

**CITY OF SAN ANTONIO  
HUMAN RESOURCES DEPARTMENT  
CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Mayor and City Council

**FROM:** Sharon De La Garza, Director, Human Resources Department

**COPIES:** Frances A. Gonzalez, Assistant City Manager; City Attorney's Office; Finance Department; File

**SUBJECT:** Employee Benefits Consultant (Hay Group) Selection and Contract

**DATE:** June 16, 2005

**SUMMARY AND RECOMMENDATIONS**

This Ordinance authorizes the Interim City Manager or his designee to execute a contract with Hay Group at an estimated annual amount of \$200,000 to provide benefits and compensation consulting services. The term of this contract begins upon the date of execution and ends on December 31, 2006, with an option to extend the contract for one (1) year, subject to and contingent upon funding and approval by City Council.

Staff recommends approval of this ordinance.

**BACKGROUND INFORMATION**

The City of San Antonio Self Insurance Fund has continued to experience a shortfall in funding due to rising cost of medical and prescription care. The Governmental Accounting Standards Board (GASB) Statement 45 will require significant financial review and long term actuarial analysis to prepare for the 2008 funding and reporting requirements. In order to address this cost and offer appropriate recommendations for funding levels and plan changes, it is essential to utilize the services of a benefits consultant to perform actuarial analysis and explore options to control cost.

The Human Resources Department developed a Request for Proposal (RFP) for a Benefits Consultant in coordination with Contract Services and advertised in the San Antonio Express-News on January 30, 2005. The RFP was posted on the City of San Antonio Government Website on January 31, 2005 and distributed to 15 vendors who currently provide this type of service. Eleven (11) benefits consultant RFP responses were received by the deadline and reviewed by a Technical Committee for compliance with RFP requirements, financial stability, and SBEDA scoring. The Technical Committee consisted of representatives from the City Attorney's Office, Economic Development, Finance, Contract Services and the Human Resources Department.

The RFP Evaluation Committee convened on April 4, 2005 and short listed five (5) proposals for evaluation, interview and scoring. The Evaluation Committee was composed of representatives from Human Resources, Office of Management and Budget, Public Utilities and the City Manager's Office. Interviews with the short listed firms were held on May 9, 2005 and final scoring was conducted on May 11, 2005. The Committee scored according to the evaluation criteria listed in the RFP which included the following: Evaluation of Services (20%) Pricing Schedule (20%), Financial Stability (5%), Background and Capability (35%) and SBEDA (20%). The SBEDA scores were submitted by Economic Development and the proposed pricing schedule was calculated with the application of a mathematical formula. The scoring matrix is attached.

As a result of this RFP process the Evaluation Committee recommends that Hay Group be awarded the contract to provide benefits consulting services for the City of San Antonio Self Insurance Fund.

### **POLICY ANALYSIS**

Execution of this contract will allow the City to retain an outside benefits consultant to provide specialized actuarial valuations, compensation/benefits analysis and recommendations for a comprehensive benefit strategy to address challenges associated with the Self Insurance Fund. The consultant will provide services such as actuarial analysis, long term liability projections, third party administrator audits, request for proposal review, assessment of contribution and funding strategy, development of budget scenarios and financial impact as a result of changes to contribution levels, benefit design and cost containment, and conduct benchmark studies and total compensation analysis. The consultant will also work in coordination with the City to develop options and financial impact of benefit changes to be discussed during upcoming negotiations with the Police and Fire Associations.

### **FISCAL IMPACT**


Funds in the amount of \$200,000 are included in the adopted Budget for FY 2004-2005 to retain a benefits consultant. Funds are appropriated annually, by fiscal year, in the Employee Benefits Self-Insurance Fund. This ordinance will authorize the first three (3) months of this contract in FY 2004-2005 and the remaining fifteen (15) months will be authorized in FY 2005-2006, contingent upon subsequent funding.

**COORDINATION**

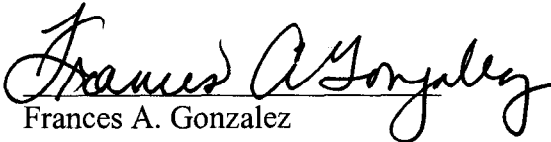
This item has been coordinated with the City Attorney's Office, Asset Management, Finance, Health and Economic Development.

**SUPPLEMENTARY COMMENTS**

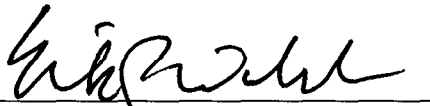
The required Ethics Disclosure Statement is attached.



Sharon De La Garza  
Human Resources Director



Frances A. Gonzalez  
Assistant City Manager



J. Rolando Bono  
Interim City Manager

Attachments

**City of San Antonio**  
**Discretionary Contracts Disclosure**

*For use of this form, see Section 2-59 through 2-61 of the City Code (Ethics Code)  
Attach additional sheets if space provided is not sufficient.*

(1) Identify any individual or business entity<sup>1</sup> that is a **party** to the discretionary contract:

Hay Group, Inc.

(2) Identify any individual or business entity which is a **partner, parent** or **subsidiary** business entity, of any individual or business entity identified above in Box (1):

☐ No partner, parent or subsidiary; or

List partner, parent or subsidiary of each party to the contract and identify the corresponding party:

Hay Acquisition Company, Inc (parent)

(3) Identify any individual or business entity that would be a **subcontractor** on the discretionary contract.

☐ No subcontractor(s); or

List subcontractors:

Crandall & Associates, Inc

(4) Identify any **lobbyist** or **public relations firm** employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.

☒ No lobbyist or public relations firm employed; or

List lobbyists or public relations firms:

<sup>1</sup> A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law. A sole proprietor should list the name of the individual and the d/b/a, if any.

**(5) Political Contributions**

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made to any *current or former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under Box (1), (2), (3) or (4) above, or by the officers, owners of any business entity listed in Box (1), (2) or (3):

☒ No contributions made; If contributions made, list below:

By Whom Made:	To Whom Made:	Amount:	Date of Contribution:


**(6) Disclosures in Proposals**

Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which, reasonably understood, raise a question<sup>2</sup> as to whether any city official or employee would violate Section 2-43 of the City Code (Ethics Code), ("conflicts of interest") by participating in official action relating to the discretionary contract.

☒ Party not aware of facts which would raise a "conflicts-of-interest" issue under Section 2-43 of the City Code; or

Party aware of the following facts:

This form is required to be supplemented in the event there is any change in the information before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed, whichever occurs first.

<b>Signature:</b>  	<b>Title:</b>  <b>Company or D/B/A:</b>  Hay Group, Inc.	<b>Date:</b> 6/10/05
--	--	----------------------

<sup>2</sup> For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

Attachment A  
Evaluation Matrix  
Benefits Consultant 2005

	AON	Hay	Mellon	Palmer & Cay	Segal
Evaluation of Services 20 Points Max	15.8	19.0	16.0	11.2	18.8
Background & Capability 35 Points Max	25.0	32.6	32.0	22.4	32.8
Pricing Schedule 20 Points Max	10.4	6.8	8.2	20.0	9.0
Financial Stability 5 Points Max	2.0	1.0	1.0	0.0	0.0
Local Business Enterprise 10 Points Max	1.7	2.0	0.0	2.0	0.0
Historically Underutilized Enterprise 5 Points Max	1.1	1.0	0.0	1.0	0.0
Compliance w/SBEDA Policy 5 Points Max	2.0	1.0	0.0	1.0	0.0
<b>TOTAL SCORE</b>	<b>58.0</b>	<b>63.4</b>	<b>57.2</b>	<b>57.6</b>	<b>60.6</b>