

FISCAL IMPACT STATEMENT

Indicate the **Total Fiscal Impact** of the action requested, including personnel, operating, and capital costs. Indicate costs for the current fiscal year and continuing costs in future years. Include all related costs necessary to place the asset in service.

1. DESCRIPTION: Two-year extension of the contract for Group Term Life, Accidental Death and Dismemberment (AD&D), Short Term Disability (STD), and Long Term Disability (LTD) Insurance with Standard Insurance Company RFP10-0296.

COSTS:

2. Does the acceptance of this action require the hiring of additional or new personnel or the use of overtime?
 Yes No (if Yes, include all personnel costs below).

3. Is the action funded in the current year budget and/or through reallocation of existing Department resources:
 Yes No If No, how will this item be funded? _____ PLEASE NOTE: If the action is funded by a grant received by the City please include the fiscal year of the funding award, grantor name, granting agency or office name (if any), grant name and when the grant agreement was approved by City Council.

Did this item require BRC action? Yes No If Yes, BRC Date: _____ BRC Item #: _____

4. This item will be charged to Fund/Dept/Program/Project: Group Term Life - 0010 F/BSA0010 C/Acct # 20204 (Active Life Insurance) and 6540 F/PEN00012 C/Acct # 54550 (Retiree Life Insurance); AD&D - 0010 F/BSA0010 C/Acct #20207; STD - 0010 F/BSA0010 C/Acct #20205; LTD - 0010 F/BSA0010 C/Acct #20225 (Fully Insured) and 6535 F/NON0011 C/Acct #53100 (Self Insured).

	(a) <u>Current Year Estimate</u>	(b) <u>Next Year Annualized</u>	(c) <u>Annual Continuing Costs Thereafter</u>
Personnel	\$	\$	\$
Operating		\$1,125,000 (2016)	\$1,125,000 (2017)
Capital			
Total	<u> </u>	<u>\$1,125,000 (2016)</u>	<u>\$1,125,000 (2017)</u>

6. If costs do not continue indefinitely, explain nature and expiration date of costs: Approximately \$484k per year for fully insured LTD, \$29k per year for LTD Administrative Services Only for claims existing prior to 1/1/2014, \$455k per year for Life Insurance (active), \$103k per year for Life Insurance (retiree), \$54k per year for AD&D. All rates are guaranteed through 1/1/2018. There will be no change in rates for STD (employee funded) and AD&D for 2016 and 2017.

7. OTHER COSTS

(a). Are there any future costs, one-time payments, lump sum payments, or other costs payable for this item at a later date that are *not* reflected above: Yes No

(b) If yes, by Fiscal Year, identify the dollar amount and year payment is due: \$ n/a Payment due date _____

(c) What is the nature of these costs: n/a

REVENUE:

8. What is the estimated increase in "valuation" added to the tax rolls? \$ N/A. Tax roll increase is:
 real property, tangible personal property, other (identify _____).

9. What is source of the revenue and the estimated annual recurring revenue? Source: N/A \$ N/A

10. If non-recurring, what is the estimated Fiscal Year and amount of non-recurring revenue that will be realized?
 Source N/A Fiscal year N/A \$ N/A non-recurring revenue

11. What is the Payback period? N/A years

12. JUSTIFICATION: Document justification for request. Include anticipated economies or efficiencies to be realized by the City, including reductions in personnel or actual cost (cash flow) reductions to be realized in your budget. Claims data on the fully-insured Long-Term Disability plan (effective 1/1/2014) would be very limited for other insurance companies to provide competitive rates through an RFP process. Also, it is anticipated that the City will be going through the RFP process for Health Plan Administrative Services with an effective date of 1/1/2017. The two-year

extension with Standard (expiring 12/31/2017) allows City employees to (potentially) transition to a new Health Plan carrier in the year prior to a (potential) transition to a new Life and Disability carrier rather than changing both in the same year. Transitioning carriers for both of these complex benefits in the same year could cause confusion and disruption for employees.

13. APPROVED: Ana Palenzuela, Human Resources Division Manager (Submitting Director or authorized Division Mgr **Only**)

FIS 3/14/08