



## Staff Report

**TO:** City Council  
**FROM:** Kari Mendoza, Administrative Services Director  
**DATE:** June 21, 2022  
**SUBJECT:** **Approve Business Associate Agreement with Keenan and Associates and the Joint Powers Agreement with the Fire Districts Association of California Employment Benefits Authority**

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### **Background and Analysis:**

The City of Beaumont negotiates employee medical and dental benefit renewals on an annual basis. In September 2021, renewal rates and new proposals were received from the City's contracted insurance broker. Due to those rates and labor group negotiations at that time the City sought additional medical and dental insurance options.

Since 2016 the City has been exploring various insurance brokers, larger insurance joint powers authorities and insurance pools in an effort to provide more affordable options to employees. Unfortunately, efforts to join other groups in the past have failed due to underwriting requirements or labor group concerns. In October 2021, City staff prepared employee census data and shared it with various carriers for medical, dental and ancillary benefit proposals.

Staff contacted the insurance brokers from a request for proposal process conducted in 2019 that had access to insurance pool options. Options were limited but Keenan and Associates was able to take our employee census data and submit it to two of their insurance pool partners. They also prepared an employee benefit survey in order to better determine what was most important to our employees. They were successful in negotiating the City's participation with a joint powers authority, the Fire Districts Association of California (FDAC).

The labor groups were provided comparisons between the existing carriers renewals and the FDAC insurance options. The labor groups unanimously chose the FDAC insurance pool option. The FDAC pool was able to reduce City and employee costs ranging from 7.5% to 32% depending on the selection.

The City and FDAC began reviewing the attached agreements. The City attorney recommended some changes to the language in the business associate agreement that have been accepted by the FDAC. The FDAC accepted the City of Beaumont into the joint powers authority in January 2022.

**Fiscal Impact:**

There are no additional fees associated with the FDAC membership. The City cafeteria plan allotment is set by MOU so there are no direct cost savings. All personnel benefit costs are fully budgeted. The commission on the FDAC medical coverage is 2.5%, which is paid direct from the carriers to FDAC. Keenan and Associates' commission on ancillary benefits is 5%.

**Recommended Action:**

Authorize the Mayor to sign the Business Associate Agreement with Keenan and Associate.

Authorize the Mayor to sign the First Amended Joint Powers Agreement of Fire Districts Association of California Employment Benefits Authority.

**Attachments:**

- A. Business Associate Agreement
- B. First Amended Joint Powers Agreement of Fire Districts Association of California Employment Benefits Authority
- C. Fire Districts Association of California Employment Benefits Authority By-Laws