

# Mayor and Council Communication

**DATE:** 12/17/19

**M&C FILE NUMBER:** M&C 19-0415

**LOG NAME:** 14ONLINE ENROLLMENT SOFTWARE

## **SUBJECT**

Authorize Execution of a Contract with Empyrean Benefit Solutions, in the Amount Up to \$400,000.00 for the First Year for Cloud-Based Software and Services Associated with Online Benefits Administration for the Human Resources, Benefits Division (ALL COUNCIL DISTRICTS)

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## **RECOMMENDATION:**

It is recommended that the City Council authorize the execution of a contract with Empyrean Benefit Solutions, in the amount up to \$400,000.00 for the first year for cloud-based software and services associated with online benefits administration for the Human Resources Department, Benefits Division.

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to seek authorization from the City Council to enter into a contract with Empyrean Benefit Solutions, to provide Online Benefits Enrollment software at a cost of approximately \$400,000.00 per year.

As the complexity of the City's benefits offerings have increased, the ability for the current solution to adequately support benefits administration has decreased. Currently the Benefits Office staff has to employ various 'work-arounds' and manual processes in order to maintain the system in a fashion that supports the employees and retirees. Additionally any potential improvements to the benefits administration module, such as allowing a member to go online to enroll when they have a life event - marriage or birth, have been put on hold year after year due to the increasing consultant costs of getting the system ready for open enrollment. It is also difficult to budget accurately when the consultant fees are difficult to estimate accurately.

Empyrean will provide a streamlined enrollment platform for members. This platform is easy to navigate and will allow for a better overall feel for City employees and retirees. Empyrean will be responsible for all vendor interfaces, required regulatory updates to the benefits program, and any benefit plan changes the City chooses to implement which will eliminate the need for outside consultants and provide a consistent rate for budget planning year after year. Empyrean also offers additional communication opportunities available such as text messaging and automated emails sent from the benefits system which can help remind people of Open Enrollment or new hires to enroll during their initial window. This will provide an improved customer experience for our employees and retirees.

An RFP was released on August 27, 2019 and responses were required by September 19, 2019. The City received 11 responses and narrowed down the pool to three. Those three were invited to give demonstrations of their system. Empyrean provided the best value offering.

**PRICE ANALYSIS** - The price for the Licenses and Services is \$400,000.00 for the first year, and an estimated \$400,000.00 for each subsequent year, dependent upon employee and retiree counts. In 2018, the City paid \$705,000.00 for consultants for Open Enrollment 2019. Thus far for Open Enrollment 2020, the City has paid \$271,000 but all of the tasks for OE 2020 have not yet been completed. It is estimated the total bill will be approximately \$550,000.00. Empyrean's stable annual costs are a reduction in what the City currently spends.

**M/WBE OFFICE** - A waiver of the goal for MBE/SBE subcontracting requirements was requested by the Purchasing Division and approved by the M/WBE Office, in accordance with the BDE Ordinance, because the purchase of goods or services is from sources where subcontracting or supplier opportunities are negligible.

**ADMINISTRATIVE CHANGE ORDER** - An administrative change order or increase may be made in the amount up to \$50,000.00 and does not require specific City Council approval as long as sufficient funds have been appropriated.

**AGREEMENT TERM** - Upon City Council's approval this Agreement shall begin January 1, 2020. The contract term is five years with two two-year renewal options.

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## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendation and award of the contract, funds are available in the current operating budget, as appropriated, in the Group Health Insurance Fund. Prior to any expenditure being incurred, the Human Resources Department has the responsibility to validate the availability of funds.

**Submitted for City Manager's Office by:** Jay Chapa 5804

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**Additional Information Contact:**

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