

# **REPORT TO THE CITY COUNCIL**

## ***City of Salinas, California***

DATE: November 15, 2016

FROM: Ray E. Corpuz, Jr., City Manager

BY: Marina Horta-Gallegos, Human Resources Officer

SUBJECT: **TRANSITION OF DENTAL, VISION, LIFE AND LONG TERM DISABILITY (LTD) INSURANCE CARRIERS**

### **RECOMMENDATION:**

It is recommended that City Council approve a resolution authorizing the Human Resources Division to complete insurance applications and the City Manager to enter into contracts with Delta Dental, Vision Service Plan (VSP) and MetLife.

### **DISCUSSION:**

In 2013, the City entered into contracts with Assurant Employee Benefits and Mutual of Omaha for dental, life and Long Term Disability insurance benefits. At that time, the change in insurance providers provided an annual cost savings of approximately \$180,000, for a three-year period. City staff regularly monitors premiums and the corresponding coverages provided.

In September of this year, the City's benefits broker, Barney & Barney, completed the ongoing review of the City's Dental, Vision, Life and LTD benefit programs, as well as the marketing and examination of various competitive market proposals, including premium reviews. The City received various proposals from Barney & Barney, with the aim of reducing City insurance costs while keeping various program attributes in place.

Based upon a follow-up review with Barney & Barney, staff recommends that the City utilize Delta Dental for the provision of dental benefits, Vision Service Plan for vision and MetLife for Life and Long Term Disability insurance benefits. The Delta Dental Option 4 plan provides a rate guarantee of two years, an annual savings of approximately \$2,150 and some enhanced benefits. The VSP plan will provide a rate guarantee of four years and enhanced benefits, including a larger allowance for contact lenses or frames. In terms of LTD/Life coverage, the MetLife plan comes with a rate guarantee of three years.

### **ISSUE:**

Shall the City Council approve a resolution authorizing the Human Resources Division to complete insurance applications and the City Manager to enter into contracts with Delta Dental, Vision Service Plan (VSP) and MetLife?

**FINANCE COMMITTEE RECOMMENDATION:**

On October 18, 2016, staff presented the proposed recommendations to the City's Finance Committee, which acknowledged that the proposed transitions would provide additional cost savings to the City.

**FISCAL IMPACT:**

Doing nothing to the City's existing coverages will result in increased premiums to the City of \$71,498 per year. The proposed insurance changes will bring an approximate annual savings of \$24,000, with some enhanced benefits and new rate guarantee periods.

**ALTERNATIVE:**

The City Council may choose not to adopt the Resolution and continue in contract with the existing incumbent carriers for an approximate increased premium amount to the City of \$71,498 per year.

**CITY COUNCIL GOALS:**

The proposed action meets the Council Goal of an Effective, Sustainable Government.

Back Up Pages:

Resolution  
Annualized Premium sheet effective 1/1/2017

RESOLUTION NO. \_\_\_\_\_ (N.C.S.)

**A RESOLUTION AUTHORIZING THE HUMAN RESOURCES DIVISION TO COMPLETE  
INSURANCE APPLICATIONS AND THE CITY MANAGER TO ENTER INTO  
CONTRACTS WITH DELTA DENTAL, VISION SERVICE PLAN AND METLIFE**

**WHEREAS**, the City of Salinas provides dental insurance benefits as well as provisions for life, Voluntary Life, and Long Term Disability (LTD) benefits to eligible employees; and

**WHEREAS**, the City, through its Broker, Barney & Barney, received lower overall premium cost proposals for these insurance services for the next few years; and

**WHEREAS**, the City Council desires to complete applications to take advantage of the lower insurance premium rates.

**NOW, THEREFORE, BE IT RESOLVED** that the Council of the City of Salinas does hereby authorize the Human Resources Division to complete insurance applications and the City Manager to enter into contracts with Delta Dental, Vision Service Plan and MetLife.

**PASSED AND ADOPTED** this 15<sup>th</sup> day of November 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Joe Gunter, Mayor

ATTEST:

\_\_\_\_\_  
Patricia Barajas, City Clerk