



**City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
248.656.4630  
[www.rochesterhills.org](http://www.rochesterhills.org)**

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**Legislative File No:** 2006-0440

**TO:** Mayor and City Council Members  
**FROM:** Pamela M. Lee, Director of Human Resources, ext. 2521  
**DATE:** October 8, 2007  
**SUBJECT:** Supplemental Sickness & Accident Policy for Firefighters

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**REQUEST:**

Approval of a total of \$55,292 is requested to pay an adjusted balance of \$1815.67 for the 2006 Volunteer Firemen's Insurance Services, Inc. (VFIS) policy premium for 2006, as well as \$26,738 per year for 2007 and 2008 to pay the remaining premiums for the three-year policy.

**REASON FOR PURCHASE:**

The VFIS policy provides duty-related life and disability benefits to paid-on-call and full-time fire fighters. Council originally authorized a three-year blanket purchase order in May 2006. However, the amount approved was \$24,918, which is a single installment of the three-year policy renewal. The number of covered employees has also been adjusted to comply with the current union contract and to extend coverage to the Fire Chief and Deputy Fire Chief based on their risk of injury or death at a fire scene. As a result, the underwriters have adjusted the premiums from \$24,918 to \$26,738 per year. Although the City may terminate the policy prior to term, a three-year renewal was chosen based on lower yearly premium costs over single year renewals.

VFIS is identified in the current union contract as the supplemental work-related disability insurance carrier for the union. However, premium costs have risen over 34% during the past five years and management has identified the carrier issue in the upcoming Act 312 arbitration with the union.

**PROCESS:**

**Vendor Name and Address:**

Emergency Services Insurance, LLC  
2850 Thornhills Avenue SE  
Grand Rapids, MI 49546

**Reason for Selection:**

Sole Source. Provider specified in current labor contract

**Method of Purchase:**

Contract/Blanket Purchase Order amendment.

**BUDGET:**

The amended quote for this policy exceeds the 2008 Proposed budgeted amount and will therefore require a budget amendment next year.

<b>Fund Name</b>	<b>Department Account No</b>	<b>Account No. Description</b>	<b>'07 Budget Amount</b>	<b>Cost</b>	<b>Remaining Budget</b>
Fire	339.718000	FT FF, Life & AD&D	\$9080	\$9080	\$0
Fire	339.719000	FT FF, Disability	\$9080	\$9080	\$0
Fire	340.718000	POC, Life & AD&D	\$6670	\$4289	\$2381
Fire	340.719000	POC, Disability	\$6670	\$4289	\$2381
<b>Fund Name</b>	<b>Department Account No</b>	<b>Account No. Description</b>	<b>'08 Proposed Budget Amount</b>	<b>Cost</b>	<b>Remaining Budget</b>
Fire	339.718000	Suppr, Life & AD&D	\$2180	\$2498	-\$318
Fire	339.718001	Suppr-POC, Life &AD	\$2180	\$2180	0
Fire	339.719000	Suppr, Life & AD&D	\$2180	\$2498	-\$318
Fire	339.719001	Suppr-POC, Disability	\$2180	\$2180	0
Fire	344.718000	EMS, Life & AD&D	\$4050	\$4641	-\$591
Fire	344.718001	EMS-POC, Life&AD	\$4050	\$4050	0
Fire	344.719000	EMS, Disability	\$4050	\$4641	-\$591
Fire	344.719001	EMS - POC, Disability	\$4050	\$4050	0
		<b>TOTAL</b>	<b>\$24,920</b>	<b>\$26,738</b>	<b>-\$1818</b>

**RECOMMENDATION:**

Approval of a blanket purchase authorization of \$55,292 over three years for supplemental duty-related life and disability insurance premiums with VFIS for POCs and full time firefighters is recommended.

**RESOLUTION**

**NEXT AGENDA ITEM**

**RETURN TO AGENDA**

<b>APPROVALS:</b>	<b>SIGNATURE</b>	<b>DATE</b>
<b>Department Review</b>		
<b>Department Director</b>		
<b>Budget Content: Finance Director</b>		
<b>Purchasing Process: Supervisor of Procurement</b>		
<b>Mayor</b>		

<b>City Council Liaison</b>		
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