



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Karen Short, Senior Human Resources Analyst  
Kari Louie, Benefits Manager  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution authorizing execution of Amendment #2 to the Professional Services Agreement with Automatic Data Processing (ADP) – January 9, 2018  
**DATE:** December 21, 2017

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**SUMMARY:**

A resolution authorizing the execution of an Amendment #2 to the Professional Services Contract with Automatic Data Processing (ADP), increasing the amount by \$177,408.00 for a contract amount not to exceed \$377,408.00, and for a term ending March 31, 2020.

**STRATEGIC POLICY PRIORITY:**

The Resolution aligns with the City Council’s Strategic Policy Priority to encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents, by providing for required Affordable Care Act (ACA) reporting and tracking services for the City of Tacoma.

**BACKGROUND:**

Significant work has been done between The City’s Human Resources and Information Technology Departments and ADP to meet the complex reporting requirements stipulated annually by the Federal Government. Due to the time, effort, and resources invested with the initial contract with ADP, it is in the best interest of the City at this time to waive the competitive solicitation process to continue to meet the Federal reporting requirements and avoid the possibility of related substantial fines. This will also allow the City time to assess whether there will be a future need to continue this required reporting to the IRS based on the current Congress and any modifications to the provisions of the ACA. If the current legislation will remain in place, the City can then determine the appropriate next steps to maintain compliance with this Federally required reporting responsibility.

This Amendment will extend the contract up to an additional two processing years in order to meet the compliance requirement for distribution of the 2017, 2018 and 2019 1095c tax forms and IRS reporting requirements. The City originally contracted with ADP by direct negotiation in 2016 in the amount of \$115,000.00 for a term ending January 10, 2017. The City renewed this contract with ADP, also by direct negotiation, effective January 11, 2017, increasing the contract by \$85,000 for a total amount of \$200,000.00 for a one year term ending January 10, 2018. Federal reporting for the prior tax year extends into March of the following year. This Amendment and increase will bring the contract to a cumulative total of \$377,408.00 with a contract expiration date of March 31, 2020.

**ISSUE:**

Authorization is needed in order to execute the Amendment to the contract with ADP, LLC.

**RECOMMENDATION:**

It is recommended that the City Council take the necessary action to approve the execution of this Amendment.



**FISCAL IMPACT:**

**EXPENDITURES:**

| <b>FUND NUMBER &amp; FUND NAME *</b>      | <b>COST OBJECT (CC/WBS/ORDER)</b> | <b>COST ELEMENT</b> | <b>TOTAL AMOUNT</b> |
|---|-----------------------------------|---------------------|---------------------|
| 6430 – Health Care Trust Labor Management |                                   |                     | 377,408.00          |
|   |                                   |                     |                     |
|   |                                   |                     |                     |
| <b>TOTAL</b>                              |                                   |                     | <b>377,408.00</b>   |

\* General Fund: Include Department

**REVENUES:**

| <b>FUNDING SOURCE</b>                 | <b>COST OBJECT (CC/WBS/ORDER)</b> | <b>COST ELEMENT</b> | <b>TOTAL AMOUNT</b> |
|---------------------------------------|-----------------------------------|---------------------|---------------------|
| Employer Self Insurance Contributions | 863000                            | 4342980             | 377,408.00          |
|                                       |                                   |                     |                     |
|                                       |                                   |                     |                     |
| <b>TOTAL</b>                          |                                   |                     | <b>377,408.00</b>   |

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$177,408.00**

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes**

**IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.**