

RESOLUTION NUMBER R- 307626

DATE OF FINAL PASSAGE JUL 31 2012

A RESOLUTION OF THE COUNCIL OF THE CITY OF  
SAN DIEGO APPROVING A BENEFITS CONSULTING,  
BROKERAGE, AND ACTUARIAL SERVICES CONTRACT  
WITH BUCK CONSULTANTS.

WHEREAS, the City of San Diego on August 1, 2006 entered into a five year contract with Buck Consultants to provide benefits consulting, brokerage, and actuarial services; and

WHEREAS, in 2011 the contract was extended for one additional year due to the special circumstances related to the City's intensive efforts and negotiations with its bargaining groups for retiree health care reforms; and

WHEREAS, other than the long term disability and workers' compensation actuarial expenses which were paid from those respective funds, the services under this contract were not paid directly from the City's budget; and

WHEREAS, rather, these benefit consulting services were funded by commissions from the various insurance premiums paid to the insurance vendors; and

WHEREAS, the insurance vendors paid these commissions to the benefits consultant who in turn provided the benefit consulting and actuarial services to the City, a common practice in the industry; and

WHEREAS, the Mayor's staff changed the structure and funding of this contract with the Fiscal Year 2013 Risk Management budget, the Request for Proposals [RFP] for benefits, brokerage and actuarial consulting recently issued, and the resulting contract forming the subject of this resolution; and

WHEREAS, as a result commissions were eliminated and premiums reduced for these plans beginning in Fiscal Year 2013 and \$250,000 was added to the Fiscal Year 2013 Risk Management budget to continue providing these services; and

WHEREAS, this amount was estimated based on previous years experience since the Request for Proposal process had not yet been completed and the actual cost was not yet known; and

WHEREAS, the Long Term Disability (LTD) and Workers' Compensation actuarial valuations are separately funded from those respective funds; and

WHEREAS, the remaining monies needed for Fiscal Year 2013 will be borne from the Risk Management budget; and

WHEREAS, in accordance with the City's procurement policies, a Request for Proposal (RFP) seeking a consultant to continue providing the benefits, brokerage and actuarial consulting services was released on April 26, 2012 and sent to eight firms with expertise in this area; and

WHEREAS, three proposals were received; and

WHEREAS, the proposals were rated based upon: responsiveness to the RFP; the firm's past performance and capability to provide the expertise and service; staffing plan; and cost to the City; and

WHEREAS, the proposal evaluation resulted in Buck Consultants receiving the highest rating; and

WHEREAS, Buck Consultants was the only proposer to provide a comprehensive response including all requested services without sub-contracting and without an annual cost escalator, representing a fixed cost for the term of the agreement; and

WHEREAS, Buck Consultants was the lowest priced proposal when considering all requested services; and

WHEREAS, retaining Buck Consultants also allows the important and required actuarial and benefits consulting services to continue without disruption, and ensures that the City's actuarial valuations for Fiscal Year 2012 will be completed on schedule for inclusion with the City's Fiscal Year 2012 CAFR; and

WHEREAS, the contract with Buck Consultants would be for a period of three years, with two one year options to renew; and

WHEREAS, the cost of the three year contract would be \$834,000, or \$278,000 per each of the first three fiscal years; and

WHEREAS, similarly the two one year options, if exercised with subsequent Council approval, would be at a cost of \$278,000 per each option year; and

WHEREAS, the funding source for Fiscal Year 2013 is as follows: \$260,000, Risk Management Fund 720048; \$9,000, Long Term Disability Fund 720042; and \$9,000, Workers' Compensation Fund 720044; NOW, THEREFORE,

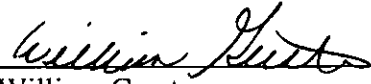
BE IT RESOLVED, by the City Council of the City of San Diego, that the Mayor or his designee is authorized to enter into a contract with Buck Consultants to provide benefits consulting, brokerage, and actuarial services for an amount not to exceed \$834,000 for a three year period.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to appropriate and expend \$260,000 for fiscal year 2013 from the Risk Management Fund 720048, contingent upon the approval of the Fiscal Year 2013 Appropriation Ordinance and the Chief Financial Officer first furnishing one or more certificates certifying that the funds necessary for expenditure are, or will be, on deposit with the City Treasurer.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to appropriate and expend \$9,000 for fiscal year 2013 from the Long Term Disability Fund 720042, contingent upon the approval of the Fiscal Year 2013 Appropriation Ordinance and the Chief Financial Officer first furnishing one or more certificates certifying that the funds necessary for expenditure are, or will be, on deposit with the City Treasurer.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to appropriate and expend \$9,000 for fiscal year 2013 from the Worker's Compensation Fund 720044, contingent upon the approval of the Fiscal Year 2013 Appropriation Ordinance and the Chief Financial Officer first furnishing one or more certificates certifying that the funds necessary for expenditure are, or will be, on deposit with the City Treasurer.

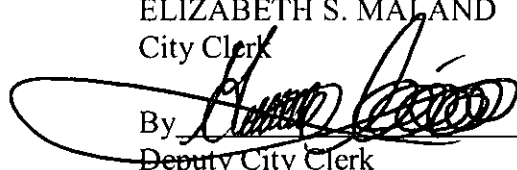
APPROVED: JAN I. GOLDSMITH, City Attorney

By   
William Gersten  
Deputy City Attorney

WG:ccm  
July 17, 2012  
Or.Dept:Risk Management  
Doc. No. 403836.doc

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUL 31 2012.

ELIZABETH S. MALAND  
City Clerk

By  for Mary Zumaya  
Deputy City Clerk

Approved: 7.31.12  
(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

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JERRY SANDERS, Mayor