



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 16, 2025

FROM: HUMAN RESOURCES DEPARTMENT WARDS: ALL

SUBJECT: THIRD AMENDMENT FOR THE SERVICES AGREEMENT WITH DBS ADMINISTRATORS, INC. DBA THE ADVANTAGE GROUP TO PROVIDE THIRD-PARTY COBRA AND RETIREE BILLING ADMINISTRATION SERVICES.

ISSUE:

Approve the Third Amendment for a nine-month extension to the Services Agreement between the City of Riverside, Human Resources Department and DBS Administrators dba The Advantage Group to provide third-party COBRA and retiree billing administration services through December 31, 2025.

RECOMMENDATIONS:

That the City Council:

1. Approve the Third Amendment to extend the previous Services Agreement with DBS Administrators dba The Advantage Group to provide third-party COBRA and retiree billing administration services for an extended term of April 1, 2025 – December 31, 2025, upon mutual agreement of both parties. Administrative fees are borne by Participants receiving the Services under this Agreement. City shall pay \$0.50 per Participant per month; and
2. Authorize the City Manager, or his designee, to execute the agreement including making minor and non-substantive changes.

BACKGROUND:

The City of Riverside Human Resources Department manages a comprehensive benefit package for all eligible active City employees. Insurance benefits include but are not limited to medical, dental and vision; provided by two fully insured health plan carriers (Kaiser and Blue Shield), one fully insured dental plan, two self-insured dental plans and one self-insured vision plan. To maintain compliance with the Consolidated Omnibus Budget Reconciliation Act (CBORA) of 1985, the City must ensure eligible employees and/or dependents who incur a qualifying event are informed of their rights under COBRA as well as ensure proper administration of COBRA benefits to participating enrollees. Additionally, the City offers group health/vision and dental plan insurance coverage to retirees and eligible dependents that elect to continue coverage after retirement, incur a qualifying event after opting out of a city plan during retirement, or who elect coverage during Open Enrollment (annually during the entire month of November).

DBS Administrators dba The Advantage Group has been providing third-party COBRA and retiree billing administration services since 2020. The agreement was in effect April 1, 2020, through March 31, 2023, with the option of two (2) one- year extensions agreed upon by the Parties in writing, through March 31, 2025.

DISCUSSION:

In July 2024, the City and DBS Administrators dba The Advantage Group amended the Agreement (Second Amendment), extending the term to March 31, 2025. A special fourth-month extension is now being requested with DBS Administrators dba The Advantage Group to allow the Human Resources Department to conduct final interviews from RFP No. 2408 and provide ample time for a possible transition period should the department select a new vendor.

The Human Resources Department, in collaboration with the Purchasing Division, is actively evaluating proposals submitted in response to RFP 2501 for a third-party administrator to manage COBRA and retiree administration of medical, dental, and vision plans. These services will be provided to eligible former employees, retirees, and dependents in full compliance with Federal law and City policies. Due to unavoidable delays in the procurement process the final extension of the original contract expired prior to the completion of the solicitation process. Human Resources has demonstrated diligence in developing comprehensive specifications to ensure the City's needs are thoroughly met. Both departments are working closely and efficiently to complete the evaluation process and secure an award prior to the expiration of the current term extension, which is requested through December 31, 2025, ensuring a seamless transition of services without interruption.

Purchasing Resolution No. 24101, Section 702 provides exceptions to Competitive Procurement through the Informal Procurement and Formal Procurement process and shall not be required...(w) "When approved by the Manager, Services not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process."

Purchasing Resolution No. 24101, Section 1104. Change Orders states that 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 a 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.

The Purchasing Manager concurs that this recommendation is in compliance with Purchasing Resolution No. 24101, Section 702(w) and 1104(5)(d).

FISCAL IMPACT:

There is minimal fiscal impact associated with the Agreement as plan premiums and most applicable administration fees are paid by participants that enroll in the plan. The applicable cost

to the City is a \$0.50 cent per month per participant administrative fee for COBRA participants. On a monthly average, there are 20 COBRA participants, for an estimated total annual cost of \$120, and funding is available in the General Fund, Human Resources – Administration Professional Services Account 2100000-421000.

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/CFO/City Treasurer

Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachment: Third Amendment to Services Agreement