

PERSONNEL AND HIRING COMMITTEE REPORT relative to proposed First Supplemental Agreement to the Professional Services Agreement (Contract No. C-133405) with TELUS Health (US) Ltd. (TELUS; formerly Morneau Shepell, LLC).

Recommendation for Council action:

APPROVE and AUTHORIZE the General Manager, Personnel Department, to execute, the First Supplemental Agreement to the Professional Services Agreement (Contract No. C-133405) with TELUS to:

- a. Increase the expenditure authority by \$10,000,000 resulting in not to exceed compensation of \$20,000,000.
- b. Extend the term by an additional five years for an overall term of ten years effective April 1, 2019 through March 31, 2029, subject to the approval of the City Attorney as to form.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that funding is provided by the Employee Benefits Trust Fund from General Fund appropriations to the Human Resources Benefits Fund provided annually in the Adopted Budget. Sufficient funds are included in the 2025-26 Adopted Budget for anticipated current year expenditures, and future year expenditures are subject to the appropriation of funds in accordance with the City's Standard Provisions.

Financial Policies Statement: The CAO reports that as budgeted funds are available to support the proposed Agreement and expenditures, and future year expenditures are limited to the appropriation of funds, the recommendation of the July 27, 2025 CAO report complies with the City's Financial Policies.

Community Impact Statement: None submitted.

TIME LIMIT FILE – OCTOBER 12, 2025

(LAST DAY FOR COUNCIL ACTION – OCTOBER 10, 2025)

Summary:

On August 22 2025, your Committee considered a July 28, 2025 CAO report relative to proposed First Supplemental Agreement to the Professional Services Agreement (Contract No. C-133405) with TELUS.

According to the CAO, the Personnel Department, at the direction of the Joint Labor Management Benefits Committee (JLMBC), requests approval to execute the First Supplemental Agreement to the Professional Services Agreement, Contract No. C-

133405 with TELUS to provide Third Party Administrator (TPA) services for the City's LAwell Civilian Benefits Program (Services). Approval of the proposed Agreement will increase the expenditure authority by \$10,000,000 resulting in a not to exceed compensation amount of \$20,000,000 and extend the current term by an additional five years for a ten-year term effective April 1, 2019 through March 31, 2029.

The Agreement includes a ratification clause to allow the Contractor to continue providing Services prior to execution of the proposed Agreement. The Contractor was selected as a result of a Request for Proposals (RFP) process conducted in 2017. On January 4, 2018, the JLMBC approved Personnel's recommendation to award the Agreement to the Contractor. The City has a continuing need for LAwell Program TPA Services beyond the term of the original Agreement, and on June 1, 2023, the JLMBC approved and recommended that the Contractor's Services be extended.

The LAwell Civilian Benefits Program consists of employee benefits including medical insurance, dental insurance, vision insurance, life and accidental death/dismemberment insurance, disability insurance, Employee and Family Assistance Program services, and tax advantaged spending accounts. Personnel utilizes a TPA to administer these benefits on behalf of City employee members. The proposed Agreement provides a total expenditure authority not to exceed \$20,000,000 over the ten-year term. Effective April 1, 2024, the cost of TPA services is increasing from \$3.68 to \$3.79 per month for each employee member with additional costs to accommodate programming changes in the event the City releases new plan rates, tiers, or programs. The actual cost of the TPA services will fluctuate based on changes to enrollment. The City can also procure as-needed services from the Contractor on an hourly rate basis. Actual costs incurred in the first five years of the Agreement totaled \$8.3 million. The Agreement includes various performance guarantees which require the Contractor to reduce its TPA service fees by up to 15 percent if identified performance metrics are not achieved. The performance metrics include ratings for client and customer satisfaction, benefits processing, documents processing, Annual (open) Enrollment, information technology, and implementation of services. The City may terminate the Agreement for any cause with 30 days written notice to the Contractor. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the First Supplemental Agreement, as detailed in the July 28, 2025 CAO report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Personnel and Hiring Committee

COUNCILMEMBER

McOSKER:

RODRIGUEZ:

HUTT:

VOTE

YES

ABSENT

YES

ARL

8/2225

-NOT OFFICIAL UNTIL COUNCIL ACTS-