

Robert P. Astorino
County Executive

Department of Finance

Ann Marie Berg
Commissioner

29667

DATE: October 4, 2012

TO: Honorable Members of the Board of Acquisition and Contract

FROM: Ann Marie Berg
Commissioner of Finance

RE: Authority to exempt from application of the procedural requirements of the Westchester County Procurement Policy an agreement with the firm of Labor Cost Management for the provision of Social Security and Medicare Tax overpayment recovery services related to loss of time injury cases

Authority is hereby requested from Your Honorable Board to exempt from the Westchester County Procurement Policy and Procedures an agreement with the firm of Labor Cost Management, Troy, New York, for the provision of Social Security and Medicare Tax overpayment recovery services related to loss of time injury cases on a contingency fee basis (the "Agreement"). A previous exemption was requested and subsequently approved by this Honorable Board on October 1, 2010.

From 2000 through 2006, Labor Cost Management provided Social Security and Medicare Tax Recovery Services to the County under annual contracts renewable at the County's sole option. The firm was initially retained by the County following the issuance of an RFP by the Department of Finance (the "Department"). According to records maintained by the Department, the firm was successful in recovering a total of \$86,000.00 in overpayments for tax years 1996 through 2002. However, due to a dwindling number of cases after 2002, the contract was not renewed.

In 2010, there was renewed interest by the Department in re-establishing its relationship with the firm for open tax years. In furtherance of this, the Manager of the Department's Payroll Unit contacted Labor Cost Management and, following discussions with the firm, the parties agreed, subject to Your Honorable Board's approval, to renew the Agreement on the same contingency fee basis as existed during the previous contract period, whereby Labor Cost Management will retain 25% of the County's portion of all refunds or credits secured. Based on these renewed services starting in 2010, the County has again had additional successful recoveries totaling \$183,940.

Ordinarily, under Section 6 of the Procurement Policy, the County is required to issue a Request for Proposals to procure such services. However, because of its previous relationship with the County, Labor Cost Management is uniquely familiar with the County's worker's compensation and other relevant payroll systems and practices. Moreover, the firm's previous track record has demonstrated its effectiveness in recovering taxes for the County.

Pursuant to Section 3(a) (xxi) of the Westchester County Procurement Policy, were this Honorable Board determines, by resolution passed prior to the commencement of procurement, that compliance with the Policy would not be in the best interests of the County, the requirements of the policy may be waived. For the reasons set forth above, it is proposed that the best interests of the County would be served by exempting the renewal of an agreement with Labor Cost Management from the Procurement Policy.

This contract will serve a public purpose by bringing additional revenue to the County which would otherwise be lost.

The goals and objectives of this Agreement are to provide a means for the County to recover overpayments of social security and medicare taxes.

The goals and objectives are in the best interests of the County in terms of fiscal responsibility because this service will make it possible for the County to generate additional revenue by recovering overpayments of social security and medicare taxes. The goals and objectives of this Agreement will be tracked and monitored by the Department on the basis of the amount and the frequency of recoveries generated for the County by Labor Cost Management.

An appropriate resolution is herewith attached for Your Honorable Board's consideration.

AMB/DCK/ih
Attachment

RESOLUTION

UPON A COMMUNICATON FROM THE COMMISSIONER OF FINANCE, BE IT HEREBY

RESOLVED, that pursuant to Section 3(a) (xxi) of the Westchester County Procurement Policy, it is in the best interests of the County to exempt from the application of the procedural requirements of the Westchester County Procurement Policy an agreement with the firm of Labor Cost Management, Troy, New York, for the provision of Social Security and Medicare Tax overpayment recovery services related to loss of time injury cases.

APPROVED BOARD OF ACQUISITION & CONTRACT - 11/29/2012 - JIMMY VEIRA, SECRETARY