



TO: Board of Contracts and Awards
FROM: Gary Buchanan, Director, Human Resources
 Kari Louie, Senior Compensation & Benefits Manager
COPY: City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, and
 Alex Clark, Finance/Purchasing
SUBJECT: Benefits Broker, Request for Proposals, Specification No. HR19-0136F, Contract
 No. CW2230178 – December 17, 2019
DATE: December 3, 2019

RECOMMENDATION SUMMARY:

The Human Resources Department recommends a contract be awarded to Mercer Health & Benefits LLC, Seattle, WA, for employee benefits brokerage and consulting services, in the amount of \$1,375,000, plus applicable taxes, for an initial contract period of five (5) years. There is the option to mutually extend the contract per the City’s Purchasing Manual by a written and fully executed Amendment to the Contract for up to three (3) one-year extensions.

STRATEGIC POLICY PRIORITY:

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

BACKGROUND:

ISSUE: The City of Tacoma is seeking a broker of record to represent the City in the marketing of employee benefit insurance and to provide consulting services in selected areas when the City does not provide such services internally.

ALTERNATIVES: No other alternatives are available at this time.

COMPETITIVE SOLICITATION: The City of Tacoma posted HR19-0136F on April 1, 2019. Fifteen (15) companies were invited to bid in addition to normal advertising of the project. Seven (7) submittals were received. The submittals were evaluated and scored by a Selection Advisory Committee (SAC) based on the following criteria: (1) The firm’s capability to provide the scope of work; (2) the firm’s experience and approach including compliance with requirements, innovative offerings and services offered, and (3) the experience and qualifications of key personnel. . The top two (2) vendors were invited to participate in interviews with the SAC, which were held in person, and the SAC then re-scored each vendor. Below is the resulting ranking of the seven (7) vendors:

<u>Respondent</u>	<u>Location</u>	<u>Score</u>
Mercer Health & Benefits, LLC	Seattle, WA	81.0
Arthur J Gallagher & Co.	Bellevue, WA	73.2
Brown & Brown Insurance	Tacoma, WA	66.0
Alliant Employee Benefits	Seattle, WA	63.7
Alera Group	Tacoma, WA	58.3
USI Insurance Services	Seattle, WA	55.8
PNW Financial	Seattle, WA	11.0



CONTRACT HISTORY: This is a new contract. Mercer Health & Benefits, LLC. was awarded the previous benefits brokerage and consulting services contract as a result of Request for Proposals Specification No. HR12-0236F in November 2012. The contract was for five (5) years, with the option of two (2), one-year extensions.

SUSTAINABILITY: Sustainability factors included in the overall scoring criteria used during the vendor scoring process, per the Sustainable Procurement policy in section XXIV. A. of the Purchasing Policy Manual.

SBE/LEAP COMPLIANCE: Not applicable.

FISCAL IMPACT:

This contract moves the consulting contract from a variable, commission-based structure to a fixed fee-for-service model, which more closely aligns the compensation of the contract with the interests of the City of Tacoma. The Contractor will receive base commissions from third parties for services performed for the period July 1, 2019 through December 31, 2019. The contractor’s fees beginning January 1, 2020, are \$275,000 per year for the five (5) year term.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
6430 – Health Care Trust	863000	5310100	\$1,375,000
TOTAL			\$1,375,000

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
6430 – Health Care Trust	863000	Various	\$1,375,000
TOTAL			\$1,375,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$275,000

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A