



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
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Legislative File No: 2012-0214

TO: Mayor and City Council Members
FROM: Pamela M. Gordon, Director of Human Resources, ext. 2521
DATE: June 18, 2012
SUBJECT: Employee Benefit Broker/Consultant

REQUEST:

Approval of Gallagher Benefit Services (GBS) as the City's agent of record to provide brokerage and consulting services for employee benefit plans on a commission basis for a period of three years from the date of a fully executed consulting agreement, with an option to renew for an additional three years.

REASON FOR PURCHASE:

The City of Rochester Hills has utilized the services of a broker/consultant on a carrier-paid commission basis since 1999. These services were initially provided by C&F Benefits until they were acquired by The Rains Group in 2001. The Rains Group was acquired by Gallagher Benefit Services in 2008, which has served as the City's broker and agent of record since, providing a full range of value-added consulting services as identified in the attached Exhibit A.

The City issued a request for proposals earlier this year in order to ensure the best value for the services identified. Eight consultants responded to the Request for Proposals as of the March 7th deadline. Proposals were evaluated by a selection committee, comprised of Human Resources and Fiscal/Purchasing representatives, based on responsiveness to strategic objectives, experience and qualifications, service capacity, comparable client base and cost structure. Supplemental Clarifying Questions were requested to further refine the required services and fee structure. Three shortlisted firms were interviewed and the committee recommended Gallagher Benefit Services by consensus.

Over the past 12 years, with the help of Gallagher Benefit Services, the City has implemented various plan changes and benefit strategies in an ongoing effort to curtail the upward trend in healthcare costs (see Exhibit B). This year, cost reduction of over \$660,000 was achieved as a result of a combination of healthcare plan and employee contribution changes.

The recommendation to retain Gallagher Benefit Services for broker/consulting services recognizes their continuing ability to provide the expertise and resources to support compliance with increasingly complex state and federal mandates, while identifying cost-effective benefit options to help attract and retain qualified City employees at a competitive commission structure.

PROCESS:

Vendor Name and Address:

Gallagher Benefit Services
30150 Telegraph Road, Suite 408
Bingham Farms, MI 48025

Reason for Selection:

Best Value, most qualified.

Method of Purchase

Service Agreement

BUDGET:

City Wide Medical, RX, Dental & Vision: \$3,270,530*

City Wide Basic Life/AD&D: \$229,730*

*Premium includes commission paid to premium consultant

RECOMMENDATION:

Approval of Gallagher Benefit Services (GBS) as the City's agent of record for brokerage and consulting services in accordance with the commission structure identified in Exhibit C for a period of three years from the date of a fully executed consulting agreement, with an option to renew, upon City Council approval, for an additional three years is hereby recommended.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		