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MEMORANDUM

DATE: January 8, 2009

TO: Mayor and Council

THRU: W. Mark Pentz, City Manager
Rich Dlugas, Assistant City Manager

FROM: Debra Stapleton, Director, Human Resources Division

SUBJECT: Recommendation for Approval of Amendment to The Segal Company Contract

RECOMMENDATION: Approve amendment to the 2008 Segal Company Contract for additional services in the amount of \$29,000.

BACKGROUND: The City formed a Citywide Healthcare Taskforce in February of 2008 to review the City's current medical plan design and to develop a Request for Proposal (RFP) in order to evaluate other providers. City employees from all bargaining and non-bargaining groups are represented on this committee. The purpose of the committee is to gather a better understanding of the City's medical plan, design, cost and utilization with the long-term goal of assisting the City in evaluating options for future cost containment.

The Segal Company currently provides employee benefits consulting services to the City. These services include assistance in the preparation of specialized management reports upon request, compilation of employee benefits survey responses, some facilitation of employee surveys/focus groups, compliance with federal and state regulations, and day-to-day technical assistance to City staff. Due to the concern over escalating health care costs and the complexity involved in the evaluation of alternative medical plans, the City requested additional assistance from The Segal Company for its work with the Citywide Healthcare Taskforce.

The cost of this additional service is \$29,000. This additional service coupled with the annual consulting services with The Segal Company fee totals to \$56,500.

PROPOSED MOTION: Move to approve amendment to the 2008 Segal Company Contract for additional services in the amount of \$29,000.

**AMENDMENT NUMBER ONE,
TO AGREEMENT BETWEEN THE CITY OF CHANDLER
AND
THE SEGAL COMPANY
AGREEMENT NO. 18-1197**

This Amendment #1 to that certain Agreement between the City of Chandler (CITY) and The Segal Company (Segal or Consultant) dated February 14, 2008, (Agreement) is entered into this day of , 2009.

WHEREAS, the parties have agreed;

1. Paragraph 2 of the Agreement is amended to provide for additional services during the term of the Agreement: 1) professional services consisting of seven healthcare task force meetings, two meetings and related preparation material for such meetings, and three special meetings with City staff to plan and discuss the agenda for Healthcare Task Force (hereinafter "Professional Services") and 2) the preparation of a medical plan RFP including revision of the RFP for self-funding and traditional funding (hereinafter "Preparation of RFP").
2. Paragraph 4 of the Agreement is amended to increase the amount of the fee schedule set forth in the Agreement by ten thousand seven hundred and fifty dollars (\$10,750.00) for the additional Professional Services and eighteen thousand two hundred and fifty dollars (\$18,250.00) for the Preparation of RFP for a total increase of twenty nine thousand dollars (\$29,000.00) for a total amount of fifty six thousand five hundred dollars (\$56,500.00) for the Agreement for the term set forth in Paragraph 5 of the Agreement.
3. Paragraph 10 of the Agreement shall be amended to add the following provisions:
 - (a) Pursuant to the provisions of A.R.S. § 41-4401, the Consultant hereby warrants to the City that the Consultant and each of its subConsultants ("SubConsultants") will comply with all Federal Immigration laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "Consultant Immigration Warranty" attached hereto as Exhibit A).
 - (b) A breach of the Consultant Immigration Warranty shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.
 - (c) The City retains the legal right to inspect the papers of any Consultant or SubConsultant employee who works on this Contract to ensure that the Consultant or SubConsultant is complying with the Consultant Immigration Warranty. The Consultant agrees to assist the City in the conduct of any such inspections.
 - (d) The City may, at its sole discretion, conduct random verifications of the employment records of the Consultant and any SubConsultants to ensure compliance with Consultants Immigration Warranty. The Consultant agrees to assist the City in performing any such random verifications.

- (e) The provisions of this Article must be included in any contract the Consultant enters into with any and all of its subConsultants who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a Consultant or subConsultant. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.
- (f) In accordance with A.R.S. §35-397, the Consultant hereby certifies that the Consultant does not have scrutinized business operations in Iran.
- (g) In accordance with A.R.S. §35-397, the Consultant hereby certifies that the Consultant does not have scrutinized business operations in Sudan.

5. All other terms and conditions of the above referenced Agreement shall remain unchanged and in full force and effect. All terms and conditions in the original Agreement not specifically amended herein shall be incorporated by reference in its entirety and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this _____ day of _____, 2009.

CITY OF CHANDLER:

By: _____
Mayor

CONSULTANT:

By: John J. Segal
Title: Senior Vice President

APPROVED AS TO FORM:

City Attorney

ATTEST: (If corporation)

ATTEST:

City Clerk

Secretary

WITNESS: (If individual or Partnership)

[SEAL]

EXHIBIT A

**Consultant Immigration Warranty
To Be Completed by Consultant Prior to Execution of Contract**

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the Consultant and subConsultants with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

By completing and signing this form the Consultant shall attest that it and all subConsultants performing work under the cited contract meet all conditions contained herein.

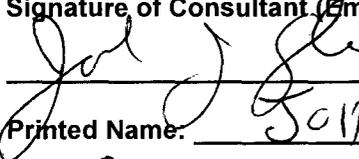
Contract Number:	18-1197
Name (as listed in the contract):	<i>The Segal Company</i>
Street Name and Number:	<i>1230 W. Washington St, Suite 501</i>
City: <i>Tempe</i>	State: <i>AZ</i> Zip Code: <i>85281</i>

I hereby attest that:

1. The Consultant complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;

2. All subConsultants performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of Consultant (Employer) or Authorized Designee:



Printed Name: *John J. COYLE*
Title: *Sr. U.P. SEGAL*
Date (month/day/year): *12-31-08*