




HISTORIC
FRANKLIN
TENNESSEE

ITEM #18
BOMA
03/08/2011

MEMORANDUM

February 25, 2011

TO: Board of Mayor and Aldermen

FR: Eric S. Stuckey, City Administrator 
Russell Truell, Assistant City Administrator/CFO
Shirley Harmon, Human Resources Director
Brian Wilcox, Purchasing Manager

RE: Contract award to Sherrill Morgan in the total amount of \$30,000 for group employee insurance benefits consulting services for the Human Resources Department (Purchasing Office Procurement Solicitation No. 2011-016; not specifically budgeted for in FY2011)

Purpose

The purpose of this procurement is to engage the services of an independent consultant to advise the City pertaining to the City's employee insurance benefit programs. More specifically, the City is seeking expert advice on a continuing basis on a range of topics including the following:

- Evaluating the City's current retiree insurance programs and recommending alternative plan designs.
- Assisting in the preparation of an RFP for group employee insurance benefits scheduled to be issued in March, 2011.
- Assisting in the evaluation of proposals resulting from the group employee insurance benefits RFP scheduled to be issued in March, 2011.
- Evaluate the impact of healthcare reform legislation on the City's employee insurance benefit plans and assist the City in the development of a long-term strategy for managing healthcare costs.

Background

The Human Resources Department recommends that the City engage an independent consultant in support of the City's employee insurance benefit programs. Staff therefore prepared a request for proposals for such services. The RFP included the following background information:

The City of Franklin strives to offer a comprehensive, high quality, and cost effective insurance benefits package that provides optimal value to both the City and its employees. Employee insurance benefit plans and programs available to qualifying full-time employees include group medical and vision, dental, Section 125 flexible benefit plan, life and accidental death & dismemberment insurance, and long-term disability. Additional voluntary benefits including, but not limited to, short-term disability and additional life insurance are also offered. The group health and dental plans are self-funded.

Approximately 579 full-time employees and their eligible dependents and 27 qualifying retirees and their eligible dependents are currently enrolled in the group health plan.

In the past, the City has routinely solicited proposals every three (3) years for employee insurance benefit programs. The City anticipates doing so again in March, 2011 for the plan year beginning July 1, 2011.

The City of Franklin currently has in place three (3) health insurance options available to qualified retiring employees. The insurance option offered at the time of retirement is based on the retiree's completed years of service with the City and his/her age at retirement. One retiree insurance option will remain in place. Another option will sunset for employees retiring after June 30, 2011. The final option will be reviewed for possible changes effective July 1, 2011.

The RFP identified the following selection criteria and relative weights to be used by a proposal evaluation team:

- Qualifications and ability to carry out Scope of Services (40 points):



- Demonstrated competence in the services to be provided
- The nature and relevance of similar work currently being performed
- Competitive advantages over other firms in the same industry
- Supportive client references
- Work plan/Technical Approach (15 points)
- Fee (35 points)
- Completeness of proposal and adherence to RFP instructions (10 points)

As the RFP states, the City is not obligated to accept the lowest priced proposal, but will make an award in the best interests of the City after all factors have been evaluated.

Financial Impact

The City published on February 3, 2011 a Notice to Proposers in the *Williamson Herald* for group employee insurance benefits consulting services. In addition, solicitation documents were sent on or about the same date directly to 28 potential proposers known or thought to be interested in this solicitation. Proposals from eight (8) vendors were publicly opened at the submittal opening held on February 17, 2011. A tabulation of the proposals received for this solicitation is attached. The proposal ranked highest by the proposal evaluation team, from Sherrill Morgan of Covington, KY, is in the total amount of \$30,000.00 for the initial twelve-month term of service year for group employee insurance benefits consulting services for the Human Resources Department, with options to extend the term of service for up to a maximum of two (2) additional one-year terms. If each option to extend is executed, the fee for service in year 2 would be \$31,500.00, and the fee for service in year 3 would be \$33,000.00. As the consultant would be engaged as soon as possible after award in order to assist with preparation for the upcoming policy year beginning July 1, 2011, an estimated one-fourth of the initial annual fee would be allocated to the current fiscal year. The proposed fee for services would be incorporated into future budgets.

Options

In accordance with the solicitation documents, the City reserves the right to reject any and all proposals.

Recommendation

Based on the results of the scoring performed by the proposal evaluation team, staff recommends that the City accept the proposal ranked highest by the team, from Sherrill Morgan of Covington, KY, in the total amount of \$30,000 for the initial twelve-month term of service year for group employee insurance benefits consulting services for the Human Resources Department, with options to extend the term of service for up to a maximum of two (2) additional one-year terms. Purchasing Manager Brian Wilcox is of the opinion that the prepared solicitation documents as distributed allowed for competition among multiple vendors, and that the staff recommendation appears to be made in a fair and impartial manner based upon the proposals received.

Tabulation of Proposals*

| | | | | | | | |
|--|--|---|--|--|---|----------------------------------|---|
| Purchasing Office Solicitation No.: | 2011-016 (Group employee insurance benefits consulting services) | | | | | | |
| Notice to Proposers published in the Williamson Herald on: | 2/3/11 | | | | | | |
| Number of vendors that were notified of that responded to this request for proposals: | 28 / 8 | | | | | | |
| Date and time proposals due and publicly opened: | 2/17/11 2:00 PM | | | | | | |
| Present at opening of proposals: | Maria Iarossi of Gallagher Benefit Services; and Tiffany Wilkins and Brian Wilcox of the City of Franklin Purchasing Office | | | | | | |
| Proposal evaluation team: | For qualatative (non-fee) selection criteria: Tammie Pitts, Candace Connell and (as a non-scoring participant) Shirley Harmon, all of the Human Resources Department; Mike Lowe of the Finance Department; and Eric Stuckey of the Administration Department | | | | | | |
| Target meeting of BOMA at which recommendation will be considered: | 3/8/11 | | | | | | |
| Proposals received from: | Proposal No.: | Description of proposal: | Does the proposal take exceptions to the City's requirements? | Total quoted proposed fee for initial (12-mo.) term of service: | Proposal Evaluation Team consensus score (out of 100 total points possible): | Payment terms: | Proposal is valid and may be accepted through: |
| Benalytics Consulting Group, LLC 1290 Kennestone Circle, Suite A201 Marietta, GA 30066 Charles Atkinson, Principal 770/420-0525 | 1 of 1 | Group employee insurance benefits consulting services | Proposer takes no exceptions; however, City notes proposer did not, by deadline, acknowledge Addendum No. 1 and did not submit one of the required forms | \$99,000.00 | 69.0 | net 30 days from date of invoice | 06/01/11 |
| The Drury Group, Inc. 130 9th Ave. South, Suite 100 Franklin, TN 37064 Charles Pareigis, President 615/628-3382 | 1 of 3 | Consulting and RFP services only | Proposer lists one disclosure | \$25,000.00 | 76.0 | net 30 days from date of invoice | 04/30/11 |
| | 2 of 3 | Same as 1 plus account mgmt. | | \$80,000.00 | 70.3 | | |
| | 3 of 3 | Same as 2 plus benefit communication and online enrollment system | | \$120,000.00 | 74.0 | | |
| Employee Security Planning, Inc. 277 Wilson Pike Circle, Suite 203 Brentwood, TN 37027 Bob Shupe, President 615/661-6223 | 1 of 1 | Group employee insurance benefits consulting services | Proposer lists two disclosures | \$9,400.00 | 57.0 | net 30 days from date of invoice | 04/30/11 |
| Gallagher Benefit Services, Inc. 5205 Maryland Way, Suite 300 Brentwood, TN 37027 Maria Iarossi, VP, Client Development 615/324-1176 | 1 of 1 | Group employee insurance benefits consulting services | Proposer takes no exceptions; however, City notes proposer did not submit by deadline one of the required forms | \$42,500.00 | 82.0 | net 30 days from date of invoice | 05/30/11 |
| Mark III Brokerage, Inc. 211 Greenwich Rd. Charlotte, NC 28211 Mark Browder, VP 704/365-4280, ext. 204 | 1 of 1 | Group employee insurance benefits consulting services | Proposer takes no exceptions | \$24,732.00 | 83.0 | Not indicated | 05/15/11 |

*Shaded proposal is the proposal found by the proposal evaluation team to best meets the needs of the City

City of Franklin, Tennessee
Tabulation of Proposals*

| | | | | | | | |
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| Target meeting of BOMA at which recommendation will be considered: | 3/8/11 | | | | | | |
| Proposals received from: | Proposal No.: | Description of proposal: | Does the proposal take exceptions to the City's requirements? | Total quoted proposed fee for initial (12-mo.) term of service: | Proposal Evaluation Team consensus score (out of 100 total points possible): | Payment terms: | Proposal is valid and may be accepted through: |
| Pancoast Benefits 4205 Hillsboro Rd., Suite 120 Nashville, TN 37215 Tom Mitchell, VP, Sales 615/292-3400 | 1 of 1 | Group employee insurance benefits consulting services | Proposer takes no exceptions; however, City notes proposer did not submit by deadline any of the required forms | \$249,600.00 | 19.0 | net 30 days from date of invoice | 04/30/11 |
| Sherrill Morgan 525 W. 5th St., Suite 310 Covington, KY 41011 Mark Morgan, President 859/291-6600 | 1 of 1 | Group employee insurance benefits consulting services | Proposer takes no exceptions | \$30,000.00 | 93.0 | net 30 days from date of invoice | 07/01/12 |
| Wells Fargo Insurance Services 950 Breckenridge Lane, Suite 50 Louisville, KY 40207 Blaine McLaughlin, Account Executive 502/326-4071 | 1 of 1 | Group employee insurance benefits consulting services | Proposer did not submit by deadline some of the required forms | \$47,500.00 | 64.0 | net 30 days from date of invoice | 04/30/11 |

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Scoring of Proposals (after conferring)

| | Fees Proposed | | | Fee Points (35 pts. possible) | | | Team Consensus | | | | | |
|----------------------------|--------------------|--------------------|--------------------|-------------------------------|-----------|-----------|----------------|--|---|---|--|---|
| | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 | Average | Qualifications and ability to carry out Scope of Services (40 pts. possible) | Work plan / Technical Approach (15 pts. possible) | Completeness of proposal and adherence to RFP instructions (10 pts. possible) | Total, excluding Fee Points (65 total pts. possible) | Total, including Fee Points (100 total pts. possible) |
| Benalytics | \$99,000.00 | \$99,000.00 | \$99,000.00 | 22 | 22 | 22 | 22.0 | 30 | 12 | 5 | 47 | 69.0 |
| The Drury Group, Opt. #1 | \$25,000.00 | \$25,000.00 | \$25,000.00 | 32 | 32 | 32 | 32.0 | 36 | 5 | 3 | 44 | 76.0 |
| The Drury Group, Opt. #2 | \$80,000.00 | \$65,000.00 | \$65,000.00 | 25 | 27 | 27 | 26.3 | 36 | 5 | 3 | 44 | 70.3 |
| The Drury Group, Opt. #3 | \$120,000.00 | \$120,000.00 | \$120,000.00 | 19 | 19 | 19 | 19.0 | 36 | 13 | 6 | 55 | 74.0 |
| Employee Security Planning | \$9,400.00 | \$9,400.00 | \$9,400.00 | 34 | 34 | 34 | 34.0 | 10 | 5 | 8 | 23 | 57.0 |
| Gallagher | \$42,500.00 | \$40,000.00 | \$40,000.00 | 30 | 30 | 30 | 30.0 | 32 | 13 | 7 | 52 | 82.0 |
| Mark III | \$24,732.00 | \$24,732.00 | \$24,732.00 | 32 | 32 | 32 | 32.0 | 35 | 13 | 3 | 51 | 83.0 |
| Pancoast | \$249,600.00 | \$249,600.00 | \$249,600.00 | 2 | 2 | 2 | 2.0 | 12 | 5 | 0 | 17 | 19.0 |
| Sherrill Morgan | \$30,000.00 | \$31,500.00 | \$33,000.00 | 31 | 31 | 31 | 31.0 | 38 | 14 | 10 | 62 | 93.0 |
| Wells Fargo | \$47,500.00 | \$47,500.00 | \$47,500.00 | 29 | 29 | 29 | 29.0 | 26 | 7 | 2 | 35 | 64.0 |