

AGENDA



Thursday, August 30, 2007

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 61

Subject: Authorize award, negotiation, and execution of a 24-month requirements service contract with TOWERS PERRIN, FORSTER & CROSBY, INC., Austin, TX for actuarial and benefit consulting services in an estimated amount not to exceed \$1,077,000, with two 12-month extension options in an estimated amount not to exceed \$538,500 per extension option, for a total estimated contract amount not to exceed \$2,154,000.

Amount and Source of Funding: Future funding is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Rosemary Ledesma, Supervising Sr. Buyer/974-2011 or Russell Nash, Benefits Manager/974-3288

Purchasing Language: Best evaluated proposal of seven proposals received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

The City provides access to benefit programs to City of Austin eligible employees, retirees, COBRA participants, eligible dependents and, if applicable, to employees and retirees of a related group and their eligible dependents. This contract will provide for actuarial and consulting services for the Human Resources Department's Employee Benefits Program which will include the review of current benefit programs and provide assistance in the design and development of future benefit programs.

The City issued a Request for Proposal (RFP) solicitation on March 19, 2007, seeking proposals from firms to provide actuarial and consulting services for the Employee Benefits Fund. Services proposed for this recommended contract include but are not limited to:

- Develop annual rates and monitor Fiscal Year Expenditures for the City's self funded plans,
- Provide Governmental Accounting Standards Board (GASB) Statement 45 compliance and other post employment benefits funding alternatives,
- Provide an Annual Report summarizing the Employee Benefits Program and provide an annual Benchmark Survey,
- Conduct a survey of medical and dental benefits of other employers to compare to the City of Austin,
- Provide vendor proposal reviews and negotiation assistance,
- Provide Cafeteria Program assistance and compliance assistance,
- Provide document reviews for the medical, dental, and FLEXTRA plans,
- Legislative review and compliance assistance, and
- Complete audits of the dental, FLEXTRA, and Medical Claims Administrator as well as the Pharmacy Benefit Manager.

The initial term of the contract will be January 1, 2008 through December 31, 2009. Two 12-month extension options will be available for this contract. The extension options, if exercised, will extend the term through December 31, 2011.

The recommendation is based on an evaluation of proposals reviewed by City staff considering firm experience, personnel qualifications and experience, proposed scope of work, publications, and cost. The evaluation panel members are familiar with the services and the industry and recommended Towers, Perrin, Forster & Crosby, Inc. (Towers Perrin) as the best proposer. Towers Perrin has been serving HRD in this capacity for the past nine years. They are an international firm of consultants and actuaries offering services to clients in the private and public sectors since 1917.

MBE/WBE solicited: 1/0

MBE/WBE Bid: 0/0

RFP NO. RML0002

PROPOSAL ANALYSIS

- a. Adequate competition.
- b. Twenty-seven notices were sent, including one MBE. There are no known WBEs who provide this service. Seven proposals were received, with no response from the MBE. Two "No Bid" replies were received.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal received.
- b. The Purchasing Office concurs with the Human Resources Department's recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.