



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 5/6/2025

To: Board of Supervisors of the County of Sonoma, 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: Janell Crane - 707-565-2885; Cheryl Thibault, Benefits Manager - 707-565-3033

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Employee and Retiree Benefits Consulting Agreement

Recommended Action:

Authorize the Director of Human Resources to execute an agreement with The Segal Company (Western States), Inc. (Segal) for employee and retiree benefit consulting, actuarial, and brokerage services, for a five-year term, from July 1, 2025, through June 30, 2030, for a total agreement amount with a not-to-exceed amount of \$1,425,000 over the term of the agreement.

Executive Summary:

The Segal Company (Western States), Inc. (Segal) was selected through a Request for Proposal (RFP) process and after a robust evaluative process. Segal has provided benefit and actuarial consulting services to the County of Sonoma since January 2008 and was previously the successful bidder in 2013 and again in the 2018 RFP process. Segal was determined to provide a competitive cost with the broadest scope of services, has developed a strong reputation in their actuarial analysis performed for the County, as well pension actuarial services. Segal's proposal came in with a 3.5% increase to the first year's "not to exceed" annual amount of \$267,000 for the first year, and a 3% to 3.5% increase per year thereafter for the five-year term through 2030. Human Resources (HR) Employee Benefits Unit staff will conduct a Request for Proposal prior to the expiration

of this agreement.

Discussion:

Human Resources (HR)'s Employee Benefits Unit is responsible for management and administration of the County's health and welfare benefit programs for employees, retirees, and their eligible dependents. As part of that responsibility, the County contracts with benefit consultants and third-party benefits administrators to assist the County in maintaining benefit programs that are competitively priced, meeting the needs of County employees, retirees, and dependents, and are innovative and comprehensive to attract human resource talent positioning the County as an employer of choice.

The County issued a Request for Proposal (RFP) for actuarial and employee benefits consulting services in April 2024 which was widely circulated. A total of four national and regional benefit consulting firms submitted proposals which were accepted into the review process. Participating in the selection process is a subcommittee of the Joint Labor Management Benefits Committee (JLMBC) comprised of HR Benefits Unit staff; a representative from the Western Council of Engineers (WCE); and a representative of the Sonoma County Association of Retired Employees (SCARE).

Segal has provided benefit and actuarial consulting services to the County of Sonoma since January 2008, was the successful bidder during the 2013 and 2018 process and is being recommended again in the 2024 RFP process. While Segal did not submit the lowest cost proposal, it was determined that Segal provided the most favorable response in meeting the County's requirements and the broadest scope of services. A key determining factor was that Segal was shown to provide the best Other Post-Employment Benefits (OPEB) experience. The County's OPEB consists of contributions towards retiree health premiums and reimbursable healthcare costs. More importantly, due to the high level of satisfaction the County and the JLMBC have had with the services provided by Segal, the selection committee unanimously recommended awarding a contract to Segal.

Segal agreed to provide all requested services at an all-inclusive "not to exceed" annual amount of \$267,000 for the first year of the term, and a 3% to 3.5% increase per year thereafter for the five-year term through 2030. Segal also provides a 100% guarantee for all work performed that doesn't meet the County's satisfaction. Services are billed only for the services requested and provided by Segal, up to the annual agreement maximum amount, and there is no guaranteed minimum amount of work. The County only pays

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for requested services completed to the County's satisfaction. Maximum fees payable under this agreement is \$1,425,000 for benefits consulting, brokerage, and actuarial services.

The primary services to be provided by Segal include negotiating benefit premium costs with health plan vendors, consulting on all benefit programs, providing in depth analysis of current industry comparative cost trends in the public and private sectors, and conveying information on industry best practices. Segal keeps the County appraised on all regional, State, and Federal legislative changes impacting benefits. Segal performs actuarial analysis of the County's self-insured plans as well as the OPEB valuation.

Strategic Plan:

N/A

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

No

Prior Board Actions:

December 3, 2024 (item 14; file number 2024-1198) - Board authorized extension amendment to agreement with Segal.

December 12, 2023 (item 19; file number 2023-1280) - Board authorized extension amendment to agreement with Segal.

December 11, 2018 (item 37) - Board authorized agreement with Segal.

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses	\$273,000	\$267,000	\$276,000
Additional Appropriation Requested			
Total Expenditures	\$273,000	\$267,000	\$276,000
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$273,000	\$267,000	\$276,000
Use of Fund Balance			

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General Fund Contingencies			
Total Sources	\$273,000	\$267,000	\$276,000

Narrative Explanation of Fiscal Impacts:

Costs associated with employee and retiree benefit consulting, actuarial, and brokerage services through the Segal 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 Administration 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 fund 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 are funded by the OPEB fund a percentage of payroll employer contributions paid by both General Fund and non-General Fund departments.

The Benefits Administration Internal Services Fund rate is charged to County departments and agencies, allocated by full-time equivalent (FTE).

The cost of the employee benefits consulting professional services agreement is included in the 2025/26 recommended budget and will be included in future departmental recommended budgets.

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:

Segal Agreement effective July 1, 2025

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

None