



Recommendation for Action

File #: 20-2687, **Agenda Item #:** 63.

8/27/2020

Posting Language

Authorize negotiation and execution of a multi-term contract with Metropolitan Life Insurance Company, to provide group term life insurance for eligible City employees, retirees, and dependents, for up to five years for a total contract amount not to exceed \$33,299,000.

(Note: This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the services required for this solicitation, there were no subcontracting opportunities, therefore, no subcontracting goals were established. However, the recommended contractor identified subcontracting opportunities).

Lead Department

Purchasing Office.

Client Department(s)

Human Resources Department.

Fiscal Note

Funding in the amount of \$4,521,000 is available in the Fiscal Year 2020-2021 Budget of the Employee Benefits Fund. Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

The Purchasing Office issued a Request for Proposals (RFP) 5800 CTE3006 for these services. The solicitation was issued on June 8, 2020 and closed on June 25, 2020. Of the five offers received, the recommended contractor submitted the best evaluated responsive offer. A complete solicitation package, including a log of offers received, is available for viewing on the City's Financial Services website, Austin Finance Online. Link: [Solicitation Documents](https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=134118)
<https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=134118>.

For More Information:

Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or AgendaOffice@austintexas.gov <<mailto:AgendaOffice@austintexas.gov>>

NOTE: Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized Contact Person: Cyrenthia Ellis, at 512-974-1709 or Cyrenthia.Ellis@austintexas.gov <<mailto:Cyrenthia.Ellis@austintexas.gov>>.

Additional Backup Information:

The contract will provide a comprehensive, cost-effective, fully integrated group life and accidental death and dismemberment (AD&D) coverage for eligible City employees, retirees, and dependents. The contract will specifically provide for the following:

1. Employee Basic Group Term Life and AD&D - This coverage is a fully insured product available to regular budgeted full-time and part-time employees at one times the Employee's Base Annual Salary. Basic Life and AD&D is paid by the City for full-time employees who work 30 hours or more per week and 50% of the premium for part-time employees who work 20-29 hours per week.
2. Employee Supplemental Group Term Life and AD&D - Supplemental Life and Supplemental AD&D coverage is a fully insured product available to full-time and part-time employees up to four times the Employee's Base Annual Salary and is paid by the employee.
3. Dependent Group Term Life - This coverage is a fully insured product available in two options to full-time and part-time employees for their dependents' coverage and are paid by the employee.
4. Retiree Basic Group Term Life - This coverage is a fully insured product available to retirees in the amount of \$1,000 and is paid by the City.

The City projects a savings of \$2,635,000 with this contract over the five-year contract period as compared with the current contract.

This contract will replace the current contract which expires December 31, 2020. The timely execution of this contract is critical to ensure a continuation of services provided to eligible active employees, retirees, and dependents. A new contract must be finalized before September 1, 2020 to allow adequate time for implementation of the services for coverage to begin January 1, 2021 and for the Human Resources Department to develop materials for Open Enrollment scheduled to begin October 12, 2020.

The requested authorization amount is based on employees' annual salaries and estimated enrollment and volume increases and is based on pricing submitted in response to the solicitation and the City's annual usage.

An evaluation team with expertise in this area evaluated the offers and scored Metropolitan Life Insurance Company as the best to provide these services based on business organization, experience qualifications, and references; compliance, general requirements of the scope of work, terms and conditions, HIPAA, exceptions; price; local preference; and service-disabled veteran business enterprise.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	3 yrs.	\$19,000,000
Optional Extension 1	1 yr.	\$ 6,975,000
Optional Extension 2	1 yr.	\$ 7,324,000
TOTALS	5 yrs.	\$33,299,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.

Strategic Outcome(s):

Government that Works for All; Health and Environment.