



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org

Legislative File No: 2022-0353

TO: Mayor and City Council Members
FROM: Chelsea Ditz, Director Human Resources
DATE: August 15, 2022
SUBJECT: Benefit Broker and Consulting Services

REQUEST:

City Council is requested to authorize a contract/blanket purchase order for Benefit Broker and Consulting Services to Manquen Vance, Troy, Michigan in the amount not-to-exceed \$195,000.00 for a three year term to expire September 30, 2025 and further authorizes the Mayor to execute an agreement on behalf of the City.

REASON FOR PURCHASE:

The City's Purchasing Division issued Request for Proposals for Benefit Broker and Consulting Services utilizing the MITN system with nine (9) proposal responses received. An evaluation committee consisting of staff from Human Resources and Fiscal evaluated the proposal responses. In reviewing the proposal responses, the City shortlisted to four (4) firms and conducted interviews to discuss further each vendor's business model in comparison to others in the market, support and services provided, and strategy when approaching review of benefits in an organization. Based on the interviews conducted the evaluation committee unanimously selected Manquen Vance. During the interviews Manquen Vance demonstrated a strong focus on strategy and provided several examples of how they've assisted other clients in complicated situations (tight budgets, collective bargaining, prescription cost control, etc.) Manquen Vance solely focuses on municipal government as their client base, which allows them the ability to bring a wealth of knowledge and sharing of information to the City. Award is recommended to Manquen Vance based on their responsiveness to the City's objectives, proposed methodology, experience and qualifications, team proposed to work with the City, comparable projects, strong municipal client base, and overall best value cost proposal.

The City has determined that a different approach to how our benefit broker services are compensated is needed. The City's current fee structure is commission based, but in order to bring greater transparency, and provide more accountability to the City in regards to the fees being paid to the broker, it has been determined that it is in the City's best interest to utilize a fee based contract. This will allow the City to ensure the best value services are provided to the City related to the fees being collected by the broker. This wasn't available to the City previously due to how the State of Michigan insurance carriers are setup. In Michigan, carriers include commission in all their insurance rates, and only when it is requested will the carriers agree to remove the commission structure, and in some cases they will not. Manquen Vance has agreed that if a commission is not able to be removed from a carriers costs, they will provide the City a full accounting of the commission collected by them and reduce the City's contractual fee by the commission amount.

PROCESS:

Vendor Name and Address:

Cornerstone Municipal Advisory Group, LLC (dba Manquen Vance)
50 West Big Beaver, Suite 220
Troy, MI 48084

Reason for Selection:

Best Value

Method of Purchase:

Blanket Purchase Order/Contract

BUDGET:

Funding is included in the FY 2022 Adopted Budget and the Projected FY 2023-2025 Budgets. However, funding is within each cost center's Health, Dental, Disability and Life Insurance account budgets.

If approved by City Council, a 3rd Quarter Budget Amendment will be presented to reclassify the Citywide cost center funding for Benefit Broker services to the Human Resources cost center for direct payment.

Fund Name	Department Account No	Account No. Description	3-Year Budget Amount	3-Year Cost	Remaining Budget
General Fund	233.801000	HR - Professional Services	\$0	\$195,000	(\$195,000)

RECOMMENDATION:

It is recommended that City Council authorize a contract/blanket purchase order for Benefit Broker and Consulting Services to Manquen Vance, Troy, Michigan in the amount not-to-exceed \$195,000.00 for a three year term to expire September 30, 2025 and further authorizes the Mayor to execute an agreement on behalf of the City.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Procurement Manager		
Mayor		
City Clerk		

Contract Reviewed by City Attorney Yes N/A