



City of Tacoma

Resolution No.:

Meeting Date: June 25, 2024

**Contract and Award Letter
Purchase Resolution —Exhibit "A"**

TO: Board of Contracts and Awards
FROM: Shelby Fritz, Director, Human Resources
Kari Louie, Human Resources Assistant Director, Compensation and Benefits
COPY: City Council, City Manager, City Clerk, EIC Coordinator, LEAP Coordinator, and Sara Bird, Senior Buyer, Finance/Purchasing
SUBJECT: Employee Benefits Brokerage and Consulting Services
Request for Proposals Specification No. HR19-0136F, SAP Contract No. 4600014162 – June 25, 2024 City Council
DATE: June 3, 2024

RECOMMENDATION SUMMARY: The Human Resources Department requests approval to increase and extend SAP Contract 4600014162, to Mercer Health and Benefits, LLC, Seattle, WA, by \$645,000, plus applicable taxes, budgeted from the Health Care Trust Fund 6430, for employee benefits brokerage and consulting services. This increase will extend the contract from the initial five-year term with the additional allowable two (2) years, for a cumulative seven (7) year total of \$2,020,000, plus applicable taxes.

STRATEGIC POLICY PRIORITY:

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Provide a healthy and supportive environment for City of Tacoma Employees.
- Strive to be a well-managed and fiscally sustainable municipal government that provides exceptional services. For our employees, that means we are committed to providing a competitive total rewards and incentives program that is internally and externally equitable.

BACKGROUND: Mercer Health and Benefits, LLC was awarded the benefits brokerage and consulting services contract for an initial five-year term with an option of two additional years as a result of a competitive Request for Proposals (RFP) process HR19-0136F in 2019. In 2020, 2021 & 2022, additional deliverables were requested of this vendor via contract amendments with no increase in funding.

ISSUE: Mercer Health and Benefits, LLC represents the City in the marketing of employee benefit insurance and provides consulting services in selected areas when the City does not provide such services internally. Without such services and market knowledge, the City would find it difficult to stay competitive for the health and welfare benefits.

ALTERNATIVES:

1. Hire additional staff to perform these services. Professional staff hired would have to have an uncommonly extensive market knowledge, resources, and relationships outside the City to ensure that the City is realizing all possible cost savings benefits.
2. Immediately begin the process of a new RFP taking three to six months resulting in significant time usage by the Human Resources Department staff in an employee benefits labor negotiation year.



COMPETITIVE SOLICITATION: The City of Tacoma posted RFP 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.

CONTRACT HISTORY: Mercer Health and Benefits, LLC was awarded the benefits brokerage and consulting services contract April 1, 2019, for an initial five-year term as a result of a competitive solicitation HR19-0136F.

July 1, 2020: Amendment No. 1 was added to the contract for the purpose of amending the contract's authorized scope of work to include consultation on an RFP for Citywide Life, AD&D and Long-Term Disability services. No additional funds were added to the contract.

March 12, 2021: Amendment No. 2 was added to the contract for the purpose of amending the contract's authorized scope of work to include claims audits for Regence Blue Shield (Regence) medical and pharmacy services, that manage client's health and welfare plans. No additional funds were added to the contract.

November 1, 2021: Amendment No. 3 to the Contract for the purpose of amending the contract's authorized scope of work to include Competitive Market Assessment for Voluntary Products including the viability of offering a Long-Term Care Plan to City employees. No additional funds were added to the contract.

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.

EQUITY IN CONTRACTING (EIC) COMPLIANCE: Not applicable - Service contract - EIC Regulations are not yet established

LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM (LEAP) COMPLIANCE: Not applicable to this contract.



FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
6430 – Health Care Trust	863000	5310100	\$645,000
TOTAL			Up to \$645,000

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
6430 – Health Care Trust	863000	Various	(\$645,000)
TOTAL			Up to (\$645,000)

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$161,250

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? YES

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