

## STAFF REPORT

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**Date:** October 12, 2022

**To:** Mayor and City Council

**Thru:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Approval and Renewal of Contract with Lockton Companies for Insurance Brokerage in the amount of \$92,700 annually for the next two years. (Self-Funded Medical Plan Fund)

**From:** Norma Santoyo

**Department:** City Manager's Office – HR

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**Summary:**

The original agreement with Lockton Companies, LLC ("Lockton") was executed on November 1, 2016 for the purpose of receiving consultation and assistance in administering the group health benefit plan and the supplemental benefit plan for public safety retirees with the goal of ensuring that City of Reno offers the highest quality benefits that are cost-effective for employees and the City. The agreement was again extended through October 31, 2021 with the same terms as in the original agreement. Staff is seeking to again extend the agreement through October 31, 2024 with the additional monthly compensation of \$225 per month for a total of \$92,700 per annum which represents a three percent increase over years 2016 through 2022.

**Alignment with Strategic Plan:**

Not Applicable

**Previous Council Action:**

Effective November 1, 2016, Council authorized a \$156,000 spend with an agreement allowing for extensions on the agreement's terms. There has been no increase since the original agreement until the requested renewal for 2022.

**Background:**

Lockton Companies, Inc. is the world's largest privately held insurance brokerage firm, providing insurance, risk management, employee benefits and retirement services. In addition to its Kansas City, Missouri headquarters, Lockton operates more than 100+ locations in 125 countries. The City of Reno receives service through the branch located in Las Vegas, Nevada. Lockton provides consultation and support for health benefits program planning and

administration, compliance, communications, liaising with third party administrators, government relations and actuarial services. Lockton has assisted in obtaining bids for life insurance and long term disability services most recently, and brokered a direct contract with Maxor that has increased cost savings to the plan. Lockton has been a partner with the City of Reno to offer high-quality, client-driven health and welfare benefits.

**Discussion:**

Lockton has provided assistance since 2016 with excellent outcomes, consistent reliable reporting and loyal support with no increase to fees until 2022. The current contract will end on October 31, 2022. The increase in fees is a modest three percent increase which is only a fraction of the value added to our benefits offering and administration.

**Financial Implications:**

The agreement is \$92,700 annually which is an increase of \$2,700 over previous years. Funding is available in the Self-Funded Medical Funds.

**Legal Implications:**

Legal review completed for compliance with City procedures and Nevada law.

**Recommendation:**

Staff recommends approval of the Lockton agreement with an increase to the contract costs and that staff be granted the authority to extend future agreements at their discretion.

**Proposed Motion:**

I move to approve staff recommendation.

**Attachments:**

November 2022 Expansion Agreement

Original 2016 Agreement