



BOARD OF DIRECTORS

ANDREAS BORGEAS
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J. STEVEN WORTHLEY

**Meeting Location:
County of Tulare
Board of Supervisors Chambers
2800 W. Burrel Ave.
Visalia, CA 93291
February 3, 2017 9:00 AM**

AGENDA DATE: February 3, 2017

ITEM NUMBER: Item 11

SUBJECT: Receive Final Results of the RFP for Consulting Services, Authorize President to Execute Agreement with Recommended Vendor, and Direct Staff to Give Thirty (30) Days Written Notice to Current Consultant of Intent to Terminate Agreement as Provided in Section 4(C) of that Agreement (A)

REQUEST(S): That the Board authorize the President to execute new agreement for consulting services and direct staff to give thirty day notice of intent to terminate agreement with current consultant

DESCRIPTION:

At the July 14, 2016 SJVIA Board meeting, your Board approved staff's recommendation to conduct an RFP for consulting services, with the new agreement providing that services be charged on a flat fee schedule. Currently, the SJVIA compensates the consultant, Gallagher Benefit Services (GBS), on a "per employee per month" (PEPM) fee schedule.

GBS has been the SJVIA consultant since inception of the SJVIA, with the first agreement entered into effective January 1, 2010. GBS has provided services related to strategic planning, financial monitoring and reporting, renewal services, renewal underwriting and rate setting, vendor management, compliance services, member agency support services and program marketing and promotion. GBS currently provides these services at a fee of \$3.75 PEPM.

Staff released the RFP for consultant services on November 4, 2016, and proposals were received from four vendors. Finalist interviews were conducted on December 8, 2016 with GBS, Aon Consulting, Inc. (Aon), and

AGENDA: San Joaquin Valley Insurance Authority

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Keenan & Associates (Keenan). The finalist interview panel consisted of both the SJVIA President and Vice President, SJVIA Manager and Assistant Manager, and a representative from the SJVIA Auditor-Treasurer. These vendors presented well and their final proposals were competitive. However, after careful review and consideration, it was determined that the proposal from Keenan is the most advantageous to the SJVIA.

Keenan's presentation demonstrated an understanding of the current state of the SJVIA, and they presented ideas and opportunities to bring the SJVIA to a viable financial base. The Keenan proposal was also the lowest cost when compared to all other bids received. Additionally, should the agreement be executed prior to March 1, 2017, Keenan will begin providing services but will not bill the SJVIA until March 1.

It is staff's recommendation to negotiate an agreement with Keenan for three years, with the option to extend the agreement for no more than two additional one-year terms, taking advantage of the lower pricing achieved.

FISCAL IMPACT/FINANCING:

For calendar year 2016, the total cost for services provided by GBS was \$579,813 based upon 25 entities in the SJVIA. The current fee for these services with GBS is \$3.75 PEPM totaling approximately \$424,335 annually. This amount takes into consideration the entities who terminated their participation agreement with the SJVIA effective January 1, 2017 and Sutter County's exit effective May 1, 2017. Moving to a flat fee pay structure, Keenan's cost averages to \$292,200 per year for a three-year total cost of \$876,600 but with an annual savings of \$132,135 when compared to the 2017 current fee.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager