

**Council Meeting: October 26, 2010****SUBJECT: Contract Renewals for Dental and Vision Insurance for Calendar Year 2011****REPORT IN BRIEF**

Approval is requested for the renewal of a one-year contract between the City of Sunnyvale and Delta Dental and the renewal of a two-year contract between the City of Sunnyvale and Vision Service Plan. Both contracts are effective January 1, 2011. Additionally, approval is requested to grant authority to the City Manager or his designee, to approve dental and vision plan contract renewals beginning January 1, 2011.

Delta Dental's proposal presents a 1.9% increase in the Preferred Provider Organization (PPO) Core plan, resulting in a total annual increase of \$11,523 and a 2% increase in the PPO voluntary buy-up option, resulting in a total increase of \$747 in calendar year 2011. Employees that participate in the PPO voluntary buy-up option pay 100% of the premium cost. Delta Dental's proposal also includes a 3% increase in the Delta Dental Health Maintenance Organization (DHMO) plan, resulting in a total annual increase of \$605 for this plan in calendar year 2011.

Vision Service Plan's proposal presents a 4.4% decrease in the Core plan, resulting in a savings of \$5,575 and a 5.3% decrease in the voluntary buy-up option, resulting in a savings of \$406 in calendar year 2011. Employees that participate in the Vision Service Plan buy-up option pay 100% of the premium cost; therefore, the savings resulting from the decreased premium cost will be recognized by employees.

**BACKGROUND**

As part of its benefits' package, the City of Sunnyvale provides all regular full and part time employees and City Council Members with comprehensive dental and vision benefits. For most City employees, vision coverage is provided by Vision Service Plan and dental coverage is provided by Delta Dental.

Employees represented by the Public Safety Officers Association (PSOA) and the Communication Officers Associations (COA) are provided an alternate dental plan through their respective Associations. This renewal does not impact the PSOA/COA plans.

### **EXISTING POLICY**

7.3 Legislative Management, Sub-element Policy 7.3D.1a: Maintain a competitive pay and benefits package for employees. Additionally, the Memorandum of Understanding for COA, SMA, PSOA, PSMA, SEA and SEIU and the Salary Resolution for all other employees and City Council members specify that the City shall provide dental and vision benefits.

### **DISCUSSION**

Through Alliant Insurance Services, the broker for the City of Sunnyvale, the City participates in a large public employer purchasing pool consisting of cities, counties, schools and special districts. Alliance Insurance Services has leveraged its size and expertise in the public sector market to provide exclusive benefit programs for public agencies at very competitive prices. Through Alliant's public employer purchasing pool, the City contracts with Delta Dental and Vision Service Plan.

### **FISCAL IMPACT**

The fiscal impact to the City includes a total increase of \$12,128 in dental premiums for the PPO and DHMO plans in calendar year 2011. There is no increase to the cost of vision insurance for plan year 2011 but instead a cost savings in the amount of \$5,575. Funding for dental and vision benefits has been provided for in the Employee Benefits Fund for Fiscal Year 2010/2011.

### **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 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. Authorize the City Manager or his designee, to enter into a contract with Delta Dental for the period of January 1, 2011 through December 31, 2011 and authorize the City Manager or his designee, to enter into a contract with Vision Service Plan for the period of January 1, 2011 through December 31, 2012 and provide the City Manager or his designee, authority to sign future contracts with Delta Dental and Vision Service Plan.
2. Do not authorize renewal of the Delta Dental Plan and Vision Service Plan contracts and direct Alliant Insurance Services to seek other proposals.

### **RECOMMENDATION**

Staff recommends approval of Alternative #1: Authorize the City Manager to enter into a contract with Delta Dental for the period of January 1, 2011

through December 31, 2011 and authorize the City Manager to enter into a contract with Vision Service Plan for the period of January 1, 2011 through December 31, 2012. Further, the City Manager or his designee is authorized to sign future contract amendments with Delta Dental and Vision Service Plan.

Reviewed by:

Teri Silva, Director, Human Resources

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Approved by:

Gary M. Luebbers  
City Manager