

**Council Meeting: July 14, 2009****SUBJECT: Employee Benefits Contract Renewals – Life/AD&D Insurance, Long Term Disability Insurance, and the Employee Assistance Program****REPORT IN BRIEF**

This report recommends approval of the renewal of the contracts between the City of Sunnyvale and the California State Association of Counties (CSAC) Excess Insurance Authority (EIA) for Life insurance, Accidental Death and Dismemberment insurance (AD&D), Long Term Disability insurance (LTD), and the Employee Assistance Program (EAP). These contracts will be renewed effective July 1, 2009 and each includes a premium rate decrease with a three (3) year rate guarantee.

**BACKGROUND**

Through Alliant Insurance Services, the City participates in a large public employer purchasing pool consisting of cities, counties, schools, and special districts. Alliant Insurance Services has leveraged its size and expertise in the public sector market to provide exclusive programs for public agencies at very competitive prices. For Fiscal Year 2009/2010, Alliant has negotiated contract renewals for the City of Sunnyvale at reduced premium rates.

**EXISTING POLICY**

7.3 Legislative Management Sub-Element. Goal 7.3D: Maintain a quality workforce, consistent with state and federal laws, City Charter, and adopted policies in order to assure that City services are provided in an effective, efficient, and high quality manner. Policy 7.3D.1: Maintain a recruitment and selection process that ensures a highly competent workforce. Action Statement 7.3D.1a: Maintain a competitive pay and benefit package for employees.

**DISCUSSION**

The City of Sunnyvale provides a comprehensive benefits package to full-time and regular part-time employees through Memorandum of Understanding and the City's Salary Resolution. The employee assistance program is provided to full-time and regular part-time employees. Life/AD&D insurance is provided to full-time employees. Long Term Disability insurance is provided to full-time employees except those represented by the Public Safety Officers Association, whose coverage is provided through the Association.

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Basic Life/AD&D Insurance

The rate for Basic Life insurance will decrease from \$0.130 per \$1,000 of coverage to \$0.117 per \$1,000 of coverage, a reduction of 10.1%. There is no change to the premium for Basic AD&D, which remains at \$0.02 per \$1,000 of coverage.

Supplemental Life/AD&D Insurance

The rates for Supplemental Life/AD&D insurance will remain the same, with Supplemental Life at \$0.20 per \$1,000 of coverage, and Supplemental AD&D at \$0.02 per \$1,000.

Long Term Disability Insurance

The rate of Long Term Disability insurance will decrease from \$0.625 per \$100 of coverage to \$0.561 per \$100 of coverage, a reduction of 10.2%.

ING/Reliastar remains the carrier for Life/AD&D and Long Term Disability insurance.

Employee Assistance Program

The rate for the EAP will decrease from \$6.87 per month per employee to \$5.84, a 15% reduction.

Managed Health Network (MHN) remains the carrier for the Employee Assistance Program.

**FISCAL IMPACT**

The adopted FY 2009/2010 Budget estimated that the rates for these services would remain flat or increase slightly when they came up for renewal. With actual premiums either remaining flat or being reduced from FY 2008/2009 amounts, there will be an estimated \$73,000 in annual savings to the City over the life of the renewed contracts. This includes a savings of approximately \$15,000 for the Employee Assistance Program, \$30,000 for Basic Life/AD&D Insurance, and \$28,000 for Long Term Disability Insurance. Staff recommends the savings in the current fiscal year remain in the Benefits Fund reserve to offset any unexpected increases to benefits expenditures that may occur over the course of the fiscal year. Savings for the remaining years of the contracts will be incorporated into the recommended FY 2010/2011 Budget.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making

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the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

**ALTERNATIVES**

1. Renew the contract through CSAC for Life, AD&D, and Long Term Disability insurance with ING/Reliastar Employee Benefits for the period of July 1, 2009 through June 30, 2012, and renew the contract for the Employee Assistance Program with MHN for the period of July 1, 2009 through June 30, 2012.
2. Renew select contracts.
3. Do not renew any contracts.
4. Consider other alternatives.

**RECOMMENDATION**

Renew the contract through CSAC for Life, AD&D, and Long Term Disability insurance with ING/Reliastar Employee Benefits for the period of July 1, 2009 through June 30, 2012, and renew the contract for the Employee Assistance Program with MHN for the period of July 1, 2009 through June 30, 2012.

Reviewed by:

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Reviewed by:

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