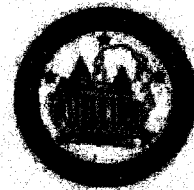


SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
3.34
(ID # 8242)

MEETING DATE:

Tuesday, December 4, 2018

FROM : HUMAN RESOURCES AND AUDITOR CONTROLLER :

SUBJECT: HUMAN RESOURCES: Approval of the Tenth Amendment to the TALX Universal Service Agreement with TALX Corporation for ACA Management Platform and ACA Tax Form Service Without Obtaining Competitive Bids, All Districts. [Total Cost - \$96,177] [Source of Funds - 50% Human Resources and 50% Auditor Controller Department Budgets]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Tenth Amendment to the TALX Universal Service Agreement with TALX Corporation to extend the ACA Management Platform and ACA Tax Form Services, effective January 1, 2019 through December 31, 2019, without obtaining competitive bids, in the amount of \$96,177, and authorize the Chairman of the Board to execute the amendment (four copies) on behalf of the County of Riverside; and
2. Direct the Clerk of the Board to retain one (1) copy of the amendment and return three (3) copies of the amendment to Human Resources for distribution.

ACTION: Policy


Brenda Dieckhoff, Assistant CEO / Human Resources Director

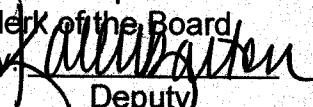
11/13/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: December 4, 2018
xc: HR, Auditor

Kecia Harper-Ihem
Clerk of the Board

By 
(Deputy)

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$48,088	\$ 48,089	\$96,177	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Department Budgets - Human Resources 50% and Auditor Controller 50%			Budget Adjustment:	No
			For Fiscal Year:	18/19, 19/20

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Affordable Care Act (ACA) reporting requirement, which mandates employers to report specific information to the IRS on medical coverage being offered to employees, became effective in 2015 with mandated reporting starting 2016. Since the County did not have adequate reporting capability through its current HRMS (PeopleSoft), a Third Party Administrator (TPA) was sought to assist with the requirement. Human Resources and the ACO contacted TPA's offering ACA services to obtain administration and cost information, since the software needed to be in place to meet the reporting deadline. The deadline was only a few months away and there was not sufficient time for a Request for Proposal (RFP) to be completed. With this requirement being so new, there were only a few TPAs to choose from and only one TPA was willing to provide the County with a quote. As a result, HR and the ACO requested a Sole Source Procurement approval from Purchasing for TALX Corporation to provide ACA services.

The Sole Source Procurement was initially approved from November 1, 2015 through December 31, 2016. The initial request for ACA services became the Fifth Amendment to the TALX Universal Service Agreement, as the County was an existing TALX Corporation customer for other TPA services. After the sole source procurement was approved, it was thought that the Affordable Care Act would be repealed and the County would no longer have to continue the ACA Services Agreement beyond December 31, 2016. However, the ACA mandate was not repealed and the County had to extend the ACA Services Agreement through December 31, 2017 to complete the required reporting, which yielded the Sixth Amendment to the TALX Universal Service Agreement. As the future of the ACA was unknown, it was determined that we would continue to renew the portion of the contract for the ACA separate from the other services and yearly as needed.

In 2017, a contract was secured to implement a new HRMS and Payroll system, which offered ACA reporting functionality. It was the expectation that once the new HRMS system was implemented, the County would be able to complete the required ACA reporting in-house and would no longer need to purchase ACA services through a TPA, so the ACA Services Agreement was amended until December 31, 2018 (Eight Amendment) to cover the County

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

during the implementation period. Since the implementation of a new HRMS system is currently pending and the County must complete ACA reporting for calendar year 2018 by January 2019, the ACA Services Agreement must be extended to ensure compliance and to avoid penalties (up to \$1.5 million) that could be imposed for failure to comply.

A Request for Proposal (RFP) for ACA administrative services will be issued in 2019, with the intent to select the most appropriate and cost effective vendor to assist the County in meeting this required reporting mandate.

Impact on Residents and Businesses

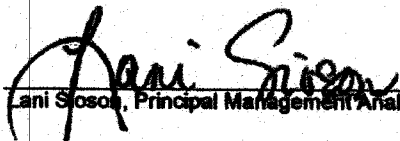
There is no impact on county residents and businesses as a result of this Form 11.

Contract History and Price Reasonableness

This contract amendment renews the ACA Platform Management and ACA Tax Form Services for one additional year. The services have been in place for three years prior to this renewal. The amendment is provided with no increase to fees and keeps the cost from last year unchanged.

ATTACHMENT A: Tenth Amendment to the TALX Universal Service Agreement

ATTACHMENT B: TALX SSJ#19-090 ACA Single Source Procurement Request



Lani Sison, Principal Management Analyst 11/26/2018



Gregory V. Prietas, Director County Counsel 11/20/2018

TENTH AMENDMENT TO THE TALX UNIVERSAL SERVICE AGREEMENT

This Tenth Amendment to the TALX Universal Service Agreement (“Amendment”) is made and entered into by and between TALX Corporation (“TALX”), a Missouri corporation, and the County of Riverside (“Client”), a political subdivision of the State of California. This Amendment is effective as of January 1, 2019 (“Effective Date”).

WHEREAS, the parties have previously entered into the TALX Universal Service Agreement dated February 1, 2011 (“Agreement”); and

WHEREAS, pursuant to the Fifth, Sixth, and Eighth Amendments to the Agreement, Schedule A – ACA Management Platform, Service Provider, Term and Fees for Services, Schedule A – ACA Management Platform, Exhibit 1 – Fees, and Schedule B – ACA Management Platform, Service Provider, Term and Fees for Services are effective November 1, 2015 through December 31, 2018; and

WHEREAS, pursuant to the Eighth Amendment to the Agreement, Schedule A – ACA Tax Form Service, Service Provider, Term and Fees for Services, Schedule A – ACA Tax Form Service, Exhibit 1 – Fees, and Schedule B – ACA Tax Form Service, Service Description Overview are effective November 1, 2016 through December 31, 2018; and

WHEREAS, the parties desires to modify the Agreement as specified herein;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

1. All capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Agreement.
2. Section 2.0 (Term) of the Agreement is deleted in its entirety and replaced with the following:

“The term for each Service is set forth in the applicable Schedule A. A schedule may expire or be terminated without affecting the other schedules. This Agreement shall remain in effect as long as there is an outstanding schedule with a term then in effect. The parties may, by mutual written amendment, renew or extend the term of the applicable Schedule A. However, this Agreement, including any schedules, shall not extend beyond December 31, 2019.”

3. The following sentence is added to Section 2 (Term) of Schedule A – ACA Management Platform, Service Provider, Term and Fees for Services (dated November 1, 2015) of the Agreement:

“The parties agree to extend the term of the Schedule, beginning on January 1, 2019 through December 31, 2019.”

4. The table in the "Subscription Schedule" Section of Schedule A – ACA Management Platform, Exhibit 1 – Fees (effective January 1, 2018) of the Agreement is deleted in its entirety and replaced with the new table for the "Subscription Schedule" Section of Schedule A – ACA Management Platform, Exhibit 1 – Fees (effective January 1, 2019), which is attached hereto and incorporated herein by this reference.

5. The following sentence is added to Section 1 (Term) of Schedule A – ACA Tax Form Service, Service Provider, Term and Fees for Services (dated November 1, 2016) of the Agreement:

"The parties agree to extend the term of these Schedules A and B, beginning on January 1, 2019 through December 31, 2019."

6. The "Fee Schedule" of Schedule A – ACA Tax Form Service, Exhibit 1 – Fees (effective January 1, 2018) of the Agreement is deleted in its entirety and replaced with the new "Fee Schedule" for Schedule A – ACA Tax Form Service, Exhibit 1 – Fees (effective January 1, 2019), which is attached hereto and incorporated herein by this reference.

7. All other terms of the Agreement are to remain in full force and effect.

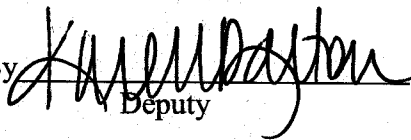
8. Each party certifies that the individual signing below has the authority to execute this Amendment on behalf of such party, and may legally bind such party to the terms and conditions of this Amendment, including any attachments hereto.

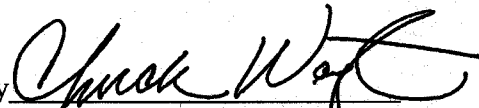
[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Amendment effective as of the Effective Date.

ATTEST:
Clerk to the Board
Kecia Harper-Ihem

COUNTY OF RIVERSIDE, a political
subdivision of the State of California

By 
Deputy


By 
Chuck Washington, Chairman
Board of Supervisors

Date: DEC 04 2018

Date: DEC 04 2018

Approved as to Form:
Gregory P. Priamos
County Counsel

Recommended for Approval:
County of Riverside – Purchasing

By 
Danielle Maland
Deputy County Counsel

By: _____

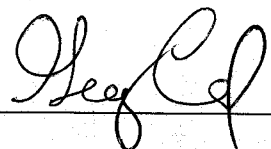
Printed Name: _____

Date: 11/13/18

Title: _____

Date: _____

TALX CORPORATION, a Missouri corporation

By 

Printed Name Greg Creel

Title Senior Financial Officer

Date 10-05-18

Schedule A – ACA MANAGEMENT PLATFORM

Exhibit 1 – FEES

Effective Date January 1, 2019

Subscription Schedule Table

Description	Qty	Unit Price	Year 3 Total
Annual Fees			
ACA Management Platform Includes 99 Data Viewer licenses and 4 Data Explorer licenses. Fee is calculated on a per employee, per year (PEPY) basis. Value in the Qty field reflects the number of people the Client employs. The minimum annual fee for the Management Platform is \$10,000.	20,000	\$3.18	\$63,600
Additional Data Explorer Licenses	-	\$402	\$0
Additional Data Viewer Licenses	-	\$105	\$0
Additional Annual Support Incidents (Block of 5 incidents) <i>Unused incidents expire at the end of the year.</i>	-	\$1,056	\$0
Sub-Total Annual Fees			\$63,600
One-Times Fees for Activation Services			
Management Platform Activation Service	Already Live	N/A	\$0
IRS Reporting Activation Service	Already Live	N/A	\$0
Additional Data File Service (Optional Service) <i>Value in the Qty field reflects the number of additional files Client will be providing above what is defined in the Management Platform Activation Service.</i>	-	N/A	\$0
Dynamic Controlled Group & Employee Category Activation Service (Optional Service)	-	N/A	\$0
Organizational Security Activation Service (Optional Service)	-	N/A	\$0
Sub-Total One-Time Fees			\$0
Grand Total			\$63,600

Schedule A – ACA TAX FORM SERVICE

Exhibit 1 – FEES

Effective Date January 1, 2019

Fee Schedule

Term of Contract	1 Year
Will Tax Form data be provided by ACAMP or direct from Client?	ACAMP
Does Client have a W-2 contract with EWS valid of the life of this 1095 contract?	No
Does Client desire to utilize a third-party tax preparation coupon, if available for a discount? (Standard Service = Yes)	Yes
Does Client want to pay for their employees' reissue fees rather than having them charged to the employee at time of request? (Standard Service = No)	No
Estimated Number of 1095-Cs to be processed	22,343

Annual Fixed Fees Description			
Management Platform Activation Service	Already Live	N/A	\$0
IRS Reporting Activation Service	Already Live	N/A	\$0
Additional Data File Service (Optional Service) <i>Value in the Qty field reflects the number of additional files Client will be providing above what is defined in the Management Platform Activation Service.</i>	-	N/A	\$0
Dynamic Controlled Group & Employee Category Activation Service (Optional Service)	-	N/A	\$0
Organizational Security Activation Service (Optional Service)	-	N/A	\$0
Tax Platform Activation Service			\$5,000
Tax Form 1094-C Transmittal Service (includes 2 transmissions)			\$3,000
1095-C Forms (Estimated)	22,343 (Employee Count)	\$1.10	\$24,577.30
Grand Total			\$32,577.30

RIVCO HR

putting people first

Date: November 14, 2018
From: Brenda L. Diederichs, Assistant CEO / HR Director
To: Board of Supervisors/Purchasing Agent
Via: Jennifer Fuller, Deputy HR Director – (951) 955-3557
Subject: Single Source Procurement; Request for Reporting of Offers of Health Insurance Coverage by Employers – Affordable Care Act (ACA) Requirement

The below information is provided in support of my Department requesting approval for a sole or single source.

1. Supplier being requested: TALX Corporation

2. Vendor ID: 57689

3. Single Source Sole Source
(Single Source - is a purchase of a commodity or service without obtaining competitive bids although more than one source is available)

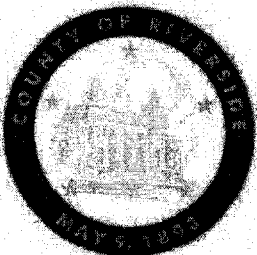
(Sole Source - is a purchase of a commodity or service that is proprietary or no other vendor is qualified or willing to meet the county specified requirements)

4. Have you previously requested and received approval for a sole or single source request for this vendor for your department? (If yes, please provide the approved sole or single source number).

Yes No
SSJ# PR2015-03132

4a. Was the request approved for a different project?

Yes No



Brenda L. Diederichs
Assistant CEO/HR Director

Michael Bowers - Assistant HR Director
Robin Downs - Assistant HR Director
Brandi Hune - Assistant HR Director
Jennifer Fuller - Deputy HR Director
Diane Rundies - Deputy HR Director

5. Supply/Service being requested:

Effective January 1, 2016, the County became mandated by the Affordable Care Act (ACA) to offer minimum essential health coverage to all of its full-time employees and their eligible dependents, which includes regular and temporary employees. In addition to offering health coverage, the County is required to report information to the Internal Revenue Service (IRS) that demonstrates compliance with the employer shared responsibility provisions of the ACA. The shared responsibility provisions are covered under Section 6056 of the Internal Revenue Code (IRC), which includes a mandate for the County to report information to the IRS about the health coverage the County offers to its full-time employees.

The required information must be submitted to the IRS by the given deadline as dictated by the IRS each year for the previous year's coverage that was provided. This requirement is met when the County furnishes each eligible employee with a paper Form 1095-C document, unless the employee affirmatively consents to receive the statement electronically.

Although the data needed to satisfy the ACA reporting requirement is maintained by Human Resources, the responsibility for filing such IRS forms falls under the jurisdiction of the Auditor's Controller's Office (ACO). The County's current Human Resources Management and Payroll System (PeopleSoft), does not have the technical reporting functionality and capabilities to complete the required IRS reporting for the ACA.

The County has used TALX Corporation as a Third Party Administrator (TPA) for the last three years to be compliant. Initially when the County sought vendors performing this type of service, there were only a few vendors offering the service. Since the County needed to have software place to meet the required reporting deadline, there wasn't sufficient time to request a RFP. As an existing customer of TALX for other services, HR and the ACO asked for a single source procurement. The initial request for the ACA services was requested to through December 31, 2016.

In early 2017, the County determined that a new Human Resources Management and Payroll System would be implemented. The new Human Resources Management and Payroll System offered ACA reporting, so it was the expectation that we would no longer require ACA TPA services beyond the implementation of the new Human Resources Management and Payroll System and the County would be able to end the agreement with TALX for ACA services. However, once the implementation of the new Human Resources Management and Payroll System began and a Go-live date was established, it became apparent that the implementation wasn't going to occur in time for the 2017 CY ACA reporting. Therefore, HR and the ACO had no choice but to extend the ACA services agreement through December 31, 2018.

The new system will not be implemented in time to meet the reporting deadlines for calendar year 2018. As a result, we must extend the ACA agreement one additional year. We are required to provide 1095-C forms to employees by the end of January 2019. There is not enough time to conduct an RFP, implement new software, and produce the necessary data files required to complete the reporting in such a short time frame. Therefore, HR is requesting to use TALX again, while we conduct an RFP for ACA services or until a system or functionality is implemented that will allow the County to perform this function in-house. By approving this single source procurement request, it will ensure the County meets its reporting requirement and avoid unnecessary penalties that could be imposed up to \$3 million for failure to comply with the provisions of the ACA.

6. Unique features of the supply/service being requested from this supplier.

TALX offers the County the ability to complete the required reporting, which includes the federal tax Form 1095-C and allows the County to transmit tax Form 1094-C to the IRS as required by Section 6056 of the IRC.

Currently, the County does not have the necessary software application or technical functionality to perform the required task.

7. Reasons why my department requires these unique features from the vendor and what benefit will accrue to the county:

The ACA requires employers with more than 50 employees to offer medical insurance to their full-time employees or pay a penalty. Form 1095-C documents the County has complied with the regulation and will prevent the County from having to pay hefty fines.

The County must issue and distribute Form 1095-C to all full-time employees by January 31st for the previous calendar year's coverage period.

The penalty for failure to provide and file a Form 1095-C is generally \$250 per employee. The total penalty for a calendar year cannot exceed \$3,000,000. The County has 22,000 plus employees. The penalties for failing to comply with this mandate is quite expensive compared to the cost of purchasing the services to complete the reporting.

8. Period of Performance:
(total number of years)

From: 01/01/2019 to 12/31/2019

Is this an annually renewable contract? ■

No

Is this a fixed-term agreement: □

No ■

Yes

Yes

This agreement will be submitted to the Board for approval

9. Identify all costs for this requested purchase. In addition, please include any single or sole source amounts previously approved and related to this project and vendor in the section designated below for current and future fiscal years. You do not need to include previous fiscal year amounts. If approval is for multiple years, ongoing costs must be identified below. If annual increases apply to ongoing costs such as CPI or other contract increases, provide the estimated annual cost for each consecutive year. If the annual increase may exceed the Purchasing Agent's authority, Board approval must be obtained.

Description:	FY18/19	FY19/20	Total
One-time Costs:			
Tax Platform Activation Services	\$5,000		\$5,000
Tax Form 1094-C Transmittal		\$3,000	\$3,000
Ongoing Costs:			
ACA Management Platform		\$63,600	\$63,600
1095-C Forms(Estimated)		\$24,577	\$24,577
Total Costs			\$96,177

10. **Price Reasonableness:**

The cost for this service is very reasonable and cost effective since the cost will only total \$96,177. If the County fails to meet the reporting mandate of the ACA as required by the IRS, they County may be subject up to a \$3 Million penalty for Calendar Year 2018 reporting. The cost of this sole source request is far less than the possible penalties that could be imposed. The cost for this service is comparable to industry standards. The cost is the same as in the prior year.

This request is also provided with no increase to fees from the previous agreement. Therefore, the cost will remain unchanged.

11. **Projected Board of Supervisor Date (if applicable): December 4, 2018**

(Draft Form 11s, service agreement and or quotes must accompany the sole source request for Purchasing Agent approval.)

Brenda L. Diederichs

Brenda L. Diederichs

11/15/2018

Department Head Signature
(or designee)

Print Name

Date

The section below is to be completed by the Purchasing Agent or designee.

Purchasing Department Comments:

Approve

Approve with Condition/s

Disapprove

Condition/s:

Not to exceed:

One-time \$ _____

Annual Amount \$ _____ / per fiscal year through _____ (date)
(If Annual Amount Varies each FY)

FY 18/19: \$ 5,000

FY 19/20: \$ 91,177

FY _____: \$ _____

FY _____: \$ _____

FY _____: \$ _____

[Signature]

11/19/18

19-090

Purchasing Agent

Date

Approval Number
(Reference on Purchasing Documents)