

PERSONNEL AND ANIMAL WELFARE COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to amending the Los Angeles Administrative Code (LAAC) to provide authority for the Personnel Department to enter into contracts with the City's Civilian Flex Benefit Program service providers for periods up to five years.

Recommendation for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

PRESENT and ADOPT the accompanying ORDINANCE amending LAAC Section 10.5 to provide authority to the Personnel Department to enter into contracts with the City's Civilian Flex Benefits Program service providers for periods up to five years without the approval of City Council.

Fiscal Impact Statement: None submitted by the City Attorney. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On August 19, 2015, your Committee considered a July 30, 2015 City Attorney report and Ordinance relative to amending LAAC Section 10.5 to provide authority to the Personnel Department to enter into contracts with the City's Civilian Flex Benefits Program service providers for periods up to five years without the approval of City Council. This Ordinance is in response to Council action taken on June 26, 2015 (Council File No. 10-1627) requesting the City Attorney to prepare and present the above referenced draft Ordinance.

Representatives from the City Attorney and Personnel Department presented an overview of the proposed Ordinance's provisions and answered questions from the Committee members. Specifically, in regard to the Committee's questions regarding extending to five years, the Personnel Department indicated that in current practice, contracts let with providers are typically five years because the City receives a more favorable rate. Also, the Personnel Department stated that the Ordinance would only apply to future contracts and not current contracts and that in regard to medical and dental plans, the Personnel Department stated that it intends to prepare a Request for Proposals (RFP) for Plan Year 2017.

The Personnel Department also indicated that the health and dental plans cover some 60,000 people and that moving from one plan provider to another is a complex endeavor and that there are a lot of employee concerns that must be addressed in the process. Also, being able to execute five-year contracts would provide greater benefit to the City in terms of potential lowered costs plus being able to deliver better benefits to the employees. Finally, the Personnel Department indicated that with five-year contracts, they would still retain the right to terminating the contracts with a one-year notice.

Furthermore, the Personnel Department stated that the five-year contract term is not an absolute and that they could execute contracts for a three-year term if the contract terms were not as favorable as desired but in any event, they would have to see what the results of the RFP is first before making a final decision. The Personnel Department concluded by stating that being able to enter into five-year contracts without Council approval would give it the flexibility to seek the best terms but in no way would the City be obligated to enter into contracts for the entire five years.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Ordinance as detailed in the July 31, 2015 City Attorney report and in the above recommendation. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

PERSONNEL AND ANIMAL WELFARE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KORETZ:	YES
RYU:	YES
HARRIS-DAWSON:	YES

ARL

8/19/15

-NOT OFFICIAL UNTIL COUNCIL ACTS-