

COMMUNICATION FROM CHAIR, PERSONNEL AND HIRING COMMITTEE relative to proposed Second Supplemental to Contract No. C-135333 with Wage Works, Inc. (Wage Works).

Recommendation for Council action:

APPROVE and AUTHORIZE the General Manager, Personnel Department, to execute, the Second Supplemental to the Professional Services Agreement No. C-135333 with Wage Works to extend the term by one-year resulting in a six-year term effective January 1, 2019 through December 31, 2024, subject to the approval of the City Attorney

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that funding is provided by participant fees. There is no additional impact to the General Fund.

Financial Policies Statement: The CAO reports that the recommendation contained in the July 21, 2026 CAO report, attached to the Council File, complies with the City's Financial Policies in that sufficient participant fees are collected to support the full cost of operations.

Community Impact Statement: None submitted

TIME LIMIT FILE – OCTOBER 17, 2026

(LAST DAY FOR COUNCIL ACTION – OCTOBER 16, 2026)

Summary:

On September 9, 2026, the Committee Chair considered a July 21, 2026 CAO report relative to proposed Second Supplemental to Contract No. C-135333 with Wage Works. According to the CAO, the Personnel Department (Department), at the direction of the Joint Labor Management Benefits Committee (JLMBC), requests approval to execute the proposed Second Supplemental to the Professional Services Agreement No. C-135333 (Agreement) with Wage Works (Contractor) to continue providing administrative services of the Tax-Advantaged Spending Accounts for eligible City employees (Services) until the transition to a new service provider could be completed in 2024.

The original Agreements provided a three-year term effective January 1, 2019 through December 31, 2021, with an option for the City to extend the term an additional two years through December 31, 2023. The First Supplemental Agreement exercised the option to extend the term an additional two years for a revised term effective through December 31, 2023. The Personnel Department reports that it was unable to complete a new competitive procurement process for the Services prior to the Agreement expiration due to the transition from PAYSR to Workday for payroll processes. The Personnel

Department continued to utilize the Contractor to ensure the availability of Services as the Department completed its competitive procurement process in 2024.

Following the completion of the competitive procurement process and the award of a new contract to Health Equity, Inc. and Fort Effect Corp dba Luum (Contract No. C-204468), at the JLMBC meeting in December 2025, the JLMBC approved the retroactive extension of the Agreement by one-year effective through December 31, 2024. The Agreement includes a ratification clause to allow the Contractor to continue its Services prior to execution of the Agreement. Compensation for Services is provided by participant fees with a monthly administration fee of \$3.00 per participant enrolled in any of the tax-advantaged spending accounts.

A single participant fee will cover the enrollment cost for participation in one or more of the tax-advantaged spending accounts. The scope of work for the proposed Agreement includes administration services relating to the following tax-advantaged spending accounts:

- Transit Spending Account (TSA)
- Parking Spending Account (PSA)
- Healthcare Flexible Spending Account (HCFSA)
- Dependent Care Flexible Spending Account (DCFSA).

The Contractor was selected through a competitive process initiated by the Department on December 13, 2017. The Contractor has complied with all applicable contracting requirements. After consideration, the Committee Chair moved to recommend approval of the recommendation contained in the CAO report. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

Councilmember Tim McOsker, Chair
Personnel and Hiring Committee

COUNCILMEMBER VOTE

McOSKER: YES

RODRIGUEZ: ABSENT

SOTO-MARTINEZ: ABSENT

ARL

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-NOT OFFICIAL UNTIL COUNCIL ACTS-