



**CITY OF PLANO  
COUNCIL AGENDA ITEM**

<b>CITY SECRETARY'S USE ONLY</b>				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		7/26/2010		
Department:		Purchasing		
Department Head		Mike Ryan		
Agenda Coordinator (include phone #): <b>Sharron Mason x7247</b>				
<b>CAPTION</b>				
To approve the Third Modification of the contract by and between the City of Plano and Hay Group, Inc. (Contract No. 2006-154-C) for Employee Benefits Consulting Services to increase the contract 25% from \$110,000 to \$137,500, and authorizing the City Manager or his authorized designee to execute all necessary documents.				
<b>FINANCIAL SUMMARY</b>				
<input type="checkbox"/> NOT APPLICABLE <input checked="" type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: <b>2009-10</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	0	3,080,464	0	<b>3,080,464</b>
Encumbered/Expended Amount	0	-1,990,362	0	<b>-1,990,362</b>
This Item	0	-27,500	0	<b>-27,500</b>
<b>BALANCE</b>	<b>0</b>	<b>1,062,602</b>	<b>0</b>	<b>1,062,602</b>
<b>FUND(S):     HEALTH CLAIMS FUND</b>				
<p><b>COMMENTS:</b> Expenditures will be made in the Health Claims Fund within approved budget appropriations. This item, in the amount of \$27,500 (increases the original contract by 25%), modifies the existing contract for additional consulting services. This will leave a current year balance of \$1,062,602 for other contractual professional services.</p> <p><b>STRATEGIC PLAN GOAL:</b> The consulting services for the self-funded health plan relates to the City's Goal of Financially Strong City with Service Excellence.</p>				
<b>SUMMARY OF ITEM</b>				
<p>Council awarded Contract No. 2006-154-C for Employee Benefits Consulting Services to Hay Group, Inc. in the amount of \$85,000 on 11/13/06 for an initial term of 3 years with two (2) City optional one (1) year renewal. As we anticipate implementation of this legislation and begin making procedural changes to ensure the City of Plano's compliance, we believe it may be necessary to request assistance from the Hay Group more frequently than usual. This modification will reflect a 25% increase from \$110,000 to \$137,500 to include the new federal mandates.</p>				
List of Supporting Documents:			Other Departments, Boards, Commissions or Agencies	
Contract Mod Memo and Third Mod Agreement				

# Memorandum

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**To:** Tom Muehlenbeck, City Manager  
**From:** LaShon Ross, Deputy City Manager  
**Date:** July 5, 2010  
**Re:** Third Modification to Contract No. 2006-154-C

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Several months ago, we began working with the Hay Group to ensure the City of Plano thoroughly understands the requirements and impact of the recently enacted federal healthcare reform (Patient Protection and Affordability Care Act). To date, we have communicated with the Hay Group by phone, e-mail, and in person on several occasions as we consider the specific application of this legislation.

As we anticipate implementation of this legislation and begin making procedural changes to ensure the City of Plano's compliance, we believe it may be necessary to request assistance from the Hay Group more frequently than usual. I am requesting that the City's contract with the Hay Group (#2006-154-C) be modified to reflect a 25% increase. This will change the schedule of fees from \$110,000 to \$137,500 to include the new federal mandates.

The City was able to negotiate a \$50,000 decrease in this contract for the current calendar year. So, even with the increased need for services, we will still realize savings from the original amount of the contract.

Thanks for your consideration.

THE STATE OF TEXAS § Third Modification of Contract  
§ **By and Between City of Plano and**  
§ **Hay Group, Inc.**  
COUNTY OF COLLIN §

THIS THIRD MODIFICATION OF Professional Services Agreement (hereinafter Third Modification") is made and entered into on this the \_\_\_\_ day of \_\_\_\_\_, 2010, by and between **HAY GROUP, INC.**, a Delaware corporation (hereinafter "Professional"), Plano, Texas, and the **CITY OF PLANO, TEXAS**, a home rule municipal corporation (hereinafter "CITY"), acting by and through its City Manager or his designee.

**WITNESSETH:**

**WHEREAS**, City and Professional entered into an Agreement on November 29, 2006 (hereinafter "Agreement") for consulting services (hereinafter "Services"); and

**WHEREAS**, City and Professional executed the First Modification on January 30, 2008, to revise certain services and fees.

**WHEREAS**, City and Professional executed the Second Modification on March 5, 2009, to revise certain services and fees.

**WHEREAS**, City and Professional desire to amend such Agreement, First Modification, and Second Modification in certain respects as set forth herein in this Third Modification.

**NOW THEREFORE**, the Agreement is incorporated herein as if written word for word. Except as provided below, all other terms and conditions of the Agreement, First Modification and Second Modification shall remain unchanged and shall remain in full force and effect. In the event of any conflict or inconsistency between the provisions set forth in this Third Modification, Second Modification, First Modification and the Agreement, priority of interpretation shall be in the following order: Third Modification, Second Modification, First Modification, Agreement. In consideration of the foregoing, and for other good and valuable consideration, the parties hereto agree as follows:

**I.**

Beginning on the effective date of this Modification and continuing through the remaining term of the Agreement, **Exhibit "A-1"** as referenced in the Second Modification executed on March 5, 2009, is hereby modified to read in its entirety as follows:

**EXHIBIT "A-1"**

**SCOPE OF SERVICES/SCHEDULE OF FEES**

**January 1, 2010 – December 31, 2010**

Ongoing Consulting	\$ 137,500.00
<ul style="list-style-type: none"><li>- Rates, Funding, and Budget Analysis</li><li>- Analysis of Vendor Renewals</li><li>- Claims Tracking and Quarterly Reports</li><li>- Vendor Liaison and Performance Reviews</li><li>- Legislative Issues and Compliance</li><li>- Meetings with Human Resources as Needed</li><li>- Presentation of Annual Plan Analysis to Executives, Department Managers and City Council</li><li>- Day-to-Day Issue Resolution</li><li>- Open Enrollment Meeting (up to 10)</li><li>- Legislative Mandates including "Patient Protection and Affordable Care Act"</li></ul>	

The hourly rate will be as follows:

Senior Consultant - \$500.00

Consultant - \$375.00

Associate - \$295.00

**IN WITNESS WHEREOF**, the parties enter into this Third Modification on the date first written above.

**HAY GROUP, INC., a Delaware corporation**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CITY OF PLANO, TEXAS**

By: \_\_\_\_\_  
Thomas H. Muehlenbeck  
CITY MANAGER  
1520 Avenue K  
P. O. Box 860358  
Plano, TX 75086-0358

APPROVED AS TO FORM:

\_\_\_\_\_  
Diane C. Wetherbee, CITY ATTORNEY

**ACKNOWLEDGMENTS**

**STATE OF TEXAS**       §  
                                  §  
**COUNTY OF \_\_\_\_\_** §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, \_\_\_\_\_ of **HAY GROUP, INC.**, a Delaware corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public, State of Texas

**STATE OF TEXAS**       §  
                                  §  
**COUNTY OF COLLIN**   §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by **THOMAS H. MUEHLENBECK**, City Manager of the **CITY OF PLANO, TEXAS**, a home-rule municipal corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public, State of Texas