

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	7320	Agenda Number	57.
Meeting Date:	June 23, 2011			
Department:	Purchasing			
Subject				
Authorize award, negotiation, and execution of a 36-month service agreement contract with: UNIMERICA INSURANCE COMPANY, Golden Valley, MN or one of the other qualified proposers to RFP JSD0105 to provide group term life insurance for City of Austin employees and retirees with three 12-month extension options for a total estimated contract amount not to exceed \$26,950,000.				
Amount and Source of Funding				
Funding in the amount of \$3,120,000 (will be included in the Fiscal Year 2011-2012 Proposed Operating Budget of the Employees Benefits Fund. Funding for the remaining 27 months of the original 36 months of the original contract period and extension options is contingent upon available funding in future budgets.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:	Best proposals of eleven proposals received.			
Prior Council Action:				
For More Information:	Jeff Dilbert, Buyer II, 974-2651			
Boards and Commission Action:				
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.			
Related Items:				

Additional Backup Information

This request allows for the development of an agreement with a qualified proposer that Council selects. If the City is unsuccessful in negotiating a satisfactory agreement with the selected proposer, negotiations will cease with that provider. Staff will return to Council so that Council may select another qualified proposer and authorize contract negotiations with this provider.

This contract is for a fully-insured group life insurance program for City employees, retirees, and other eligible participants. The services will include providing City employees with existing basic life insurance, supplemental life insurance, dependent life, and accidental death and dismemberment insurance. The contract also continues retired City employee \$1,000 in basic life insurance benefits.

This solicitation gave vendors the opportunity to submit proposals for life insurance for City employees and retirees. The evaluation committee recommends contracting with Unimerica, the current life insurance contractor. Rates quoted are lower than the current rates for the basic and supplemental life insurance and guaranteed for the initial three year contract period. Due to the reduction in basic and supplemental life insurance rates the City estimates a savings of over \$2,000,000 over the current rates. The term of this contract is from January 1, 2012 through December 31, 2014 for the initial period. The one-year extension options, if exercised, will extend the term through December 31, 2017.

Below is a cost breakdown of the contract:

Initial three year contract: \$12,870,000
First contract extension: \$ 4,555,000
Second contract extension: \$ 4,692,000
Third contract extension: \$ 4,833,000

Contract amounts assume an increase of 160 employees in 2012, with a 3% increase in salaries every year of the contract. In addition due to the ability of employees to increase their supplemental life one level during open enrollment, contract amounts are based on all employees electing three times their annual salary in supplemental life.

The evaluation panel consisted of professional and managerial staff from the Human Resources Department, Employee Benefits Division. They are experts in the industry and recommend Unimerica with the best proposal and lowest costs. The evaluation was based on scope of work requirements, business organization and experience, and cost.

MBE/WBE solicited: 5/2

MBE/WBE bid: 0/0

PROPOSAL ANALYSIS

- a. Adequate competition.
- b. 139 notices were sent including 5 MBEs/2 WBE. Eleven proposals were received. No MBEs/WBEs responded

APPROVAL JUSTIFICATION

- a. The proposals submitted by the recommended awardees meet the requirements of the Request for Proposal.
- b. Advertised in the Austin American-Statesman and Internet.
- c. The Purchasing Office concurs with the Human Resources Office's recommendation.