



CITY OF NOVI CITY COUNCIL
APRIL 22, 2024

SUBJECT: Approval to award a contract for benefit broker/consulting services to Gallagher Benefit Services for a three-year term ending April 23, 2027, with two one-year renewal options. Agreement subject to approval of final form by the City Manager and City Attorney's Office.

SUBMITTING DEPARTMENT: Human Resources

BACKGROUND INFORMATION:

The City contracts with a benefits consultation in the areas of health, dental, disability, and life insurance. Recently the City issued a Request for Proposal (RFP) to secure the services of an insurance broker/consultant. This consulting team assists the City with the annual renewal of our health and ancillary benefits, consultation on cost-reducing measures, as well as support with coverage questions and concerns.

Seven firms submitted proposals and were evaluated by members of the Human Resources, Finance, and City Management teams. Qualifications included level of expertise and experience with the municipal sector as their response to the mandatory questions outlined within the RFP. Based on the evaluations, two firms stood out above the others: Advantage and Gallagher Benefit Services. Both firms have experience providing consulting services to municipalities, including working within the confines of union contracts, and the various regulations of providing benefits to public sector employees.

Because both firms were comparable in expertise, experience, and fee structure, our team is recommending staying with our current broker, Gallagher Benefit Services. Gallagher has been providing exceptional services to the City, and its employees since 2007.

Fees for services are paid through commissions which are set by the insurance companies. A portion of the premium is allocated to cover internal expenses, including administration, premium taxes, and broker commissions. These commissions are intended to compensate brokers for the services mentioned above.

The draft Agreement is attached. Legal is reviewing the Agreement, and once approved will be signed by the City Manager and City Attorney.

RECOMMENDED ACTION: Approval to award a contract for benefit broker/consulting services to Gallagher Benefit Services for a three-year term ending April 23, 2027, with two one-year renewal options. Agreement subject to approval of final form by the City Manager and City Attorney's Office.