

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant City Manager
SUBJECT: **Employee Dental, Life and LTD Insurance Contracts / CSAC-EIA**
DATE: April 15, 2014

NEEDS: For the City Council to consider extension of the City’s Dental, Life and Long Term Disability Insurance Contracts.

- FACTS:**
1. The City contracts for employee Dental, Life and Long Term Disability (LTD) plans with the California State Association of Counties – Excess Insurance Authority (CSAC-EIA).
 2. The City transitioned to CSAC-EIA in 2011 because their bundled premium rates presented a cost savings to the City.
 3. The current 3-year contract will be expiring June 30, 2014 for Life & LTD and the 1-yr contract for Dental on December 31, 2014.
 4. The CSAC-EIA insurance program is a directed joint powers authority (JPA) comprised of California public agencies.
 5. The benefit of a directed JPA, is that those employers in the “pool” share the risk and exercise purchasing power (volume discounts). The result is typically both lower premiums and a “smoothing” of premium increases over time, making contract management and budgeting more predictable.
 6. A renewal quote from CSAC-EIA proposes premium decreases for contract renewals as follows:

Dental – One (1) year extension at 4.5% rate decrease
Life – Three (3) year extension at 5% rate decrease
LTD – Three (3) year extension at no rate change

ANALYSIS &

CONCLUSION: When the City moved its employee Dental, Life and LTD insurance plans to CSAC-EIA in 2011, there was hope that participation in this “large group plan” would result in better/lower premium rates over time. This is proving to be the case with these particular contracts.

POLICY

REFERENCE: Employee Group Labor Contracts.

FISCAL

IMPACT:

Per City labor contracts, the City covers the cost of certain dental, life and LTD insurance plan premiums.

The projected annual city savings generated by renewal of the life insurance and dental contracts at reduced premium rates is approximately \$1,375 (life) and approximately \$7,900 (dental).

OPTIONS:

- a. For the City Council to adopt Resolution No. 14-XXX authorizing the City Manager to execute a 3-year contract extension for purchase of Life and Long Term Disability insurance and a 1-year contract extension for Dental insurance with CSAC-EIA as provided for in current employee contracts.
- b. Amend, modify or reject the above option.

Attachments:

1. Resolution approving extensions of CSAC-EIA contracts for Dental, Life & LTD

RESOLUTION NO. 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES AUTHORIZING A 3-YEAR EXTENSION OF EMPLOYEE LIFE AND LONG TERM DISABILITY INSURANCE AND 1-YEAR EXTENSION OF EMPLOYEE DENTAL INSURANCE

WHEREAS, per City employee labor contracts, the City covers the cost of certain Dental, Life and Long Term Disability (LTD) insurance plan premiums; and

WHEREAS, the City's contract for employee Dental, Life and LTD Insurance plans are with the California State Association of Counties Excess Insurance Authority (CSAC-EIA); and

WHEREAS, the City's current 3-year contract with CSAC-EIA for Life and LTD will be expiring June 30, 2014, and

WHEREAS the City's current 1-year contract with CSAC-EIA for Dental will be expiring on December 31, 2014, and

WHEREAS, CSAC-EIA has provided a renewal quote that proposes reduced premium rates and contract terms for Life (three (3) year contract at 5% reduction) and Dental (one (1) year at 4.5% reduction) and no change in contracted LTD rates, and

WHEREAS, the terms for renewal of these contracts will result in annual cost savings to the City.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso de Robles that the City Manager shall execute a 3-year contract extension for employee Life and Long Term Disability insurance effective July 1, 2014; and

NOW, BE IT FURTHER RESOLVED, by the City Council of the City of El Paso de Robles that the City Manager shall execute a 1-year contract extension for employee Dental insurance effective January 1, 2015.

PASSED AND ADOPTED by the City of El Paso de Robles this 15th day of April, 2014, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

Duane Picanco, Mayor

Caryn Jackson, Deputy City Clerk