

TO: Andrew P. Powers, City Manager

FROM: Tim Giles, Human Resources Director

DATE: June 18, 2024

SUBJECT: Claims Management Services Agreement Amendment

RECOMMENDATION:

1. Approve First Amendment to Contract No. 12735-2021 with Sedgwick Claims Management Services, Inc. Third Party Administrator (“Sedgwick”) in the amount of \$45,157 to extend the period of the agreement for an additional 12 months to June 30, 2025, with a not-to-exceed amount of \$175,386.
2. Authorize expenditure in the amount of \$45,157 in FY 2024-25 from A/C #712-0520-686-5640 (Workers’ Compensation Internal Service Fund Management Fees).
3. Find that is action is not a project as defined under the California Environmental Quality Act.

LEVINE ACT ITEM: Yes

FINANCIAL IMPACT:

No Additional Funding Requested. Minimal staff time required to prepare the report is included in the Adopted FY 2023-24 General Fund Budget. \$60,000 is included in the Adopted FY 2024-25 Workers’ Compensation Internal Service Fund for workers’ compensation claims administration services.

BACKGROUND:

The City is self-funded for Workers’ Compensation insurance and has a comprehensive and robust safety program for City employees. In May 2021, a Request for Proposals/Qualifications (RFP/Q) was initiated by City staff for workers’ compensation claims administration. This resulted in the selection of Sedgwick Claims Management Services (Memphis, TN) and an agreement for services starting July 1, 2021. The City currently contracts for workers’ compensation claims administration with Sedgwick pursuant to an agreement

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which will end June 30, 2024. This agreement allows for two optional one-year extensions.

DISCUSSION/ANALYSIS:

Sedgwick, through its acquisition of York Risk Services Group, Inc. and its subsidiaries, has served as the City's Workers' Compensation third party administrator since July 1, 2016. Sedgwick is familiar with the City's workers' compensation claims program and organizational structure. Sedgwick has assisted in managing the City's workers' compensation claims, provided updates on the status of our employees, and assists with claims administration, which is essential for the City to remain in compliance with applicable California Labor Code statutes and provisions.

The proposed First Amendment (Attachment #1) to Contract No. 12735-2021 would allow the City's Workers' Compensation claim administration program to continue to be administered by Sedgwick through June 30, 2025, for an additional \$45,157. Staff recommends City Council approval of the First Amendment.

LEVINE ACT (California Government Code § 84308):

This item is subject to the Levine Act. City Councilmembers who have received a campaign contribution of more than \$250 (aggregated) within the preceding 12 months from a party or their agent/representative, or a financially interested participant involved in this proceeding may do either of the following: (1) disclose the contribution on the record and recuse themselves from this proceeding; or if applicable (2) return the portion of the contribution that exceeds \$250 within 30 days from the time the official knew or should have known about the contribution, and participate in the proceeding.

All parties and their agents/representatives must disclose on the record of this proceeding any aggregated contribution of more than \$250 made to any Councilmember within the preceding 12 months. Councilmembers are prohibited from accepting, soliciting, or directing a campaign contribution of more than \$250 (aggregated) from a party, their agent/representative, or a financially-interested participant during a proceeding and for 12 months following the date a final decision is made. In addition, a party, their agent/representative, or a financially interested participant is prohibited from contributing more than \$250 (aggregated) to a Councilmember during a proceeding and for 12 months following the date a final decision is made.

COUNCIL GOAL COMPLIANCE:

Meets the following City Council goal:

B. Provide municipal government leadership which is open and responsive to residents, and is characterized by ethical behavior, stability, promoting public trust, transparency, confidence in the future, and cooperative interaction among civic leaders, residents, business representatives, and staff, while recognizing and respecting legitimate differences of opinion on critical issues facing the City.

PREPARED BY: Linda Quezada, Assistant HR Analyst
Alina Savulescu, Office Supervisor

Attachments:

Attachment #1 – First Amendment