

AGENDA REPORT

Resolution: Approve and Authorize the Executive Director to Renew or Modify Certain Employee Health and Welfare Benefit Plan Contracts for Five Years, Ending December 31, 2023, in an Amount Not to Exceed 10% Increases Over the Previous Year's Contract Rate. **(Finance & Admin.)**

MEETING DATE: 10/25/2018

AMOUNT: Not to exceed 10% annual increase from prior year's contract rate
Choose an item.

PARTIES INVOLVED: n/a

SUBMITTED BY: Sara Lee, Chief Financial Officer

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Resolution

EXECUTIVE SUMMARY

Port staff requests that the Board of Port Commissioners ("Board") adopt a resolution to approve and authorize the Executive Director to renew or modify contracts for certain employee benefits (dental, vision, long-term disability and employee group life insurance) for a period of five years ending December 31, 2023, in an amount not to exceed 10% increases over the previous year's contract rate, provided that there is no material change in the terms and conditions.

BACKGROUND

The Port of Oakland maintains health and welfare benefit plans for its employees, as provided by Port ordinance or pursuant to respective memoranda of understanding. In addition to medical and pension benefits, the Port provides dental insurance, vision insurance, life insurance, travel and accident insurance, long-term disability insurance, flexible spending accounts, commuter expense reimbursement program, and employee assistance program. The Port contracts with various service providers and insurance companies to maintain these benefits.

The Board has previously authorized the Executive Director to renew contracts for certain employee health and welfare benefits (other than medical insurance and pension benefits) for a three-year period, in an amount not to exceed a 6% annual increase over the previous year's contract rate, provided that there is no material change in the term and conditions. The current authorization expires on November 15, 2018.

There are other employee benefits not subject of this Agenda Report, including those under the Executive Director's authority to renew (such as travel and accident insurance) and medical insurance and pension benefits for active employees and retirees, which are provided through the City of Oakland's contract with the California Public Employees' Retirement System.

ANALYSIS

Authorization is being requested for the Executive Director to have the ability, for a period of five years ending December 31, 2023, to renew the contracts listed in the following table as long as the administrative fee rate or premium rate, as the case may be, does not exceed 10% over those rates in the prior year's contract, provided there is no material change in the terms and conditions. Contract renewals for these benefit plans are typically administrative in nature, in conformance with respective memoranda of understanding and Port ordinances, and typically do not include significant changes. A 10% increase in annual rates is requested based on projected health care inflation costs and to respond to fluctuations in employee demographics and participation.

| Benefit | Current Provider(s) | Contract End Date | Rate | Current Annual Premiums | Current Annual Administrative Fees |
|---|----------------------------|--------------------------|--|--------------------------------|---|
| Dental Insurance ¹ | Delta Dental | 12/31/2019 | \$1.35 per employee per month + 7.2% of claims | N/A | \$94,200 |
| Dental Insurance ² | Premier Access | 12/31/2019 | \$46.09 per employee per month | \$8,056 | N/A |
| Vision Insurance ³ | Vision Services Plan (VSP) | 12/31/2021 | \$1.88 per employee per month | N/A | \$24,959 |
| Long-term Disability Insurance ⁴ | VOYA | 06/30/2020 | \$0.269 per \$100 of salary per month | \$114,388 | N/A |
| Employee Group Life Insurance ⁵ | VOYA | 06/30/2020 | \$0.186 per \$1,000 of salary per month | \$121,314 | N/A |
| Total | | | | \$243,758 | \$119,159 |

The contract expiration dates vary since they are managed by a Joint Powers Agreement (JPA) with the California State Association of Counties Excess Insurance Authority (CSAC EIA) through their benefits broker Alliant Insurance Services, Inc. The requested staff action is to authorize the Executive Director to approve all necessary renewal or modification for these various agreements.

BUDGET & STAFFING

The proposed action does not have any budget or staffing impact.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

¹ The Port is self-insured for the Delta Dental plan. The administrative fees are subject to change and based on the number of active and retired employees who elect this plan, and their claims activity.

² The Port is fully-insured for the Premier Access dental plan. The premiums are subject to change and based on the number of active and retired employees who elect this dental plan.

³ The Port is self-insured for the Vision Services Plan. The administrative fees are subject to change and based on the number of active and retired employees.

⁴ The premium amount is subject to change and based on current FTEs and current wages.

⁵ The premium amount is subject to change and based on current FTEs and current wages.

STRATEGIC PLAN

Authorizing the Executive Director to renew contracts for certain employee health and welfare benefits supports the following goal and objective of the Port's FY 2019-2021 Plan:

- **Goal H: Develop and Maintain A High Performing Workforce**
Objective 3: Continue to elevate health and safety of the Port workforce.

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply because the requested action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

SUSTAINABILITY

Port staff has reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities.

ENVIRONMENTAL

The matters contained in this Agenda Report were reviewed in conjunction with the requirements of the California Environmental Quality Act (CEQA) and the Port's CEQA Guidelines. The requested Board actions are not projects pursuant to CEQA Guidelines, Sections 15060(c)(3) and 15378(b)(2), and no environmental review is required.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

The Owner Controlled Insurance Program (OCIP) does not apply to the matters addressed by this Agenda Report as they are not capital improvement construction or design projects.

OPTIONS

1. Approve and Authorize the Executive Director to renew or modify certain employee health and welfare benefit plan contracts as described in this Agenda Report for a period of five years ending December 31, 2023, as long as the administrative fee rate or premium rate, as the case by be, does not exceed 10% over those rates in the prior year's contract, provided that there is no material change in the terms and conditions, and subject to the approval of the Port Attorney.
2. Do not authorize the Executive Director to renew or modify certain employee health and welfare benefit plan contracts. This will result in additional administrative time, as Port staff will be required to bring each contract renewal for Board approval.

RECOMMENDATION

Approve and authorize the Executive Director to renew or modify certain employee health and welfare benefit plan contracts for a period of five years ending December 31, 2023, as long as the administrative fee rate or premium rate, as the case by be, does not exceed 10% over those rates in the prior year's contract, provided that there is no material change in the terms and conditions, and as further described in this Agenda Report, subject to the approval of the Port Attorney.