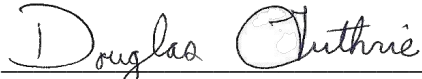


Report of the President &amp; CEO

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 LIFE INSURANCE AND VOLUNTARY TERM LIFE 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 Life Insurance and Voluntary Term Life Insurance coverage plans for all eligible employees who wish to purchase such coverages for themselves and their dependents.

**Issues:** HACLA currently provides Mandatory Group Life Insurance and Voluntary Term Life insurance coverage options for its eligible employees. The Mandatory Group Life Premium is covered by HACLA for all eligible employees. If an employee elects Voluntary Term Life insurance coverage, the employee is responsible for paying 100% of the premium rate for the selected coverage. The current broker of record for these services is with Christine Lee, New York Life, 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 would be the most economical and preferred method of procuring (1) Mandatory Group Employee Basic Life; and (2) Employee Voluntary Term Life.

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 volume discounts that harness 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 by 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 Life Insurance plan and approximately 17% premium rate reduction for the Voluntary Term Life insurance plan 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 Life and Voluntary Term Life benefits will transition over to Sun Life during the fall open enrollment period. Employees who are eligible but do not currently have Voluntary Term Life benefits will be able to enroll during the 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 Life is administrative in nature and required to comply with HACLA's employer-sponsored benefits plan (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 Life Insurance is allocated to the various programs of the HACLA.

*Budget and Program Impact:* HACLA anticipates annual expenditures of approximately \$30,000. 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 Life Insurance and Voluntary Term Life Insurance 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 LIFE INSURANCE AND VOLUNTARY TERM LIFE 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 and voluntary term life insurance are two of the many benefits offered to eligible employees and or their dependents;

**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 life insurance and voluntary term life 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 life insurance and voluntary term life insurance 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 Life and Voluntary Term Life insurance coverage plans for all eligible HACLA employees and their dependents who wish to purchase such coverages.

**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: \_\_\_\_\_

**Mandatory Group Life Comparison**  
(First Year)

		Current Rates		Sun Life
Employee Mandatory Group 20,000				
Employee		\$3.44		\$2.92

**Voluntary Term Life Insurance Comparison**  
(First year)

Coverage by age	Current employee voluntary monthly premium per \$1,000	Sun Life employee voluntary monthly premium per \$1,000
<30	\$0.09	\$.068
30 - 34	\$0.09	\$.068
35 - 39	\$0.105	\$.082
40 - 44	\$0.141	\$0.116
45 - 49	\$0.213	\$0.170
50 - 54	\$0.321	\$0.250
55 - 59	\$0.422	\$0.383
60 - 64	\$0.623	\$0.574
65 - 69	\$0.983	\$0.916
70 +	\$2.092	\$1.969

### Voluntary Spouse Term Life Insurance Comparison

(First year) Coverage by age	Current spouse voluntary life monthly premium per \$1,000	Sun Life spouse voluntary life monthly premium per \$1,000
<30	\$0.090	\$0.068
30 - 34	\$0.090	\$0.068
35 - 39	\$0.105	\$0.082
40 - 44	\$0.141	\$0.116
45 - 49	\$0.213	\$0.170
50 - 54	\$0.321	\$0.250
55 - 59	\$0.422	\$0.383
60 - 64	\$0.623	\$0.574
65 - 69	\$0.983	\$0.916
70 +	\$2.092	N/A