



Agenda Report

October 30, 2000

TO: City Council
Through: Finance Committee

FROM: City Manager

SUBJECT: Authorization To Issue A Purchase Order Contract To Aon Consulting For Communication Services For The Employee Flexible Benefit Program For An Amount Not To Exceed \$115,000

RECOMMENDATION

It is recommended that the City Council:

- 1) Approve a Journal Voucher appropriating \$115,000 from the unappropriated Benefits fund balance to budget account 8114-504-324200.
- 2) Authorize the Purchasing Administrator to issue a purchase order contract, without competitive bidding pursuant City Charter Section 1002[F] contracts for professional or unique services, to AON Consulting in an amount not to exceed \$115,000 for communication services and Plan implementation services for the Employee Flexible Benefit Program.
- 3) Grant the purchase order contract an exemption from the competitive selection requirement of the Affirmative Action in Contracting Ordinance, pursuant to Section 4.09.060[C], contracts for which the City's best interests are served.

BACKGROUND

In the Fourth Quarter of FY 2000, the City Council authorized staff to implement a new Flexible Benefits Program for city employees. The goal of this new program is to offer employees a wider variety of choices when selecting various benefits such as, medical, vision and life insurance.

In order to educate employees about the program, it was determined that the services of an outside firm to provide communications support was necessary. This support would also include the design and mailing of announcement postcards, benefit brochures, and customized enrollment packages.

Normally, when seeking services of this nature which exceed \$25,000 in value, as in this case, staff would issue a request for proposals in order to solicit proposals from various qualified firms and make a selection based on those responses. In this particular case, staff did not issue a formal request for proposals, but rather obtained informal offers from two firms, AON Consulting and William Mercer. Between the two, staff determined that AON Consulting offered the City greater value and AON was directed to commence services.

Subsequently, once AON had performed services and invoiced the City, it was determined that the selection process had not fully complied with City purchasing requirements, since no request for proposals had been issued. Moreover, had staff desired to dispense with the request for proposals process the appropriate action would have been to request that the City Council grant an exemption from the requirements of the Affirmative Action in Contracting Ordinance prior to engaging AON.

Despite the lack of compliance with City purchasing regulations, the services provided by AON are essential if the City is to successfully implement the Flexible Benefit Program. AON has performed well and has completed a significant portion of the total work scope. For these reasons staff respectfully requests City Council authorization to issue a purchase order contract to AON Consulting in the amount not to exceed \$115,000 and find that based on the information contained herein, it is in the best interests of the City to grant this purchase order contract an exemption from the competitive selection process of the Affirmative Action in Contracting Ordinance. It should also be noted that AON is the City's broker of record and has a separate contract with City for the bidding or non-PERS insurance/benefit coverage for employees.

FISCAL IMPACT

The total amount of the proposed purchase order contract is not to exceed \$115,000. With approval of a journal voucher appropriating \$115,000 from the unappropriated Benefits fund balance to budget account 8114-504-324200, sufficient funds will be available.

Respectfully submitted,



CYNTHIA J. KURTZ
City Manager

Approved by:



PATRICIA GIEMANN
Interim Director of Human Resources