



## Legislation Text

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**File #:** 21-2088, **Version:** 1

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**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** November 10, 2021

**COUNCIL DISTRICT(S):** N/A

**DEPARTMENT:** Office of Procurement Services

**EXECUTIVE:** Elizabeth Reich

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### **SUBJECT**

Authorize a three-year service contract, with one two-year renewal option, for City paid long term disability benefits and administration of grandfathered life insurance policies - Standard Insurance Company, most advantageous proposer of two - Not to exceed \$8,626,122 - Financing: Employee Benefits Fund (subject to annual appropriations)

### **BACKGROUND**

This action does not encumber funds; the purpose of a service contract is to establish firm pricing for services, for a specific term, which are ordered on an as needed basis.

This third-party administrator contract will provide City-Paid Long-Term Disability (LTD) for full-time employees working 40 hours a week and with one-year or more of service. This benefit will pay 60 percent of income replacement after 90-days of the employee becoming disabled, terminally ill and being unable to work. LTD is typically a basic component to any health benefits program but will be a new benefit to City employees. Implementation of this program will also help the City replace the outdated Catastrophic Leave Program by 2023.

The awarded vendor will also provide administration services to support approximately 2,500 grandfathered self-funded life policies with an average policy amount of \$2,500. The awarded vendor is including the provision of this service with the City-Paid LTD benefits.

A six-member committee from the following departments reviewed and evaluated the qualifications:

- City Controller's Office (1)
- Department of Human Resources (2)
- Department of Transportation (1)
- Office of Community Care (1)
- Office of Procurement Services (1)\*

\*The Office of Procurement Services only evaluated the cost and local preference, if applicable.

The committee selected the successful respondent on the basis of demonstrated competence and qualifications under the following criteria:

- Cost 35 points
- Overall approach and methodology 30 points
- Capability and expertise 30 points
- Local Preference 5 points

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out email notifications to vendors registered under relevant commodity codes. To further increase competition, the Office of Procurement Services uses historical solicitation information, the Internet, and vendor contact information obtained from user departments to contact additional vendors. Additionally, in an effort to secure more competition, the Office of Business Diversity sent notifications to chambers of commerce and advocacy groups to ensure maximum vendor outreach.

On November 10, 2015, the City Council authorized a living wage policy that requires contractors to pay their employees a “living wage” rate as established annually by the Massachusetts Institute of Technology Living Wage Calculator for Dallas County by Resolution No. 15-2141. The current calculated living wage during the solicitation process of this contract is \$12.38; the selected vendor meets this requirement.

#### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On May 22, 2019, City Council authorized a three-year service contract, with two one-year renewal options, to provide voluntary benefits to employees and eligible retirees, a self-funded vendor-administered Employee Benefits Program with Standard Insurance Company by Resolution No. 19-0784.

The Government Performance & Financial Management Committee received this item for consideration on May 20, 2019.

#### **FISCAL INFORMATION**

Fund	FY 2022	FY 2023	Future Years
Employee Benefits Fund	\$2,875,374.00	\$2,875,374.00	\$2,875,374.00

#### **M/WBE INFORMATION**

In accordance with the City’s Business Inclusion and Development Policy adopted on September 23, 2020, by Resolution No. 20-1430, as amended, the M/WBE participation on this contract is as follows:

Contract Amount	Procurement Category	M/WBE Goal	M/WBE %	M/WBE \$
\$8,626,122.00	Other Services	N/A	2.03%	\$175,522.44

- The Business inclusion and Development Policy does not apply to Other Service contracts, however the prime contractor is subcontracting with certified M/WBEs.
- Standard Insurance Company - Non-local; Workforce - 2.55% Local

## **PROCUREMENT INFORMATION**

Method of Evaluation for Award Type:

Request for Competitive Sealed Proposal	<ul style="list-style-type: none"><li>• Utilized for high technology procurements, insurance procurements, and other goods and services</li><li>• Recommended offeror whose proposal is most advantageous to the City, considering the relative importance of price, and other evaluation factors stated in the specifications</li><li>• Always involves a team evaluation</li><li>• Allows for negotiation on contract terms, including price</li></ul>
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The Office of Procurement Services received the following proposals from solicitation number BKZ21-00016259. We opened them on July 2, 2021. This service contract is being awarded to the most advantageous proposer.

\*Denotes successful proposer

<b><u>Proposers</u></b>	<b><u>Address</u></b>	<b><u>Score</u></b>
*Standard Insurance Company	1100 Southwest 6th St. Portland, OR 97204	87.80
Dearborn Life Insurance Co.	701 East 22nd St. Suite 300 Lombard, IL 60148	80.36

## **OWNER**

### **Standard Insurance Company**

Greg Ness, Chief Executive Officer  
Dan McMillan, Vice President