

CITY COUNCIL MEMORANDUM

AGENDA ITEM

Professional services agreement with Arthur J. Gallagher & Co. (RFP 15-12 Benefits Consultant Services)

ORIGINATING DEPARTMENT

Human Resources

BACKGROUND INFORMATION

All benefits provided to the City of Killeen employees are reviewed annually to ensure that the City and employees are receiving the best coverage for the best price and to ensure that benefits are administered in compliance with federal regulations. Both can be accomplished most effectively through consultation with and support from experts who specialize in both of these areas. The City's benefits consultant services are currently provided by Arthur J. Gallagher & Co.

DISCUSSION/CONCLUSION

To secure the "best value" in employee benefits, City staff has utilized the RFQ process to identify the firm with whom to partner. This RFQ was designed to select a qualified, innovative benefits consultant who has a proven track record of providing effective services in all aspects of employee benefits, particularly health and welfare management.

Purchasing staff distributed the RFQ to interested entities, posted the RFQ on the City website, IonWave, DemandStar, and the State of Texas ESBD (Electronic State Business Daily), and advertised in the Killeen Daily Herald. Six (6) entities submitted proposals: Alamo Insurance Group, First Financial Group of America, Frost, Arthur J. Gallagher & Co., IPS Advisors, and McQueary Henry Bowls Troy (MHBT). As part of the RFQ process, entities were asked to describe their scope of services including, but not limited to, employee health and dental benefits; health reimbursement accounts; voluntary supplemental benefits; base life and Accidental Death and Dismemberment (AD&D); compliance; HR consulting; health and welfare management; and benefits administration.

A six-member task force utilized the following criteria to evaluate proposals submitted by these six entities:

- Qualifications/Experience (40%)
- Methodology to Achieve End Result (40%)
- Completeness of Proposal (20%)

After a thorough analysis of the proposals received, it is recommended that the City Council authorize the City of Killeen to enter into an agreement with Arthur J. Gallagher & Co. to serve as the benefits consultant for FY16, renewable at the concurrence of both parties.

FISCAL IMPACT

Funding for these services (\$81,000) is budgeted in account 010-2306-418.44-20 in the preliminary FY 16 budget presented to City Council and will be available upon Council approval of the FY 16 budget.

RECOMMENDATION

It is recommended that City Council approve the selection of Arthur J. Gallagher & Co. as the provider for benefits consultant services, effective October 1, 2015, and authorize the City Manager to execute any and all necessary change orders in accordance with state and local law.