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MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR
ROBIN PIKAL, FINANCE DIRECTOR
SUBJECT: EMPLOYEE BENEFITS CONSULTANT
DATE: JUNE 8, 2026

As part of the City's commitment to transparency, fiscal stewardship, and periodic review of professional services, staff recently conducted a Request for Proposals (RFP) process for employee benefits consulting services. The purpose of the RFP process was not driven by dissatisfaction with our current consultant, but rather to evaluate available services, technologies, expertise, and overall value in the marketplace to ensure the City continues to receive the highest level of support for its employees and taxpayers.

The City has partnered with Gallagher for many years and has received quality service throughout that relationship. Gallagher has provided valuable support in benefits administration, renewal negotiations, and compliance guidance. Staff appreciates the professionalism and dedication Gallagher has demonstrated during its tenure with the City.

Evaluation Process

We received five responses to our RFP and proposals received were evaluated based on several criteria, including:

- Municipal and public sector experience
- Qualifications of the service team
- Strategic approach to employee benefits
- Cost and fee structure
- Technology and reporting capabilities
- References and client service model
- Overall value to the City

Staff selected three firms to participate in an interview. Ultimately staff determined that USI offered the strongest overall solution for the City's current and future needs.

While all three firms demonstrated strong qualifications, several key strengths distinguished USI during the evaluation process:

Fee: Maintain current commission and commission structure with a transition to a partial-fixed consulting fee effective January 1, 2027 which will provide a more transparent structure aligned with future plan years.

Data-Driven Insight: USI demonstrated a comprehensive approach to benefits consulting by combining quantitative and qualitative analysis to identify utilization trends, cost drivers, and opportunities for plan

improvement. This analytical approach will provide the City with greater visibility into plan performance and support informed decision-making.

Innovative Proprietary Technology: USI offers several proprietary platforms, which can provide enhanced reporting, benchmarking, forecasting, and strategic planning capabilities. These tools will assist the City in evaluating plan design options, contribution strategies, and long-term benefits planning.

Cost Management and Budget Alignment: USI demonstrated a strong understanding of the financial challenges facing local governments. Their approach emphasizes balancing competitive employee benefits with responsible cost containment and budget predictability, helping the City manage future healthcare expenditures.

Market Leverage and Carrier Advocacy: As one of the nation's largest insurance brokerage firms, USI maintains market presence and carrier relationships. Staff believes this market leverage may provide additional opportunities for competitive pricing, favorable contract terms, and innovative funding strategies.

Local Service Team with National Resources: USI provides a dedicated local consulting team supported by national specialists in employee benefits, compliance, analytics, clinical risk management, and other technical areas. This combination of local accessibility and national expertise offers a depth of resources that aligns well with the City's needs.

Based on the results of the RFP evaluation process, staff recommends entering into an agreement with USI for employee benefits consulting services effective July 1, 2026. The recommendation to transition to USI is based on the strategic resources, technology, and overall value.

Staff would like to express sincere appreciation to Gallagher for the many years of service to the City.

Recommendation

Approve the appointment of USI as the City's employee benefits consultant and authorize staff to finalize and execute any necessary service agreements effective July 1, 2026.