



REPORT

DATE: For the Agenda of June 7, 2002 **Item 101**

REPORT NO.: HCR02-051

SUBJECT: Award of Contracts for Administration, Brokerage and Consulting Services for Employee Group Benefits and Pension Programs

SUMMARY

Issue No. 1: Should the Housing Commission approve the award of contract for administration, brokerage and consulting services to Barney & Barney for Employee Group Benefits?

Recommendation No. 1: Approve the award of contract (Attachment 1) for administration, brokerage and consulting services to Barney & Barney at an amount not to exceed \$111,680, for a three-year term including four one-year options for renewal at a negotiated rate not to exceed the base price of the contract plus the increase in the Consumer Price Index, as described herein.

Issue No. 2: Should the Housing Commission approve the award of contract for employee Pension Plan and 457 Deferred Compensation Plan consulting services to Gabriel, Roeder, Smith & Company?

Recommendation No. 2: Approve the award of contract (Attachment 2) for administration, brokerage and consulting services to Gabriel, Roeder, Smith & Company at an amount not to exceed \$120,000, for a three-year term including four one-year options for renewal at a negotiated rate not to exceed the base price of the contract plus the increase in the Consumer Price Index, as described herein.

Fiscal Impact: The costs of these services are contained in the FY03 Budget and will be provided for in the FY04 and FY05 Budgets.



Certificate of Funding Availability:

Cert. No.:	03-021	03-022	04-005	04-006	05-002	05-003
	(Benefits)	(Pension)	(Benefits)	(Pension)	(Benefits)	(Pension)
Amount:	\$37,500	\$40,000	\$37,933	\$40,00	\$36,247	\$40,000
Rev. Source:	Various	Various	Various	Various	Various	Various
Division:	Various	Various	Various	Various	Various	Various
Line Item:	Contract/Consultant		Contract/Consultant		Contract/Consultant	

Equal Opportunity Statement: Barney & Barney and Gabriel, Roeder, Smith & Company meet the SDHC Equal Opportunity submittal requirements. Neither Barney & Barney nor Gabriel, Roeder, Smith & Company is a Minority, Woman or Disabled Veteran Business Enterprise Firm.

Previous Related Action(s): On June 7, 1993, the Housing Commission authorized a contract with The Wyatt Company (Watson Wyatt Worldwide) to provide consulting services for Employee Group Benefits, Pension and the Section 457 Deferred Compensation program for a three year term not to exceed \$95,850. On March 11, 1996, the Housing Commission approved a two year contract renewal through June 30, 1998 for \$56,000. Subsequent contract amendments increased the two year contract to \$93,000. On April 27, 1998, the Housing Commission approved a two year contract with three one-year options to renew to Barney & Barney for Employee Group Benefits Consulting and Brokerage services at an amount not to exceed \$48,000, and to Watson Wyatt Worldwide for Pension services at an amount not to exceed \$62,000.

BACKGROUND

The Commission currently provides a Section 125 Cafeteria-style benefits program. The program includes employer-paid Long Term Disability and Term Life & Accidental Death and Dismemberment Insurance. Also provided is an IRS approved Defined Contribution Pension Plan and a Section 457 Deferred Compensation Plan. Benefits and Pension are regularly addressed during the negotiation process for Union represented employees and are extended to non-represented employees. The term of both contracts ends June 30, 2002 with no further options to renew. Our current pension provider, Watson Wyatt Worldwide, is discontinuing their government pension consulting activities.

DISCUSSION

On March 15, 2002, proposals were solicited from insurance brokers/consultants qualified to provide administration, brokerage and consulting services for Employee Group Benefits Program (health, dental, life, long term disability and COBRA), and consulting services for the Commission's

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money purchase Pension Plan and IRC Section 457 Deferred Compensation Plan. To optimize opportunity for submittal, bids were permitted in one of the three ways: 1) Flex Benefits Services and COBRA only, 2) Pension and Deferred Compensation Plan Services only, or 3) both scopes of services. The Housing Commission desired to award one fixed price, fixed term contract to the most qualified firm to provide the services, or two separate contracts to the two firms who specialize and have extensive experience in providing comprehensive services for either Group Benefits Programs or Pension and related programs.

Notifications were mailed to 19 firms with three (3) proposals received. Two firms submitted proposals for Group Benefits only (Barney & Barney and Westland Insurance) and one firm submitted a proposal for both pension and benefits (The Marsh Company). A three member panel from the Housing Commission Pension Investment Committee performed written evaluations on the basis of scope of services, experience, qualifications, and overall cost. Only one firm (Barney & Barney) was responsive to the benefits scope of services. The other proposals were non responsive to either the benefits or pension scope of services. Barney & Barney, the current provider, is highly qualified to perform the full scope of services required to administer the Commission benefits program and to provide on-line technological enhancements.

On April 12, 2002, a second solicitation for Pension Consulting Services was initiated with notices sent to 20 firms specializing in Pension services only. Two (2) proposals were received, one of which was submitted late. A second evaluation panel convened and Gabriel, Roeder, Smith & Company was determined to be highly qualified to perform the full scope of consulting services, having extensive experience with public agency pension plans including the City of San Diego and County of San Diego Retirement Boards.

All employees have been notified of the proposed consultants for benefits and pension.

ALTERNATIVES

Do not award separate contracts at this time and conduct another solicitation for the combined benefits and pension services. This alternative would result in additional administrative time, expense and delay with no expectation of a different result.

Respectfully submitted,

Approved by,

Signature on File with Original Document

Kadee Gonzalez
Human Resources Manager

Elizabeth Morris
Chief Executive Officer

Attachments: (1) Agreement with Barney & Barney for Employee Group Benefits

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(2) Agreement with Gabriel, Roeder, Smith & Company for Pension
Programs Administration, Brokerage and Consulting Services

Distribution of the attachments is limited due to their length. Complete copies are on file at the Office of the San Diego Housing Commission and at the Office of the City Clerk, 202 C Street, 2nd Floor.

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