



Staff Report

TO: City Council

FROM: Kari Mendoza, Administrative Services Director
Eric Guzman, Human Resources Risk Analyst

DATE: August 19, 2025

SUBJECT: Award a Professional Services Agreement to Sedgwick for Workers' Compensation Third Party Administrator Services

Description Renew Contract with Sedgwick for Workers' Compensation Third Party Administrator Services.

Background and Analysis:

The City operates a self-insured workers' compensation insurance program and requires the services of a third-party claims administrator to handle the day-to-day operations of the workers' compensation claims against the City. The goal of the workers' compensation program is to ensure prompt, fair, and cost-effective resolution of employee injury claims in compliance with the California Labor Code and regulations from the California Department of Industrial Relations.

The scope of services for the workers' compensation program includes setting up claims, investigating injuries, providing medical treatment, benefit coordination, monitoring and paying medical bills, managing disability status, litigation oversight, claims handling from inception to resolution, and regulatory state and Cal/OSHA reporting.

On August 4, 2015, the City engaged Sedgwick (formerly known as York Risk Services Group) to administer the workers' compensation program. The term with Sedgwick continues in effect until terminated by the cancellation provisions in the contract.

The City's current agreement with Sedgwick is due for reconsideration. As such, to ensure continued high-quality service and compliance with evolving regulations, staff initiated a Request for Proposals (RFP) process to solicit qualified firms to provide Third Party Administrator Services for a five-year term.

On May 15, 2025, the City published RFP #HR-25-021 online utilizing the City's website as well as the internet site called Planet Bids. By June 25th, 2025, staff received three

(3) bid proposals, including a proposal from our current provider. The Human Resources/Risk Management Department individually evaluated the proposals. The three proposals are summarized as follows:

1. AdminSure

Proposal Score: Average 97 out of 100

Bid: Year 1 – Flat Annual Fee - \$64,800, Year 2: \$66,744
Year 3: \$70,748, Year 4 : \$72,871, Year 5: \$75,057.22

2. Innovative Claims Solutions (ICS)

Proposal Score: Average 91 out of 100

Bid: Year 1 – Flat Annual Fee - \$68,600, Year 2: \$71,250
Year 3: \$74,000, Year 4: \$76,900, Year 5: \$79,900

3. Sedgwick Claims Management Services, Inc.

Proposal Score: Average 98 out of 100

Bid: Year 1 – Flat Annual Fee - Year 1 \$44,195, Year 2: \$45,300
Year 3: \$46,433, Year 4: \$47,594, Year 5: \$48,784

Due to the evaluation scores, pricing difference, and assessment of a fully bundled third-party administrator, staff recommends approval of a contract renewal for a five-year term with Sedgwick Claims Management Services, Inc.

Fiscal Impact:

Funding for Third Party Administrator Services is included in the approved FY25/26 HR/Risk budget under 100-1240-7068-0000. There is no additional fiscal impact at this time. Total costs for the five-year agreement is \$232,306.

The estimated cost to prepare this report is \$150.

Recommended Action:

Authorize the City Manager to sign the Professional Services Agreement with Sedgwick Claims Management Services, Inc., for a renewed 5–year term and two one-year renewals, subject to City Council approval.

Attachments:

- A. Sedgwick Proposal
- B. Cost Proposal

C. Professional Services Contract – Service Agreement for Administration of Claims Program