

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DOMINIQUE BLANQUIE, INTERIM HUMAN RESOURCES
DIRECTOR/ RISK MANAGER
SUBJECT: RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA
ROSA APPROVING A PROFESSIONAL SERVICES
AGREEMENT NUMBER F001424 WITH LWP CLAIMS
SOLUTIONS, INC. FOR ADMINISTRATION OF THE CITY'S
SELF-INSURED WORKERS' COMPENSATION CLAIMS
PROGRAM

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Human Resources Department, Risk Management Division, that the Council, by resolution, approve a Professional Services Agreement Number F001424, with LWP Claims Solutions, Inc., Sacramento, California for third party claims administration and related services for the City's worker's compensation for a period of three years, with an option for four additional one-year extensions, in an amount not to exceed \$3,448,108 for the seven years.

EXECUTIVE SUMMARY

The City has contracted with LWP Claims Solutions, Inc. (LWP) since June 30, 2017. Following a competitive selection process, staff recommended that the City Council enter into a new agreement for administration of the City's self-insured workers' compensation program with LWP, for an additional three years, with an option for four, one-year extensions.

BACKGROUND

The City entered into a contract with Redwood Empire Municipal Insurance Fund (REMIF) to provide workers' compensation administrative services on April 14, 1981.

Based on the terms of the City of Santa Rosa's 1981 contract with REMIF, services were renewed yearly. As there has not been a competitive bid on the City's workers'

WORKERS' COMPENSATION THIRD-PARTY ADMINISTRATION
PAGE 2 OF 3

compensation claims administration since 1981. Staff released the RFP for third-party claims administration services on January 9, 2017.

LWP was awarded the contract on May 2, 2017. The initial contract was for three years with three 1-year extensions.

The City exercised the three, one-year extensions on July 7, 2020. With an overall Agreement expiration of June 30, 2023.

Staff released an RFP for third party administrative services on February 7, 2023. The City received seven responses to the RFP following the competitive bid process, LWP Claims Solutions, Inc. was again selected as the top proposer for administration the City's self-insured workers' compensation program.

PRIOR CITY COUNCIL REVIEW

On May 2, 2017, the City Council, by Resolution No. RES-2017-066, approved the Professional Services Agreement with LWP Claims Solutions, Inc.

On July 2, 2020, the City Council, by Resolution No. RES-2020-106, approved a First Amendment to Professional Services Agreement with LWP Claims Solutions, Inc.

ANALYSIS

Staff believes LWP will provide enhanced customer service that maintains employee morale throughout the claims process, and that it will expedite appropriate medical treatment that will help the City's injured employees return to health and work. LWP also utilizes a paperless claims system which is more efficient and environmentally sound than the current paper file system.

Claims have been steadily decreasing due to LWP's proactive approach in handling and resolving claims. Along with partnering with our internal staff and stakeholders.

Staff proposes that the Council approve a Professional Services Agreement with LWP for providing Third party administrative services for the City's self-insured workers' compensation program for a period of three years, with an option for four, one-year extensions.

FISCAL IMPACT

These fees are paid from the Risk fund and then allocated to all funds citywide as part of workers' compensation rates. LWP, workers' compensation claims administration fees for the first three years of the agreement were as follows:

Year 1 - \$450,000
Year 2 - \$463,500
Year 3 - \$477,405

There was an increase of \approx 3% for Year 4, 5, 6, and 7

Year 4 - \$491,727

Year 5 - \$506,479 Year 6 - \$521,673

Year 7 - \$537,324

LWP charges an annual fee billed monthly. Upon approval of the agreement, LWP will be responsible for handling approximately four hundred open workers' compensation claims. The staff is confident that allocating more resources to the City's claims will lead to substantial savings by minimizing claim risk through proactive management. This includes enhancing customer service abilities to aid injured workers in their recovery and reintegration into the workforce. In addition, we have negotiated for an additional dedicated Senior Adjuster.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A - Professional Services Agreement

PRESENTER

Dominique Blanquie, Interim Human Resources/Risk Manager, Human Resources Department, Risk Management Division.