



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

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Legislative File No: 2015-0262

**TO:** Mayor and City Council Members  
**FROM:** Pamela Gordon, Director of Human Resources  
**DATE:** September 28, 2015  
**SUBJECT:** Fire Fighter Supplemental Accident and Sickness Insurance

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**REQUEST:**

City Council waiver under Section 2-275(c), of the formal competition requirement for purchases exceeding \$25,000.00, under Section 2-281, which allows City Council the authority to waive any regulation or procedure pertaining to purchasing, deeming it to be in the best interest of the City.

City Council authorization for the purchase authorization for accident and sickness insurance for Firefighters in the amount of \$28,696.00 for a one-year period.

**REASON FOR PURCHASE:**

In accordance with the City's Purchasing Ordinance, a Request for Proposals (RFP) was solicited for supplemental Accident and Sickness Insurance Coverage for the City's firefighters, this City-provided coverage is provided under the terms of the current Local 3472 union contract. Two proposal responses were received. Of the proposals responses received, only one of the responses was deemed to be responsive and to meet or exceed the requirements of the City's proposal request. The vendor, Burnham and Flower Insurance Group, was requested to provide a presentation to the RFP evaluation committee and Firefighters' Union representatives to explain their policy coverage. A proposal response was not received from the current vendor, VFIS, which therefore could not be considered as part of the City's Request for Proposals process.

The current Local 3472 union contract states:

"The Employer shall continue to provide for all bargaining unit employees the Accidental Sickness Coverage for Emergency Service Personnel administered by VFIS as currently in place. However, this benefit may be replaced by a benefit provided by an alternate carrier should the City and the Union mutually agree to do so.

The proposal received from Burnham and Flowers essentially matches or exceeds the existing plan design at an annual rate of \$4,580 less than the current rate under VFIS and \$8,727.00 less than the one-year renewal quote requested by the City, to be in compliance with the current union contract, by VFIS for the period of 10/2015-10/2016. Burnham and Flowers proposed policy provided a number of improvements over the current VFIS coverage, including the following.

- Automatic inclusion of employee assistance program with any Accident & Health package selected. Firefighters and families are eligible for 24/7 service.
- Total Disability due to Injury payments are payable up to a non-career firefighter's lifetime.
- No reductions of benefit levels schedule for partial or total disability before or after 28 days.

- Permanent physical impairment benefits through Provident have no pre-existing medication condition exclusions nor do they reduce benefit amounts based on age and apply to both injury and illness. The current coverage offered through VFIS is limited to qualifying injuries.

Based on a comparison of the proposed specimen policy with the current VFIS policy, and a presentation by Provident to the City and the Union, the City recommended that the Union accept the carrier change to Provident. However, Human Resources was subsequently advised by the Union’s legal counsel that the membership had voted against the carrier change and that “the existing VFIS policy will need to remain in place, unless and until the parties mutually agree on a change or a change is awarded pursuant to [Public] Act 312”.

Therefore, due to the prospect of a grievance for a contract violation and/or an unfair labor practice charge for unilateral implementation, a carrier change for supplemental accident and sickness insurance is not recommended at this time. The City and the Union have both expressed interest in addressing this coverage during ongoing negotiations for a successor contract that will be effective January 1, 2016.

In order for the City, to enter into a contract with VFIS, City Council must waive Section 2-275(c) of the Purchasing Ordinance, which requires the City to seek formal competition for purchases exceeding \$25,000.00. Under Section, 2-281, City Council may waive the competitive requirement, recognizing best value to the City.

VFIS has provided the City with a one-year premium proposal cost in the amount of \$28,696.00, effective October 1, 2015.

**PROCESS:**

**Vendor Name and Address:**

Volunteer Firemen’s Insurance Services (VFIS)  
 PO Box 64904  
 Baltimore, MD 21264

**Reason for Selection:**

Compliance with Union Contract

**Method of Purchase:**

Purchase Order

**BUDGET:**

Funding is included in the FY 2015 Adopted Budget and FY 2016 Proposed Budget.

If approved by City Council, the additional funding required for accident and sickness insurance for Firefighters will reduce the Transfer-Out to the Fire Capital Fund (402) from the Fire Operating Fund (206).

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fire Fund	339.718000	Life & ADD Insurance	\$12,320	\$14,348	(\$2,028)
Fire Fund	339.719000	Disability Insurance	\$12,320	\$14,348	(\$2,028)
		<b>GRAND TOTAL</b>	<b>\$24,640</b>	<b>\$28,696</b>	<b>(\$4,056)</b>

**RECOMMENDATION:**

Recommended to consider City Council waiver under Section 2-275(c), of the formal competition requirement for purchases exceeding \$25,000.00, under Section 2-281, which allows City Council the

authority to waive any regulation or procedure pertaining to purchasing, deeming it to be in the best interest of the City.

City Council authorization for the purchase authorization for accident and sickness insurance for Firefighters in the amount of \$28,696.00 for a one-year period to Volunteer Firemen's Insurance Services (VFIS), Baltimore, Maryland.

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APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		