



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: June 11, 2024

FROM: HUMAN RESOURCES DEPARTMENT WARDS: ALL

SUBJECT: APPROVE A FOURTH (4TH) AMENDMENT TO THE PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH HUB INTERNATIONAL INSURANCE SERVICES INC. TO PROVIDE EMPLOYEE BENEFITS CONSULTING AND UNDERWRITING SERVICES THROUGH JUNE 30, 2025, IN THE AMOUNT OF \$90,285, FOR A TOTAL CONTRACT AMOUNT OF \$407,812.00.

ISSUE:

Approve a Fourth (4th) Amendment to the Professional Consultant Services Agreement with HUB International Insurance Service, Inc. to provide employee benefits consulting and underwriting services through June 30, 2025 in the amount of \$90,285, for a total contract amount of \$407,812.00.

RECOMMENDATION:

That the City Council approve the extension of the current Professional Consultant Services Agreement with HUB International Insurance Services Inc., to provide employee benefits consulting and underwriting services for an extended term of July 1, 2024, through June 30, 2025, upon mutual agreement of both parties for an extended contract term not to exceed one (1) year, in the amount of \$90,285, for a total contract amount of \$407,812.00.

BACKGROUND:

The City of Riverside (City) has approximately 2,100 employees who are eligible for benefits. In order to attract and retain talent, employees are offered a comprehensive benefits package consisting of medical and dental plans, life insurance, accidental death and dismemberment insurance, short-term disability insurance, long term disability insurance, vision insurance, 457 deferred compensation plans, and a Section 125 flexible benefits plan.

Since 2005, HUB has acted as the principal advisor to the City of Riverside's management team regarding the City's fringe benefits. HUB works as the City's independent, objective, and strategic consulting firm that specializes in employee benefits and insurance programs and works to reduce future costs, enhance the benefits package, provide long term financial management strategies and ensure the City remains compliant with Federal/State legislation (i.e. Affordable Care Act) and other regulatory requirements. This relationship has proven most beneficial to the quality of benefit services that are provided to City employees, their families, retirees, and COBRA participants.

Over the years HUB has proven to deliver exceptional benefits consulting services and has worked with the City to effectively manage multiple employee benefits, including plan design, communication strategy, utilization, financial analysis, and cost containment. Additionally, HUB works closely with the City's Health and Benefits Committee which is comprised of management and bargaining unit/association representatives, to enhance the City's health and wellness initiative, and to evaluate the effectiveness of current benefit options, employee needs, and proposed costs.

DISCUSSION:

On July 8, 2014, the City Council approved the Professional Consultant Services Agreement (Agreement) with HUB International Insurance Services Inc. (HUB) for fiscal years 2014/2015 through 2016/2017 with an option to extend the Agreement for two, two-year renewals thereafter upon mutual agreement of both parties for a total contract term of seven years. The award and selection was made as part of a formal solicitation and Request for Proposal for Benefits Consulting Services conducted by the Human Resources Department.

On September 25, 2017, City and HUB amended the Agreement (First Amendment), extending the term to June 30, 2019. On April 22, 2019, the City approved a Second Amendment through June 30, 2021.

On May 4, 2021, the City Council approved a three-year extension to the HUB Agreement through June 30, 2024. A special one-year extension (Fourth Amendment) is now being requested with HUB through June 30, 2025, to maintain the 2023 annual pricing to allow the Human Resources Department to conduct and complete a formal Request for Proposal process over the next year to comply with the City's Purchasing Resolution 24101.

Per Purchasing Resolution 24101, Section 1104. Change Orders. Modifications to a Purchase Order shall be made only by Change Order, except that minor variances of \$200 or less, where the variance is due to sales tax or freight charges may be processed without a Change Order. Subject to the availability of funds, Change Orders may be utilized for purposes of (5) Modifying contract completion time or the term of the contract, unless otherwise specifically authorized by the Awarding Entity, Change Orders which cumulatively exceed the following will require Awarding Entity approval; (d) A Contract Amendment which extends the term of the agreement beyond one year of the original expiration date and (e) Any Change Order which extends the time of completion beyond one year of the original date.

The Purchasing Manager concurs that the recommended action complies with Purchasing Resolution No. 24101, Section 1104 (5)(d) and (e).

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government and Goal 5.1 – Attract, develop, engage and retain a diverse and highly skilled workforce across the entire City organization.**

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Establishing agreements with Benefits Consulting services allows the City to provide a comprehensive benefits package to employees which is a recruitment tool used to attract and retain employees who provide and efficiently maintain City services.
2. **Equity** – Through the assistance provided by the Benefit Consultant, the City is able to establish an equitable process for benefits providers to compete and offer the City fair and equitable rates, services and programs.
3. **Fiscal Responsibility** – The Human Resources department follows established purchasing and procurement processes to ensure a fair and cost-efficient service is negotiated with consultants/contractors.
4. **Innovation** – Establishing and fostering a strong business relationship with a Benefits Consulting firm, allows the City and the Agency to attract and place dedicated staff that contributes to the overall delivery of great customer service and to fulfilling the City's operational needs.
5. **Sustainability & Resiliency** – Through the assistance provided by the Benefits Consultant, the City is able to continue to offer attractive benefit programs and plans to employees, to ultimately attract and retain employees and avoid creating a gap in City services.

FISCAL IMPACT

The fiscal impact of this action is \$90,285 for one year. The City does not pay the Consultant directly. Healthcare provider commissions are used to offset and reduce, dollar for dollar, the annual fee charged to the City by the Consultant for employer-provided benefits. In the event that such commissions paid to the Consultant exceed the annual consulting fee paid by the City to the Consultant, such commissions shall be paid to the City directly.

Prepared by: Rene Goldman, Human Resources Director
Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
Approved as to form: Phaedra A. Norton City Attorney

Attachment:

1. Fourth Amendment to Professional Consultant Services Agreement with HUB International Insurance Services, Inc.