



Recommendation for Action

File #: 23-1760, **Agenda Item #:** 12.

5/18/2023

Posting Language

Authorize negotiation and execution of a contract for group pre-paid legal services with ARAG Services, LLC, a subsidiary of ARAG North America, Inc. d/b/a ARAG, LLC, for up to five years for a total contract amount not to exceed \$5,400,000.

[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 insufficient or no subcontracting opportunities; therefore, no subcontracting goals were established].

Lead Department

Financial Services Department.

Client Department(s)

Human Resources Department.

Fiscal Note

Funding in the amount of \$667,000 is available in the Fiscal Year 2022-2023 Operating Budget of the Human Resources Department. Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

The Financial Services Department issued a Request for Proposals (RFP) 5800 BYS3026 for these services. The solicitation was issued on January 2, 2023, and closed on February 7, 2023. Of the four 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://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=136986)

[<https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=136986>](https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=136986).

For More Information:

Direct questions regarding this Recommendation for Council Action to the Financial Services Department - Central Procurement at: FSDCentralProcurementRCAs@austintexas.gov or 512-974-2500. Respondents to the solicitation and their Agents should direct all questions to the Authorized Contact Person identified in the solicitation.

Additional Backup Information:

The contract is for group pre-paid legal services. The Group Pre-Paid Legal Plan has been offered as a benefit since 1999. This plan provides City employees and their dependents with full coverage for services such as wills and estate planning, family law, real estate, traffic violations, tax matters, and general legal matters. The benefit is paid entirely by the employee as a pass-through within the Employee Benefits Fund of the Human Resources Department. Beginning in 2024, employees will have access to enhanced and additional services at a lower premium than the current Pre-Paid Group Legal Plan.

As of September 1, 2022, 13,131 City employees are eligible to participate in the Group Pre-Paid Legal Plan. Of those, 2,905 have Employee Only coverage, and 2,508 have Employee and Family coverage. In addition to providing legal services, the contractor shall monitor all related federal and state legislative activity and inform the City of all bills under consideration that could potentially affect the City's ability to provide pre-paid legal benefits to employees.

This contract will replace a contract expiring on December 31, 2023. The recommended contractor is the current provider for these services. To provide benefits beginning on January 1, 2024, the contractor needs to work with the City to develop materials before the open enrollment period scheduled for October 2023. If the City is unable to secure a contract, the City will not be able to offer a pre-paid legal benefit on January 1, 2024.

An evaluation team with expertise in this area evaluated the offers and scored ARAG Services, LLC, a subsidiary of ARAG North America, Inc. d/b/a ARAG, LLC as the best to provide these services based on price, general requirements and requested services of scope of work, compliance, terms and conditions, HIPAA business associate agreement, and exceptions, experience, qualifications, business organization, account team information, and references, local business presence, and service-disabled veteran business enterprise preference.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	1 yr.	\$2,376,000
Optional Extension 1	1 yr.	\$ 756,000
Optional Extension 2	1 yr.	\$ 756,000
Optional Extension 3	1 yr.	\$ 756,000
Optional Extension 4	1 yr.	\$ 756,000
TOTAL	5 yrs.	\$5,400,000

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