



RESOLUTION NO. _____

BOARD LETTER APPROVAL

Tracey K. Pierce
Tracey K. Pierce (Sep 8, 2024 17:33 PDT)

TRACEY PIERCE
Chief People Officer

Janisse Quiñones

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: August 29, 2024

SUBJECT: Approval of Agreement No. 47849 for Health and Benefits Consulting Services to Keenan & Associates for a term of three years with two one-year extension options and an amount not-to-exceed \$2,800,000

SUMMARY

The proposed Agreement No. 47849 (Agreement) with Keenan & Associates (Keenan) is to provide Health and Benefits Consulting Services for a term of three years with two one-year extension options and an amount not-to-exceed \$2,800,000 (budgeted). The Agreement is a result of a competitive process under Request for Proposal (RFP) No. 90749.

Keenan will provide consulting services to LADWP for the administration of its health and dental plans for active and retired employees, including carrier selection, annual rate negotiations and renewals, wellness, and compliance with regulatory requirements.

City Council approval is not required.

This Agreement expires on October 24, 2027.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution authorizing approval of Agreement No. 47849 with Keenan.

ALTERNATIVES CONSIDERED

There is no viable alternative. The healthcare field is very complex and relatively few governmental entities have the background and expertise to manage this area without a professional consultant. LADWP employees do not possess the technical expertise and/or knowledge to perform these services.

FINANCIAL INFORMATION

The Agreement is for a term of three years with two one-year extension options for a budgeted amount not-to-exceed \$2,800,000.

BACKGROUND

LADWP has more than 12,000 active employees, 9,500 retirees and 18,000 dependents enrolled in health and dental plans. The projected cost for these health and dental benefits for Fiscal Year 2024-25 is approximately \$426,600,000.

The consultant serves as a vital resource for assessing LADWP's health benefits programs, including the utilization and implementation of best practices in the administration of health benefits, identifying opportunities for cost savings, assessing new plans, reviewing the LADWP Wellness Program and making recommendations for program improvement, and planning for any changes to existing benefits and other federal regulations.

Healthcare is a complex, evolving field and securing health and benefit consultant expertise ensures that LADWP is current on the latest healthcare trends, remains compliant with regulatory requirements, and negotiates the best rates for its health and dental plans.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality (CEQA) Guidelines 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378(b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the award of a contract for health and benefits consulting services is not an action subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney has reviewed and approved the Agreement and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Agreement

PROCUREMENT SUMMARY

1.	Recommended Vendor: Keenan & Associates (Keenan)
2.	Procurement Type: Request for Proposal (RFP)
3.	Procurement Details: A. Agreement Status: Replacement B. Bid Advertisement Date: 10/31/23 C. Pre-Bid Conference Date: 11/9/23 D. Number of Downloads of Solicitation: 26 E. Number of Bids/Proposals Received: 4 F. Protest Received: 0
4.	Buyer Assigned: Joelle Morisseau
5.	Contract Administrator: Lindsey Ikuta
6.	LADWP System: Joint – Employee Relations & Benefits
7.	Contact Person for Item: Antrecia Sims

A. Summary of Bids Received/Evaluation Rating Summary of Proposals

Criteria	Maximum Score	Alliant	Aon	Keenan	Segal
Financial Stability	Pass/Fail	Fail	Pass	Pass	Pass
SBE/DVBE Requirements	Pass/Fail	Pass	Pass	Pass	Pass
Compliance with Mandatory Requirements	Pass/Fail	Pass	Pass	Pass	Pass
Proposer's Qualifications and Experience	20%	17.33	14.00	18.00	15.00
Past Performance Questionnaire	5%	4.88	4.81	4.64	4.89
Organizational/Management Approach to the Work	10%	8.33	7.00	8.67	8.17
Qualifications of Key Personnel	20%	15.67	15.33	17.33	15.33
Technical Approach	10%	8.33	7.00	9.00	9.00
Compliance Matrix to Technical Requirements	5%	4.33	4.25	3.83	4.50
Fee Schedule	30%	17.80	29.95	30.00	22.29
Local Business Preference Program	Up to 12%	0.00	0.00	0.00	0.00
Total Evaluated Score	112%	76.68	82.34	91.47	79.18

B. Evaluation of Bid/Proposal/Cooperative Agreement

Four proposals were received in response to RFP No. 90749. The proposals were evaluated by a three-member team consisting of staff from LADWP's Employee

Relations and Benefits Division, Labor Relations Office, and Office of the Chief Operating Officer. After a thorough evaluation of the proposal, Keenan was the highest ranked proposer and determined to be the most qualified firm to provide the services needed. Prices were determined to be fair and reasonable based on a competitive process and comparison of Keenan's rates with other governmental agencies for similar services.

Keenan has no contract history with LADWP. However, the Vendor Authentication Unit conducted a vendor review, and no issues were found.

C. Procurement History

Service/Item History – Number of Times Item or Service Has Been Procured					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
47576	Aon Consulting, Inc.	5 Years	10/25/19	10/24/24	\$2,800,000
47419	Aon Consulting, Inc.	3 Years	11/02/16	11/01/19	\$1,609,267
47116A	Mercer	3 Years 8 Months	11/02/12	07/31/16	\$892,000
47116B	Buck Consultants / Xerox	3 Years 8 Months	07/01/15	6/30/16	\$538,565
47000	Mercer	3 Years 6 Months	02/04/09	08/03/12	\$1,276,700

D. Local Business Preference Program (LBPP)

LBPP was included in the RFP. However, LBPP was not a determining factor in the recommendation of award for this contract.

E. Additional Outreach Efforts Taken

In addition to reaching out to vendors from the original bid list, the following outreach efforts were taken:

- The RFP was posted on the City of Los Angeles Regional Alliance Marketplace for Procurement website.
- A pre-proposal meeting was held on November 9, 2023.

F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises/Other Business Enterprises (OBE) Subcontracting Participation

The minimum mandatory SBE/DVBE participation requirement for this agreement

was 10 percent. Keenan committed to an overall SBE/DVBE participation of 10 percent.

SBE PARTICIPATION			
Name	Description of Work	Dollar Amount	%
L&D Mail Masters, Inc.	Direct mail advertising and commercial printing	TBD	10%
SBE Total:		TBD	10%

OBE PARTICIPATION (Non-Certified Firms)			
Name	Description of Work	Dollar Amount	%
Health Management System, Inc.	Dependent eligibility verification	TBD	TBD
OBE Total:		TBD	TBD