

## A G E N D A



## Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	17458	Agenda Number	45.
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Meeting Date:	August 16, 2012
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Department:	Purchasing
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## Subject

Authorize execution of a 36-month requirements service contract with ARAG SERVICES LLC., to provide group pre-paid legal services in an estimated amount not to exceed \$2,301,000 with three 12-month extension options in the estimated amount not to exceed \$951,000 for the first option, \$1,099,000 for the second option and \$1,270,000 for the third option, for a total estimated contract amount not to exceed \$5,621,000.

## Amount and Source of Funding

This contract will be funded by City employees who enroll in the benefit.

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	Best evaluated proposal received.
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Prior Council Action:	June 28, 2012, approved award and negotiation only – to return to Council for execution of the contract.
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For More Information:	Jeff Dilbert, Corporate Purchasing Manager/974-2021
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Boards and Commission Action:	
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Related Items:	
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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.
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## Additional Backup Information

This contract is for an employee paid Pre-Paid Group Legal Plan for City employees. Some of the highlights of this plan are: waiver of premium for surviving spouse of deceased employee for remaining year to close estate and settle legal issues; waiver of premium for employees in National Guard/Military Reserve while on active duty; legal hotline; preventive legal; major trial services; adoption; wills; court and administrative proceeding services; consumer protection; unlimited for uncontested divorce; no benefit waiting periods (including divorce); coverage allowed more than one time per year per family on the majority of benefits; offers Do It Yourself online documents; and an education center free to all employees.

On June 28, 2012 City Council authorized staff to award and negotiate a contract with ARAG in response to the Request for Proposal No. JSD0121 to provide group prepaid legal services. The Human Resources Department and Purchasing Office negotiated an increase in the number of hours for contested divorce coverage from 10 to 25 hours with a 25% reduced fee beyond the 25 hours. This resulted in a monthly increase to the Employee Only coverage from \$10.80 to \$10.90 and Employee and Family/Domestic Partner and Children coverage from \$12.50 to \$14.80. The rate increase is reflected in the overall contract amounts above. Rates are guaranteed for the first 36-months. The rate increase for the 1<sup>st</sup> option, 2<sup>nd</sup> option and 3<sup>rd</sup> option will not exceed 7.5% for each option.

The total amount for the initial contract period, January 1, 2013 through December 31, 2015 is estimated at \$2,301,000. The three options, if exercised, will extend the contract through December 31, 2018.

The estimated contract amounts were based on enrollment increasing 7.5% for the first year due to no waiting period for divorce, added coverage and a lower Employee and Family/Domestic Partner and Children rate. Subsequent years are estimated at a 7.5% increase in enrollment.

An evaluation team of benefits staff from the Human Resources Department evaluated the proposals based on conformance to the scope of work, demonstrated applicable experience, personnel qualifications, evidence of good organization and management practices, and total evaluated cost. The recommendation for award is to ARAG Services LLC., the best evaluated proposer offering the lowest cost to the City.

<u>Benefit Coverage</u>	<u>ARAG- Initial</u>	<u>ARAG-After Negotiations</u>	<u>LegalEase</u>
Adoption	No limitations – Paid in Full	No Change	Same as current plan. Limited to 1 use per year.
Bankruptcy	No limitations – Paid in Full	No Change	Same as current plan. Limited to 1 use per year.
Civil Action	No limitations – Paid in Full	No Change	There is a 6 month waiting period on use of this benefit.
Consumer Protection	No limitations – Paid in Full Representation as Plaintiff and Defendant for written contracts in addition to Verbal and Implied contracts. Includes coverage for Contractor Issues. Includes counter-claims and vacating judgments.	No Change	Same as current plan. Limited to 1 use per year.

Divorce, Annulment, Modification, and Name Change	Divorce – Paid in Full up to 10 hours with no waiting period; Modification – Unlimited telephone advice and consultation PLUS 25% Reduced Fee benefit; Name Change – Paid in Full	Divorce – Paid in Full up to 25 hours for contested divorce with no waiting period; No limit on hours if uncontested divorce; Modification – Unlimited telephone advice and consultation PLUS 25% Reduced Fee benefit; Name Change – Paid in Full	Name Change Limited to 1 use per year. Same as current plan Simple Divorce covered up to 10 hrs. Complex Divorce covered up to 28.5. (In comparison to current plan's 4 hours or 2 motions) There are no restrictions on our plan's motions. This benefit is subject to a 6 month waiting period. Same as current plan.
DWI/DUI	No limitations – Paid in Full	No Change	Same as current plan. Limited to 1 use per year.
Estate Planning, etc.	No limitations – Paid in Full	No Change	Limited to 1 per year per covered member.
Felony	Unlimited telephone advice and consultation PLUS 25% reduced fee benefit	No Change	This benefit is covered at a 25% discount off the attorney's negotiated plan hourly rate.
Insanity/Infirmary (Defense)	No limitations – Paid in Full	No Change	There is a 6 month waiting period on use of this benefit.
Juvenile or Children's Court Proceedings (Defense)	No limitations – Paid in Full	No Change	Same as current plan. Limited to 1 use per year.
Legal Hotline	Unlimited telephone advice and consultation	No Change	No limits. Unlike the current plan, our legal hotline does not utilize just one law firm, etc.
Major Trial	No limitations Paid in Full for all fully covered benefits	No Change	Same as current plan. Limited to 1 use per year.
Misdemeanor Charge	No limitations – Paid in Full	No Change	Same as current plan. Limited to 1 use per year.
Preventive Legal Services	Unlimited telephone advice and consultation	No Change	No limitations
Spousal Divorce	No limitations – Paid in Full – up to 10 hours with no waiting period; Modification-unlimited telephone consultation and 25% Reduced Fee benefit; Name Change- Paid in Full	No Change	Coverage for the Spouse in Divorce cases is not covered.

MBE /WBE solicited:4/4

MBE /WBE bid:0/0

RFP No. JSD0121  
**PRICE ANALYSIS**

- a. Adequate competition.
- b. 210 notices were sent including 4 MBEs and 4 WBEs. Four proposals were received. No MBEs/WBEs responded.

**APPROVAL JUSTIFICATION**

- a. Overall most extensive coverage and lowest proposal.
- b. The Purchasing Office concurs with the Human Department's recommended award.
- c. Advertised in the Austin American Statesman and on the Internet.