

## SERVICES CONTRACT MODIFICATION

**ITEM:** 5-S-MOD **Agency Contact:** Anne Timmons  
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**DEPARTMENT/PROGRAM:** Budget and Management (DBM)  
Office of Personnel Services and Benefits  
Employee Benefits Division (EBD)

**CONTRACT ID:** F10B7200016;  
Consultant and Actuarial Services for State  
Employee and Retiree Benefits Program  
ADPICS # F10B1400002; COE02790

**CONTRACT APPROVED:** 11/15/2006 DBM BPW Agenda Item 1-S

**CONTRACTOR:** Gabriel, Roeder, Smith & Co. (GRS)  
Irving, Texas

**CONTRACT DESCRIPTION:** Provide consultant and actuarial services to support the administration of State Employee and Retiree Health Benefits Programs.

**MODIFICATION DESCRIPTION:** Approval request to extend the contract term by six months in order to allow sufficient time to resolve an appeal to a protest denial in response to the new contract award recommendation and to continue services necessary for rate setting and consulting services in support of State Employee and Retiree Health Benefits Programs.

**TERM OF ORIGINAL CONTRACT:** 12/1/2006 – 11/30/2009 (w/2 one-year renewal options)

**TERM OF OPTION/MODIFICATION:** 12/1/2011 – 5/31/2012

**AMOUNT OF ORIGINAL CONTRACT:** \$2,592,000 (3 Years)

**AMOUNT OF MODIFICATION:** \$200,000 NTE (6 Months)

**PRIOR MODIFICATIONS/OPTIONS:** \$2,409,544 (See Attachment)

**REVISED TOTAL CONTRACT AMOUNT:** \$5,251,544

**PERCENT +/- (THIS MODIFICATION):** +7.71%

**OVERALL PERCENT +/-:** +5.78%

**ORIGINAL PROCUREMENT METHOD:** Competitive Sealed Proposals

**MBE PARTICIPATION:** 27%

**REQUESTING AGENCY REMARKS:** Request for approval to extend the contract by six months in order to allow sufficient time to resolve the appeal of the protest denial in response to the new contract award recommendation and to continue the important consultant and actuarial services necessary in support of the State employee and retiree benefit programs.

The Request for Proposals (RFP) was published on 4/14/2011 with proposals due on 5/20/2011. Four proposals were received in response to the RFP, all of which were deemed to be reasonably susceptible of being selected for award. Award was recommended to the Offeror with the best overall ranked proposal, which was ranked #2 technically and had the second lowest price. The #1 ranked technical Offeror was notified on 9/26/2011 that it was not being recommended for award because it was ranked #3 overall. A timely protest was received on 10/3/2011. DBM held a debriefing with this Offeror on 10/7/2011, at which time it learned that it was ranked #1 technically. On 10/14/2011, the Offeror filed a supplemental protest in response to the new contract award recommendation to another vendor. DBM is finalizing the denial of both protests.

At this time, DBM is anticipating this Offeror to file an appeal with the Maryland State Board of Contract Appeals (MSBCA). Until the appeals process has been completed, consulting and actuarial services are needed with the current Contractor, Gabriel, Roeder, Smith & Co. (GRS). GRS has provided excellent services for the State during the current contract. This modification is in the best interest of the State.

It is estimated that a total of \$645,000 NTE will be necessary for consulting and actuarial fees for this six month extension based upon a model of hours estimated. This modification is requesting approval for only \$200,000 because there will be approximately \$445,000 of available funding left on the current renewal option amount at the end of the option period.

**FUND SOURCE:** 100% Reimbursable

**APPROP. CODE:** F10A0202

**RESIDENT BUSINESS:** No

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Board of Public Works Action - The above referenced Item was:

APPROVED	DISAPPROVED	DEFERRED	WITHDRAWN
WITH DISCUSSION		WITHOUT DISCUSSION	

**ITEM:**            5-S-MOD (Cont.)            **ATTACHMENT**

**PRIOR MODIFICATIONS/OPTIONS (Cont.):**

Option/Mod #1	\$1,235,544	Exercised the first of two one-year renewal options and modified the contract language to reflect a reduction in the Fixed Actuarial Fee and a reduction in the hourly labor rate categories and changed the manner in which payments are made (\$25,721) for the period of 12/1/2009 – 11/30/2010. Approved on the 11/18/2009 DBM BPW Agenda, Item 4-S-MOD.
Option/Mod #2	\$1,174,000	Exercised the second and final one-year renewal option and modified the contract language to reflect a reduction in the Fixed Actuarial Fee and hourly labor rate categories, and to change the manner in which payments are made (\$24,491) for the period of 12/1/2010 – 11/30/2011. Approved on the 10/6/2010 DBM BPW Agenda, Item 3-S-MOD.
Total	<u>\$2,409,544</u>	