



**CITY OF FORT LAUDERDALE**  
**City Commission Agenda Memo**  
**REGULAR MEETING**

**#20-0582**

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**TO:** Honorable Mayor & Members of the  
Fort Lauderdale City Commission

**FROM:** Chris Lagerbloom, ICMA-CM, City Manager

**DATE:** September 15, 2020

**TITLE:** Resolution Waiving the Competitive Solicitation and Selection Processes Contained in the City of Fort Lauderdale Procurement Ordinance for Procuring a Benefits Enrollment System (BenSelect) from Selerix Systems, Inc.; Approving and Authorizing Execution of a Direct Software License & Service Agreement, an Affordable Care Act (ACA) Subscription Agreement, and Business Associate Agreements with Selerix Systems, Inc. for the first 3-Plan Years (2021 – 2023) - \$329,618 - **(Commission Districts 1, 2, 3 and 4)**

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**Recommendation**

It is recommended that the City Commission adopt a resolution waiving the competitive solicitation and selection process in the Procurement Ordinance and approving, in substantially the forms attached, a Direct Software License & Service Agreement, ACA Subscription Agreement, and Business Associate Agreements, with Selerix, Inc., an internet-based benefit enrollment system in the amount of \$329,618 for the first 3-Plan years 2021 through 2023 (includes 2020 ACA reports and filings in 2021), which consists of a combination of implementation (setup) fees and ongoing monthly fees. First year: \$115,806, year two (2): \$106,906, year three (3) \$106,906 for the first 3 - year agreements 2021-2023 total \$329,618. The agreements are perpetual, renewing automatically unless terminated by either party.

**Background**

In 2019, the City's automated benefits enrollment system, Cigna Guided Solutions (CGS), was retired. This left the City without an automated insurance/benefits enrollment system for eligible employees, retirees, and their families and, no automated electronic data exchange between payroll and our contracted benefit carriers. The City's Human Resources/Risk Management/Benefits section was therefore required to conduct a paper enrollment for the 2020 Plan Year as well as perform manual tasks to ensure that there was and continues to be a data exchange between payroll and our contracted benefits carriers. Staff continues the labor-intensive manual process to administer insurance/benefits for City employees, retirees, and their families.

As a result, staff has worked along with Information Technology (IT), Procurement, and

Finance/Payroll departments to review several benefit enrollment systems and their organizations, and with the City Attorney's Office for review of the Agreements. After completion of the vetting process, Selerix Systems, Inc., was selected as the preferred vendor. Benefits Selection (BenSelect) is the product's name).

Selerix Systems, Inc., offers a comprehensive online insurance/benefit enrollment, communication, and automated administration system. This system consolidates the City's insurance/benefits administration and eliminates the need for paper for Open Enrollment for insurance/benefit products. It will also reduce the time-consuming, complex current manual benefits administration for insurance products for City staff, employees, and their eligible dependents. The complexity is due to the variety of insurance/benefit options, billing administration, communications and the paper forms that must be completed to make insurance/benefit changes. By entering into such contracts, the City's benefit enrollment and eligibility data exchange processes, along with ACA mandated reporting will be automated, streamlined, and efficient.

In addition, the City will utilize the (ACA) reporting module offered by Selerix Systems, Inc., coordinating with the insurance/benefit system. This module will automate and assist City staff, ensuring City compliance with annual ACA mandates and IRS filing requirements. Currently, City staff has been creating the mandated reports that are required by the ACA and IRS manually. However, with the use of this module it will help eliminate human error, reduce the rigorous ACA and IRS demands as well as allow the staff to be more efficient.

To help defray costs, Cigna has pledged to provide a one-time investment to the City of \$80,000 to help implement the system. Aflac has pledged a subsidy in the amount of \$1.25 Per Employee Per Month (PEPM) for the first year and \$.75 PEPM for years 2 and 3 based on the City's active employees eligible to participate in both core and voluntary insurance/benefits. In addition, Aflac will also provide an implementation credit for the first three years in the amounts of \$8,000 for year 1 and \$5,000 for years 2 and 3. Based on current enrollment, the subsidy from Aflac is estimated to be \$46,430 for year 1, and \$28,058 for years 2 and 3. Additionally, United Healthcare has pledged to a \$2,500 2-year annual subsidy (a total of \$5,000), to help offset costs of a benefit administration system, along with a 2-year rate guarantee (1/1/2021 to 12/31/2022). The actual total subsidies will be determined based on future years (2021-2023) annual enrollments and potential benefit insurance vendor changes.

The estimated cost for the initial set-up, implementation and maintenance for the benefits/insurance enrollment system with associated Direct Software License and ACA Subscription is estimated to be \$115,806 for 2021 based on 3,148 current City benefit eligible employees/positions and retirees. It is also estimated that based on the insurance carrier contingent pledged subsidies, it will completely offset first year implementation set-up, software licensing and ACA subscription fees, and reduce second and third-year expenses.

Access to the Selerix Systems, Inc., insurance/benefits system for 2021 Benefits Open

Enrollment beginning in October, 2020 will provide City employees and staff with a comprehensive modern enrollment and reporting system designed to easily incorporate the various components of an online and/or worksite enrollment including communications, benefit selection, forms completion, confirmations, data exchange and be deployed for employees 24 hours a day, 7 days a week, 365 days a year. The system is flexible in design with a robust set of built-in plan modules and business rules with a simple interface that streamlines the enrollment of both core and voluntary benefits. Purchase of an automated system is a government insurance/benefits industry standard best practice, will alleviate the current antiquated manual paper enrollment process, automate employee eligibility data to insurance plans, and provide City employees with electronic benefits communication, education, including the ability to systematically enroll and keep track of their benefit selections along with associated City contributions and employee premium costs. In addition, by purchasing the ACA module will automate IRS reporting process for 2020 benefit offerings that are reported in 2021, and will ensure City compliance with annual ACA mandates and IRS filing requirements.

Purchasing the Selerix Systems, Inc., automated enrollment and reporting systems for 2021 implementation of Insurance/Benefits Open Enrollment, along with pledged conditional subsidies by current City insurance benefit vendors, Cigna, United Healthcare, and Aflac to help defray City costs, will reduce staff's costly manual labor intensive business processes, help eliminate human error, and place the City in-line with government insurance/benefits industry best practice standards. Therefore, a waiver of the competitive solicitation and selection process is required to purchase Selerix Systems, Inc.

If approved, the purchase is consistent with Section 2-176(e)(17), Code of Ordinances of the City of Fort Lauderdale, where it specifies that the competitive solicitation selection processes do not apply to "purchases of goods or services for which the provisions of this article are waived by the city commission by resolution." The City received the vendor's 2019 SSAE SOC 2-Type II report (Opinion only) and will be provided the full report upon completion.

### **Resource Impact**

There is no fiscal impact associated with this action for Fiscal Year 2020. Future expenditures are contingent upon approval and appropriation of the Fiscal Year 2021 Budget. Taking into consideration annual benefit eligible City employment adjusted numbers, along with filling vacant positions there will be an estimated future fiscal impact to the City in the amount of \$115,806. The FY2021 costs will be a combination of implementation (setup) fees along with ongoing monthly fees to maintain and service the software components of the Benefits Enrollment System.

### **Strategic Connections**

This item supports the *Press Play Fort Lauderdale 2024 Strategic Plan*, specifically advancing:

- The Internal Support Focus Area

- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintaining financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term financial planning.
- Objective: Provide a reliable and progressive technology infrastructure.

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are United*.

**Attachments**

Exhibit 1 – Selerix Systems, Inc., Direct Software License & Service Agreement and Business Associate Agreement

Exhibit 2 – Selerix Systems, Inc., ACA Subscription Agreement and Business Associate Agreement

Exhibit 3 – Resolution

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