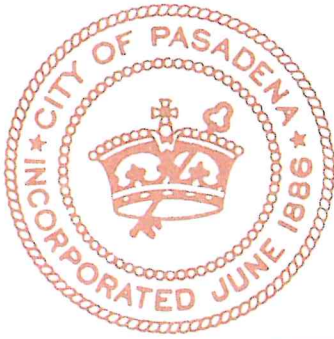




Agenda Report

July 20, 2026

TO: Honorable Mayor and City Council

FROM: Human Resources Department

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH KEENAN & ASSOCIATES FOR BENEFITS INSURANCE BROKERAGE SERVICES FOR UP TO FIVE YEARS FOR AN AMOUNT NOT-TO-EXCEED \$1,100,000

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action in the agenda report is exempt from the California Public Resources Code ("PRC") Section 21065 and within the meaning of California Environmental Quality Act ("CEQA") Guidelines Section 15378(b); and
2. Authorize the City Manager to enter into a contract, as a result of a competitive selection process, as specified in Section 4.08.047 of the Pasadena Municipal Code, with Keenan & Associates for benefits insurance brokerage services for a total amount not-to-exceed \$604,270 over a three-year term, with two optional one-year extension periods that may be exercised concurrently, and a contingency of \$62,067. The combined value of the optional extension periods is not-to-exceed \$433,663, for a grand total not-to-exceed \$1,100,000. Competitive bidding is not required pursuant to City Charter Section 1002(F), contracts for professional or unique services.

BACKGROUND:

The Department of Human Resources is committed to providing a competitive and comprehensive benefits program that supports the health and well-being of its employees. In addition to medical plan offerings from the California Public Employees' Retirement System's health program, the Department of Human Resources also works with an insurance broker to serve as a Broker of Record for other ancillary benefits such as dental, vision, life, accident, critical illness and disability insurance.

On April 21, 2026, the Human Resources Department issued a Request for Proposals for Broker Services for Employee Benefits Plans. Services requested in the scope of

work included: benefits program review and recommendations, market analysis and carrier negotiation, implementation and renewal management, compliance and regulatory support, claims and issue resolution, third-party administrator coordination, reporting and communication, and budgeting and labor relations support.

The broker is a strategic partner and will assist the City in reviewing its current offerings, identify opportunities for improvement, and implement cost-effective solutions without compromising quality.

The solicitation received 563 public views, 27 business downloads, and four responses received by the submission deadline. The following is the list of respondents and their respective scoring:

<u>Firm Name</u>	<u>Location</u>	<u>Score</u>
Keenan & Associates	Torrance, CA	82.15
Alliant	Irvine, CA	79.48
USI Insurance Services LLC	Torrance, CA	71.51
Marsh & McLennan Agency LLC	Los Angeles, CA	64.00

Each of the submissions were evaluated on the overall strength of their respective proposals by a committee comprised of City staff from the Human Resources Department, Pasadena Police Department, and the Fire and Police Retirement System. Specifically, the proposals were evaluated based on the following "Evaluation Criteria":

1. Proposed Scope of Work (15%)
2. Experience and References (70%)
3. Cost Proposal (5%)
4. Local Pasadena Business (5%)
5. Small or Micro-Business (5%)

The compensation structure for insurance brokers is typically commission based, with brokers earning revenue from a percentage of the monthly premiums on the insurance products they manage, which is a standard practice within the insurance industry. Under the current contract with the current broker of record, Heffernan Insurance Brokers earned approximately \$250,000 in commissions and fees during the 2025 calendar year. Under the new agreement, Keenan & Associates will also be compensated through a commission schedule with contract-not-to-exceed amounts of \$604,270 for the first three years and \$433,663 for the optional contract extension period.

Commission Schedule:

<u>Coverage Type</u>	<u>Percentage</u>
Vision	5%
Dental PPO	5%

Dental DHMO	10%
Life/AD&D	8%
Short-Term Disability	8%
Long-Term Disability	8%
Critical Illness/Accident	8%

COUNCIL POLICY CONSIDERATION:

Approval of this contract with Keenan & Associates supports the City Council's strategic planning goals to maintain fiscal responsibility and stability. The contract with the selected vendor includes "not-to-exceed" contract amounts.

ENVIRONMENTAL ANALYSIS:

The proposed action is not a "project" subject to the California Public Resources Code ("PRC") Section 21065 and within the meaning of California Environmental Quality Act ("CEQA") Guidelines Section 15378(b). The proposed action constitutes a continuing administrative or organizational activity that will not result in a direct or reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT:

The fiscal impact of the proposed contract is estimated to cost up to \$1,100,000 over the next five years, should all the optional extensions be exercised. Approximately \$195,500 is expected to be spent in FY 2027 using existing appropriations from the Benefits Fund. Future expenditures will be budgeted annually in the Benefits Fund.

Respectfully Submitted,



TIFFANY JACOBS-QUINN
Human Resources Director

Prepared by:



Vanna R. Lesh
Benefits Administrator

Approved by:



MATTHEW E. HAWKESWORTH
Interim City Manager

Attachments:

Attachment A – Scoring Summary of Ranked Proposals