



Legislation Text

File #: 20-172, Version: 1

+CITY COUNCIL AGENDA ITEM

Memo Date: April 10, 2020
Agenda Date: April 22, 2020
Prepared By: Tammy B. Gemmati, PHR, Administrative Services Director
Through: Matthew Fuhrer, Interim City Manager

Requested Action:

Approve City Staff's recommendation for award of RFP# P-20-09-COC, Insurance Broker Services - Employee Benefits to Gehring Group Inc., for the City of Cocoa. Authorize the City Manager to negotiate and execute an attorney approved multi-year contract commencing on May 1, 2020 to April 30, 2023, with two optional performance based annual renewals.

BACKGROUND:

In 2012, the City of Cocoa initiated the Request for Proposal (RFP) process for the selection of an Insurance Broker of Record for the City's health insurance benefits. At that time, the Gehring Group was recommended to City Council based on factors of qualifications, cost containment, and past/present experience and a multi-year contract was approved effective June 12, 2012. Additionally, the City exercised two renewal term options for two additional one-year periods, making the expiration date June 11, 2017.

In April 2017, an agenda item was brought to Council to authorize the first modification of agreement which allowed to continue the brokerage agreement through June 11, 2018 with an additional one-year term through June 11, 2019. This allowed more time with the current broker who was instrumental in the development of the Interlocal Agreement for the sharing of the City's health center.

The City published a new Insurance Broker Services RFP (RFP-19-11-COC) in February 2019 with an anticipated selection for a new brokerage agreement in April 2019. However, the RFP selection committee determined price proposals could not be fairly evaluated and the bids were rejected by the City Manager in accordance with the City of Cocoa Financial Operations Manual, Section 15.2A (10b). City Council then approved a second contract modification through February 28, 2020 and then a third contract modification through April 30, 2020 to allow additional time to publish a new RFP and properly evaluate options for the City's Insurance Broker Services.

The City published a new RFP on February 3, 2020 to solicit proposals from prospective firms. The RFP was posted in DemandStar and legally advertised in Florida Today. The City received four proposals when the bid closed on March 4, 2020.

Purchasing sent out 501 invitations and notifications to bid, 0 (zero) supplemental suppliers and received 4 (four) responses from 18 (eighteen) plan holders for the P-20-09-COC, Insurance Broker

Services - Employee Benefits. Proposals were received from:

1. Gehring Group, Inc.
2. HUB Public Risk, Inc.
3. Lockton Companies Inc.
4. McGriff Insurance

The RFP Selection Committee, consisting of three members: Administrative Services Director, Economic Development Manager, and the Public Works Director, scored submittals in a standardized process. The criteria selection of qualified proposers was based on the following: Price Proposal/Fee Schedule; Technical Approach; Ability, capacity, and skill of the firm; References, and Experience with local government benefit brokerage services.

The Committee met on March 6, 2020 to develop a short list from the four written proposals. McGriff was disqualified due to not submitting mandatory pricing in their proposal. The remaining three proposers were invited to provide presentations that were held on March 12, 2020. The committee made the award selection on March 18, 2020. All committee meetings were publicly noticed. Rankings are attached to the agenda. Staff requests Council approval of the top-ranked proposer, Gehring Group, Inc., for award of RFP# P-20-09-COC.

Staff requests that the City Council approve a multi-year contract with Gehring Group, Inc., which the initial term of the contract will be for three (3) years with an additional two (2) successive one-year performance-based renewal options.

With the current insurance broker arrangement that was implemented in 2012, the City does not incur any cost directly and there is no budgetary impact. Instead, the broker is paid through commissions from the carriers on most of the City's lines of coverage. The commission varies year to year based on plan enrollment and the type of plan. There are many plans and services that the broker does not receive a commission for, such as the employee health center, the Medicare plan, and some smaller ancillary plans.

The contract terms of the new agreement will be on a retainer fee paid by the City versus the commission payments from the carriers. For the first year of this agreement, the first five months will continue to be paid from the Carrier directly to Gehring Group. The City's benefit rates will be renegotiated with the carriers to remove the commission from the rates and then the City will begin paying Gehring directly at the start of Fiscal Year 2021. Making this change to our broker agreement allows for more transparency to the cost of services.

Additionally, our previous broker arrangement included an all-inclusive cost of the online benefit software BenteK. With the new agreement, the cost is transparent and allows for a more comprehensive review of professional services and software expenses. The costs will be expensed in the appropriate budget accounts for each fiscal year.

- Employee Benefits Consulting
 - o Year 1: \$95,000
 - o Year 2: \$95,000
 - o Year 3: \$95,000

- Option Year 1: \$97,850
- Option Year 2: \$100, 785

- Employee Benefits Software
 - Year 1: \$35,000
 - Year 2: \$35,000
 - Year 3: \$35,000
 - Option Year 1: \$38,000
 - Option Year 2: \$38,000

- Totals:
 - Year 1: \$130,000
 - Year 2: \$130,000
 - Year 3: \$130,000
 - Option Year 1: \$135,850
 - Option Year 2: \$138,785

As a comparison to this new agreement and pricing, Gehring Group performed like services for \$167,391 in Fiscal Year 2019. The new proposal will present an average annual savings of: \$37,391.00.

STRATEGIC PLAN CONNECTION:

Having an insurance broker of record assists the City in providing competitive employee benefit plans which in turn assists in the recruitment and retention of employees.

BUDGETARY IMPACT:

Budgeted No

Remaining of Fiscal Year 2020: No Budgetary Impact

Fiscal Year 2021 & 2022

Amount Requested	<u>\$95,000</u>
Account Name	<u>Professional Services</u>
Account Number	<u>530-1801-513.31-00</u>

Amount Requested	<u>\$35,000</u>
Account Name	<u>Technology Systems/IT Related Operating Exp</u>
Account Number	<u>530-1801-513.56-15</u>

Fiscal Year 2023 (7 months)

Amount Requested	<u>\$55,419</u>
Account Name	<u>Professional Services</u>
Account Number	<u>530-1801-513.31-00</u>

Amount Requested	<u>\$20,419</u>
Account Name	<u>Technology Systems/IT Related Operating Exp</u>
Account Number	<u>530-1801-513.56-15</u>

The expenses will be budgeted in the appropriate general account numbers through the adoption of the annual budget. If the City executes the additional annual contract terms, a change order will be done for the remaining five months of FY2023 and the expenses will be budgeted for future years in the respective accounts.

PREVIOUS ACTION:

At a Regular City Council Meeting on January 22, 2020, City Council approved the third contract modification with Gehring Group, Inc. as the City of Cocoa's Insurance Broker of Record by mutual agreement between the City and Gehring Group to extend the term of the agreement until April 30, 2020.

At a Regular City Council Meeting on May 22, 2019, City Council approved the second contract modification with Gehring Group, Inc. as the City of Cocoa's Insurance Broker of Record by mutual agreement between the City and Gehring Group to extend the term of the agreement until February 28, 2020.

At a Regular City Council Meeting on April 25, 2017, City Council approved to extend multi-year contract with Gehring Group, Inc. as the City of Cocoa's Insurance Broker of Record by mutual agreement between the City and Gehring Group through June 11, 2018 with an additional one-year extension term through June 11, 2019 and authorized the City Manager to sign associated contract addendums.

At Regular City Council Meeting on June 12, 2012, City Council approved the contract for Insurance Broker of Record for Gehring Group, Inc.

RECOMMENDED MOTION:

Approve City Staff's recommendation for award of RFP# P-20-09-COC, Insurance Broker Services - Employee Benefits to Gehring Group Inc., for the City of Cocoa. Authorize the City Manager to negotiate and execute an attorney approved multi-year contract commencing on May 1, 2020 to April 30, 2023, with two optional performance based annual renewals.