

AGENDA



Thursday, August 30, 2007

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 59**

Subject: Authorize award, negotiation, and execution of a 16-month requirements service contract with LIFE INSURANCE COMPANY OF NORTH AMERICA, Philadelphia, PA for a group short-term and long-term disability insurance program in an estimated amount not to exceed \$2,287,000, with two 12-month extension options in an estimated amount not to exceed \$2,629,000 for the first extension option and \$3,024,000 for the second extension option, for a total estimated contract amount not to exceed \$7,940,000.

Amount and Source of Funding: Future funding is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Rosemary Ledesma, Supervising Sr. Buyer/974-2011 or Russell Nash, Benefits Manager/974-3288.

Purchasing Language: Best evaluated proposal of ten proposals received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This contract will provide short-term and long-term disability insurance benefits to City of Austin employees. The disability insurance program will be provided by CIGNA through its subsidiary, Life Insurance Company of North America. The initial term of the contract will be September 1, 2007 through December 31, 2008. The disability insurance program will be implemented on January 1, 2008 with payment for services following on a monthly basis

The services will provide a short-term disability benefit at no cost to the employees and has a maximum 60 day benefit and \$1,200 maximum weekly benefit. It covers off-the-job injuries and disabilities. The rates are guaranteed at \$0.12/\$100 of covered salary and the total three year estimated cost of this benefit is \$1,900,000 funded by the City.

Long-term disability benefits will be available to employees as a choice of coverage with a \$5,000 maximum monthly benefit. It covers on and off-the-job injuries and disabilities. The employees pay the entire cost which is based on their base annual salary and age. The rates are guaranteed for three years and the total three year estimated cost of this benefit is \$6,040,000 funded by employee contributions.

Representatives from the Human Resources Department who are experienced and knowledgeable in this service industry evaluated the proposals. The evaluation panel recommended Life Insurance Company of North America as the best proposer based on the firm's extensive industry experience in providing these services, personnel qualifications and prior experience, responsiveness to scope of work and contractual requirements, program design, and the lowest cost. CIGNA through its subsidiary companies, is a leader in providing employee benefits, health care and insurance to individuals and businesses worldwide.

MBE/WBE solicited: 2/1

MBE/WBE Bid: 0/0

PROPOSAL ANALYSIS

- a. Adequate competition.
- b. Fifty-one notices were sent, including two MBEs and one WBE. Ten proposals were received, with no response from the MBEs/WBE.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal received.
- b. The Purchasing Office concurs with the Human Resources Department's recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.