

EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
May 19, 2004

SUBJECT: PTSC/MTA BENEFITS CONSULTANT SERVICES

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file report on staff recommendation to the PTSC Board of Directors to award contract for Employee Health and Welfare Benefits Consulting Services to Mercer Human Resources Consulting.

ISSUE

The Agency requires benefits consulting expertise, not available on staff, to provide economical and timely availability of life, medical, dental, vision, long-term disability and accidental death and dismemberment insurance benefits for PTSC and some MTA employees. Because 95% of the employees covered by the medical, dental, and vision benefits are PTSC employees, the contract award falls under the jurisdiction of the PTSC Board of Directors.

BACKGROUND

A Request for Proposals (RFP) advertised in April 2003, using a “best value” methodology (in which price is just one of several criteria), resulted in an award recommendation to the PTSC Board of Directors in June 2003 to Mercer Human Resources Consulting, the incumbent. There were two proposers. The unsuccessful proposer protested the award on the basis that lowest price should have been the overriding evaluation criteria and that he should have been recommended for award based on this. We are not certain that would have been the result, because the protester had assumed receipt of commissions in addition to his stated bid. We clarified this was prohibited practice under the contract and a full evaluation of his bid on this basis was not completed.

After review of this procurement, the CEO instructed staff to cancel the procurement and reprocure using a different selection methodology. The RFP was subsequently cancelled and reissued in February 2004 using a Technically Acceptable Lowest Price methodology as the basis for award. One proposal, from the incumbent, was received on March 22, 2004, and has been evaluated in response to the second solicitation. The proposer who protested the award recommendation to the first solicitation did not protest contents of the current solicitation or actually submit a bid. On this basis the source selection process has been completed and staff will be presenting its award recommendation to the PTSC Board for approval in June 2004.

Since the portion of the contract for consulting services related to benefits for MTA employees is below the threshold required for MTA Board approval, it will be approved through an administrative request adhering to internal procedures.

NEXT STEPS

Present the recommendation for contract award to the only proposer, Mercer Human Resources Consulting, at the PTSC Board meeting in June.

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