

AGENDA



Thursday, June 24, 2010

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 64**

Subject: Authorize award, negotiation, and execution of a 36-month requirements service contract with DAVIS VISION, INC., Plainview, NY, for vision insurance coverage services in an estimated amount not to exceed \$2,111,000, with two 12-month extension options in amounts not to exceed \$925,000 for the first extension option, and \$1,063,000 for the second extension option, for a total estimated contract amount not to exceed \$4,099,000.

Amount and Source of Funding: Funding in the amount of \$527,750 is included in the Fiscal Year 2010-2011 Proposed Operating Budget of the Employee Benefits Fund of the Human Resources Department. Funding for the remaining 27 months of the original contract period and extension options is contingent upon available funding in future budgets. Vision plan premiums will be paid entirely by employees and retirees.

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

For More Information: Stephen Aden, Sr, Purchasing Manager/974-2021.

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 replace an existing vision insurance plan available to City employees, retirees, and eligible dependents, and includes coverage for eye exams, lenses, frames, contact lenses, and a discount on refractive surgery. The vision plan premiums will be paid entirely by employees and retirees as a pass through within the Employee Benefits Fund of the Human Resources Department.

The estimated contract amounts were based on 2010 enrollment with an anticipated 40% increase in enrollment the first year and 15% increase in the second year through the fifth year of the contract. The large increase in enrollment the first year is due to the 35% decrease in premiums from the existing vision plan provided through a separate contractor. It is anticipated a large number of employees and retirees will enroll. Employees enrolled in the Employee Only coverage plan will save \$28.68 annually, whereas, the Employee and Family coverage plan will save \$84.60 annually compared to the existing contract.

The contract coverage period will begin on January 1, 2011 through December 31, 2013, and if the extension options are executed the contract term will go through December 31, 2015.

An evaluation panel, consisting of benefits expert personnel from the Human Resources Department, evaluated the proposals based on company experience, personnel qualifications, prior experience, responsiveness to scope of work, program design, number of network providers, acceptance of City's contract terms and conditions, and total cost. The recommendation for award was to Davis Vision Inc., the best evaluated proposer. Davis Vision, Inc. has three of the top five providers City employees and retirees utilized in 2009. Rates are lower than the 2010 rates and the plan design has set cost for lens upgrades.

The 2011-2015 monthly rates will be \$4.37 for Employee/Retiree Only and \$8.65 for Employee/Retiree and Spouse, \$8.49 for Employee/Retiree and Children, \$12.91 for Employee/Retiree and Family. Rates are guaranteed for the original contract period, as well as the available extension options.

MBE/WBE solicited: 2/3

MBE/WBE responded: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Ninety-four notices were sent including two MBEs and three WBEs. Ten proposals were received, with no response from the MBE/WBEs.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal received. Davis Vision, Inc. is not the current provider of these services.
- b. The Purchasing Office concurs with the Human Resources Department's recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.