



SUMMARY REPORT

Agenda Date: 12/12/2023

To: The Board of Supervisors of Sonoma County, Board of Directors of the Sonoma County Water Agency, Board of Commissioners of the Community Development Commission, Board of Directors of the Sonoma County Agricultural Preservation and Open Space District

Department or Agency Name(s): Human Resources Department

Staff Name and Phone Number: Cheryl Thibault, Employee Benefits Manager - 707-565-3033

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Amendment to Agreement with The Segal Company (Western States) Inc. (Segal)

Recommended Action:

Authorize the Director of Human Resources to execute a second contract amendment with The Segal Company (Western States) Inc. (Segal) for benefit consulting and actuarial services, extending the term twelve months from January 1, 2024 to December 31, 2024, and increasing the agreement by \$258,000, for a total agreement amount not to exceed \$1,478,000.

Executive Summary:

The Human Resources Department (HR) is responsible for management and administration of the County's health and welfare benefit programs for employees, retirees, and their eligible dependents. HR contracts with benefit consultants to assist the County in maintaining benefit programs that are competitively priced, innovative, and comprehensive to attract and retain human resource talent.

The Segal was selected through a Request for Proposal (RFP) process conducted in 2018. The initial agreement was approved by your Board for a five-year period from January 1, 2019, through December 31, 2023, with a total not to exceed amount of \$1,190,000. In October 2021, your Board authorized a contract increase of \$30,000 for a total not to exceed amount of \$1,220,000.

The recommended action authorizes the Human Resources Director to execute a second amendment to the agreement to extend the term for 12 months from January 1, 2024 through December 31, 2024, and increase the maximum fees by \$258,000 for a total contract maximum of \$1,478,000.

Discussion:

Segal has provided benefit and actuarial consulting services to the County of Sonoma since January 2008, and was the successful bidder following a comprehensive RFP process conducted in 2018. Segal was determined to provide the most competitive costs with the broadest scope of services. Services provided by the Segal team include consultation on all benefit programs, in-depth analysis of current industry comparative cost trends in the public and private sectors, and information on benefit industry best practices.

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Due to the complexity and scope of many of the County's benefit programs, Segal keeps the County apprised on all regional, State and Federal legislative changes impacting benefits, and has provided the County with invaluable support and analysis of the continuing changes. Segal performs actuarial analysis of the County's self-insured health plans and annual valuations of Other Post-Employment Benefits (OPEB) as required by the Governmental Accounting Standards Board (GASB).

In August 2023, the County, with the assistance of Segal, released a Request for Proposal for Fully Insured Medical and Administrative Services Only Medical Coverage. Segal is integral in the analysis of responses from medical plan providers and Human Resources Benefits Unit staff relies heavily on Segal's expertise and prior knowledge of the County's needs to solicit and negotiate the best value for the County, County employees, retirees, and their dependents. Proposals from vendors were due September 8, 2023, with finalist interviews conducted on November 7, 2023. Draft contracts from the successful proposers are due to Human Resources in January 2024. Staff will return to the Board in April 2024 to request approval of the vendor agreements. The new medical vendor agreements are to be effective June 1, 2024. Extending the term of the agreement provides continuity of current benefit services supporting projects, including the release and analysis of an RFP for Fully Insured and Administrative Services Only Medical Coverage.

Staff will work with the Joint Labor Management Benefits Committee (JLMBC) to conduct an RFP for benefit consulting and actuarial services in Spring 2024 and return to the Board with the results prior to the expiration of this extension.

Strategic Plan:

N/A

Racial Equity:**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

Prior Board Actions:

10/19/2021 Approved amendment to increase annual not-to-exceed amount

12/11/2018 Approved new agreement with The Segal Company

12/19/2017 Approved amendment extending term for one year

12/10/2013 Approved initial agreement with Segal Consulting

01/08/2008 Approved initial agreement term 1/1/08 through 6/30/11, total contract \$904,000

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses	\$251,500	\$129,000	
Additional Appropriation Requested			
Total Expenditures	\$251,500	\$129,000	
Funding Sources			
General Fund/WA GF			

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State/Federal			
Fees/Other	\$251,500	\$129,000	
Use of Fund Balance			
Contingencies			
Total Sources	\$251,500	\$129,000	

Narrative Explanation of Fiscal Impacts:

Costs associated with benefit consulting and actuarial services provided through this agreement are budgeted in three internal services funds: Employee Benefits Administration Fund 51210, County Health Plan Fund 51215, and Other Post-Employment Benefits (OPEB) Fund 51605.

The Employee Benefits fund is funded by a per employee annual internal services rate charged to General Fund and non-General Fund departments. Consulting support to the County Health Plan is funded by employer and employee premiums, with the employer contributions paid by both General Fund and non-General Fund departments. Actuarial valuation reports for OPEB is funded by 8.8% of payroll employer contributions paid by both General Fund and non-General Fund departments.

Benefits Administration ISF rate charged to County departments and agencies, allocated by FTE (full-time equivalent).

The cost of the professional services agreement will be absorbed within existing HR budget appropriations in FY 2023-24.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)
N/A			

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

1. New Agreement with Segal, effective January 1, 2019
2. First Amendment to Agreement, effective October 5, 2021, to December 31, 2023
3. Second Amendment to Agreement, extending term to December 31, 2024

Related Items "On File" with the Clerk of the Board:

None