



Legislation Text

File #: 2023-0620, Version: 1

Report to Mayor and City Council

Tuesday, October 17, 2023

Consent

SUBJECT:

CONSIDER APPROVAL OF AMENDMENT NO. 5 TO THE AGREEMENT FOR ADMINISTRATIVE SERVICES WITH PRINCIPAL LIFE INSURANCE COMPANY FOR ADMINISTRATION OF THE CITY OF CARSON SELF-INSURED DENTAL PLAN AGREEMENT (CITY COUNCIL)

I. SUMMARY

The City entered into an “Agreement for Administrative Services” with Principal Life Insurance Company effective November 1, 2017 (“Agreement”) (Exhibit 1), for processing of non-discretionary claims and provision of administrative services related to the dental insurance plan for City employees. The Agreement originally provided for an initial one-year term with options for the City to extend the term of the Agreement for up to three successive one-year terms thereafter.

Effective November 1, 2018, Amendment No. 1 to the Agreement (Exhibit 2) extended the initial term of the Agreement by two years (until November 1, 2020) with all other provisions remaining intact, including the fee rates and the City’s three one-year options to extend. Amendment No. 2 to the Agreement (Exhibit 3), which was approved by City Council on August 4, 2020, exercised the first of the City’s three one-year options, thereby extending the term expiration date of the Agreement from November 1, 2020 to November 1, 2021, with two one-year options remaining thereafter. Amendment No. 3 to the Agreement (Exhibit 4), which was approved by City Council on September 7, 2021, exercised the City’s second one-year option, thereby extending the term expiration date of the Agreement from November 1, 2021 to November 1, 2022. On November 1, 2022 Amendment No. 4 (Exhibit 5) was approved by City Council, exercising the City’s third option, thereby extending the term expiration date to November 1, 2023.

After receiving approval from Principal for a 3-year rate pass, Staff now requests City Council approval of Amendment No. 5 to the Agreement (Exhibit 6) to extend the term expiration date of the Agreement for three additional years, from November 1, 2023 until November 1, 2026, at the existing rates of compensation.

II. RECOMMENDATION

1. WAIVE the formal bidding procedures as defined by the Carson Municipal Code (CMC) Section 2610, pursuant to CMC Section 2611(i)(4).
2. APPROVE Amendment No. 5 to the Agreement, extending the term expiration date of the Agreement from November 1, 2023, to November 1, 2026, at existing fee rates (Exhibit 6; "Amendment No. 5").
2. AUTHORIZE the Mayor to execute Amendment No. 5 following approval as to form by the City Attorney.

III. ALTERNATIVES

Take any other action deemed appropriate, subject to the requirements of applicable law.

IV. BACKGROUND

The Agreement provides for the City to pay Principal a monthly fee, calculated on a per-City-employee basis, for performance of the Agreement. The fee rates, which have been in effect without increase since the commencement of the Agreement, are as shown in "Fee Addendum 1" to the Agreement (Administrative Services Fee of \$6.20 per City employee; Broker Fee of \$1.50 per City employee). Principal has offered the City another "rate pass" for this renewal period, meaning the existing rates will be continued through the extension period proposed by Amendment No. 5 (i.e., until November 1, 2026) (Exhibit 6).

Within the negotiations process in August 2023, the benefits broker was initially able to confirm a one-year rate extension. To simplify budgeting, planning, and secure a favorable rate long-term, the City requested a multi-year quote and after additional negotiation between the benefits broker and Principal, on October 3rd, the City received their approval for a 3-year rate guarantee renewal. The proposed Amendment No. 5 was prepared to effectuate this 3-year renewal.

The Agreement is exempt from the bidding process pursuant to CMC 2611(i)(4), which includes exceptions to the bidding procedures of the City's purchasing ordinance for purchase of materials, supplies, equipment, and services. As stated in CMC Section 2611 (i)(4), "The City Council has determined that the purchase of the following items shall not require compliance with the bidding provisions of this Chapter, so long as funds have been properly appropriated and such purchases conform with all other requirements of this Chapter . . . Insurance, insurance adjusting, legal, and related services."

V. FISCAL IMPACT

No fiscal impact

VI. EXHIBITS

1. Agreement for Administrative Services (pgs. 4-21)
2. Contract Amendment No. 1 (pgs. 22-27)
3. Contract Amendment No. 2 (pgs. 28-33)
4. Contract Amendment No. 3 (pgs. 34-39)
5. Contract Amendment No. 4 (pgs. 40-45)
6. Proposed Contract Amendment No. 5 (pgs. 46-51)
7. Principal Dental Renewal Summary (pgs. 52-53)

Prepared by: Lakeina Johnson-Greene, Administrative Analyst