

# Mayor and Council Communication

DATE: 02/02/21

M&C FILE NUMBER: M&C 21-0086

LOG NAME: 14EMPYREAN2.1

## **SUBJECT**

(ALL) Authorize Increase in Contract Amount of \$175,000.00 for Agreement with Empyrean Benefit Solutions, for Cloud-Based Software and Services Associated with Online Benefits Administration for the Human Resources Benefits Division, Resulting in a Total First Year Cost of \$575,000.00

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## **RECOMMENDATION:**

It is recommended that the City Council authorize an increase to the contract amount of \$175,000.00, for the agreement with Empyrean Benefit Solutions for cloud-based software and services associated with online benefits administration for the Human Resources Benefits Division, resulting in a total first year cost of \$575,000.00.

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to increase the contract amount for Empyrean Benefit Solutions by \$175,000.00 for the first year to a total cost of \$575,000.00 for the first year.

The City Council approved the Human Resources Benefits Division contract with Empyrean December 17, 2019 (M&C 19-0415). The initial contract was in the amount of \$400,000.00 annually. However, during implementation, the various complexities of setting up City benefits required more work than initially considered. Post go-live there was some clean-up that needed to be done to streamline various processes, especially with regards to the retirees.

Additionally, Empyrean will be processing the federally mandated 1095 forms. Under the Affordable Care Act, the City is responsible for reporting health insurance coverage for all active employees and those retirees who enroll in City coverage on a form 1095. Upon the initial RFP, we were not anticipating having to do the 1095 forms for the members on the Fire Department's plan, however due to limitations within their system, we will be producing them for the Fire Department as well. This required additional set-up that was not anticipated.

Now that the initial implementation is complete and annual enrollment is over, we anticipate that the costs per year will stabilize.

Approval of this M&C would increase the total authorized costs for the first year to \$575,000.00.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

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## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the recommendations, funds are available in the current operating budget, as appropriated, of the Group Health Insurance Fund and that, prior to an expenditure being made, the Human Resources Department has the responsibility to validate the availability of funds.

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

**Originating Business Unit Head:** Nathan Gregory 7783

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