



**Purchasing Service Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 33
AGENDA DATE: Thu 09/02/2004
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SUBJECT: Authorize negotiation and execution of a 12-month service agreement with STANDARD INSURANCE COMPANY, Portland, OR, for short term and long term disability insurance coverage in an amount not to exceed \$2,828,741, with two 12-month extension options in an amount not to exceed \$2,927,747 for the first extension option, and \$3,092,830 for the second extension option, for a total agreement amount not to exceed \$8,849,318.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$2,121,556 is included in the Fiscal Year 2004-2005 Proposed Operating Budget of the Employee Benefits Fund of the Human Resources Department. Funding for the remaining three 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.

REQUESTING Purchasing **DIRECTOR'S**
DEPARTMENT: for Human Resources; **AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Rosemary Ledesma, Senior Buyer/974-2011

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Best proposal of three proposals received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 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 provides short and long term disability insurance benefits to City of Austin employees. The term of the contract is January 1, 2005 through December 31, 2005. The two extension options, if exercised, will extend the term through December 31, 2007. The contract provides:

Short Term Disability (STD)

- ◆ 30 day benefit waiting period
- ◆ 70% of base salary
- ◆ Maximum 60 day benefit
- ◆ \$1,200 maximum weekly benefit.
- ◆ STD covers off the job injuries and disabilities.
- ◆ STD is an employer paid benefit.
- ◆ Rates are guaranteed for two years at \$0.12/\$100 of covered salary. If the second extension is exercised, the rate increase will be no more than 15% or \$0.14/\$100 of covered salary.
- ◆ Total three year estimated cost of contract \$1,272,980, funded by the City.

Long Term Disability (LTD)

- ◆ 90 day benefit waiting period
- ◆ 60% of base salary



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- ◆ \$5,000 maximum monthly benefit.
- ◆ LTD covers on and off the job injuries and disabilities.
- ◆ LTD is an employee elected and paid benefit.
- ◆ Rates are guaranteed for three years at the following:

Age	Rate per \$100 of salary
Under 30	\$0.17
30-39	\$0.23
40-49	\$0.50
50-59	\$0.93
60-69	\$0.71
70+	\$0.25

- ◆ Total three year estimated contract amount \$7,576,338, funded by employee contributions.

Professional and managerial representatives from the Human Resources Department experienced and knowledgeable in this service industry evaluated the proposals. The evaluation panel recommended Standard Insurance Company based on its extensive industry experience in providing these services to companies including governmental entities, agreement to abide by the City's Request for Proposal requirements, and the lowest overall estimated cost to the City for a three year period.

MBE/WBE solicited: 6/2

MBE/WBE Bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Seventy notices were sent including six MBEs and two WBEs. Twenty-five proposals were issued including no MBEs and one WBE. Three proposals were received.
- c. References contacted were very satisfied with the performance of services provided by the recommended awardee.

APPROVAL JUSTIFICATION

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