

## A G E N D A



## Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	10613	Agenda Number	38.
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Meeting Date:	November 10, 2011
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Department:	Purchasing
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## Subject

Authorize award, negotiation, and execution of a 12-month service agreement contract with TOWERS WATSON PENNSYLVANIA INC (TOWERS WATSON), Austin, TX or one of the other qualified proposers to RFP JSD0110 to provide actuarial and consulting services for the Human Resources Department's Employee Benefits Program in an estimated contract amount not to exceed \$563,000 with five one-year extension options in estimated amounts not to exceed \$540,000, \$533,000, \$546,000, \$618,000, and \$639,000 per extension option respectively, for a total estimated contract amount not to exceed \$3,439,000.

## Amount and Source of Funding

Funding in the amount of \$422,250 is available in the Fiscal Year 2011-2012 Operating Budget of the Employees Benefits Fund. Funding for the remaining 3 months of the 12-month original contract period and extension options is contingent upon available funding in future budgets.

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	Best proposals of five proposals received.
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Prior Council Action:	
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For More Information:	Jeff Dilbert, Buyer II, 974-2651
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Boards and Commission Action:	
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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.
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Related Items:	
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### Additional Backup Information

This request allows for the development of an agreement with a qualified proposer that Council selects. If the City is unsuccessful in negotiating a satisfactory agreement with the selected proposer, negotiations will cease with that provider. Staff will return to Council so that Council may select another qualified proposer and authorize contract negotiations with this provider.

This contract will provide for actuarial and consulting services for the Human Resources Department's Employee Benefits program. The services will include the review of current benefit programs and provide assistance in the design and development of future benefit programs.

This solicitation gave vendors the opportunity to submit proposals for actuarial and consulting services for the Employee Benefits program. The evaluation committee recommends contracting with Towers Watson, the current actuarial and consulting services contractor. The term of this contract is from January 1, 2012 through December 31, 2012 for the initial period. The one-year extension options, if exercised, will extend the term through December 31, 2017.

Below is a cost breakdown of the contract:

Initial one year contract:	\$ 563,000
First contract extension:	\$ 540,000
Second contract extension:	\$ 533,000
Third contract extension:	\$ 546,000
Fourth contract extension:	\$ 618,000
Fifth contract extension:	\$ 639,000
Total Not to Exceed Contract Amount:	\$3,439,000

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 benefit plans,
- Provide GASB Statement 45 compliance and other post employment benefits funding alternatives,
- Provide quarterly reports detailing the performance of the medical, prescription and dental plans,
- Provide an Annual Report summarizing the Employee Benefits Program and provide an annual Benchmark Survey,
- Provide a total compensation report of the City's competitive analysis including compensation programs, employee benefits, retirement plans, and paid leave benefits to determine how the City compares to other organizations,
- Perform audits of the medical claims administrator, pharmacy benefit manager, dental claims administrator, Section 125 (FLEXTRA) health care and dependent care spending accounts, and COBRA,
- Provide vendor proposal reviews and negotiation assistance,
- Provide Cafeteria Program assistance and compliance assistance,
- Provide document reviews for the medical, dental, and FLEXTRA plans,
- Provide actuarial attestation of the City's retiree medical plans for the Medicare Part D claims subsidy filing,
- Provide strategic planning of the City's benefit programs,
- Monitor federal legislation and regulatory changes and provide recommendations.

The evaluation panel consisted of professional and managerial staff from the Human Resources Department, Employee Benefits Division. They recommend Towers Watson with the best proposal based on firm experience, personnel qualifications and experience, proposed scope of work, publications, and cost. Towers Watson has been serving HRD in this capacity for the past 13 years. They are an international firm of consultants and actuaries offering services to clients in the private and public sectors for more than 40 years.

MBE/WBE solicited: 84/82

MBE/WBE bid: 0/0

**PROPOSAL ANALYSIS**

- a. Adequate competition.
- b. 1,275 notices were sent including 84 MBEs/82WBE. Five proposals were received. No MBEs/WBEs responded.
- c. The pricing offered for the initial one year contract period represents a 4.5% increase from the last contract awarded for January 2008. The increase is due to additional services and market increases.

**APPROVAL JUSTIFICATION**

- a. The proposals submitted by the recommended awardees meet the requirements of the Request for Proposal.
- b. Advertised in the Austin American-Statesman and Internet.
- c. The Purchasing Office concurs with the Human Resources Office's recommendation.