487 are based upon monthly fees as noted below. These dollar amounts are not anticipated to increase for the period of March 1, 2021 through February 28, 2023.

Monthly Pretax Fee	\$3.00	# of Participants	142	Annual Pretax Fee	\$426
Monthly Subsidy Fee	\$1.25	# of Participants	625	Annual Monthly Fee	\$781.25
Annual Program Administrative Costs					\$14,487

Staff expect to complete transition of the administration of the Employee Commute Benefit Program to BRI no later than March 31, 2021. Staff recommend extending the contract with the City's current third-party administrator through March 31, 2021, and increasing that contract amount by \$6,000. There are sufficient funds in the Payroll Deduction Trust Fund (930) to cover this cost. This extension is needed to provide sufficient time to inform and educate employee participants, while introducing them to BRI's new digital platforms, and program features. BRI has assured staff they will work diligently with staff before, during and after the transition to ensure seamless customer-facing and back-office operations.

CURRENT SITUATION AND ITS EFFECTS

The City received five responses to a Request for Proposals for a Third-Party Administrator for Commute Benefits issued in September 2020 (Specification No. 20-11404-C). We received strong applications in a very competitive process from many vendors experienced in the provision of third-party administration services for Transit Accounts. Proposals were reviewed by a staff committee drawn from Department of Public Works Administration and Transportation Divisions; Human Resources Department; and Finance Department Payroll Audit Division. The panel evaluated the proposals, vendor qualifications, and submittal packages. BRI's scores and interview ultimately proved it the most responsive and responsible proposer. Thus, staff recommends partnering with BRI in a professional services contract to help the City meet a pivotal business need, and provide a key service to our employees.

The proposed BRI Commute Benefits contract supports the City's Strategic Plan Priorities by encouraging employee use of mass transit, which advances the City's goals of becoming a global leader in addressing climate change and protecting the environment, and also supports our goal of attracting and retaining a talented and diverse City government workforce.

BACKGROUND

The City of Berkeley's Employee Commute Benefit Program has been extant since its establishment in 1993. It incentivizes eligible City of Berkeley employees' use of mass transit and bicycles to commute to work. This program is consistent with the City's General Plan: Transportation Element Policy T-10,¹ which calls for increased transit use and alternative travel modes.

In October 2009, the Berkeley City Council adopted Ordinance No. 7,113-N.S.1, Tax Relief Action to Cut Commuter Carbon (TRACCC), which added BMC Chapter 9.88 mandating an employer-provided Commuter Benefit Program. This regulation requires employers in the City of Berkeley with a total of 10 or more employees in all their

¹ Policy T-10 Trip Reduction. "To reduce automobile traffic and congestion and *increase transit use and alternative modes in Berkeley, support, and when appropriate require, programs to encourage Berkeley citizens and commuters to reduce automobile trips*, such as: ... 2. Participation in the Commuter Check Program. 3. Carpooling and provision of carpool parking and other necessary facilities."

locations, including those outside of Berkeley, to offer commuter benefits to their employees.²

Benefited employees may opt to deduct pre-tax dollars from each paycheck in any amount up to a monthly maximum of \$270, as allowed by the Internal Revenue Code Section 132(f).³ Employees may also receive a \$20 monthly post-tax bicycle benefit subsidy.⁴

ENVIRONMENTAL SUSTAINABILITY

The Commute Benefit program encourages use of mass transit, shared ride vehicles, and bicycles for City employees commuting to and from work locations. It directly contributes to reductions in the use of single occupancy vehicles for work and recreational travel. This in turn, reduces carbon emissions, and especially greenhouse gasses, which is a goal of the Berkeley Climate Action Plan. Use of mass transit also reduces vehicle traffic, parking demand and congestion near City offices and work sites.

RATIONALE FOR RECOMMENDATION

Benefit Resource (BRI) provides administration of tax-free benefits programs including Commuter Benefit Plans. The company was founded in 1993, and is headquartered in Rochester, New York with additional offices and dedicated support throughout the country. Most importantly, BRI will provide the City a dedicated Bay area customer service team that includes an account manager, implementation specialist and dedicated client services specialist to provide us with one-on-one client care through a dedicated, and robust customer support system.

BRI is well positioned to provide the City of Berkeley comprehensive specialized participant, and backroom operations support for enrollments, education and program design. The company also offers made-to-order marketing materials for more effective participant outreach, and customized reports on demand for more agile program management, participant enrollment and increased digital platform accessibility.

BRI has its own proprietary technology and can accommodate design changes and improvements as requested by clients. The company pioneered multi-purse

² “Coordinated Enforcement of Berkeley’s Tax Relief Action to Cut Commuter Carbon Ordinance with the Bay Area Commuter Benefits Program.” Berkeley City Council Agenda - Consent Calendar, April 29, 2014.

³ The 2020 monthly limit on parking benefits under IRC Section 132(f)(2)(B) is \$270, up from \$265 in 2019. The 2020 aggregate monthly limit for transportation in a commuter highway vehicle and any transit pass under IRC Section 132(f)(2)(A) is also \$270, an increase from \$265 in 2019.

⁴ Monthly pretax benefits may be used for train, bus, subway, trolley, water taxi, light rail, ferry, rideshare (Uber Pool, Lyft Shared), vanpool.

Beniversal® Prepaid Mastercard® technology in 1999, and today offers compatibility with the following digital wallets: Apple Pay®, Google Pay®, Samsung Pay®.⁵

BRI offers City of Berkeley employees continued Commute Benefit program excellence, and a more user-friendly digital platform. Employees shall continue to have access to their accounts online, by telephone, and through a mobile application. Participants will be able on demand to view account balances, transactions, and claims information; submit claims/receipts; update login info, contact information, direct deposit, card activation; sign-up for real-time text or email alerts regarding account balance or activity; download forms, plan documents; enroll in the plan; or change their elections.

ALTERNATIVE ACTIONS CONSIDERED

The City Council may reject the RFP outcome, and decline to authorize a contract with BRI. This would require staff to modify and reissue an RFP for Third-Party Administrator of the Employee Commute Benefit Program. Council may also elect to extend the existing contract with Edenred Commuter Benefit Solutions.

CONTACT PERSON

Leisl Griffith Redmond, Senior Management Analyst, Department of Public Works, (510) 981-6304

Attachments:

- 1: Resolution: Contract: Benefit Resources, Inc., for Third-Party Administrator Services for the City of Berkeley's Employee Commute Benefit Program
- 2: Resolution: Contract No. 8746A Amendment: Edenred Commuter Benefit Solutions

⁵ The Beniversal Card allows BRI to continue as one of the only administrators to offer a single card for healthcare and commuter benefits today.

RESOLUTION NO. ##,###-N.S.

CONTRACT: BENEFIT RESOURCE, INC. FOR THIRD-PARTY ADMINISTRATOR OF
THE EMPLOYEE COMMUTE BENEFIT PROGRAM

WHEREAS, the City issued a Request for Proposals for a Third-Party Administrator for Commute Benefits issued in September 2020 (Specification No. 20-11404-C) to meet a pivotal business need, and provide a key service to our employees; and

WHEREAS, the City received five very competitive applications from vendors experienced in the provision of third-party administration services for Transit Accounts, and Benefit Resource, Inc.'s scores and interview proved it the most responsive and responsible proposer; and

WHEREAS, the City's Employee Commute Benefit Program has been extant since its establishment in 1993, incentivizing eligible City of Berkeley employees use of mass transit, and bicycles to commute to work; and

WHEREAS, reductions in the use of single occupancy vehicles for work and recreational travel reduces carbon emissions, and especially greenhouse gasses, which is a goal of the Berkeley Climate Action Plan; and

WHEREAS, annual program administration costs of \$14,487 are based upon monthly fees of \$3.00 per pretax participant and \$1.25 per subsidy participant, and these dollar amounts are not anticipated to increase for the period of March 1, 2021 through February 28, 2023; and

WHEREAS, sufficient funds for the Commute Benefit Program for are available in the Payroll Deduction Trust Fund for the period of March 1, 2021 through February 28, 2023.

WHEREAS, staff expect to complete a seamless transition of the administration of the Employee Commute Benefit Program to the winning bidder, Benefit Resource, Inc. (BRI) no later than March 31, 2021.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute a contract and any amendments with Benefit Resource, Inc. for provision of third-party administrator services for the City of Berkeley's Employee Commute Benefit Program for an amount not to exceed \$28,974 for the period March 1, 2021 through February 28, 2023.

December 15, 2020

RESOLUTION NO. ##,###-N.S.

CONTRACT NO. 8746B AMENDMENT: EDENRED COMMUTER BENEFIT SOLUTIONS THIRD-PARTY ADMINISTRATOR EMPLOYEE COMMUTE BENEFIT PROGRAM,

WHEREAS, the City issued a Request for Proposals for a Third-Party Administrator for Commute Benefits issued in September 2020 (Specification No. 20-11404-C) to meet a pivotal business need, and provide a key service to our employees; and

WHEREAS, the City received five very competitive applications from vendors, and based upon its scores and interview, Edenred Commuter Benefit Solutions (Edenred), the City's incumbent Third-Party Administrator for the Employee Commute Benefit Program was not found to be the most responsive and responsible proposer; and

WHEREAS, the extension is critically needed so BRI has sufficient time to inform and educate the City's employee participants as they transition from Edenred's administrative systems to BRI's new program platforms; and

WHEREAS, the City's current contract with Edenred expires December 31, 2020, and staff recommend extending the existing contract with the City's current third-party administrator through March 31, 2021 to support a seamless transition; and

WHEREAS, BRI has assured staff they will work diligently with staff before, during and after the transition to ensure seamless customer-facing, and back office operations.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute an amendment with the City's current third-party administrator, Edenred Commuter Benefit Solutions, a subsidiary of Edenred USA, increasing the contract amount by \$6,000 for a total amount not to exceed \$276,000, and extending the contract period three months through March 31, 2021.