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OAKLAND

CITY OF OAKLAND

2017 JAN 26 PM 6:32

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Ian Appleyard  
Director, Human Resources  
Management

**SUBJECT:** Worker's Compensation Third Party  
Administrator Agreement Extension  
For Two Year Term

**DATE:** January 24, 2017

City Administrator Approval

Date:

1/26/17

## RECOMMENDATION

The City Council Adopt A Resolution Authorizing The City Administrator To Extend The Professional Services Agreement With JT2 Integrated Resources To Continue Provision Of Worker's Compensation Administration Services For The Period Of March 1, 2017, Through February 28, 2019, In An Amount Of \$5,058,021.56 For A Total Amount Over The Five Year Term Of The Contract Of \$12,489,858.02.

## REASON FOR SUPPLEMENTAL

At the January 24, 2017 Finance and Management Committee staff was directed to prepare an alternate resolution for City Council to consider. This alternate resolution would result in extending the term of the professional services agreement with JT2 Integrated Resource for an additional two years instead of just one year as recommended in the Staff Report dated January 24, 2017. The cost associated with the two year extension is reflected below.

Contract Year	Year 1	Year 2 (frozen)	Year 3 (frozen)	Year 4	Year 5
	March 1, 2014 to February 28, 2015	March 1, 2015 to February 29, 2016	March 1, 2016 to February 28, 2017	March 1, 2017 to February 28, 2018	March 1, 2018 to February 28, 2019
<b>Administrative Fees</b>	\$ 1,712,978.82	\$ 1,712,978.82	\$ 1,712,978.82	\$1,747,238.40	\$1,782,183.16
<b>Bill Review Fees</b>	\$ 513,000.00	\$ 513,000.00	\$ 513,000.00	\$ 513,000.00	\$ 513,000.00
<b>Bill Review Overage (10%)</b>	\$ 51,300.00	\$ 51,300.00	\$ 51,300.00	\$ 51,300.00	\$ 51,300.00
<b>Loss Control/FEHA Svcs</b>	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
<b>Total Contract Amount</b>	\$2,477,278.82	\$ 2,477,278.82	\$ 2,477,278.82	\$2,511,538.40	\$2,546,483.16

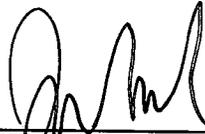
Item: \_\_\_\_\_  
City Council  
February 7, 2017

**ACTION REQUESTED OF THE CITY COUNCIL**

The City Council adopt a resolution authorizing the City Administrator to extend the professional services agreement with JT2 Integrated Resources to continue provision of Worker's Compensation Administration Services for the period of March 1, 2017, through February 28, 2019, in an amount of \$5,058,021.56 for a total amount over the five year term of the contract of \$12,489,858.02.

For questions regarding this report, please contact DEBORAH GRANT, RISK MANAGER, at (510) 238-7165.

Respectfully submitted,



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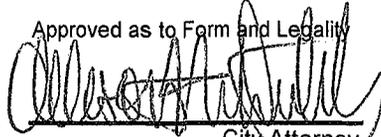
IAN APPELYARD  
Director, Human Resources Management

Prepared by:  
Deborah Grant, Risk Manager  
Risk and Benefits Division

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OAKLAND CITY COUNCIL

Approved as to Form and Legality



City Attorney

RESOLUTION No. \_\_\_\_\_ C.M.S.

Introduced by Councilmember \_\_\_\_\_

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**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO EXTEND THE PROFESSIONAL SERVICES AGREEMENT WITH JT2 INTEGRATED RESOURCES TO CONTINUE PROVISION OF WORKER'S COMPENSATION ADMINISTRATION SERVICES FOR THE PERIOD MARCH 1, 2017, THROUGH FEBRUARY 28, 2019, IN AN AMOUNT OF \$5,058,021.56 FOR A TOTAL AMOUNT OVER THE FIVE YEAR TERM OF THE CONTRACT OF \$12,489,858.02.**

**WHEREAS**, the City Council desires workers' compensation third party claims administration services; and

**WHEREAS**, the City Council authorized the awarding of the third party claims administration services contract to JT2 Integrated Resources (JT2) in Resolution No. 84805 C. M. S., dated January 14, 2014; and

**WHEREAS**, the City Council authorized the extension of the third party claims administration services contract to JT2 for an additional twelve month period in Resolution No. 86020 C.M.S., dated March 1, 2016; and

**WHEREAS**, the City Council desired that the contract for services include performance measures for meeting goals specified in the contract in order to qualify for ongoing renewal of the contract within the specified terms of the contract; and

**WHEREAS**, the agreement provides that for the performance of the services JT2 Integrated Resources will be paid a contract fee and contract renewal is based on acceptable performance as determined by an independent audit; and

**WHEREAS**, the City Council resolved that during the term of extension agreement, quarterly and annual performance audits would be performed by an independent auditor; and

**WHEREAS**, the outcome of performance audits resulted in scores below the CSAC-EIA performance expectation; and

**WHEREAS**, further inter-year audits would not likely provide new or substantively different information regarding the TPA's performance; and

**WHEREAS**, pursuant to the City Council's motion authorizing the agreement with JT2 Integrated Resources, the agreement provides that the term thereof shall be two years plus one additional year with the term expiring on February 28, 2017; and

**WHEREAS**, with Council approval, the City may exercise up to three options to extend

the term of the agreement; and

**WHEREAS**, most services will be charged under the claims administration fees, but the contract amount also includes other specialized professional services provided on an as-needed basis and may not be charged to the full extent of the allocation; and

**WHEREAS**, these specialized professional services include, but are not limited to, Bill Review Services, FEHA/Disability Management Services, and Loss Control Services; and

**WHEREAS**, the City Council finds that this contract is for services of a professional and temporary nature, and shall not result in the loss of employment or salary by any person having permanent status in the competitive service; now, therefore be it

**RESOLVED:** That a contract extension is awarded to JT2 Integrated Resources to provide Workers' Compensation Third Party Administration services for the period of March 1, 2017 through February 28, 2019 in an amount of \$5,058,021.56 for a total amount over the five year term of the contract of \$12,489,858.02; and be it

**FURTHER RESOLVED:** That during the term of this agreement, a 2016-17 Fiscal Year-end performance audit and a 2017-18 Fiscal Year-end performance audit will be performed by an independent auditor; and be it

**FURTHER RESOLVED:** That during the term of this agreement, comprehensive case reviews of all open claims will be conducted by representatives of CSAC-EIA, City and JT2, in a frequency to ensure each claim is reviewed at least two times per year; and be it

**FURTHER RESOLVED:** That during the term of this agreement, legal, fiscal and fraud reviews will be performed on a quarterly basis by City and JT2 representatives; and be it

**FURTHER RESOLVED:** That funding for these contract services is contained in the FY 2016-17 Adopted Budget and the FY17-19 Baseline Budget in the Workers' Compensation Insurance Claims Fund (1150); and be it

**FURTHER RESOLVED:** That the City Administrator is authorized to complete all negotiations and execute all contracts, amendments, modifications and extensions consistent with this resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA,

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California