

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: November 23, 2004
TO: **BOARD OF EDUCATION**
FROM: Dr. Joe A. Hairston, Superintendent
SUBJECT: **RECOMMENDATIONS FOR AWARD OF CONTRACTS**
ORIGINATOR: J. Robert Haines, Deputy Superintendent, Business Services
PERSON(S): Patrick Fannon, Controller; Rick Gay, Purchasing Manager

RECOMMENDATION

That the Board of Education approves the following contract recommendations.

See the attached list of contract recommendations presented for consideration by the Board of Education of Baltimore County.

RLG/caj

Appendix I – Recommendations for Award of Contracts – Board Exhibit

**Recommendations for Award of Contracts
Board Exhibit – November 23, 2004**

The following contract recommendations are presented for consideration by the Board of Education of Baltimore County.

- 1. Contract:** Active and Retiree Basic Life, Optional Life, Retiree Life Buyout
Bid #: JNI-754-05

Term: 4 years and 8 months **Contract Ending Date:** 9-01-09 (tentative)
Estimated award value: \$18,060,000

Bid issued: July 29, 2004
Pre-bid: August 09, 2004
Bid due date: August 26, 2004
No. of vendors issued to: 10
No. of bids received: 5
No. of no-bids received: 4
No. of non-responsive: 1

Description:

In 1984 Baltimore County Public Schools (BCPS) established a trust to hold certain insurance reserves under a MetLife Group life insurance policy. This trust is known as the Voluntary Employee Benefits Association (VEBA) which was established as a life insurance premium stabilization reserve for BCPS employees and to otherwise fund the cost of maintaining group life insurance coverage for employees. In September of 2002 all Contributions to the VEBA Trust from the Board of Education and BCPS employees ceased. Following legal research into the matter, these funds were determined to be employee, not employer funds, thereby limiting the use of the VEBA Trust to benefit those current and retired employees who contributed to the trust.

Subsequently BCPS retained the consulting services of the Warner Companies, Inc. of Timonium, Maryland. They were asked to look into the following issues:

- Evaluate the best use(s) of the Voluntary Employee Benefits Association Assets (VEBA). Should the trust be continued or terminated? If it were terminated what was the best use of the funds? What would the distribution be?
- Is the current Group Term Life Insurance Program plan design competitive?
- What recommendations for possible improvements to the insurance benefits for employees of the school system should be considered?

Requests for Proposals were sent out to vendors in the life insurance market. The companies returned their proposals, which were summarized by the Warner Companies, and the summarized results were presented to a committee of BCPS employees and

representatives of the unions: Kathleen Harmon, Benefits Manager; Pat Fannon, Controller; Jack Nichols, Purchasing Agent, Bob Anzels with TABCO/BACE, Lora Williams and Denise Keller with AFSCME. This committee evaluated the proposals, and selected the proposal that was determined to be the best value for BCPS employees and the Board. This proposal permitted the Board to increase the basic life insurance benefit to current BCPS employees from \$10,000 to \$15,000 while reducing the premium cost to the Board.

It was also determined that the best option for the VEBA distribution when terminated was a paid up life insurance policy for each retired employee. The assets in the trust permitted BCPS to purchase approximately \$2,500 of paid up life insurance for each retiree while keeping the rate charged each retiree the same through the term of the contract.

Recommendation:

That the Board of Education approve the award contract for life insurance to Metropolitan Life Insurance Company effective December 1, to transact the VEBA Trust Buy-out, and effective January 1, 2005 for the employee life insurance.

Metropolitan Life Insurance Company New York, NY

Responsible school or office: Office of Benefits

Contact Person: Kathleen J. Harmon

Funding source: \$7,000,000 VEBA Trust (one time expense)
\$3,929,000 Board of Education (56 mos.)
\$7,131,000 Employee Cost (56 mos.)

2. Contract: Elevator Maintenance and Repair (Extension)
Bid #: 5-535-02
(Baltimore County Government—203397)

Extension: 7 years remaining **Contract Ending Date:** December 3, 2011 (tentative)
Estimated annual award value: \$200,000
Estimated total award value: \$1,400,000

Description:

On December 4, 2001, the Baltimore County Board of Education approved a Baltimore County government contract to provide contracted services for elevator maintenance and repair. The contract allows for nine additional one-year options. The Office of Maintenance would like to obtain services through the full term of the contract.

Recommendation:

Extension of contract is recommended to:

Otis Elevator Company

Baltimore, MD

Responsible school or office: Office of Maintenance

Contact Person: Cathy Burns

Funding Source: Capital Budget and Operating Budget

3. Contract: Library Reference Software
Bid #: JNI-123-99

Term: 3 years **Extension:** 2 years **Contract Ending Date:** 10/ 10/09 (tentative)
Estimated annual award value: \$62,375
Estimated total award value: \$311,875

Description:

In July, 1999, the Office of Library Information Services recommended the adoption of an on-line reference and research service for use in high school libraries. The Board of Education approved the award of contract for the on-line services to The Gale Group, Farmington Hills, MI, as an extension of their proprietary reference/subscription services. The services include references on: contemporary authors, literary criticisms, and plot summaries; compare/contract features for authors and subjects; and full-text academic journals. This service was not continued for the school year 2003-04 because of the escalating cost per school.

The Office of Library Information Services would like to readopt The Gale Group on-line subscription service for the 25 high schools at a price of \$2,495 per high school. This cost is \$623 less per school than that paid in 2002-03. The current cost also includes remote access for home use, and training for the individual schools.

Recommendation:

Award of contract is recommended to:

The Gale Group

Farmington Hills, MI

Responsible School or Office: Office of Library Information Services

Contact Person: Arthur Stritch

Funding Source: Individual high school's operating budget

4. Contract: Locksmith Services (Extension)
Contract #: 3-322-00

Extension: 1 year
Contract Ending Date: 12/31/05 (tentative)
Estimated total extension award value: \$100,000

Bid issued: October 7, 1999
Pre-bid meeting date: October 21, 1999
Due date: November 4, 1999
No. of vendors issued to: 10
No. of bids received: 3
No. of no-bids received: 1

Description:

On November 23, 1999, the Baltimore County Board of Education approved a five-year contract to provide for locksmith services. This contract is due to expire December 31, 2004. The contract's terms and conditions allowed for a one-year extension.

Recommendation:

Recommend a one-year extension to:

Easters Lock & Key Service, Inc. Baltimore, MD

Responsible school or office: Office of Comprehensive Maintenance and Construction

Contact Person: Cornell Brown

Funding Source: Operating Budget

5. Contract: Universal Life Insurance Benefit
Bid #: JNI-754-05

Term: 4 years and 8 months **Contract Ending Date:** 9-01-09 (tentative)
Estimated award value: \$1,633,000

Bid issued: July 29, 2004
Pre-bid: August 09, 2004
Bid due date: August 26, 2004
No. of vendors issued to: 10
No. of bids received: 6
No. of no -bids received: 3
No. of non – responsive: 1

Description:

Following a recommendation from the Department of Human Resources, the Warner Companies, Inc. of Timonium, Maryland, were retained to provide recommendations for possible improvements to the insurance benefits for employees of the school system.

The Warner Companies and the Office of Purchasing sent out Requests for Proposals to vendors in the life insurance market. The companies returned their proposals which were evaluated by the Warner Companies, and the evaluation results presented to a committee of BCPS personnel: Kathleen Harmon, Benefits Manager; Pat Fannon, Controller; Jack Nichols, Purchasing Agent; and representatives of the Unions. This committee reviewed the proposals as evaluated by the Warner Companies, and selected the insurance proposals that were the best buy for BCPS. The finalists were then asked to submit a *best and final* offer, and to present that offer to the BCPS Committee.

Recommendation:

That the Board of Education approve the award contract for universal life insurance to ING Employee Benefits, Reliastar Life Insurance Company, effective January 1, 2005.

ING Employee Benefits, Reliastar Life Insurance Minneapolis, MN

Responsible school or office: Office of Benefits

Contact Person: Kathleen J. Harmon

Funding Source: 100% of cost paid by employee (voluntary)

6. Contract: Various Grounds Equipment
Bid #: JMI-611-05

Term: 5 years **Extension:** 0 **Contract Ending Date:** 12/31/09 (tentative)
Estimated annual award Value: \$200,000
Estimated total award value: \$1,000,000

Bid issued: September 23, 2004
Pre-bid meeting date: N/A
Due Date: October 21, 2004
No. of vendors issued to: 15
No. of bids received: 11
No. of no-bids received: 0

Description:

Awards of contract are recommended to the following bidders to supply various categories (e.g., mowing equipment, utility vehicles, etc.) of grounds equipment on an as-needed basis. Awards are based on the most favorable *percentage-off list* for each manufacturer within each of the 13 equipment categories.

Recommendation:

Award of contract is recommended to:

Baltimore Turf Equipment	Towson, MD
Bobcat of Baltimore, LLC	Baltimore, MD
G.L. Cornell Company	Gaithersburg, MD
John Deere Company	Cary, NC
Lawn & Power Equipment	Bethesda, MD
Lesco, Inc.	Strongsville, OH
Liberty Discount Lawn Equipment & Appliicance, Inc.	Upperco, MD
Security Equipment Company	Baltimore, MD
Suburban Sales & Rental Center	Cockeysville, MD
Turf Equipment and Supply Company, Inc.	Jessup, MD
Walter G. Coale, Inc.	Churchville, MD

Responsible school or office: Division of Physical Facilities, Grounds Services

Contact Person: Dennis Elkins or Roland Nickoles

Funding Source: Operating Budget