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City of Las Cruces[®]
 PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 15 Ordinance/Resolution# 13-14-360

For Meeting of _____
 (Ordinance First Reading Date)

For Meeting of November 18, 2013
 (Adoption Date)

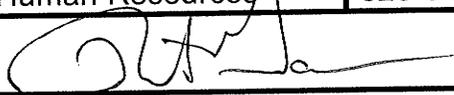
Please check box that applies to this item:

QUASI JUDICIAL LEGISLATIVE ADMINISTRATIVE

TITLE: A RESOLUTION APPROVING SERVICES AGREEMENT WITH GALLAGHER BENEFIT SERVICES, INC. OF GREENWOOD VILLAGE, COLORADO TO PROVIDE BENEFITS CONSULTATION AND SUPPORT SERVICES AND TO ADJUST THE FY14 BUDGET.

PURPOSE(S) OF ACTION:

Approve service agreement.

COUNCIL DISTRICT: N/A		
<u>Drafter/Staff Contact:</u> Andre Moquin	<u>Department/Section:</u> Human Resources	<u>Phone:</u> 528-3401
<u>City Manager Signature:</u>		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The City contracted with Gallagher Benefit Services (GBS) to provide consulting and actuarial services to evaluate and determine the feasibility and the financial and administrative impacts of the City of Las Cruces separating from the State of New Mexico group benefit plans. This arrangement was presented in three (3) initial phases which resulted in a recommendation transition to full and/or self-insured group benefit plans.

To ensure the best possible offerings of employee benefits, the City will need to closely monitor the implementation of a new benefit program. Human Resources is proposing to enter into a consulting arrangement with GBS. Sole source procurement was approved by the City's purchasing manager (Attachment A).

Services provided by GBS will include: support with all aspects of implementation, four to six meetings per year in Las Cruces, which would include meetings with management, quarterly reporting, along with a more formal annual report/analysis, benchmarking/comparative analysis, using available client data, existing GBS and published survey data, wellness consulting support, comprehensive compliance support, comprehensive support during the annual renewal process, plan design consulting/modeling, forecasting, rate setting, budgeting/contribution development and reserves analysis, including an annual IBNR actuarial certification.

(Continue on additional sheets as required)

The proposed annual fee for the services outlined above is \$79,800.00 for the 12-month period of October 2013 - September 2014.

This fee is all-inclusive, contemplates all travel expenses and is net of regular commissions. Further, to demonstrate our partnership, we are proposing a second year option at \$81,900.00, or an increase of 2.6%.

This contract will allow the consultant to continue to provide assistance in the evaluation of the benefit programs and options. The consultant's partnership approach, and extensive experience in New Mexico working with public employers, supports collaborative initiatives that would complement the City of Las Cruces.

SUPPORT INFORMATION:

1. Resolution.
2. Exhibit "A", Purchasing Manager's Request to Contract (PMRC).
3. Exhibit "B", Service Agreement.
4. Exhibit "C", Budget Adjustment Request.
5. Attachment "A", Sole Source Memo.

SOURCE OF FUNDING:

Is this action already budgeted?	Yes	<input type="checkbox"/>	See fund summary below
	No	<input checked="" type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from: _____
		<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input checked="" type="checkbox"/>	Proposed funding is from fund balance in the 6320 Employee Health Fund.
Does this action create any revenue?	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of \$ _____ for FY _____.
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE

These funds are available through the employee health fund monies that were initially set aside for health care related expenditures.

(Continue on additional sheets as required)

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
EMPL HLTH	63101010-722190	\$79,800.00*	\$79,800.00*	.00	N/A

*Upon approved Budget Adjustment

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will approve the service agreement and allow the City to continue to review and monitor employee benefit plans.
2. Vote "No"; this will delay the review and analysis of the benefit plans and options.
3. Vote to "Amend"; this could modify the Resolution to reflect the wishes of the City Council.
4. Vote to "Table"; this would delay the review and analysis of employee benefits plans.

REFERENCE INFORMATION:

N/A

(Continue on additional sheets as required)

RESOLUTION NO. 13-14-360

A RESOLUTION APPROVING SERVICES AGREEMENT WITH GALLAGHER BENEFIT SERVICES, INC. OF GREENWOOD VILLAGE, COLORADO TO PROVIDE BENEFITS CONSULTATION AND SUPPORT SERVICES AND TO ADJUST THE FY14 BUDGET.

The City Council is informed that:

WHEREAS, an objective of the strategic plan is for the City to be the employer of choice and promote attractive benefits and wages; and

WHEREAS, bids were solicited from benefit consultants to determine if benefits plan design changes and cost savings could be achieved when compared with current offerings; and

WHEREAS, Gallagher Benefits Services was the only respondent to the City's initial request; and

WHEREAS, Gallagher Benefits Services has undertaken the first three phases of the City's benefits review process; and

WHEREAS, to ensure the best possible offerings of employee benefits, the City will need to closely monitor the implementation of a new benefit program; and

WHEREAS, the consultant's partnership approach, and extensive experience in New Mexico working with public employers, supports collaborative initiatives that would complement the City of Las Cruces.

NOW, THEREFORE, be it resolved by the governing body of the City of Las Cruces:

(I)

THAT the Purchasing Manager is hereby authorized to contract with Gallagher Benefits Services Inc. of Greenwood Village, Colorado by approving the service

agreement, Exhibit "B" attached hereto, in the signed Purchasing Manager's Request to Contract form, Exhibit "A", attached hereto.

(II)

THAT the FY 2014 budget is adjusted as prescribed in the Budget Adjustment Exhibit "C", attached hereto and made part of the resolution.

(III)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the above.

DONE AND APPROVED this ____ day of _____, 20__.

APPROVED:

Mayor

ATTEST:

City Clerk

(SEAL)

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:



City Attorney

VOTE:
Mayor Miyagishima: _____
Councillor Silva: _____
Councillor Smith: _____
Councillor Pedroza: _____
Councillor Small: _____
Councillor Sorg: _____
Councillor Levatino: _____

CITY OF LAS CRUCES

PURCHASING MANAGER'S REQUEST TO CONTRACT

For Meeting of: November 18, 2013

Resolution No.: 13-14-360

**Sole Source Contract Purchase for
Benefits Consultation and Support Services**

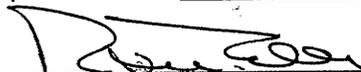
The Las Cruces City Council is provided the following information concerning this request:

SOLICITATION INFORMATION:

- 1. Description: **Benefits Consultation and Support Services**
- 2. Using Department: **Human Resources**
- 3. Current Award Recommendation To: **Gallagher Benefit Services, Inc.
of Greenwood Village, CO**
- 4. Total Award Amount: **\$79,800.00**
- 5. Contract Duration: **One year plus one annual renewal subject
to approved budget appropriations**

PROCUREMENT CODE COMPLIANCE:

The City of Las Cruces Procurement Code was administered in the conduct of this procurement and approval to purchase is hereby requested pursuant to **Section 24-95.**


Purchasing Manager

11/18/13
Date

CONFIRMATION OF FUND ENCUMBRANCE:

REQUISITION OR PURCHASE ORDER NUMBER:	TBD
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SERVICE AGREEMENT

THIS AGREEMENT made and entered into on this _____, 2013 by and between the City of Las Cruces, New Mexico, hereinafter called "CITY" and Gallagher Benefit Services, Inc., of 6399 S. Fiddler's Green Circle, Ste. 200, Greenwood Village, CO, 80111-4949, hereinafter called "CONTRACTOR".

1. PROJECT DESCRIPTION

Employee benefits consulting and support services.

2. SCOPE OF SERVICES

In a satisfactory and proper manner, the CONTRACTOR shall perform SERVICES as set forth in Exhibit A, attached hereto and made a part of this Agreement.

3. APPROPRIATIONS

The terms of this Agreement are contingent on sufficient appropriations and authorization being made by the City Council for the performance of this Agreement. If sufficient appropriations and authorizations are not made by the City Council, this Agreement shall terminate upon written notice given by the CITY to CONTRACTOR. The CITY'S decision as to whether sufficient appropriations and authorizations exist shall be accepted by CONTRACTOR and shall be final.

4. COMPENSATION

The CITY shall compensate CONTRACTOR for the performance of SERVICES under this Agreement an amount of \$79,800.00, plus applicable taxes.

CONTRACTOR is responsible for payment of State of New Mexico Gross Receipts Tax levied on the amounts payable under this Agreement. CONTRACTOR agrees to comply with all federal and state tax payments and report all items of gross receipts as income from the operations of its business.

5. DEVOTION OF ADEQUATE TIME

CONTRACTOR will devote the necessary hours each week to the performance of project that are required by the CITY, and it will serve the CITY, diligently and faithfully, and according to its best ability in all respects and will promote the best interests of the CITY.

6. TERM AND SCHEDULE

This Agreement shall become effective on _____ for a term of one (1) year. CONTRACTOR shall perform the SERVICES in accordance with the time set forth as agreed upon by the CITY and CONTRACTOR.

7. EXTENSIONS, CHANGES, AND AMENDMENTS

This Agreement shall not be extended, changed, or amended except by instrument in writing executed by the parties. The CITY shall not be liable for payment of any extra services nor shall CONTRACTOR be obligated to perform any extra services except upon such written agreement. Such written approval shall indicate the date said extension, change, or amendment is effective and shall be signed by the parties to this Agreement. In the event that the parties cannot reach agreement as to a particular change, the issue shall be resolved pursuant to Article 21.

8. CHANGES AND EXTRA SERVICES BY THE CITY

The CITY may make changes within the general scope of the SERVICES plus may also request CONTRACTOR to perform other extra services not incorporated within the Services set forth in this Agreement. If the CONTRACTOR is of the opinion that such change causes an increase or decrease in the cost and/or the time required for performing the changes or other services required by the CITY, CONTRACTOR shall so notify the CITY, of that fact within five (5) business work days from the date of receipt of change by the CITY. The CITY shall provide written response to the CONTRACTOR within five (5) business work days from the date of receipt of CONTRACTOR'S written notification.

9. CHANGES AND EXTRA SERVICES BY THE CONTRACTOR

In the event a condition is identified by the CONTRACTOR which, in the opinion of the CONTRACTOR, changes the services, costs, and/or time required for performance under this Agreement, the CONTRACTOR shall provide written notification to the CITY within five (5) business work days of such identification. The CITY shall respond in writing to such notification within five (5) business work days from the date of receipt of CONTRACTOR'S notification.

10. DELAYS

In the event that performance of SERVICES is delayed by causes beyond reasonable control of CONTRACTOR, and without the fault or negligence of CONTRACTOR, the time and total compensation for the performance of the SERVICES may be equitably adjusted by written agreement to reflect the extent of such delay. CONTRACTOR shall provide the CITY, with written notice of delay pursuant to Article 9 including therein a description of the delay and the steps contemplated or actually taken by CONTRACTOR to mitigate the effect of such delay. The CITY will make the final determination as to reasonableness of delays.

11. TERMINATION

This Agreement may be terminated by either party hereto upon fifteen (15) calendar days written notice in the event of substantial failure by the other party to perform in accordance with the terms of this Agreement through no fault of the terminating party. This Agreement may also be terminated by the CITY, for its convenience or because the PROJECT has been permanently abandoned, but only upon fifteen (15) calendar days written notice to CONTRACTOR.

In the event of termination, CONTRACTOR shall be compensated for all services performed and costs incurred up to the effective date of termination for which CONTRACTOR has not been previously compensated.

Upon receipt of notice of termination from the CITY, CONTRACTOR shall discontinue the SERVICES unless otherwise directed and upon final payment from the CITY, deliver to the CITY, the required number of copies of all data, drawings, reports, estimates, summaries, and such other information and materials as may have been accumulated by CONTRACTOR in the performance of this Agreement, whether completed or in process.

12. RECORDS AND AUDITS

CONTRACTOR will maintain records indicating dates, length of time, and services rendered. The CITY has the right to audit billings both before and after payment, and contest any billing or portion thereof. Payment under this Agreement does not foreclose the CITY'S, right to recover excessive or illegal payments.

13. DISCLOSURE AND OWNERSHIP OF DOCUMENTS, PRODUCTS, DESIGN, ELECTRONIC FILES

All technical data, electronic files, and other written and oral information not in the public domain or not previously known, and all information, electronic files, and data obtained, developed, or supplied by the CITY, will be kept confidential and CONTRACTOR will not disclose to any other party, directly or indirectly, without the CITY'S, prior written consent unless required by lawful order.

All technical data, electronic files, products developed, operational parameters, blueprints, and other information and work of the CONTRACTOR shall be the sole property of the CITY, and shall be delivered to the CITY, when requested and at the end of the Agreement.

14. INDEPENDENT CONTRACTOR

CONTRACTOR represents that it has, or will secure, at its own expense, all personnel required in performing the SERVICES under this Agreement. Such personnel shall not be employees of, nor have any contractual relationship with the CITY, CONTRACTOR, consistent with its status as an independent contractor, further agrees that its personnel will not hold themselves out as, nor claim to be officers or employees of the CITY, by reason of this Agreement.

To the extent that CONTRACTOR employs any employees, CONTRACTOR shall be solely responsible for providing its own form of insurance for its employees and in no event shall CONTRACTOR'S employees be covered under any policy of the CITY.

CONTRACTOR'S retention hereunder is not exclusive. Subject to the terms and provisions of this Agreement: (i) CONTRACTOR is able, during the Term hereof, to perform services for other parties; and (ii) CONTRACTOR may perform for its own account other professional services outside the scope of this Agreement.

CONTRACTOR is and shall be an Independent Contractor and shall be responsible for the management of its business affairs. In the performance of the work under this Agreement, CONTRACTOR will at all times be acting and performing as an Independent Contractor, as that term is understood for federal and state law purposes, and not as an employee of the CITY. Without limitation upon the foregoing, CONTRACTOR shall not accrue sick leave, jury duty pay, retirement, insurance, bonding, welfare benefits, or any other benefits, which may or may not be afforded employees of the CITY. CONTRACTOR will not be treated as an employee for purposes of: Workers' Compensation benefits; the Federal Unemployment Tax Act; Social Security; other payroll taxes, federal or any state income tax withholding; or the employee benefit provisions described in the Internal Revenue Code of 1986, as amended. Neither the CITY, nor its agents or representatives, shall have the right to control or direct the manner, details or means by which CONTRACTOR accomplishes and performs its services. Nevertheless, CONTRACTOR shall be bound to fulfill the duties and responsibilities contained in the Agreement.

15. NO JOINT VENTURE OR PARTNERSHIP

Nothing contained in this Agreement shall create any partnership, association, joint venture, fiduciary or agency relationship between CONTRACTOR and CITY. Except as otherwise specifically set forth herein, neither CONTRACTOR nor CITY, shall be authorized or empowered to make any representation or commitment or to perform any act which shall be binding on the other unless expressly authorized or empowered in writing.

16. ASSIGNMENT

CONTRACTOR shall perform all the services under this Agreement and shall not assign any interest in this Agreement or transfer any interest in same or assign any claims for money due or to become due under this Agreement without the prior written consent of the CITY.

17. INSURANCE

CONTRACTOR shall obtain and maintain insurance at its own cost and expense during the life of this Agreement, and shall require Subcontractors, if any, to maintain during the life of his subcontract:

1. \$1,000,000 (One Million Dollars) General Liability Insurance with the City named as an additional named insured with the same coverage as the CONTRACTOR.
2. \$100,000 (One Hundred Thousand Dollars) Property Damage Insurance.
3. In the case of any approved subcontract, the CONTRACTOR shall require the subcontractor to provide statutory Workers' Compensation and Employers' Liability Insurance, with the same limits as those required by the CONTRACTOR.
4. Worker's Compensation Per New Mexico Statute (3 or more employees)
 - \$1,000,000 - Bodily Injury: By Accident - Each Accident
 - \$1,000,000 - By Disease: Policy Limit
 - \$1,000,000 - By Disease: Each Employee

This coverage required for non-construction contractor with three (3) or more employees

Exception: Not applicable to out-of-state companies unless they are hiring in NM

5. The CONTRACTOR must immediately notify the CITY if insurance is canceled or not renewed.

The City must be named as additional insured - This coverage must be as broad as the coverage provided to the insured; coverage must be primary and non-contributory before any other insurance or self-insurance. A copy of endorsement for this coverage must be provided as a condition of this Agreement.

Waiver of Subrogation will apply and shall be noted on the certificate.

CONTRACTOR shall furnish the CITY, with a certificate(s) of insurance showing CONTRACTOR and Subcontractors, if any, have complied with this Article. The CONTRACTOR shall provide insurance certificates before work is to start on the project and shall provide the CITY thirty (30) days written notification of cancellation of such policies.

18. INDEMNITY AND LIMITATION

CONTRACTOR shall indemnify, defend, and hold harmless the CITY, from and against any and all claims, suits, actions, judgments, demands, losses, costs, expenses, damages, and liability caused solely by, resulting solely from, or arising solely out of the negligent acts, errors, or omissions of CONTRACTOR, its officers, employees, agents, or representatives in the performance of SERVICES under this agreement.

19. APPLICABLE LAW

This Agreement and the rights and obligations of the parties shall be governed by and construed by the laws of the State of New Mexico applicable to Agreements between New Mexico parties made and performed in that state, without regard to conflicts of law principles. Venue shall be in the Third Judicial District, State of New Mexico.

CONTRACTOR shall abide and be governed by all applicable state law, CITY ordinances, and laws regarding the CONTRACTOR'S services or any work done pursuant to this Agreement.

20. BREACH

In the event CONTRACTOR breaches any obligation contained in this Agreement, prior to instituting any action or dispute resolution procedure, the CITY, shall give CONTRACTOR written notice of such breach. In the event CONTRACTOR fails to remedy the breach within five (5) working days of receiving such written notice, the CITY, at its sole discretion, without any obligation to do so and in addition to other remedies available under applicable law, may remedy CONTRACTOR'S breach and recover any and all costs and expenses in so doing from CONTRACTOR.

21. DISPUTE RESOLUTION

In the event that a dispute arises between CITY and CONTRACTOR under this Agreement or as a result of breach of this Agreement, the parties agree to act in good faith to attempt to resolve the dispute.

In the event of termination, CONTRACTOR shall be compensated for all services performed and costs incurred up to the effective date of termination for which CONTRACTOR has not been previously compensated.

Upon receipt of notice of termination from the CITY, CONTRACTOR shall discontinue the SERVICES unless otherwise directed and upon final payment from the CITY, deliver to the CITY, the required number of copies of all data, drawings, reports, estimates, summaries, and such other information and materials as may have been accumulated by CONTRACTOR in the performance of this Agreement, whether completed or in process.

22. NOTIFICATION

All notices required or permitted under this Agreement shall be in writing and shall be deemed sufficiently served if served by Registered Mail addressed as follows:

TO CITY: City of Las Cruces,
 PO Box 20000
 Las Cruces, NM 88004
 ATTENTION: Andre Moquin

With Copies to: Purchasing Manager

TO CONTRACTOR: Gallagher Benefit Services, Inc.
 6399 S. Fiddler's Green Circle, Ste. 200
 Greenwood Village, CO 80111-4949
 ATTN:

23. SCOPE OF AGREEMENT

This Agreement incorporates all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof and that all such covenants, agreements, and understandings have been merged into this written agreement. No prior agreement or understanding verbal or otherwise of the parties or their agents shall be valid or enforceable unless embodied in this agreement.

GALLAGHER BENEFIT SERVICES, INC.

CITY OF LAS CRUCES

BY: _____
PRINCIPAL

BY: _____
PURCHASING MANAGER

DATE: _____

DATE: _____

Approve as to Form


CITY ATTORNEY

EXHIBIT A

SERVICES

Services provided by Gallagher Benefit Services (GBS) will include:

1. Support with all aspects of implementation
2. Four to six meeting per year in Las Cruces, which would include:
 - Meetings with management
 - Quarterly reporting
 - Formal annual report/analysis
 - Benchmarking/comparative analysis using available client data, existing GBS and published survey data
 - Wellness consulting support
 - Comprehensive compliance support
 - Comprehensive support during the annual renewal process
 - Plan design consulting/modeling
 - Forecasting
 - Rate setting
 - Budgeting/contribution development and reserves analysis, including an annual incurred but not reported (IBNR) actuarial certification

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CITY OF LAS CRUCES
2013-14 Fiscal Year Budget

EXHIBIT "C"

FUND	DIVISION		FUND TYPE	
Employee Health Fund 6320	Human Resources		Proprietary Funds Internal Services	
	2012-13 Projected	2013-14 Adopted	2013-14 Adjustment	2013-14 Amended
RESOURCES				
Beginning Balance	\$ 843,939	1,347,848		1,347,848
Revenues				
Miscellaneous Revenues	14,118	16,000		16,000
Operating Transfers In	600,000	0		0
Total Revenues	<u>614,118</u>	<u>16,000</u>	<u>0</u>	<u>16,000</u>
TOTAL RESOURCES	<u>\$ 1,458,057</u>	<u>1,363,848</u>	<u>0</u>	<u>1,363,848</u>
Expenditures				
Human Resources	55,209	119,029		119,029
Contract # 13-14-360	0	0	79,800	79,800
Operating Transfers Out	55,000	779,684		779,684
Total Expenditures	<u>\$ 110,209</u>	<u>898,713</u>	<u>79,800</u>	<u>978,513</u>
Accrual Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
ENDING BALANCE	<u>\$ 1,347,848</u>	<u>465,135</u>	<u>(79,800)</u>	<u>385,335</u>



MEMO

To: Andre Moquin
Human Resource Director

From: Robert Telles 
Purchasing Manager

Date: 10/30/2013

Subject: Sole Source Procurement Request

Thank you for the information and request provided in attached memo dated 10/28/2013. In response, the request is hereby approved based upon the following determination:

1. Substantial cost savings beneficial to the City and City staff has been previously defined through analytics conducted by Gallagher Benefits Services, Inc. and by competitive solicitation of benefits conducted via City RFP. Such actions have resulted in formal determination by the City to proceed with transitioning away from available State insurance benefits;
2. The need for health, disability and life insurance expertise required for transitioning cannot be met by any City staff;
3. Competitive solicitation of proposals for the needed, expert services would take four to six weeks and would critically compromise the transition required to be in place by January 1, 2014. Such delay is deemed unacceptable.
4. A contract exceeding \$50,000 as a result of this determination will require City Council review and approval.

It is understood that had there been sufficient time to solicit competitive proposals for the needed services, such action would have been taken by the City to address a need for due diligence in the conduct of City procurement. As such, this determination is issued only for the purpose of expediting contract execution to address an immediate need for services and will only be effective for a twelve month period commencing on the effective date of related contract. Pending a need for services beyond this twelve month period, this determination is, therefore, conditioned upon the City developing and processing a formal RFP through the City's SAC whose recommendation for contract award will be subject to review and approval by City Council.

This determination is issued to provide for the equitable treatment of all participants in City procurement, to maximize the value of public funds, and to maintain a procurement system of quality and integrity.

Should you need additional information or clarification regarding this determination, please feel free to contact me at your convenience.

Thanks again.

Cc: Robert Garza, City Manager
Mark Winson, ACM/COA
Victoria Fredrick, Finance Director



City of Las Cruces
PEOPLE HELPING PEOPLE

Human Resources Department

TO: Bob Telles, Purchasing Administrator	
FROM: Andre Moquin, Director of Human Resources	
SUBJECT: Sole source procurement request	DATE: 10/28/13

This memo serves as a formal request for the procurement of consulting services with Gallagher Benefits Services, Inc. (GBS). These services are necessary to provide expertise related to the procurement and ongoing review and analysis of the City's health benefit plans.

Several organizations were contacted through the fall/winter of 2012 to inquire about procurement of consulting services for a comprehensive review of the City sponsored benefit plans. Only one firm responded, GBS, indicating that they had an interest, and expertise in these areas to conduct the necessary study and analysis. The results from the initial phase of the study indicated that it would be favorable for the City to further examine benefit options.

The next phase required a competitive bidding process be initiated to obtain proposals from vendors. A contract for additional consulting services with GBS for the review of responses and analysis of plan designs and premiums was approved by Council. City Administration has reviewed the reports and analysis provided and has recommended moving away from current plans provided through the State of New Mexico and transitioning to full and/or self-insured group benefit plans.

The choice of a provider for employee healthcare, and other related offerings, is being undertaken utilizing the analysis provided by the GBS. The negotiations for benefit costs, plan designs, and strategy moving forward is not possible without the insight and expertise provided by the consultant. The resulting fee structure for employee benefits would most likely not be optimal should these consultation services cease.

Obtaining services from another consulting firm at this time would ultimately delay the ability of the City to contract with benefit carriers and enroll employees for benefit plans effective January 1, 2014. The analysis undertaken by GBS, costing approximately \$80,000 and spanning over the past several months, would need to be redone by a new consulting firm. The additional costs associated would likely not be recovered. The City received a cost proposal from GBS for additional services going forward, and negotiated a last best final price.

The City has notified the State Risk management Division of its intent to leave the State Plans. A delay in the current process will result in the loss of services and coverage's effective January 1, 2014 for all eligible employees. Failure to meet the enrollment deadlines established by the benefit carriers for coverage to be effective in January could result in substantial fines provided for in the Affordable Health Care Act of four to six million dollars.

I am requesting this contract be awarded as a sole source procurement, **as per section 24-95 of the procurement code**, given that this contractor has done significant work and has knowledge of the City, its current benefit offerings, and claims experience. Delays associated with the procurement of these services could be prejudicial to the City's ability to transition

benefits to new providers by January 1, 2014. 470

Sec. 24-95. Sole source procurement.

A contract may be awarded without competition when the purchasing manager determines in writing, after conducting a good-faith review of available sources, that there is only one source for the required supply, service, or construction item; or when it is likely that award to any other source would result in (a) substantial duplication of cost to the city that is not expected to be recovered through competition, or (b) unacceptable delays in fulfilling the city's requirement. The purchasing manager shall conduct negotiations, as appropriate, as to price, delivery, and terms. A record of sole source procurement shall be maintained as a public record and shall list each contractor's name, the amount and type of each contract, a listing of the items procured under each contract, and the identification number of each contract file.

Cc: Mark Winson, Assistant City Manager