TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: HUMAN RESOURCES

DATE: OCTOBER 20, 2008 CMR: 415:08

REPORT TYPE: CONSENT CALENDER

SUBJECT: Approval Of An Amendment To Contract C06114731 With The Standard Insurance Company To Extend The Term For An Additional Four Months And Add $280,000 For A Total Not To Exceed Amount of $2,680,000 For Group Life, Accidental Death An Dismemberment, And Long Term Disability Insurance

RECOMMENDATION

Staff recommends that Council approve and authorize the City Manager or designee to execute the attached contract amendment extending the City’s three-year contract with Standard Insurance Company for the provision of employee group life, Accidental Death and Dismemberment (AD&D) and Long Term Disability (LTD) insurance for an additional four-month period and increasing the amount of the contract by $280,000 for a total not to exceed amount of $2,680,000 for premium costs through January 1, 2009.

DISCUSSION

On September 1, 2005, the City entered into a three-year contract with Standard Insurance Company for underwriting the City's group life, AD&D and LTD benefits, saving the City approximately $270,000 annually in premium costs per year compared to the previous carrier. The three-year contract is not to exceed $800,000 per year for a total cost of $2,400,000. Forty (40) percent of these premiums are funded via contribution from employees.

An additional $280,000 is requested to extend the existing contract for a period of four months (approximately $70,000 a month in premiums). Staff has issued a Request For Proposal (RFP) to solicit bids for group life, AD&D and LTD insurance to ensure that rates are cost competitive and to examine the feasibility of self-insuring the City’s LTD plan. This will help the City determine if self-insurance would reduce the City’s cost and/or improve claims administration. The additional four months would allow staff...
sufficient time to review proposals and select a vendor by January 1, 2009. The requested extension would also change the term of the new contract to a calendar-year period, which is preferable to staff in order to effectively manage the renewal process with the benefits broker and insurance carrier.

**RESOURCE IMPACT**

Funding for this amendment is provided for in the 2008-2009 budget.

**POLICY IMPLICATIONS**

This request does not contain any policy implications.

**ENVIRONMENTAL REVIEW**

This is not a project requiring review under the California Environmental Quality Act (CEQA).

**ATTACHMENTS**

A: Amendment No. One to Contract No.C06114731
B: Contract No. C06114731

PREPARED BY: Sandra Blanch, Assistant Director Human Resources

DEPARTMENT HEAD: 

Russ Carlsen  
Director of Human Resources

CITY MANAGER APPROVAL:  

James Keene  
City Manager