



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

CONSENT
September 7, 2010

Honorable Mayor and
Members of the City Council

Title: Workers' Compensation Claims Software On-line Program

Location/Council District: Citywide

Recommendation (2/3rd Vote Required): Adopt a **Resolution** 1) suspending competitive bidding; and 2) authorizing the City Manager to execute an agreement with P&C Claims, Inc. for a workers' compensation software on-line program and maintenance for a term of thirty six (36) months with the City's option to renew two (2) twelve (12) month periods at a cost not to exceed \$669,446.

Contact: Patrick Flaherty

Presenters: None

Department: Human Resources

Division: Risk Management

Organization No: 08001331

Description/Analysis

Issue: The City of Sacramento currently owns a P&C Claims, Inc. Workers' Compensation Claims Management System License which City staff utilize to process the City's workers' compensation claims. The current maintenance contract with P&C Claims, Inc. is expiring and needs to be renewed.

Policy Considerations: It is in the City's best interest to suspend competitive bidding and execute a new maintenance agreement with our current workers' compensation claims system provider for the following reasons:

- As the City currently own a Workers' Compensation Claims Management System License with P&C Claims, Inc., the cost to implement a new agreement will not exceed \$117,667 the first year. Purchasing a new license from another vendor and transferring existing claims data will cost in the range of \$400,000. The Risk Management Division does not have the funds to absorb this

- P&C Claims, Inc. is the only entity that can maintain our current workers' compensation claims management system.
- The current workers' compensation claims management system has performed well and staff is comfortable with the system's operations.
- Risk management staff is trained and proficient at using our current workers' compensation claims management system. Changing to another system will require substantial time and effort in training staff. Additionally, transferring our data to the new system will require added time and resources.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

Sustainability Considerations: There are no sustainability considerations applicable to this action.

Other: None

Commission/Committee Action: None

Rationale for Recommendation: Executing a new agreement with P&C Claims, Inc., our current vendor, will benefit the City as the purchase of a new workers' compensation claims management license and the transfer of data will be expensive and there are no budgeted funds to cover these costs.

Financial Considerations: The cost of this agreement is \$117,667 the first year and this amount is allocated within the Risk Management budget. The total cost of this agreement is not to exceed \$669,446 for the potential five year term.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by: 
Patrick Flaherty
Risk Manager

Approved by: Gerri Hamby
Gerri Hamby,
Director of Human Resources

Recommendation Approved:

Gus Vina
Gus Vina
Interim City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

AGREEMENT FOR WORKERS' COMPENSATION CLAIMS ON-LINE SOFTWARE PROGRAM

BACKGROUND

- A. The City of Sacramento currently owns a P&C Claims Inc. Workers' Compensation Claims Management System License which staff utilize to process the City's workers' compensation claims. The current maintenance contract with P&C Claims, Inc. is expiring and needs to be renewed.
- B. It is in the City's best interest to execute a new contract with P&C Claims, Inc. as the costs are much lower than purchasing a new license from a different vendor and transferring our existing data to the new system. P&C Claims, Inc. is also the only vendor that can maintain the current system. Additionally, staff is pleased with the current program's performance.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. In the best interest of the City, competitive bidding is hereby suspended for the maintenance of the P&C Claims, Inc. Worker's Compensation Claims Management System License and on-line software program. P&C Claims, Inc. is the only vendor that can maintain our current system and purchasing a new system would be very expensive.
- Section 2 The City Manager is authorized to execute an agreement with P&C Claims, Inc. for a workers' compensation on-line software program for a term of thirty six (36) months with the City's option to renew for two (2) twelve (12) month periods at a cost not to exceed \$669,446 for the five (5) year term.