

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	05/23/11	Open	Action	05/02/11

Subject: Approving the First Amendment to the Contract for Health & Welfare Benefit Consulting Services with Keenan & Associates

## ISSUE

Approving the First Amendment to the Contract for Health & Welfare Benefit Consulting Services with Keenan & Associates.

## RECOMMENDED ACTION

Adopt Resolution No. 11-05-\_\_\_\_, Approving the First Amendment to the Contract for Health & Welfare Benefit Consulting Services with Keenan & Associates.

## FISCAL IMPACT

Budgeted:	Yes	FY12:	\$ 30,000
Budget Source:	Operating	FY13:	\$ 30,000
Funding Source:	Local	Annualized:	\$ NA
Cost Center	42	Total Amount:	\$ 60,000
GL Acct:	630005		
Total Budget:	\$ 60,000*		

Original Contract (Years 1, 2 & 3):	\$241,500
FY10 Adjustment (Due to budget shortfall):	-\$39,100
FY11 Adjustment (Due to budget shortfall):	-\$40,000
*First Amendment (Years 4 & 5):	+\$60,000
Total Contract:	\$222,400

## DISCUSSION

On June 9, 2008, the Board awarded a Contract for Health & Welfare Benefit Consulting Services to Keenan & Associates (Keenan) for an amount not to exceed \$241,500 for a 3-year term, with an option to renew for years 4 and 5. The current contract was entered into on June 30, 2008 and the 3-year term will expire on June 30, 2011.

RT has relied on Keenan's expertise for placement of its benefits coverages including Medical, Dental, Vision, Life, and Long Term Disability programs, and third party administration of COBRA and Flexible Spending Accounts. Keenan designs, markets, obtains quotations and evaluates insurers' financial status using specifications approved by RT. Overall, Keenan provides a wide array of services including advising RT and assisting in the strategic planning, administration and renewal of RT's employee benefits programs. Keenan has done an excellent job as RT's health and welfare benefits Consultant.

Approved:

Presented:

Final 5/16/11

General Manager/CEO

Director, Human Resources

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As a cost-saving measure for RT, Keenan agreed in FY10 to forego the contractual compensation flat brokerage fee and instead, bill for actual hours worked. This change resulted in a savings of \$39,100 for RT in FY10. Keenan has agreed to do the same in FY11, and for the option years 4 and 5, resulting in a total contract net savings of \$175,100. Since RT has successfully shifted all employee groups into the Calpers medical plans, and has secured a longer-term agreement with Delta Dental, RT staff expects that the actual hours worked by Keenan for other required services will be in-line with RT's current budget forecast for the next 2 years.

Staff is very satisfied with Keenan and desires to extend the contract for 2 additional 1-year periods for a not-to exceed amount of \$30,000 per year. Although the contract language states that the exercise of option years 4 and 5 is to be done consecutively, staff requests that both option years 4 and 5 be approved now. The First Amendment to the Contract will also reconcile the earlier-mentioned changes in the contractual total compensation that were due to changes in the billing method.

Staff recommends the Board approve the First Amendment to the Contract for Health & Welfare Benefit Consulting Services with Keenan & Associates by which RT exercises its options to extend the Contract for years 4 and 5, commencing on July 1, 2011, and the total consideration is decreased by \$19,100 due to cost savings experienced in 2010 and 2011.

RESOLUTION NO. 11-05-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

May 23, 2011

**APPROVING THE FIRST AMENDMENT TO THE CONTRACT FOR HEALTH & WELFARE BENEFIT CONSULTING SERVICES WITH KEENAN & ASSOCIATES**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the First Amendment to the Contract between the Sacramento Regional Transit District, therein referred to as "RT," and Keenan & Associates, therein referred to as "Contractor," whereby RT exercises its options to extend the Contract for years 4 and 5, commencing on July 1, 2011, and terminating June 30, 2013 and the total consideration is decreased by \$19,100, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to execute said First Amendment.

\_\_\_\_\_  
DON NOTTOLI, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary