

**CITY OF TEMPE
REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 11/07/2013
Agenda Item: 5B5**

ACTION: Award an eight-month contract with four, one-year renewal options to The Hays Group who will provide consulting service related to employee benefits provided by the City and administered by the Human Resources Department.

FISCAL IMPACT: The total cost of the initial eight-month contract period will not exceed \$50,000. Sufficient funds have been appropriated in the Health Fund – cost center 4167 – for the anticipated expenditures in the current fiscal year.

The initial contract period was set at eight months to coincide with the fiscal year cycle of benefits-related contracts awarded by the City.

RECOMMENDATION: Award the contract.

BACKGROUND INFORMATION: (RFP 14-005) The City of Tempe issued a Request for Proposal (RFP) to establish a contract for a consultant to assist with review, administration and development of the City’s employee benefits plans.

A total of eight responses were received and scored by a committee made up of the Six-Sided Partnership, Human Resources and Procurement staff.

Evaluation Process

The responses were scored using the following criteria – sub categories carry equal weight unless otherwise noted:

Criteria	Weight
Cost	9 (36%)
Monthly fee (60%)	
Additional services to be provided (40%)	
Qualifications and Experience	6 (24%)
Firm	
Personnel to be assigned	
References	
Methodologies and data to be utilized by vendor	5 (20%)
Suitability of firm based on potential conflicts of interest	4 (16%)
Overall Response to RFP	1 (4%)
Quality, Composition and Completeness	
Acceptance of Tempe Terms and Conditions	
Interview	4

Results of Scoring

A review of the submittals was conducted and scored as follows:

Firm	Score	Monthly Cost – Year One	Potential Cost for Five Years
The Hays Group	221.66	\$6,249.33	\$382,499.88
The Segal Company	193.08	\$11,457.25	\$727,500.00
Buck Consultants	188.90	\$15,298.68	\$930,300.00
Well Fargo Insurance Services USA	185.30	\$9,000.00	\$540,000.00
Gallagher Benefit Services	182.77	\$11,090.75	\$626,200.00

USI	176.48	\$18,749.50	\$1,155,008.00
HPACT/Valley Schools Employee Benefits Trust	176.34	\$4,733.00	\$320,400.00
Holmes Murphy & Associates	164.63	\$6,866.00	\$412,000.00

The three top scoring firms were invited to an interview where they could introduce themselves and the team that would work with the City, discuss their offer, provide the committee with a better understand of their methods of operation and discuss how they integrate both the City's and employees needs into workable benefit plans.

Subsequent to the interviews, a best and final offer was issued to the three firms to both clarify submitted information and to allow firms the opportunity to review their offers to insure that they had submitted the most competitive pricing. Results of the best and final offer are summarized in the table below:

Firm	Score	Monthly Cost – Year One	Potential Cost for Five Years	Change from Initial Offer	
				Dollar Difference	Percentage Difference
The Hays Group	241.60	\$6,249.33	\$382,499.88	\$0.00	0.00%
Buck Consultants	229.57	\$20,082.10	\$1,052,000.00	+ \$121,700.00	+ 13.09%
The Segal Company	223.50	\$11,457.25	\$727,500.00	\$0.00	0.00%

Summary

The Hays Group is a nationwide firm with a valley office that has demonstrated the capabilities to; assist in solicitation design, provide independent analysis of offers, provide required actuarial information, assist the City at contract renewal points to negotiate the lowest contract renewal cost, and also offer the City a wide variety of analytical tools that will assist in the analysis and impact of plan design changes. While Hays has not submitted the lowest cost offer, based on the committee review, their offer represents the best value to the City.

It is the recommendation of the committee that a contract be awarded to The Hays Group who has submitted a competitive rate for services (with established pricing for the entire potential length of the contract) and met the criteria established by the solicitation.

ATTACHMENTS: 14-005 – The Hays Group offer

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