

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION**

CC: GC
Amend No. _____

Date Prepared: February 5, 2008

Council Meeting Date: February 19, 2008

TO: Terry Ellis, City Manager

THROUGH: Susan K. Thorpe, Deputy City Manager 
Carl Swenson, Deputy City Manager
John F. Wenderski, Deputy City Manager

FROM: Greg A. Eckman, Human Resources Director 

PREPARED BY: Nancy Fantasia, Human Resources Analyst

SUBJECT: Contract with Segal Company for Employee Benefits Consulting

RECOMMENDATION: It is recommended that the City Council approve a transfer from contingencies of \$15,000 to engage Segal Company, the City's Employee Insurance consulting firm, to re-bid the City's dental plan and to conduct an analysis on alternative methods of funding our employee medical and dental plans.

We request Mayor and Council authorize the use of reserves from the General Fund and authorize a \$15,000 transfer from the General Fund Contingency account (1000-0300-570000) to the Human Resources Other Professional Services account (1000-0070-520099).

DISCUSSION:

Dental Re-bid:

The City is interested in options regarding our employee dental insurance plan. Our current plan is provided through United Concordia who has been the City's dental plan insurance provider since January 1, 2005. Based on formal and informal feedback from our employees, we feel it is appropriate to re-bid our dental insurance plan.

The City has an Employee Insurance Advisory Committee that includes representatives from all the major City departments representing a cross section of employees from different levels in the organization. The presidents of the three recognized unions also

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Action Date: _____

serve on the committee. As in the past, the Insurance Advisory Committee will be involved in the re-bid of the dental plan including assisting in the preparation of the Request for Proposal, evaluating the bids that are received and advising the City Manager regarding the selection of the provider for our dental insurance plan.

During the re-bidding process, we will also be exploring plan options to ensure that our employees continue to have dental plan choices. We also wish to explore the possibilities of offering even more choices to our employees in terms of a low option dental plan, a middle option (replicating our current plan) and the possibility of a higher option plan or plans with different coverage levels and premium choices.

We plan to complete the re-bidding process in time to introduce the new or revised dental plan or plans to be offered during open enrollment at the end of 2008.

Self-Funding Alternatives:

We also recommend that Segal Company be engaged to conduct an analysis of alternative funding arrangements for our medical and dental plan. Many employers of comparable size have decided to self-fund their medical and dental insurance plans. Segal will do an evaluation of the pros and cons of self-funding or other alternative arrangements and will make recommendations to the City.