



STAFF REPORT

DATE: July 7, 2020

TO: Kent Cagle, City Manager

FROM: Eva Bark, Executive Director of Human Resources

SUBJECT: PROFESSIONAL SERVICES AGREEMENT WITH LOCKTON DUNNING BENEFITS FOR SELF-FUNDING CONSULTING SERVICES

BACKGROUND AND FINDINGS:

The City of Killeen would like to transition to a self-funded employee health insurance platform. To best accomplish this, the City of Killeen is seeking a consultant who can assist with an effective and successful transition.

City staff has utilized the RFQ process to identify the firm with whom to partner. This RFQ was designed to select a qualified, innovative self-funding consultant who has a proven track record of providing effective services in transitioning public employers to the self-funded health insurance platform.

Purchasing staff distributed the RFQ to interested entities, posted the RFQ on the City website, DemandStar, and the State of Texas ESD (Electronic State Business Daily), and advertised in the Killeen Daily Herald. Six (6) entities submitted proposals: BKCW Insurance, McGriff, HUB International, Gallagher Benefits Services Inc., Holmes Murphy, and Lockton Dunning Benefits. As part of the RFQ process, entities were asked to describe their scope of services related to self-funded insurance, self-funding transition consulting, and their experience working with public sector entities.

A group of City of Killeen staff from the Finance and Human Resources Departments utilized the following criteria to evaluate proposals submitted by these six entities:

- Qualifications/Experience (40%)
- Methodology to Achieve End Result (40%)
- Completeness of Proposal (20%)

After a thorough analysis of the proposals received, it is recommended that the City Council authorize the City of Manager to enter into an agreement with Lockton Dunning Benefits to serve as the self-funding benefit consultant to assist the City in transitioning to self-funded health insurance.

THE ALTERNATIVES CONSIDERED:

Alternatives considered: (1) keep the current health care consultant to assist with the transition to self-funding; (2) consider Lockton Dunning Benefits to provide self-fund consulting services for the City of Killeen.

Which alternative is recommended? Why?

Staff recommends alternative 2. The City will be separating services with its current health care consultant at the end of the current fiscal year.

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

Funding for these services are available in account 010-2305-418.47-01 \$13,571 for FY20 and \$81,429 for FY21.

What is the amount of the expenditure in the current fiscal year? For future years?

\$13,571 for FY20 and \$81,429 for FY21

Is this a one-time or recurring expenditure?

One-time

Is this expenditure budgeted?

Yes

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes, upon approval of the FY 2021 Budget.

RECOMMENDATION:

It is recommended that City Council approve the selection of Lockton Dunning Benefits as the provider for self-funding consultant services, effective August 1, 2020, with total expense not to exceed \$13,571 for FY20 and \$81,429 for FY21, and authorize the City Manager to execute any and all necessary change orders in accordance with state and local law.

DEPARTMENTAL CLEARANCES:

Finance

Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement

Certificate of Interested Parties