

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: REQUEST FOR AUTHORIZATION TO AWARD REQUEST FOR PROPOSAL (RFP) # 018-FF10, CONSULTING SERVICES, EMPLOYEE BENEFITS PROGRAM

COMMITTEE: INNOVATION, EFFICIENCY, AND GOVERNMENTAL RELATIONS

At the Board meeting of September 7, 2005, the Board authorized staff to prepare a comprehensive Request For Proposal (RFP) # 018-FF10, Consulting Services, Employee Benefits Program. At the Board meeting of October 19, 2005, the Board authorized release of RFP # 018-FF10, as well as approving the members of the Superintendent's Ad-Hoc Insurance Committee.

At the Board meeting of June 15, 2005 the Board authorized a one year renewal of its contract with Deloitte Consulting, LLP for employee benefits consulting services through June 30, 2006. Staff recommended re-marketing the employee benefits consulting contract during calendar year 2005 in order to have this contract coincide with the re-marketing of the Board's healthcare program through the issuance of Request For Proposal (RFP) # 019-FF10. As such, the Board provided authorization at the October Board meeting to notify Deloitte Consulting LLP that its current contract for employee benefit consulting services would be cancelled effective January 31, 2006.

Requests For Proposals were sent to the following national employee benefits consulting firms, as well as being placed on the district's website, through the Office of Procurement Management:

*Aon Consulting	*Deloitte Consulting LLP	*Ernst & Yount LLP
*Hay Group	*Hewitt Group	*Mercer
*Milliman USA	*PricewaterhouseCoopersLLP	
*Segal Co.	*Towers Perrin	*Watson Wyatt

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Proposals were received and opened at the regular bid opening held on November 17, 2005 at which time a proposal was received from Deloitte Consulting, LLP (Deloitte) and "No Bid Submitted" responses were received from Milliman, Inc., Towers Perrin, Hay Group, and Watson Wyatt.

Pursuant to the provisions of the RFP, staff and representatives from Siver Insurance Consultants, Inc. (Siver) analyzed the proposal received from Deloitte. We also attempted to determine why no other proposals were received. The analysis of the proposal received from Deloitte showed that the firm complied with all aspects of the RFP including:

- A. Demonstration of Competency and Experience
- B. Demonstrated Ability to Work with both Labor and Management
- C. Geographic Proximity
- D. Extent to which minorities and women are utilized in the proposer's workforce
- E. Projected Cost

The due diligence conducted by Siver included analyzing the RFP's specifications to determine if there were any provisions which were so restrictive that companies could not comply. Specifically, the provision of the RFP which states that the consulting firm can not be in the business of selling insurance was analyzed to determine if there were other consulting firms able to comply. This provision has been part of our insurance consulting specifications historically to avoid possible conflicts of interest. Specifically, part of the consultant's responsibility is to assist in the analysis of received proposals from carriers, and assist in the negotiations of School Board contracts with those carriers. Consultants who may be receiving commissions from carriers submitting these proposals could become conflicted in their analysis, as a result of the compensation they receive from these carriers. Having a consultant which only represents and receives compensation by employers eliminates this potential conflict.

Siver contacted representatives from companies which did not provide proposals and found that there were a variety of reasons for their decision not to respond. Overall, the responses reflected a general reluctance to do business with Florida governmental entities due to the provisions of the sunshine laws and the consultant's views of their work products as being proprietary, as well as observations that the Board's rate structure is difficult to compete with.

As a result of the due diligence performed on the proposal received from Deloitte, and the companies which did not provide proposals, staff believes that nothing would be gained by re-issuing this RFP due to the fact that there are companies which could comply with the RFP's specifications, but have chosen for a number of business reasons not to provide proposals at this time.

The fees proposed by Deloitte in their proposal reflected no increase for major categories of services, but did provide increases for the Senior Consultant, Consultant, Fellow Actuary, and Medical Consultant of approximately 7% over existing fees.

Negotiations with Deloitte have proven successful in their agreement to retain existing fee levels for the first year of the proposed three year initial contract, with increases for the subsequent two years of the initial contract not to exceed 7%.

Negotiated fees for the proposed first year of the consulting contract with Deloitte are as follows:

	2006-2007 <u>Negotiated fees</u>
Lead Consultant	\$295/hour
Senior Consultant	\$260/hour
Consultant	\$166/hour
Fellow Actuary	\$295/hour
Associate Actuary	\$156/hour
Medical Consultant	\$236/hour
Legal Consultant	\$295/hour
Clerical	included

Therefore, staff is recommending that the Board award its employee benefits consulting service contract to Deloitte for an initial three year term, effective February 1, 2006, with existing fees to remain in place for the first year of the contract, with fees for the subsequent two year initial contract term not to exceed 7%. Following the initial three year term, the contract will provide for the ability to extend for two additional one-year terms, subject to satisfactory service as may be determined in the sole discretion of the District. The members of the Superintendent's Ad-Hoc Insurance Committee are in concurrence with this recommendation.

Copies of the complete analysis of the proposal received from Deloitte will be distributed to Board Members, through the Superintendent of Schools, and appropriate district staff and will be placed on file in the Office of the Recording Secretary to the School Board.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida;

1. award a contract for employee benefits consulting services, pursuant to the provisions of Request For Proposal (RFP) # 018-FF10, to Deloitte Consulting, LLP pursuant to their received proposal and subsequent negotiations, for an initial three year term, effective February 1, 2006, with hourly rates for consulting fees for the first year of the contract to be as follows, with fees for the subsequent two year initial contract not to exceed 7%:

Lead Consultant	\$295/hour
Senior Consultant	\$260/hour
Consultant	\$166/hour
Fellow Actuary	\$295/hour
Associate Actuary	\$156/hour
Medical Consultant	\$236/hour
Legal Consultant	\$295/hour
Clerical	included

2. authorize the Superintendent to enter into a contract with Deloitte Consulting, LLP to provide consulting services for employee benefits, with such contract to include all provisions contained within Request For Proposal (RFP) #018-FF10, Deloitte's proposal and subsequent negotiations received in response to RFP # 018-FF10.

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