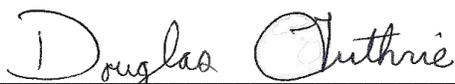


Report of the President & CEO

August 26, 2021

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE A ONE-YEAR CONTRACT WITH A ONE-YEAR OPTION TO RENEW, WITH SUN LIFE ASSURANCE COMPANY OF CANADA, FOR EMPLOYEE MANDATORY GROUP SHORT/LONG TERM DISABILITY INSURANCE COVERAGE



Douglas Guthrie
President & Chief Executive Officer



Annie Markarian
Director of Labor and Employee Relations

Purpose: The purpose of this item is to authorize the Housing Authority of the City of Los Angeles' ("HACLA's") President and CEO, or designee, to enter into a one (1) year contract with an additional one (1) year option to renew with Sun Life Assurance Company of Canada ("Sun Life"), to provide Mandatory Group Short/Long Term Disability Insurance coverage plan for all eligible employees.

Issues: HACLA currently provides Mandatory Group Short/Long Term Disability Insurance coverage for its eligible employees. The Mandatory Group Short/Long Term Disability Insurance coverage premium is covered by HACLA for all eligible employees. The current broker of record for these services is with Dickerson Insurance Services, and set to expire on December 31, 2021.

Procurement: The U.S. Department of Housing and Urban Development (HUD) permits and encourages housing authorities to purchase common goods and services that are routine in nature under competitively awarded contracts entered into by other public agencies through a procedure called "Cooperative Purchasing" (also known as "piggy-backing") to realize greater economy, efficiencies and reduce costs. Group Employee Benefits and Related Services qualify as routine services, suitable for cooperative purchasing.

HACLA has determined that utilizing the Cooperative Purchasing contract between Sourcewell and Sun Life Sun Life would be the most economical and preferred method of procuring Group Mandatory Employee Short/Long Term Disability Insurance coverage.

Sourcewell is a Minnesota public agency that creates a national purchasing cooperative on behalf of over 50,000 member entities, including HACLA. Sourcewell's contracts offer competitive pricing based on the volume discounts by harnessing member purchasing power.

On August 15, 2019, Sourcewell issued a Request for Proposal ("RFP") No. 100319, for Group Employee Benefits and Related Services, resulting in a cooperative purchasing contract between Sourcewell and Sun Life (Contract No. 100319-SLA), effective December 5, 2019 through November 22, 2023, with an additional one-year option to renew. The proposed two-year contract with Sun Life will exceed the current term of the piggyback contract with Sourcewell, but Sun Life has agreed to maintain the same pricing. Utilization of Contract No. 100319-SLA under the terms agreed to with Sun Life has been determined both cost efficient and economical through harnessing the

purchasing power of Sourcewell that would not otherwise be realized through HACLA's independent procurement efforts.

Cost Savings: When compared to the current plans, Sun Life offers an approximately 15% premium rate reduction for the Mandatory Group Short/Long Term Disability Insurance across the program plan for the first year of coverage. The benefit coverages for eligible employees under both plans are comparable to the current plans and will minimize provider disruption to employees. For additional cost details, please see Attachment 2 for the cost comparison.

Employees who have current Mandatory Group Short/Long Term Disability Insurance coverage will transition over to Sun Life during the fall open enrollment period. The coverage will begin on January 1, 2022.

Vision Plan: **PATHWAYS Strategy #7: Identify opportunities to reduce operating and administrative costs so that scarce resources are maximized.**

PATHWAYS Strategy #9: Improve staff morale and productivity

While providing Mandatory Group Short/Long Term Disability Insurance coverage is administrative in nature and required to comply with HACLA's employer-sponsored benefits plans (the "125 Cafeteria Plan"), the cost savings from the overall rate reduction in premiums will improve operational expenditures while also improving staff morale and health.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: The cost of Mandatory Group Short/Long Term Disability Insurance is allocated to the various programs of the Authority.

Budget and Program Impact: HACLA anticipates annual expenditures of approximately \$140,000. The necessary funds are available and are included in the 2022 operating budget and will be budgeted in subsequent years as required.

Section 3: Not Applicable

Attachments:

1. Resolution
2. Mandatory Group Short/Long Term Disability insurance plan Comparison

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE A ONE-YEAR CONTRACT WITH A ONE-YEAR OPTION TO RENEW, WITH SUN LIFE ASSURANCE COMPANY OF CANADA, FOR EMPLOYEE MANDATORY GROUP SHORT/LONG TERM DISABILITY INSURANCE COVERAGE.

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA”) offers a 125 Cafeteria Plan to eligible employees for the purpose of purchasing various mandatory and voluntary insurance coverages as part of the benefits package for all full-time employees;

WHEREAS, mandatory short/long term disability insurance is one of the many benefits offered to employees;

WHEREAS, the U.S. Department of Housing and Urban Development (“HUD”) encourages housing agencies to purchase common goods and services that are routine in nature under contracts awarded by other public agencies through a “cooperative purchasing” procedure (“piggy-backing”) to realize greater economy, efficiencies, and reduce costs;

WHEREAS, Sourcewell’s competitive solicitation for mandatory group short/long term disability insurance, resulted in award of a cooperative purchasing contract with Sun Life Assurance Company of Canada (“Sun Life”) (Contract No. 100319-SLA), which is effective through November 22, 2023, with one (1) additional option to renew;

WHEREAS, HACLA independently determined that: (i) rates of the Sourcewell contract are reasonable; (ii) the procurement was conducted fairly and with adequate vendor participation; and (iii) that it is economical to piggy-back off of the Sourcewell procurement; and

WHEREAS, HACLA desires to enter into a contract with Sun Life for mandatory group long/short term disability insurance coverage for a maximum of two-years.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners hereby authorizes the President and CEO, or designee, to execute a one-year contract with a one-year option to renew with Sun Life, to provide mandatory group short/long term disability insurance coverage plan for all eligible HACLA employees.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

BY: _____
James Johnson, General Counsel

BY: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____

Comparison
(First Year)

	Current Rates	Sun Life
<u>Mandatory Group Short/Long Term Disability</u>		
Employee Monthly Premium	\$18.76	\$16.10