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# CITY OF POMONA

## COUNCIL REPORT

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October 7, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Linda Matthews, Human Resources/Risk Management Director

**SUBJECT: AWARD OF CONTRACT TO USI INSURANCE SERVICES TO  
PROVIDE EMPLOYEE BENEFITS INSURANCE BROKERAGE  
SERVICES**

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### **RECOMMENDATION:**

It is recommended that the City Council take the following actions:

- 1) Approve the award of a three-year contract with two (2), one-year extension options to USI Insurance Services to provide employee benefits insurance brokerage services, at an annual cost of \$35,000 with optional medical insurance procurement services for an additional amount of up to \$15,000;
- 2) Authorize the City Manager to execute a contract with USI Insurance Services for employee benefit insurance brokerage services, and subsequent extensions to the contract, subject to review by the City Attorney; and
- 3) Authorize the City Manager to execute agreements with insurance and benefit providers for benefits obtained through USI Insurance Services and approve payment of premiums in accordance with the approved budget appropriations.

### **EXECUTIVE SUMMARY:**

Approval of this item will authorize the City Manager to enter into a contract with USI Insurance Services (USI) to act as the City's broker for procuring various employee insurance benefits such as dental, vision, life, accidental death and dismemberment, long and short term disability, employee assistance program, and a Section 125 Flexible Spending Accounts administrator and enter into agreements with benefit providers obtained through USI. Contracting with a broker, such as USI, ensures the City has variety of insurance providers to choose from, at the lowest cost and highest levels of service possible. The City's current contract for insurance brokerage services expires December 31, 2019.

### **PUBLIC NOTICING REQUIREMENTS:**

An RFP for Employee Benefit Broker Services was posted on the City's procurement bid system, PlanetBids on May 22, 2019. There is no public notice requirement for the award of the contract.

## **FISCAL IMPACT:**

There is sufficient funding in the Human Resources Controllable Contract Services (Acct # 101-0701-52285-00000) budget to cover the Fiscal Year 2019-20 cost of the USI Insurance Services contract. Future contract costs will be budgeted for in the appropriate fiscal year. The annual cost for brokerage services of \$35,000 remained the same and will be held at the same rate for the duration of the contract.

## **DISCUSSION:**

The City's Benefits Broker provides the City with professional brokerage services such as an annual review and report of employee benefit programs for quality and adequacy of benefits provided, cost effectiveness, competitiveness, plan administration, and recommendations concerning any changes in terms, conditions, and limits. Additionally, they act as a liaison between the City and carriers to resolve any issues between the two parties. In consultation with the Human Resources Department, the broker designs competitive and cost effective benefit plans for benefit-eligible employees. The broker also assists the City with the annual open enrollment process and implementation of any new benefit plans and assists with communication to benefit eligible employees by providing materials related to employee benefits programs (i.e. brochures, booklets, benefits summaries, and rate sheet summaries) designed to increase employee awareness of benefits plan options.

USI has been the City's benefits broker since at least 2008. The current contract expires on December 31, 2019. Pursuant to the provisions set forth in Pomona City Code section 2-977 for the procurement of professional services, a Request for Proposals (RFP) for benefit brokerage services was posted on PlanetBids, the City's electronic procurement bid system, on May 22, 2019. By the submittal deadline of June 20, 2019 six (6) responsive proposals had been received. Staff evaluated each proposal according to the RFP specifications and determined USI Insurance Services to be the most qualified provider of employee benefits brokerage services to the City.

The City of Pomona is one of more than 100 California cities in the USI Municipality Pool. With more than 30,000 employees and retirees, the pool provides savings and leverage for rate stability. USI Insurance Services is familiar with the City's current plans, has a proven track record of reducing premiums, and has agreed to a flat rate annual cost \$35,000. As an optional service, USI will review and procure medical benefits at the City's request. The City currently procures medical benefits through CalPERS. Adding the review and procurement of medical benefits as an optional service was included in the event the City desire to review options to CalPERS medical benefits during the term of the agreement.

Approval of this item also authorizes the City Manager to execute agreements with benefit providers obtained through USI Insurance Services and to make the premium payments within the amounts authorized in the respective fiscal year budgets.

Prepared by: Kim Crews, Human Resources Manager