



City of San Leandro

Meeting Date: May 19, 2014

Staff Report

File Number: 14-174

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.I.

TO: City Council

FROM: Chris Zapata
City Manager

BY: LaTanya Bellow
Human Resources Manager

FINANCE REVIEW: David Baum
Finance Director

TITLE: Staff Report for a Resolution Approving a Consulting Services Agreement with JT2 Integrated Resources for Workers' Compensation Third Party Claims Administration Services

SUMMARY AND RECOMMENDATIONS

Staff recommends the approval of a Consulting Services Agreement for three years in the amount of \$345,145 for Workers' Compensation third party claims administration services with JT2 Integrated Resources plus a flat fee structure for bill review charges estimated at \$198,000.

BACKGROUND

The City of San Leandro is self-insured for its Workers' Compensation program and uses a Third Party Administrator (TPA) for claims administration. The TPA's responsibility is to manage, track, and process payments for all claims reported. In the past, York Risk Services, formerly Bragg and Associates, has provided these services to the City.

During the past 18 months, Human Resources staff has implemented a number of initiatives to improve the program and decrease costs. These initiatives have focused on returning employees back to work in a timely manner, closing claims through settlements, and providing ongoing preventative training. As part of this effort, a Request for Proposals (RFP) for TPA services was issued in February 2014. Thirteen proposals were received, which were reviewed and rated. Five TPAs were invited to interview before an evaluation panel. The interview process included oral presentations, interview questions, and reference checks. JT2 Integrated Resources was identified as the most qualified TPA to provide claims administration services for the City of San Leandro.

Analysis

Contracting with JT2 Integrated Resources for TPA services is anticipated to improve the City's Workers' Compensation program in several key areas: technology, training, and reduction of overall administrative costs.

JT2's robust technology and paperless processes will help reduce delays, improve workflows and provide faster, more accurate claims administration. Their integrated claims system offers customized, online reporting which will allow the City to easily conduct data analysis, monitor costs and trends, and manage the administrative processes efficiently.

JT2 offers various training options to educate employees on the Workers' Compensation claims process and how to navigate the process from filing a claim, receiving medical care and disability benefits, to returning to work. JT2 also offers customized training that can be geared towards a department's specific needs, which is very useful in managing safety injuries.

The proposed agreement will result in a cost reduction in TPA administrative fees and bill review services. The City currently pays \$118,800 annually under the existing TPA agreement. The proposed agreement would be for the three-year period of June 1, 2014 through May 31, 2017. The proposed annual fees are shown below and would result in a savings of \$11,255 over three years.

| <u>Fiscal Year</u> | <u>Annual Fee</u> |
|--------------------|-------------------|
| 2014-15 | \$113,150 |
| 2015-16 | \$114,850 |
| 2016-17 | \$117,145 |
| TOTAL | \$345,145 |

In addition to the annual fee savings, the City will see savings in charges for the review of medical bills. Medical bill review is a separate administrative fee under the terms of a TPA agreement. The proposed agreement charges a flat fee per each bill reviewed as opposed to a variable percentage fee structure. The City has paid approximately \$314,000 in bill review charges over the past three years under the existing TPA agreement. Under the proposed agreement and based on the City's prior three year average of 1,690 bills per year, bill review is estimated to cost \$198,000 over the next three years which is a projected savings of \$116,000.

In addition, the City will greatly benefit from a fresh perspective on current claims. It is anticipated that JT2 will present new ideas and strategies related to claims administration and disability management. This will assist staff in continuing the quality of care for injured workers while containing costs for the City.

Upon approval of the agreement, Human Resources staff will work closely with JT2 to ensure a smooth transition. JT2 will take over the City's account and all open claims effective June 1, 2014. As of March 30, 2014, the City had 103 open claims.

Previous Actions

- On June 15, 1998, by Resolution No. 98-65, the City Council awarded an agreement to Gregory B. Bragg and Associates for Worker's Compensation Administration Services.

Fiscal Impacts

Workers' Compensation Third Party Administration fees are funded from the Workers' Compensation budget, which is included as part of the Self Insurance fund. For FY 2014-15, TPA administration fees are estimated to cost \$178,085, which includes the proposed annual fee and medical bill review fees. These administrative costs are contained within the budget and no additional budgetary adjustment is necessary.

The agreement proposes \$345,145 in annual fees for the next three years plus a flat fee structure for medical bill review which is estimated to cost \$198,000. Based on the City's prior three year experience, the cost savings to the City is projected to be approximately \$127,255 or 19% from the existing TPA agreement.

PREPARED BY: LaTanya Bellow, Human Resources Manager



City of San Leandro

Meeting Date: May 19, 2014

Resolution - Council

File Number: 14-175

Agenda Section: CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Chris Zapata
City Manager

BY: LaTanya Bellow
Human Resources Manager

FINANCE REVIEW: David Baum
Finance Director

TITLE: RESOLUTION Approving a Consulting Services Agreement with JT2 Integrated Resources for Workers' Compensation Third Party Claims Administration Services (provides for three years of services in the amount of \$345,145 plus a flat fee structure for bill review charges estimated at \$198,000)

WHEREAS, an agreement between the City of San Leandro and JT2 Integrated Resources, a copy of which is attached, has been presented to this City Council; and

WHEREAS, the City Council is familiar with the contents thereof; and

WHEREAS, the City Manager recommends approval of said agreement.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

That said agreement is hereby approved and execution by the City Manager is hereby authorized.

**CONSULTING SERVICES AGREEMENT BETWEEN
THE CITY OF SAN LEANDRO AND
JT2 INTEGRATED RESOURCES**

THIS AGREEMENT for consulting services is made by and between the City of San Leandro ("City") and JT2 Integrated Resources ("Consultant") (together sometimes referred to as the "Parties") as of June 1, 2014 (the "Effective Date").

Section 1. SERVICES. Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in the Scope of Work attached as Exhibit A at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit A, the Agreement shall prevail.

- 1.1 **Term of Services.** The term of this Agreement shall begin on the Effective Date and shall end on May 30, 2017, and Consultant shall provide the services described in Exhibit A, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Consultant to complete the services required by this Agreement shall not affect the City's right to terminate the Agreement, as referenced in Section 8.
- 1.2 **Standard of Performance.** Consultant shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged.
- 1.3 **Assignment of Personnel.** Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that City, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Consultant shall, immediately upon receiving notice from City of such desire of City, reassign such person or persons.
- 1.4 **Time.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Subsection 1.2 above and to satisfy Consultant's obligations hereunder.
- 1.5 **City of San Leandro Living Wage Rates.** This contract may be covered by the City of San Leandro Living Wage Ordinance (LWO). Bidder's attention is directed to the San Leandro Municipal Code, Title 1, Chapter 6, Article 6. Successful Bidder must submit completed self-certification form and comply with the LWO if covered.

Section 2. COMPENSATION. City hereby agrees to pay Consultant a sum not to exceed \$345,145, notwithstanding any contrary indications that may be contained in Consultant's proposal, for services to be performed and reimbursable costs incurred under this Agreement. In the event of a conflict between this Agreement and Consultant's proposal, attached as Exhibit B, regarding the amount of compensation, the Agreement shall prevail. City shall pay Consultant for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from City to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all invoices to

City in the manner specified herein. Except as specifically authorized by City in writing, Consultant shall not bill City for duplicate services performed by more than one person.

Consultant and City acknowledge and agree that compensation paid by City to Consultant under this Agreement is based upon Consultant's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Consultant. Consequently, the Parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Consultant and its employees, agents, and subcontractors may be eligible. City therefore has no responsibility for such contributions beyond compensation required under this Agreement.

2.1 **Invoices.** Consultant shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:

- Serial identifications of progress bills; i.e., Progress Bill No. 1 for the first invoice, etc.;
- The beginning and ending dates of the billing period;
- A Task Summary containing the original contract amount, the amount of prior billings, the total due this period, the balance available under the Agreement, and the percentage of completion;
- At City's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense;
- The total number of hours of work performed under the Agreement by Consultant and each employee, agent, and subcontractor of Consultant performing services hereunder;
- The Consultant's signature;
- Consultant shall give separate notice to the City when the total number of hours worked by Consultant and any individual employee, agent, or subcontractor of Consultant reaches or exceeds 800 hours within a 12-month period under this Agreement and any other agreement between Consultant and City. Such notice shall include an estimate of the time necessary to complete work described in Exhibit A and the estimate of time necessary to complete work under any other agreement between Consultant and City, if applicable.

2.2 **Monthly Payment.** City shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. City shall have 30 days from the receipt of an invoice that complies with all of the requirements above to pay Consultant.

- 2.3 **Final Payment.** City shall pay the last 10% of the total sum due pursuant to this Agreement within 60 days after completion of the services and submittal to City of a final invoice, if all services required have been satisfactorily performed.
- 2.4 **Total Payment.** City shall pay for the services to be rendered by Consultant pursuant to this Agreement. City shall not pay any additional sum for any expense or cost whatsoever incurred by Consultant in rendering services pursuant to this Agreement. City shall make no payment for any extra, further, or additional service pursuant to this Agreement.
- In no event shall Consultant submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment.
- 2.5 **Hourly Fees.** Fees for work performed by Consultant on an hourly basis shall not exceed the amounts shown on the compensation schedule attached hereto as Exhibit B.
- 2.6 **Reimbursable Expenses.** Expenses not listed in Exhibit B are not chargeable to City. Reimbursable expenses are included in the total amount of compensation provided under this Agreement that shall not be exceeded.
- 2.7 **Payment of Taxes.** Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes.
- 2.8 **Payment upon Termination.** In the event that the City or Consultant terminates this Agreement pursuant to Section 8, the City shall compensate the Consultant for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of written notice of termination. Consultant shall maintain adequate logs and timesheets to verify costs incurred to that date.
- 2.9 **Authorization to Perform Services.** The Consultant is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Contract Administrator.

Section 3. FACILITIES AND EQUIPMENT. Except as set forth herein, Consultant shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the services required by this Agreement. City shall make available to Consultant only the facilities and equipment listed in this section, and only under the terms and conditions set forth herein.

City shall furnish physical facilities such as desks, filing cabinets, and conference space, as may be reasonably necessary for Consultant's use while consulting with City employees and reviewing records and the information in possession of the City. The location, quantity, and time of furnishing those facilities shall be in the sole discretion of City. In no event shall City be obligated to furnish any facility that may involve incurring any direct expense, including but not limited to computer, long-distance telephone or other communication charges, vehicles, and reproduction facilities.

Section 4. INSURANCE REQUIREMENTS. Before fully executing this Agreement, Consultant, at its own cost and expense, unless otherwise specified below, shall procure the types and amounts of insurance listed below against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Consultant and its agents, representatives, employees, and subcontractors. Consistent with the following provisions, Consultant shall provide proof satisfactory to City of such insurance that meets the requirements of this section and under forms of insurance satisfactory in all respects, and that such insurance is in effect prior to beginning work to the City. Consultant shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be included in the Consultant's bid. Consultant shall not allow any subcontractor to commence work on any subcontract until Consultant has obtained all insurance required herein for the subcontractor(s) and provided evidence that such insurance is in effect to City. VERIFICATION OF THE REQUIRED INSURANCE SHALL BE SUBMITTED AND MADE PART OF THIS AGREEMENT PRIOR TO EXECUTION. Consultant shall maintain all required insurance listed herein for the duration of this Agreement.

4.1 Workers' Compensation.

4.1.1 General Requirements. Consultant shall, at its sole cost and expense, maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant. The Statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be provided with limits of not less than **\$1,000,000** per accident. In the alternative, Consultant may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor Code. Determination of whether a self-insurance program meets the standards of the California Labor Code shall be solely in the discretion of the Contract Administrator.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the entity for all work performed by the Consultant, its employees, agendas, and subcontractors.

4.1.2 Submittal Requirements. To comply with Subsection 4.1, Consultant shall submit the following:

- a. Certificate of Liability Insurance in the amounts specified in the section; and
- b. Waiver of Subrogation Endorsement as required by the section.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 General Requirements. Consultant, at its own cost and expense, shall maintain commercial general liability insurance for the term of this Agreement in an amount not less than **\$2,000,000** and automobile liability insurance for the term of this Agreement in an amount not less than **\$1,000,000** per occurrence, combined

single limit coverage for risks associated with the work contemplated by this Agreement. If a Commercial General Liability Insurance or an Automobile Liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from activities contemplated under this Agreement, including the use of owned and non-owned automobiles.

4.2.2 Minimum Scope of Coverage. Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 (most recent edition) covering comprehensive General Liability on an "occurrence" basis. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001, Code 1 (any auto). No endorsement shall be attached limiting the coverage.

4.2.3 Additional Requirements. Each of the following shall be included in the insurance coverage or added as a certified endorsement to the policy:

- a. The Insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.
- b. City, its officers, officials, employees, and volunteers are to be covered as additional insureds as respects: liability arising out of work or operations performed by or on behalf of the Consultant; or automobiles owned, leased, hired, or borrowed by the Consultant.
- c. Consultant hereby agrees to waive subrogation which any insurer or contractor may require from vendor by virtue of the payment of any loss. Consultant agrees to obtain any endorsements that may be necessary to affect this waiver of subrogation.
- d. For any claims related to this Agreement or the work hereunder, the Consultant's insurance covered shall be primary insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

4.2.4 Submittal Requirements. To comply with Subsection 4.2, Consultant shall submit the following:

- a. Certificate of Liability Insurance in the amounts specified in the section;
- b. Additional Insured Endorsement as required by the section;

- c. Waiver of Subrogation Endorsement as required by the section; and
- d. Primary Insurance Endorsement as required by the section.

4.3 **Professional Liability Insurance.**

4.3.1 **General Requirements.** Consultant, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability insurance for licensed professionals performing work pursuant to this Agreement in an amount not less than **\$1,000,000** covering the licensed professionals' errors and omissions. Any deductible or self-insured retention shall not exceed \$150,000 per claim.

4.3.2 **Claims-Made Limitations.** The following provisions shall apply if the professional liability coverage is written on a claims-made form:

- a. The retroactive date of the policy must be shown and must be before the date of the Agreement.
- b. Insurance must be maintained and evidence of insurance must be provided for at least 5 years after completion of the Agreement or the work, so long as commercially available at reasonable rates.
- c. If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the date of this Agreement, Consultant shall purchase an extended period coverage for a minimum of 5 years after completion of work under this Agreement.
- d. A copy of the claim reporting requirements must be submitted to the City for review prior to the commencement of any work under this Agreement.

4.3.3 **Additional Requirements.** A certified endorsement to include contractual liability shall be included in the policy.

4.3.4 **Submittal Requirements.** To comply with Subsection 4.3, Consultant shall submit the Certificate of Liability Insurance in the amounts specified in the section.

4.4 **All Policies Requirements.**

4.4.1 **Acceptability of Insurers.** All insurance required by this section is to be placed with insurers with a Bests' rating of no less than A:VII.

4.4.2 **Verification of Coverage.** Prior to beginning any work under this Agreement, Consultant shall furnish City with complete copies of all Certificates of Liability Insurance delivered to Consultant by the insurer, including complete copies of all

endorsements attached to the policies. All copies of Certificates of Liability Insurance and certified endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf. If the City does not receive the required insurance documents prior to the Consultant beginning work, it shall not waive the Consultant's obligation to provide them. The City reserves the right to require complete copies of all required insurance policies at any time.

4.4.3 Deductibles and Self-Insured Retentions. Consultant shall disclose to and obtain the written approval of City for the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, employees, and volunteers; or the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

4.4.4 Wasting Policies. No policy required by this Section 4 shall include a "wasting" policy limit (i.e. limit that is eroded by the cost of defense).

4.4.5 Endorsement Requirements. Each insurance policy required by Section 4 shall be endorsed to state that coverage shall not be canceled by either party, except after 30 days' prior written notice has been provided to the City.

4.4.6 Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

4.5 Remedies. In addition to any other remedies City may have if Consultant fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, City may, at its sole option exercise any of the following remedies, which are alternatives to other remedies City may have and are not the exclusive remedy for Consultant's breach:

- Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;
- Order Consultant to stop work under this Agreement or withhold any payment that becomes due to Consultant hereunder, or both stop work and withhold any payment, until Consultant demonstrates compliance with the requirements hereof; and/or
- Terminate this Agreement.

Section 5. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES. Refer to the attached Exhibit C, which is incorporated herein and made a part of this Agreement.

Section 6. STATUS OF CONSULTANT.

- 6.1 **Independent Contractor.** At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of City. City shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement and assignment of personnel pursuant to Subsection 1.3; however, otherwise City shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement. Notwithstanding any other City, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of City and entitlement to any contribution to be paid by City for employer contributions and/or employee contributions for PERS benefits.
- 6.2 **Consultant Not an Agent.** Except as City may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind City to any obligation whatsoever.

Section 7. LEGAL REQUIREMENTS.

- 7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 **Compliance with Applicable Laws.** Consultant and any subcontractors shall comply with all laws and regulations applicable to the performance of the work hereunder, including but not limited to, the California Building Code, the Americans with Disabilities Act, and any copyright, patent or trademark law. Consultant's failure to comply with any law(s) or regulation(s) applicable to the performance of the work hereunder shall constitute a breach of contract.
- 7.3 **Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Consultant and any subcontractors shall comply with all applicable rules and regulations to which City is bound by the terms of such fiscal assistance program.
- 7.4 **Licenses and Permits.** Consultant represents and warrants to City that Consultant and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that are legally required to practice their respective professions. Consultant represents and warrants to City that Consultant and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the foregoing, Consultant and any subcontractors shall obtain and maintain during the term of this Agreement valid Business Licenses from City.

- 7.5 **Nondiscrimination and Equal Opportunity.** Consultant shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Consultant under this Agreement. Consultant shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of Consultant thereby.

Consultant shall include the provisions of this Subsection in any subcontract approved by the Contract Administrator or this Agreement.

Section 8. TERMINATION AND MODIFICATION.

- 8.1 **Termination.** City may cancel this Agreement at any time and without cause upon 90 days' written notification to Consultant.

Consultant may cancel this Agreement upon 90 days' written notice to City and shall include in such notice the reasons for cancellation.

In the event of termination, Consultant shall be entitled to compensation for services performed to the effective date of termination; City, however, may condition payment of such compensation upon Consultant delivering to City any or all documents, photographs, computer software, video and audio tapes, and other materials provided to Consultant or prepared by or for Consultant or the City in connection with this Agreement.

- 8.2 **Extension.** City may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. Any such extension shall require a written amendment to this Agreement, as provided for herein. Consultant understands and agrees that, if City grants such an extension, City shall have no obligation to provide Consultant with compensation beyond the maximum amount provided for in this Agreement. Similarly, unless authorized by the Contract Administrator, City shall have no obligation to reimburse Consultant for any otherwise reimbursable expenses incurred during the extension period.
- 8.3 **Amendments.** The Parties may amend this Agreement only by a writing signed by all the Parties.
- 8.4 **Assignment and Subcontracting.** City and Consultant recognize and agree that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to City for entering into this Agreement was and is the professional reputation and competence of Consultant.

Consultant may not assign this Agreement or any interest therein without the prior written approval of the Contract Administrator. Consultant shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in the proposal, without prior written approval of the Contract Administrator.

- 8.5 **Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between City and Consultant shall survive the termination of this Agreement.
- 8.6 **Options upon Breach by Consultant.** If Consultant materially breaches any of the terms of this Agreement, City's remedies shall included, but not be limited to, the following:
- 8.6.1 Immediately terminate the Agreement;
 - 8.6.2 Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to this Agreement;
 - 8.6.3 Retain a different consultant to complete the work described in Exhibit A not finished by Consultant; or
 - 8.6.4 Charge Consultant the difference between the cost to complete the work described in Exhibit A that is unfinished at the time of breach and the amount that City would have paid Consultant pursuant to Section 2 if Consultant had completed the work.

Section 9. KEEPING AND STATUS OF RECORDS.

- 9.1 **Records Created as Part of Consultant's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Consultant prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the City. Consultant hereby agrees to deliver those documents to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use. City and Consultant agree that, until final approval by City, all data, plans, specifications, reports and other documents are confidential and will not be released to third parties without prior written consent of both Parties.
- 9.2 **Consultant's Books and Records.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City under this Agreement for a minimum of 3 years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement.

- 9.3 **Inspection and Audit of Records.** Any records or documents that Subsection 9.2 of this Agreement requires Consultant to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the City. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds \$10,000.00, the Agreement shall be subject to the examination and audit of the State Auditor, at the request of City or as part of any audit of the City, for a period of 3 years after final payment under the Agreement.

Section 10. MISCELLANEOUS PROVISIONS.

- 10.1 **Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 10.2 **Venue.** In the event that either party brings any action against the other under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Alameda or in the United States District Court for the Northern District of California.
- 10.3 **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 10.4 **No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 10.5 **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.
- 10.6 **Use of Recycled Products.** Consultant shall prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.
- 10.7 **Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of City or whose business, regardless of location, would place Consultant in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 et seq.

Consultant shall not employ any City official in the work performed pursuant to this Agreement. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Section 1090 et seq.

Consultant hereby warrants that it is not now, nor has it been in the previous 12 months, an employee, agent, appointee, or official of the City. If Consultant was an employee, agent, appointee, or official of the City in the previous 12 months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of California Government Code Section 1090 et seq., the entire Agreement is void and Consultant will not be entitled to any compensation for services performed pursuant to this Agreement, including reimbursement of expenses, and Consultant will be required to reimburse the City for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of California Government Code Section 1090 et seq., and, if applicable, will be disqualified from holding public office in the State of California.

10.8 Solicitation. Consultant agrees not to solicit business at any meeting, focus group, or interview related to this Agreement, either orally or through any written materials.

10.9 Contract Administration. This Agreement shall be administered by LaTanya Bellow, Human Resources Manager, ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.

10.10 Notices. Any written notice to Consultant shall be sent to:

JT2 Integrated Resources
P.O. Box 8021
Pleasanton, CA 94588

Any written notice to City shall be sent to:

City of San Leandro
Human Resources Manager
Human Resources Department
835 East 14th Street
San Leandro, CA 94577

With a copy to:

City of San Leandro
Department of Finance
c/o Purchasing Agent
835 East 14th Street
San Leandro, CA 94577

10.11 Professional Seal. Where applicable in the determination of the contract administrator, the first page of a technical report, first page of design specifications, and each page of construction drawings shall be stamped/sealed and signed by the licensed professional responsible for the report/design preparation. The stamp/seal shall be in a block entitled "Seal and Signature of Registered Professional with report/design responsibility," as in the following example.

Seal and Signature of Registered Professional with report/design responsibility.

10.12 **Integration.** This Agreement, including the scope of work attached hereto and incorporated herein as Exhibits A, B, and C represents the entire and integrated agreement between City and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral.

Exhibit A Scope of Services
Exhibit B Compensation Schedule & Reimbursable Expenses
Exhibit C Indemnification

10.13 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

10.14 **Certification per Iran Contracting Act of 2010.** In the event that this contract is for one million dollars (\$1,000,000.00) or more, by Consultant's signature below Consultant certifies that Consultant, and any parent entities, subsidiaries, successors or subunits of Consultant are not identified on a list created pursuant to subdivision (b) of Section 2203 of the California Public Contract Code as a person engaging in investment activities in Iran as described in subdivision (a) of Section 2202.5, or as a person described in subdivision (b) of Section 2202.5 of the California Public Contract Code, as applicable.

SIGNATURES ON FOLLOWING PAGE

The Parties have executed this Agreement as of the Effective Date. The persons whose signatures appear below certify that they are authorized to sign on behalf of the respective Party.

CITY OF SAN LEANDRO

CONSULTANT

Chris Zapata, City Manager

Theresa Fernandez, Chief Operating Officer
JT2 Integrated Resources

Attest:

Marian Handa, City Clerk

Approved as to Fiscal Authority:

David Baum, Finance Director

Account Number

Approved as to Form:

Richard D. Pio Roda, City Attorney

1969630.1

EXHIBIT A

SCOPE OF SERVICES

Claims Administration

- a. TPA must perform all services required to supervise and administer a self-insured workers' compensation program for the City of San Leandro, and to act as the City of San Leandro's representative in matters relating to the City of San Leandro's obligations under the workers' compensation laws of the State of California.
- b. Determine liability for claimed injuries and illnesses on a timely basis and in accordance with the California Labor Code.
- c. Review and process all claims in accordance with rules and regulations established by the Division of Industrial Relations, Department of Self-Insurance Plans.
- d. Determine eligibility for and authorize payment of medical and indemnity benefits on a timely basis.
- e. Review, compute, and, after approval by the City of San Leandro, pay all informal ratings, findings and awards, and settlements; arrange for informal disability ratings whenever possible to avoid unnecessary litigation.
- f. Pay any and all penalties due in accordance with the California Labor Code. Such penalties shall be paid by the claims administrator with liability for the action determined by the record unless such penalties were incurred as a result of the City's action or inaction.
- g. Establish files containing medical and factual information on each reported claim, together with complete accounting records and maintain in accordance with statutory time requirements.
- h. Compute and pay temporary disability benefits to all injured or ill employees based on earnings information and authorized disability periods in a timely manner.
- i. Maintain and establish reserve estimates for each reported claim.
- j. Prepare, file, and maintain all information and reports as required by the State of California, Department of Self-Insurance.
- k. Provide the City of San Leandro with information and recommendations for implementation strategies for changes or proposed changes in statutes, rules and regulations affecting the City of San Leandro under the California Labor Code for Workers' Compensation.
- l. Review with the City of San Leandro the program's progress, including identification of problem areas and recommended solutions and attend meetings required by the City of San Leandro relative to the Workers' Compensation Program.

- m. Arrange for and supervise all necessary investigations to determine eligibility for compensation benefits and liability of negligent third parties.
- n. Establish procedures to support the payment of all benefits and allocated expenses together with appropriate documentation necessary to reconcile a trust fund checking account provided by the City of San Leandro.
- o. Report all excess claims to excess reinsurance carrier.
- p. Host quarterly claim reviews for the City of San Leandro, with participation of the claim adjuster(s) and as needed, defense attorneys.
- q. Coordinate an annual stewardship meeting to present service performance metrics, benchmarking and claim trending/loss analysis reports.

Bill Review

- a. Review all bills in a timely manner for compliance with applicable fee schedules and reduce accordingly.
- b. Identify and reduce all duplicate billings.
- c. Deny charges for all items not required for injury described.
- d. Identify all unauthorized charges to insure billing does not exceed parameters of injured workers' treatment plan.
- e. Provide reports on a monthly and annual basis outlining bill review activity, savings and costs. Provide ad hoc reports as requested.
- f. Handle all provider inquiries regarding bill reductions.

Medical management

- a. Provide medical management of all cases to assure cost-effective and appropriate treatment, including assurance that treatment is related to the compensable injury or illness.
- b. Approve or disallow service requests within the applicable time standards and provide medical advice as warranted.
- c. Provide timely reports to the City of San Leandro outlining utilization review requests, approvals, denials and costs/savings.
- d. Arrange for medical/legal opinions in disputed cases, conferring with medical examiners, professional personnel, City of San Leandro and legal counsel where indicated.

- e. Provide telephonic and field case nurse management.
- f. Maintain close liaison with selected doctors and ensure maximum efficiency in the management of claims by practicing proactive case management and aggressive return-to-duty when clinically feasible.
- g. Coordinate all medical management services with the selected TPA and ancillary service providers as necessary.
- h. Recommend, for the City of San Leandro approval, panels of medical professionals, specialists, and treatment facilities to which injured employees should be referred.

Legal administration

- a. The City of San Leandro reserves the right to select counsel. All defense counsel referrals need prior approval by the City of San Leandro.
- b. Refer litigated cases to attorneys approved by the City of San Leandro for the purpose of defending the City of San Leandro's interest before the Workers Compensation Appeals Board and courts of law.
- c. Work closely with counsel in preparing defense of litigated cases.
- d. Review each legal bill for accuracy.
- e. Represent the City of San Leandro at workers' compensation hearings and any and all legal proceedings.
- f. Protect and preserve the City of San Leandro's interests in all potential subrogation cases.

Return to Work

- a. Cooperate with the provision of information to the City of San Leandro and Norman Peterson & Associates' return-to-work coordinator to order to help facilitate a successful return-to-work for injured employees while recovering and prior to their return to regular duties.

Risk Management Information System (RMIS)

- a. Provide an internet based claim system with access 24 hours a day, 7 days a week to view claim adjuster and supervisor notes, generate loss runs or other pre-scheduled or adhoc loss management/claim reports.
- b. Provide the City of San Leandro "real-time" claim data, or upload data every 24 hours.
- c. Provide technical support for questions, problems or development of customized reporting.

- d. Import all prior loss data dated before July 1, 2014 into a single database.
- e. Assist in the preparation of all reports or provide data required by the State of California, Department of Industrial Relations, Self-Insurance Plans, Public Insurer's Annual Report, the City of San Leandro's excess Workers Compensation coverage providers, actuarial consultants and other agents as reasonably required.
- f. Provide scheduled reports to be sent electronically to the City of San Leandro each month, each quarter and upon request. These reports will include, but are not limited to:
- Detailed listing of open claims & closed claims
 - Summaries of all open and closed claims
 - Listing of first aid only claims
 - Claims Cost Detail
 - Claims Cost Summary by Year
 - Claims by Department
 - Claims trending
 - Vendor Payment Detail
 - Vendor Payment Summary
 - Financial reconciliation ledger
 - OSHA reports
 - Temporary Disability and Disability Payments by Year
 - Penalty Reports, including Self-Imposed Penalties
 - Ad hoc customized reports that may include, but not be limited to, litigation reports, settlement reports, loss causation, lost workdays, modified work days, injury types, and/or use of medical clinics.
- g. Quality control program to ensure data integrity and claimant confidentiality.
- h. Secured system that may include, but not limited to; security audits, protected by intrusion prevention and intrusion detection systems, communications of any claimant's personal information or personal health information is protected (i.e. monitoring of email and internet traffic, encrypted email, access restricted by user ID and password, or other similar security methods).

EXHIBIT B
COMPENSATION SCHEDULE

Annual Claims Administration Fee

| | Annual fee |
|--------|------------|
| Year 1 | \$113,150 |
| Year 2 | \$114,850 |
| Year 3 | \$117,145 |
| TOTAL | \$345,145 |

If agreement is renewed, the annual fee for Years 4 & 5 will increase 2% annually.

Medical Case Management Fees

1. Bill Review at \$39.00 per bill
2. Utilization Review at \$85 flat fee per single UR request.
3. Nurse Case Management at \$105/hour for telephonic case management and \$110/hour for field case management.

Data Conversion Fee

A one-time fee of \$11,500 upon contract approval.

EXHIBIT C

INDEMNIFICATION

Consultant shall indemnify, defend with counsel acceptable to City, and hold harmless City and its officers, elected officials, employees, agents and volunteers from and against any and all liability, loss, damage, claims, expenses, and costs (including without limitation, attorney's fees and costs and fees of litigation) (collectively, "Liability") of every nature arising out of or in connection with Consultant's performance of the services called for or its failure to comply with any of its obligations contained in this Agreement, except such Liability caused by the sole negligence or willful misconduct of City.

Notwithstanding the forgoing, to the extent this Agreement is a "construction contract" as defined by California Civil Code Section 2782, as may be amended from time to time, such duties of Consultant to indemnify shall not apply when to do so would be prohibited by California Civil Code Section 2782.

The Consultant's obligation to defend and indemnify shall not be excused because of the Consultant's inability to evaluate Liability or because the Consultant evaluates Liability and determines that the Consultant is not liable to the claimant. The Consultant must respond within 30 days to the tender of any claim for defense and indemnity by the City. If the Consultant fails to accept or reject a tender of defense and indemnity within 30 days, in addition to any other remedy authorized by law, so much of the money due the Consultant under and by virtue of this Agreement as shall reasonably be considered necessary by the City, may be retained by the City until disposition has been made of the claim or suit for damages, or until the Consultant accepts or rejects the tender of defense, whichever occurs first.