



Finance Department
Purchasing Division

**REQUEST FOR PROPOSALS (RFP)
Specification No. 20-11404-C
FOR
THIRD-PARTY ADMINISTRATOR FOR COMMUTE BENEFITS**

PROPOSALS WILL NOT BE OPENED AND READ PUBLICLY

**ADDENDUM "B"
September 3, 2020**

Dear Proposer:

Questions received from Bidders along with answers are attached.

Proposals/bids must be received no later than 2:00 pm, on September 15, 2020. All responses must be in a sealed envelope and have "**THIRD-PARTY ADMINISTRATOR FOR COMMUTE BENEFITS**" and **Specification No. 20-11404-C** clearly marked on the **outer most mailing envelope**.

Email Proposals to:
City of Berkeley
Finance Department/General Services Division
Purchasing@cityofberkeley.info

Proposals/bids will not be accepted after the date and time stated above. Incomplete bids that do not conform to the requirements specified herein will not be considered.

Thank you for your interest in working with the City of Berkeley for this service. We look forward to receiving your response.

Sincerely,

Darryl Sweet
General Services Manager

Addendum “A”

Questions and Answers for Specification No. **20-11404-C** **THIRD-PARTY ADMINISTRATOR FOR COMMUTE BENEFITS**

The City of Berkeley has received questions from some potential respondents regarding **Specification No. 20-11404-C, THIRD-PARTY ADMINISTRATOR FOR COMMUTE BENEFITS**. In an effort to provide the same information to all, listed below are the questions received to date, with responses from City staff.

1. Q. What Effective Date is the City looking for? The RFP states in the ‘Scope of Services’ the proposed contract will begin July 1, 2020. However, the RFP due date is September 15th, 2020. Please advise.
 1. A. In the RFP ‘Scope of Services,’ proposed contract effective date should be November 1, 2020, not July 1, 2020 as shown.

2. Q. Why has the City decided to bid these services at this time (fees, service issues, standard due diligence, etc.)?
 2. A. The existing contract with the current third-party administrator expired June 30, 2020, and has been extended through December 31, 2020. Further, competitive bidding for City services is a City requirement demanded by the *City of Berkeley Purchasing Manual Section I – General Policy, Responsibilities and Requirements*, Section 1. General Purchasing Policy reads as follows:

“All City purchases, unless they qualify for petty cash exceptions (Sec. II.1) or sole/single source contracts (Section III.7.E) must be made through a competitive process. Regardless of the value of the purchase, more than one quotation, bid, or proposal is encouraged. The City Council establishes the limits for City Manager authority to approve contracts, the level of expenditure requiring Council approval, and parameters for the documented competitive processes. See Section II for current competitive thresholds, and Council approval requirements. The goal is for the City to receive the most favorable price, quality, service, and/or value available.”

3. Q. Are there service level concerns with the current administrator?
 3. A. The existing contract with the current third-party administrator commenced June 1, 2011, expired June 30, 2020, and has been extended through December 31, 2020.

4. Q. If no service issues, what would be the catalyst for City to change administrators?
 4. A. The existing contract with the current third-party administrator expired June 30, 2020, and has been extended through December 31, 2020.

5. Q. How long has the current administrator provided services to the City?
 5. A. Contract with Edenred Commuter Benefits for third party administration of the pretax commute benefit commenced June 1, 2011.

6. Q. Is City satisfied with the level of commuter account participation?
 6. A. As noted in the RFP Section I. Introduction, “As of April 20, 2020, the City has 625 total

employee participants in its third party administered Commute Benefit program.” The pretax commute benefit is a voluntary Federal benefit the City offers to its employees. We neither encourage nor discourage enrollment, and there are no target enrollment numbers.

7. Q. Can the City confirm the total participant count for payroll deduction and transit/bicycle subsidy benefit program?

7. A. As noted in the *RFP Section I. Introduction*, “As of April 20, 2020, the City has 625 total employee participants in its third party administered Commute Benefit program.”

8. Q. What is the current administrative fee for the benefits which the City is seeking?

8. A. Under the existing contract, the City pays the Participant fee, which is currently \$3.00 per employee per month.

9. Q. Does the City cover the cost of this benefits or do participants pay the fee?

9. A. Under the existing contract, the City pays the Participant fee, which is currently \$3.00 per employee per month.

10. Q. Does City work with a benefits consultant or broker? If so, who (name, company).

10. A. The City does not work with a benefits consultant or broker

11. Q. Who is your benefit administration platform provider and payroll vendor?

11. A. *See 2.A.* The City has a contract with Edenred Commuter Benefits for third party administration of the pretax commute benefit. The City does not have a payroll vendor. Payroll is processed in-house

12. Q. Does the City anticipate any changes to these platforms or replacement of current systems?

12. A. The City does not anticipate any change to existing payroll processes or systems.

13. Q. Are any communication/marketing materials being mailed directly to participant homes?

13. A. No communication/marketing materials are being mailed directly to participant homes

14. If so, what is the quantity?

14. A. Zero. *See A. 13*

15. Q. Is this collateral being mailed to all eligible employees or current participants?

15. A. When new employees undergo the on-boarding process in the Human Resources Department, they are given information about the pretax commute benefit. No materials are mailed.

16. Q. Is there any requirement for marketing material to be mailed?

16. A. There is no requirement for marketing material to be mailed

17. Q. Can material be emailed or otherwise posted on the website?

17. A. Yes.

18. Q. What was the quantity and number of locations for the most recent plan year?
16. A. The City of Berkeley has many work locations. The Commute Program is centralized in Administration and thus operates out of one location.
19. Q. What is the expectation / projections for increased participation?
19. A. There are no expectations / projections for increased participation. The pretax commute benefit is a *voluntary* Federal benefit the City offers to its employees. We neither encourage nor discourage enrollment, and there are no target enrollment numbers.
20. Q. Has enrollment been relatively flat the past two plan years?
20. A. No
21. Q. What amenities or service features do you like the most about the current administrator?
21. A. Please review the requirements listed in the RFP for information regarding program deliverables.
22. Q. Does the City have new technological objectives for administration of these services?
22. A. Please review the requirements listed in the RFP for information regarding program deliverables.
23. Q. Are there particular features or processes the City is seeking in the chosen vendor?
23. A. Please review the requirements listed in the RFP for information regarding program deliverables.
24. Q. With COVID-19 restrictions, how has this affected the number of staff traveling to a City physical office location?
24. A. The City has closed its offices to the public, and many staff are now working from home.
25. Q. What affect [sic] does the City believe it will have on the Commuter Benefit?
25. A. We cannot foresee, and we have no way to forecast prospective impacts of COVID on the Commuter Benefit program.
26. Q. Is the \$20 monthly subsidy being administered on a pre or post tax basis? The Tax Cuts and Job Act of 2017 eliminated the ability to reimburse for bicycle subsidies on a pretax basis, so we want to better understand how you are handling this today. Are bicycle, vanpool, and carpool all under the same category?
26. A. The \$20 monthly subsidy given to employees by the City is administered on a post-tax basis.
27. Q. The Payroll Deduction description (page 2), states that employees may deduct from \$10 to \$90 per month. The section just above that mentions participants can elect up to the IRS maximum. Will you allow the maximum of \$270 per month, or do you limit to \$90?
27. A. We allow participants to elect the maximum of \$270 per month, minus the \$20 City

subsidy, for a maximum pretax deduction of \$250 per month.

28. Q. Why do some employees receive a \$10 subsidy, while others receive a \$20 subsidy?

28. A. Stated in error. All employees may elect the \$20 monthly subsidy.

29. Q. Who is your payroll vendor?

29. A. The City does not have a payroll vendor. Payroll is processed in-house.

30. Q. Page 3, Item 2.F. requests that vendor disburse via electronic cash disbursement. Are you currently receiving cash disbursement for both transit and parking, or only parking? IRS regulations effective 1/1/16, eliminated the ability to offer cash reimbursement for transit, so we want to better understand how you are handling this today.

30. A. Stated in error. Vendor should disburse funds through debit cards, and not through electronic cash disbursement.

31. Q. Are there specific service challenges or other priorities that are not being met with your current vendor?

31. A. Please review the requirements listed in the RFP for information regarding program deliverables.

32. Q. At what point will references be contacted?

32. A. References will be contacted during the evaluation phase, as the responses from references are scored by the evaluation committee.

33. Q. Are you looking for specific contact information with submission of responses, or only client names, and contact information upon selection?

33. A. Please provide complete detailed contact information for your references with the submission of your response.

34. Q. Can the City of Berkeley clarify start date for benefit elections/ employee use of the platform?

34. A. Anticipated start date for employee use of the new platform is January 1, 2021

35. Q. What is the customer/admin experience current work flow for each benefit offering?

35. A. Currently, employees notify the in-house Program Administrator of their interest in participating in the pretax program. The Administrator enrolls new participants into the database, and those participants self-register on the third-party administrator's website by a date certain each month.

36. Q. Can you define hard copy benefit distribution?

36. A. There is no hard copy benefit distribution. Employee participants in the current iteration of the pretax benefit program receive a debit card from the third-party administrator onto which their monetary benefits are loaded every pay period.

37. Q. In relation to the Program Implementation: B. Contractor shall inform all City staff of new program availability and benefits within thirty (30) days of the initiation of this contract via placement of an ad in the Berkeley Matters electronic employee newsletter; and submission of text to be used in an "Everyone Email" to City staff for distribution." As the incumbent would we be required to make a similar announcement.

37.A. Without exception, all Bidders are requested to respond fully to all requirements stated in all sections of the RFP. See also RFP Section IV. SELECTION CRITERIA

The following criteria will be considered, although not exclusively, in determining which firm is hired.

1. Costs (30 points)
2. Qualifications and experience of Consultant (30 points)
3. Project approach (25 points)
4. References (15 points)

A selection panel will be convened of staff to complete the review of written proposals. Following the evaluation of the written proposals, the Bidders receiving the highest scores may be invited to an oral interview. The interview will consist of standard questions asked of each of the Bidders, and specific questions regarding each individual proposal. The written proposals may then be re-scored based on information presented at the interview.

38. Q. What is the process for placement of an ad in the Berkeley Matters Electronic Employee Newsletter?

38. A. Successful bidder will provide a draft the advertisement to the City's Transit Program Manager for review. Upon review and approval, final version of the advertisement will be moved forward by the Transit Program Manager to publication in Berkeley Matters.

39. Q. In relation to Program Operation and Marketing: The following rules shall apply to the employee commute benefit program: Newly hired employees shall be allowed to join the program at any time after date of hire. Current employees shall be allowed to enroll or change payroll deduction amounts or types (from bicycle to transit or vice-versa) at any time. Current participants shall be allowed to terminate program participation at any time. Are these requirements for flexibility of signing up, or stopping elections in relation to monthly order deadlines? Asking this question as employees currently have flexibility to sign up or make changes whenever they like, however when the date of the changes affects what election period those changes are for based on the monthly ordering deadline.

39. A. The RFP is meant to solicit proposals for every requirement the third-party administrator is expected to fulfill. The requests contained therein should be responded to in fullness by all Bidders. Please review the requirements listed in the RFP for information regarding program design, requirements, and deliverables.

40. Q. In relation to Program Operation and Marketing: Contractor shall inform participants of any significant changes to Federal commuter tax benefits, including changes in the annual maximum deduction amounts. In the event of such changes, Contractor shall: Modify the enrollment form. This question is specifically about the enrollment form, what is the enrollment form for and who provides it?

40. A. Program enrollment, or a program enrollment form shall be designed by each RFP proposer in keeping with the details of the services they propose to provide in response to the RFP. Thus, if enrollments require employee participants to complete a paper or online form in order to enroll in the program, that will suffice. There is no de facto "enrollment

form. “

41. Q. Other Requirements, B: Business License. Will maintaining a City of Berkeley License be a factor in bidder's evaluation?

41. A. As stated plainly in RFP Section VII. C. Business License,

Virtually every contractor that does business with the City must obtain a City business license as mandated by B.M.C. Ch. 9.04. The business license requirement applies whether or not the contractor has an office within the City limits. However, a "casual" or "isolated" business transaction (B.M.C. section 9.04.010) does not subject the contractor to the license tax. Warehousing businesses and charitable organizations are the only entities specifically exempted in the code from the license requirement (see B.M.C. sections, 9.04.295 and 9.04.300). Non-profit organizations are granted partial exemptions (see B.M.C. section 9.04.305). Persons who, by reason of physical infirmity, unavoidable misfortune, or unavoidable poverty, may be granted an exemption of one annual free license at the discretion of the Director of Finance. (see B.M.C. sections 9.04.290).

Vendor must apply for a City business license and show proof of application to Purchasing Manager within seven days of being selected as intended contractor.

The Customer Service Division of the Finance Department located at 1947 Center Street, Berkeley, CA 94704, issues business licenses. Contractors should contact this division for questions and/or information on obtaining a City business license, in person, or by calling 510-981-7200.

42. Q. Will information security be assessed at any point during the evaluation process? If so, can VMware provide guidance on what will be evaluated (i.e. SOC and/or PCI compliance)?

42. A. Bidders will be evaluated on their ability to submit a proposal that is responsive and has complete information to the questions and requirements requested in the RFP. Bidders are not expected or required to provide any additional information that has not been clearly and plainly requested within the pages of the RFP.

43. Q. Terminal ID compliance is required under the fringe benefit tax law, IRC 132(f) to determine eligible, pre-tax transit and parking expenses. Will VMware be evaluating each supplier's Terminal ID compliance considering national coverage/all major metropolitan areas?

43. A. Exclusive of the requirements of the RFP, Bidders are expected to comply with any/all requirements of IRC 132(f), and any other Federal Tx Law applicable to the provision of services as a third-party benefits administrator for eligible pretax transit benefit programs. Further, Bidders will be evaluated on their ability to submit a proposal that is responsive and has complete information to the questions and requirements requested in the RFP. Bidders are not expected or required to provide any additional information that has not been clearly and plainly requested within the pages of the RFP.

44. Q. Edenred's Customer Support staff and Fulfillment Centers are managed entirely in house. Will suppliers be evaluated on their proficiency of commuter benefits and tax code IRC 132(f), and will suppliers be expected to provide fulfillment statistics that measure accuracy and efficiency?

44. A. Bidders will be evaluated on their ability to submit a proposal that is responsive and has complete information to the questions and requirements requested in the RFP. Bidders are not expected or required to provide any additional information that has not been clearly and plainly requested within the pages of the RFP.

Except as provided herein all other terms and conditions remain unchanged.