

AN ORDINANCE 2014-04-17-0263

**RATIFYING AN AMENDMENT TO AND EXTENSION THROUGH DECEMBER 31, 2014 OF THE PROFESSIONAL SERVICES CONTRACT WITH MHBT INC. TO PROVIDE FOR CONSULTING SERVICES RELATED TO (A) REVIEW, ANALYSIS, AND MODELING OF OPTIONS FOR THE HEALTH BENEFITS PROVIDED TO THE CITY'S UNIFORMED POLICE AND FIRE EMPLOYEES AND (B) ASSISTING THE CITY IN THE NEGOTIATIONS FOR A CONTRACT EXTENSION WITH UNITED HEALTHCARE INSURANCE COMPANY; AND INCREASING THE TOTAL COMPENSATION TO MHBT INC. BY \$250,000 TO AN AMOUNT UP TO \$300,000, TO BE FUNDED FROM THE EMPLOYEE BENEFITS FUND.**

\* \* \* \* \*

**WHEREAS**, on approximately October 21, 2013, the City and MHBT INC. ("MHBT") entered into that one certain *Professional Services Contract* ("Contract"), providing terms and conditions under which MHBT shall provide professional consulting services to the City related to the review of the health benefits provided to the City's civilian and uniformed fire and police employees in connection with presentations to and deliberations by the Healthcare & Retirement Benefits Task Force appointed by the Mayor for a term ending September 30, 2014; and

**WHEREAS**, the Contract provides that the compensation payable to MHBT will not exceed \$50,000.00; and

**WHEREAS**, City Staff has recommended that the Contract be amended to:

1. provide that MHBT shall provide the City consulting services related to (a) the review, analysis, and modeling of options for the health benefits provided to the city's uniformed police and fire employees, and (b) assisting the City in the negotiations for a contract extension with United Healthcare Insurance Company;
2. increase the total compensation to MHBT INC. by \$250,000 to an amount up to \$300,000; and
3. extend the term of the Contract through December 31, 2014.,

and MHBT is willing to agree to such amendments to the Contract; and

**WHEREAS**, after due deliberations on and consideration of the matter, the City Council desires to accept the Staff recommendations as set forth above; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The amendment of the Contract, to:

1. provide that MHBT shall provide the City consulting services related to (a) the review, analysis, and modeling of options for the health benefits provided to the city's uniformed police and fire employees, and (b) assisting the City in the negotiations for a contract extension with United Healthcare Insurance Company;
2. increase the total compensation to MHBT INC. by \$250,000 to an amount up to \$300,000; and
3. extend the term of the Contract through December 31, 2014,

is hereby approved.

**SECTION 2.** That certain *Second Amendment Of Professional Services Contract* with MHBT ("Second Amendment") is hereby ratified and affirmed in all things. The City Manager, or her designee, or the Chief Financial Officer or his designee, or the Director of Finance or his designee, are each hereby authorized to execute the Second Amendment, substantially in the form attached hereto as **Attachment I** and incorporated herein by reference for all purposes.

**SECTION 3.** All actions previously taken and performed by and on behalf of the City of San Antonio under the Second Amendment are hereby ratified and affirmed in all things.

**SECTION 4.** Funding in the amount of \$250,000.00 for this Ordinance is available for Fund 75002000, Cost Center 1002010004 and General Ledger 5201040, as part of the Fiscal Year 2014 Budget.

**SECTION 5.** Payment not to exceed the budgeted amount is authorized to MHBT and should be encumbered with a purchase order.

**SECTION 6.** The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

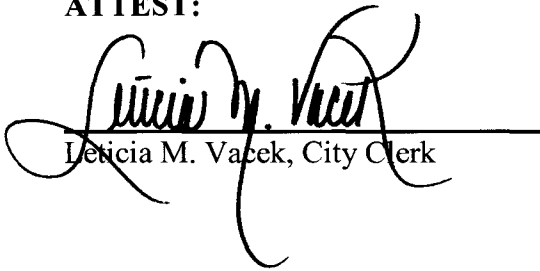
**SECTION 7.** This ordinance is effective immediately upon passage by eight (8) affirmative votes; otherwise, said effective date shall be ten (10) days from the date of passage hereof.

***PASSED AND APPROVED*** this 17<sup>th</sup> day of April, 2014.

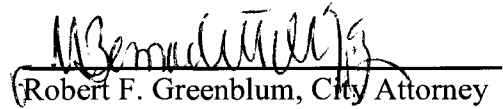


**M A Y O R**  
Julián Castro

**ATTEST:**

  
Leticia M. Vacek, City Clerk

**APPROVED AS TO FORM:**

  
Robert F. Greenblum, City Attorney

Voting Results Interface

<b>Agenda Item:</b>	26 ( in consent vote: 4, 5, 6, 7, 8, 9, 11, 13, 14, 15, 16, 17, 17A, 17B, 18, 18A, 18B, 19, 21, 23, 24, 26, 27, 28, 29, 30, 30A, 30B, 31 )
<b>Date:</b>	04/17/2014
<b>Time:</b>	09:47:00 AM
<b>Vote Type:</b>	Motion to Approve
<b>Description:</b>	An Ordinance ratifying an amendment and extension to the professional services contract with MHBT Inc. for consulting services related to the review, analysis and modeling of options for the health benefits provided to the city's uniformed police and fire employees and assisting the City in the negotiations for a contract extension with United Healthcare Insurance Company; increasing the compensation to MHBT for an amount up to \$250,000.00; and extending the term of the Contract through December 31, 2014. [Ben Gorzell, Chief Financial Officer]
<b>Result:</b>	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7	x					
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x			x	
Michael Gallagher	District 10		x				

**A T T A C H M E N T I**

## **SECOND AMENDMENT OF PROFESSIONAL SERVICES CONTRACT**

This *Second Amendment Of Professional Services Agreement* (“SECOND AMENDMENT”) is entered into by and between the **CITY OF SAN ANTONIO** (hereinafter referred to as “**CITY**”), a Texas municipal corporation, and **MHBT INC.**, having its principal place of business at 301 Congress Ave. Ste 1000, Austin, Texas 78701 (hereinafter referred to as “**CONSULTANT**”). **CITY** and **CONSULTANT** re sometimes hereinafter referred to as the “**PARITES**”.

For a good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by **CITY** and **CONSULTANT**, the PARTIES hereby agree as follows:

### **I. AMENDMENTS**

- 1.1 Article I. PURPOSE, Section 1.1 of that certain *Professional Services Contract* between **CITY** and **CONSULTANT**, dated on or about October 22, 2013 (“Contract”), is deleted in its entirety and replaced by the following:

“1.1 The purpose of this CONTRACT is to state the terms and conditions under which the **CONSULTANT** shall (a) provide the CITY consulting services related to the review, analysis, and modeling of options for the health benefits provided to the **CITY’S** uniformed police and fire employees, and (b) assist CITY in the negotiations for a contract extension with United HealthCare Insurance Company.”

- 1.2 Article II. SCOPE OF SERVICES, Section 2.3 of the Contract is deleted in its entirety and replaced by the following:

“2.3 **CONSULTANT** shall provide the following consulting and analytical services related to the review, analysis, and modeling of option for the health benefits provided to the **CITY’S** uniformed police and fire employees:

2.3.1 The **CONSULTANT** shall attend Collective Bargaining meetings between the City of San Antonio bargaining team and the Police and Fire Union bargaining teams as directed by the City of San Antonio bargaining team.

2.3.2 The **CONSULTANT** shall provide written or electronic analysis and summary findings of a review of the historical claims experience, to include cost drivers, for the **CITY’S** uniformed police and fire employee benefit plans.

2.3.3 The **CONSULTANT** will provide written or electronic claims projections and costing scenarios as requested by the City of San Antonio bargaining team.

2.3.4 The **CONSULTANT** will provide written or electronic benchmarking analysis of the CITY'S uniformed police and fire health benefit plans to other peer employers.

2.3.5 The **CONSULTANT** will prepare written or electronic claims projections and costing scenarios for alternative options for uniform police and fire health benefit plans as requested by the City of San Antonio bargaining team.

2.3.6 The **CONSULTANT** will assist in the preparation of requests for information and responses to the Police and Fire Union bargaining teams as directed by the City of San Antonio bargaining team.

2.3.7 The **CONSULTANT** will develop uniform fund schedule and track variances and rates for the 2015 uniformed police and fire health benefits plans.

2.3.8 The **CONSULTANT** will develop illustrative rates for active uniformed employees as well as COBRA rates."

2.3.9 The **CONSULTANT** will assist CITY in the negotiations for a calendar year 2015 contract extension with United HealthCare Insurance Company for all City of San Antonio health benefit plans, which may include an optional extension for calendar year 2016.

1.3 Article IV. TERM OF CONTRACT of the Contract is deleted in its entirety and replaced by the following:

**"IV. TERM OF CONTRACT**

4.1 The term of the CONTRACT shall commence October 18, 2013 and shall terminate upon the first to occur of (a) completion of the Scope of Services specified in Article II above or (b) December 31, 2014. If (a) has not occurred by December 31, 2014, the term of this CONTRACT may be extended for an additional six (6) months by an agreement in writing signed by the **PARTIES**. The consent or authorization of **CITY'S** City Council shall not be required in order for **CITY** to execute such agreement."

1.4 Article V. PAYMENT FOR SERVICES of the Contract is deleted in its entirety and replaced by the following:

**“V. PAYMENT FOR SERVICES”**

5.1 In consideration of the professional services as defined in Section II of this SECOND AMENDMENT to be rendered by **CONSULTANT**, the **CITY** shall pay a professional fee of no more than \$250,000.00, including sums reimbursed pursuant to Section 5.2 below. The **CITY** shall pay the professional fee within thirty (30) days following receipt of **CONSULTANT’S** Invoice, which shall be submitted upon completion of all services specified in Section 2.3 above. This fee shall constitute full and complete payment for all services to be performed by **CONSULTANT** under this SECOND AMENDMENT.

5.2 The **CITY** will reimburse **CONSULTANT** in an amount not to exceed \$7,500.00 for: air fare or mileage (in a non-rental vehicle) for travel to San Antonio; car rental; hotel accommodations; and meals, which are incurred by Consultant in connection with this SECOND AMENDMENT. Air fare shall be reimbursed only for economy or coach class. Mileage (in a non-rental vehicle) shall be reimbursed at the rate of 50 cents per mile. Rental vehicles shall be Intermediate Class or below. The full cost of fuel for a rental vehicle shall be reimbursed. Hotel accommodations will be reimbursed at the lesser of actual cost or \$125.00 per night. Meals will be reimbursed on a per diem basis at the lesser of actual cost or \$66.00 per day. No administration or overhead fees may be charged in connection with travel expenses. Consultant shall submit a request for reimbursement to the Director for all expenses incurred. The request shall include receipts and further appropriate documentation of the type and amount of each expense for which reimbursement is requested. Reimbursement for a category of expense not set forth above requires prior written approval of the Director.

5.3 The professional fee set out in Section 5.1 above represents payment in full for all services provided by **CONSULTANT** under this SECOND AMENDMENT, and does not include any sums paid or to be paid or reimbursed to **CONSULTANT** pursuant to original Sections 5.1 and 5.2 of the CONTRACT. **CITY** shall pay or reimburse **CONSULTANT** separately for all services rendered pursuant to original Sections 5.1 and 5.2 of the CONTRACT.

5.4 The **CITY** shall not be obligated or liable under this CONTRACT to any party, other than the **CONSULTANT** for payment of any monies or provision for any goods or services.”



**II. PROVISIONS TO REMAIN IN EFFECT**

2.1 Save and except as modified herein, all other terms, conditions, covenants and provisions of the CONTRACT shall remain unchanged and in full force and effect.

**III. ENTIRE AGREEMENT**

3.1 The CONTRACT, as amended by this SECOND AMENDMENT, embodies the complete agreement of the PARTIES with regard to the subject matter contained herein, superseding all oral or written previous and contemporary agreements between the Parties relating to matters herein.

**EXECUTED** by the **CITY** and by the **CONSULTANT**, acting through their duly authorized officials, on the dates written below, to be effective from and after \_\_\_\_\_, 2014.

**CITY OF SAN ANTONIO, TEXAS**

**MHBT**

\_\_\_\_\_  
Ben Gorzell, Jr.  
Chief Financial Officer

\_\_\_\_\_  
[Name of Signer]  
[Title of Signer]

Date:

Date:

Approved as to form:

\_\_\_\_\_  
Assistant City Attorney