



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Authorization to enter into contract for Benefits Administration Consulting Services for the City of Lodi.

MEETING DATE: December 20, 2000

SUBMITTED BY: Human Resources Director

RECOMMENDED ACTION: That City Council authorize staff to enter into a contract for Benefits Administration Consulting Services with ABD Insurance and Financial Services.

BACKGROUND INFORMATION:

Currently, the City contracts with MCV Insurance Producers to provide consulting services at a cost of \$80,400 per year. On August 2, 2000, City Council directed staff to prepare a Request for Proposals (RFP) for Benefits Administration Consulting Services and obtain proposals from qualified firms.

On September 8, 2000 the RFP was issued and the availability of this document advertised. Staff sent the RFP to eleven firms experienced in the insurance and benefits arena. Six firms, all qualified to provide benefits consulting services responded. After careful review of the written proposals submitted, it was determined that two should be dropped from the process. As large national companies inclined towards specialization in the brokerage and insurance field, these firms would have to contract out a number of services. This additional expense served to drive up the cost of these firms relative to the others. The four remaining firms were invited to an interview. The interview panel, comprised of Keith Land, City Council member, Janet Keeter, Deputy City Manager, Vicky McAthie, Finance Director, and Kirk Evans, Sr. Human Resources Analyst, met and questioned these firms over the course of a day.

At the outset of this process it was made clear that price, while an important consideration, is but one consideration in the overall process. The fees that the four finalist firms outlined in their proposals were:

Proposer	Fee
MCV Insurance Producers	\$51,985
Bohannon Insurance Group	\$64,536
ABD Insurance & Financial Services	\$72,706 first year - drops to \$69,538 in subsequent year(s)
Acordia, Inc.	\$75,000

The interview panel carefully rated these firms based on all information presented. The panel determined that ABD Insurance and Financial Services was the firm best qualified to serve as the City's benefits administration consultant.

APPROVED: _____

H. Dixon Flynn
H. Dixon Flynn - City Manager



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ABD is an independent consulting, brokerage, administrative services operation that is not affiliated with any insurance company, HMO or other benefit vendor. They are the 14th largest U.S. retail broker with a total of 500 employees. They currently provide employee benefits services to 113 public sector clients in California, of which 94 are cities. The Gold River office of ABD has 39 full-time employees servicing over 250 public and private sector clients. Employee benefits account for over 40% of ABD's business.

As the City's benefits consultant, ABD will be taking on a very broad range of responsibilities. Fundamentally, they will provide consultation, attend meetings and deliver other services as requested on any matter pertaining to the operation of the City's employee benefit programs. However, their duties will go far beyond this. Initially, their top priority projects will be to review the availability of alternative long-term disability and medical plan insurers and plan designs in the local market place, make recommendations for maximizing benefits within cost constraints and assist with the implementation and administration of selected programs. They will conduct bi-annual actuarial analyses of all self-insured programs and provide COBRA administration services. On a continuous basis they will provide monthly billing reconciliation services. ABD will also serve as an important communications link with City employees in terms of providing information regarding the structure of various plans, benefits offered, and the meaning of changes to plans as they occur.

With City Council approval, staff will prepare a two year agreement for Benefits Administration Consulting Services with ABD Insurance and Financial Services.

FUNDING: Benefits fund



Vicky McAthie, Finance Director

Respectfully submitted,



Joanne M. Narloch, Human Resources Director

APPROVED: _____

H. Dixon Flynn – City Manager

RESOLUTION NO. 2000-239

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING CONTRACT WITH ABD INSURANCE
AND FINANCIAL SERVICES FOR BENEFITS
ADMINISTRATION CONSULTING SERVICES

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NOW, THEREFORE, BE IT RESOLVED, that the Lodi City Council hereby authorizes the City Manager to execute a contract with ABD Insurance and Financial Services for Benefits Administration Consulting Services in the amount of \$72,706.00 for the first year, which drops to \$69,538.00 in subsequent year(s); and

BE IT FURTHER RESOLVED, that this contract will be in effect for a period of two years.

Dated: December 20, 2000

I hereby certify that Resolution No. 2000-239 was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 20, 2000 by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Howard, Land, Pennino
and Mayor Nakanishi

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


SUSAN J. BLACKSTON
City Clerk