



City of San Antonio

Agenda Memorandum

File Number: 16-1656

Agenda Item Number: 19.

Agenda Date: 3/3/2016

In Control: City Council A Session

DEPARTMENT: Human Resources

DEPARTMENT HEAD: Lori Steward, Human Resources Director

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Employee Benefits Consulting Contract

SUMMARY:

This ordinance authorizes the City Manager or her designee to execute a contract with Arthur J. Gallagher & Co., dba Gallagher Benefits, to provide employee benefit consulting services for civilian, uniformed and retired employees with total compensation in an amount up to \$395,000.00 per year. The term of this contract is three (3) years, beginning March 3, 2016 and ending March 2, 2019, with the option to renew for two (2) additional one (1) year periods, subject to and contingent upon funding by City Council.

BACKGROUND INFORMATION:

Benefits consultant services for the City of San Antonio include actuarial valuation analysis, cost analysis and validation studies for plan design changes and the development of strategies to effectively control costs while maximizing benefits to all employees, retirees and their dependents.

The consultant will provide guidance on services such as strategic planning for healthcare and wellness services, actuarial services, vendor management, reporting and compliance for all employee benefit plans. These services are an integral part of the annual budget process and legal compliance of the delivery of the employee benefits plans.

The Finance Department, Purchasing Division on behalf of the Human Resources Department released a Request for Proposal (RFP) on November 9, 2015 seeking proposals for a qualified

Respondent interested in providing Employee Benefits Consultant services. The RFP was advertised in the San Antonio Express-News on November 10, 2015. A pre-submittal conference was held on November 19, 2015, to allow for Respondent questions and clarification to the RFP. Eight (8) proposals were received by the December 11, 2015 deadline. One firm withdrew from consideration during the evaluation process. The Evaluation Committee included representatives from the City Manager's Office, Human Resources Department, and Finance Department.

The evaluation of each proposal response was based on a total of 100 points; 25 points allotted for experience, background, qualifications; 30 points allotted for proposed plan and 15 points allotted for Respondent's price schedule. Fifteen (15) preference points were allotted for the Small Business Economic Development Advocacy (SBEDA) Program. The Mentorship Incentive program, Small Business Enterprise Prime Contract Program, and Minority/Women-Owned Business Enterprise Prime Contract Program were each allotted five (5), respectively. In addition, 10 points were allotted for the Local Preference Program and 5 points for the Veteran-Owned Small Business Preference Program.

The Evaluation Committee conducted interviews from February 2, 2016 through February 4, 2016. On February 5, 2016, the Evaluation Committee reconvened to finalize discussion of the proposals experience and background and qualifications and proposed plan and made a contract recommendation. The Committee recommends Arthur J. Gallagher & Co., dba Gallagher Benefits, for award as the firm receiving the highest collective score from the evaluation categories.

The Small Business Economic Development Advocacy (SBEDA) Program was applied to this evaluation process; however, the highest ranked firm is not a Small Business Enterprise or a Minority/Women Business Enterprise and did not receive the available SBEDA preference points.

In accordance with Local Preference Program, the recommended Respondent received 5 points for having a local office in the San Antonio City limits.

The Veteran-Owned Small Business Preference Program was applied in the evaluation of responses received for this contract; however, the highest ranked firm is not a veteran-owned small business.

ISSUE:

Award of this contract will allow for continued employee benefits consulting services including actuarial valuation analysis, cost analysis and validation studies for plan design changes and the development of strategies to effectively control costs while maximizing benefits to all employees, retirees and their dependents.

ALTERNATIVES:

Should this contract not be approved, Human Resources would continue to utilize the current month-to-month contract with the current vendor, Buck Consultants, until existing funding is exhausted. Upon expiration, City staff would assume responsibility to manage the rising cost of medical and prescription care without the expertise of a benefits consultant to recommend plan design changes and an actuarially derived funding strategy.

FISCAL IMPACT:

Funds are available in the FY 2016 Adopted Budget of the Employee Benefits Insurance Fund in the amount of \$395,000. It is anticipated that 7 months of this contract, (March - September), which will impact FY 2016, will amount to \$230,419. Subsequent funding will be contingent upon City Council appropriations in the Budget for FY 2017 and future fiscal years.

RECOMMENDATION:

Staff recommends approval of this ordinance to execute a contract with Arthur J. Gallagher & Co., dba Gallagher Benefits, to provide employee benefit consulting services for civilian, uniformed and retiree employees with total compensation in an amount up to \$395,000.00 each year, beginning March 3, 2016 and ending March 2, 2019, with the option to renew for two (2) additional one (1) year periods, subject to and contingent upon funding by City Council.

This contract is procured by means of Request for Proposals and Discretionary Contract Disclosure Form is attached.