



C O U N T Y A D M I N I S T R A T O R

SUSAN S. MURANISHI
COUNTY ADMINISTRATOR

DONNA LINTON
ASSISTANT COUNTY ADMINISTRATOR

AGENDA # _____, December 18, 2012

November 28, 2012

Honorable Board of Supervisors
County of Alameda
1221 Oak Street, Suite 536
Oakland, California 94612-4305

Dear Board Members:

**SUBJECT: EXTEND AND INCREASE THE CONTRACT WITH SEDGWICK CLAIMS
MANAGEMENT SERVICES, INC. FOR WORKERS' COMPENSATION THIRD
PARTY ADMINISTRATOR, REQUEST FOR PROPOSAL NO. 900448;
AMOUNT: \$989,250**

RECOMMENDATION:

Approve and authorize the Purchasing Agent to execute a Fourth Amendment, attached hereto, to increase and extend Master Contract No. 900448, Procurement Contract No. 3113, with Sedgwick Claims Management Services (CMS), Inc. (Jay Ayala, Senior Vice President), Oakland, CA, to provide Workers' Compensation Third Party Administrator (TPA) services for the County Administrator's Office Risk Management Unit (CAO-RMU). The total amount of the contract will increase from \$7,681,211 to \$8,670,461 an increase of \$989,250. The term of this contract extension shall be six months, beginning on January 1, 2013 and ending on June 30, 2013. The contract allows for this extension by mutual agreement.

DISCUSSION/SUMMARY:

On July 22, 2008, File No. 22935, Item No. 73B, your Board authorized the Purchasing Agent to negotiate and sign a three year contract with Sedgwick CMS, Inc. and on June 25, 2009, an Amendment was signed by Purchasing to update the scope of services on the Standard Services Agreement. On June 1, 2011, an Amendment was signed by Purchasing to replace the SLEB Subcontractors and on October 18, 2011, File No. 27697, Item No. 11, an Amendment was authorized to extend and increase this contract.

The County workforce covered by the County's workers' compensation program consists of approximately 9,200 full-time and part-time employees including safety personnel in the District Attorney's Office, the Probation Department, the Sheriff's Office and the Fire Department. The County of Alameda requires the services of a workers' compensation TPA service provider capable of developing a cost-effective and proactive workers' compensation claims management program in order to control the cost of workplace injury claims. This extension will allow Sedgwick CMS, Inc. to continue providing workers' compensation third party administrator services while the ongoing Request for Proposal (RFP) process is completed.

SELECTION CRITERIA/PROCESS:

An RFP was issued to 14 vendors on April 18, 2008 and resulted in eight responses. Representatives from CAO-RMU and one Risk Manager from Contra Costa County evaluated the proposals. Sedgwick CMS, Inc. received the highest number of points. At the time of initial award, Sedgwick agreed to subcontract with General Supply Co., Oakland, and NASHional Office Furniture dba Gene's Office Products, San Leandro, both certified SLEBs. On May 4, 2011, a request to revise the SLEB commitment was approved by the Auditor Controller's Office of Contract Compliance (OCC). During the extension term, Sedgwick CMS, Inc. will continue to subcontract with SLEB vendors: OUTSOURCE Consulting Services, Inc., Frye Claims, Pulley & Cohen, Digistream Investigations, Elisabeth Ball & Associates, Inc., Disability Management Insights Inc. and TDM Enterprises. According to the Elation report provided by CAO-RMU, as of 11/14/12, SLEB compliance to date is 25.7%.

FUNDING:

Appropriations for this contract increase are included in the CAO-RMU FY 2012-2013 Final Budget. No additional appropriations are required and there will be no increase in net County cost.

Respectfully submitted,



Susan S. Muranishi
County Administrator



Aki K. Nakao
Director, General Services Agency

AKN:ML:hh\Board Letters\Purchasing\FY 2012-13\Workers' Comp TPA 4th Amendment BL

Attachment

cc: Patrick J. O'Connell, Auditor-Controller
Donna R. Ziegler, County Counsel

WORKERS' COMPENSATION THIRD PARTY ADMINISTRATOR, REQUEST FOR PROPOSAL (RFP) No. 900448

January 1, 2013 – June 30, 2013

Vendor	Location	Amount Paid to Vendor (to date)	Local Participation		SLEB Participation	
			Percentage	Dollar Amount	Percentage	Dollar Amount
Sedgwick CMS, Inc.	Oakland, CA	\$989,250.00	100%	\$989,250.00	20%	\$197,850.00

January 1, 2009 – December 31, 2012

Vendor	Location	Amount Paid to Vendor (to date)	Local Participation		SLEB Participation	
			Percentage	Dollar Amount	Percentage	Dollar Amount
Sedgwick CMS, Inc.	Oakland, CA	\$7,073,917.41	100%	\$7,073,917.41	25.7%	\$1,819,111.64

Vendor	SLEB %	SLEB % for Contract Term
<i>OUTSOURCE Consulting Services, Inc. Sandra O. Floyd, Principal</i>	0.69%	\$49,011.50
<i>Frye Claims - Investigation Tom Frye, Principal</i>	0.89%	\$63,200.28
<i>Pulley & Cohen – Defense Attorney Warren Pulley, Principal</i>	2.36%	\$167,161.86
<i>Digistream – Investigation Conley Reed, Principal</i>	11.04%	\$781,237.59
<i>Elisabeth Ball & Associate, Inc., Elisabeth Ball, Principal</i>	0.61%	\$43,208.93
<i>Disability Management Insights Inc. Linda Stutzman, Principal</i>	6.81%	\$482,363.42
<i>*TDM Enterprises – Office Supply Vendor Theresa D. Marmon, Principal</i>	3.29%	\$232,928.06
TOTAL	TOTAL	\$1,819,111.64

*Formerly NASHional Office Furniture dba Gene's Office Products

FOURTH AMENDMENT TO AGREEMENT

This Fourth Amendment to Agreement (“Fourth Amendment”) is made by the County of Alameda (“County”) and Sedgwick Claims Management Services, Inc., (“Contractor”) with respect to that certain agreement entered by them on December 23, 2008 and those certain First, Second, and Third Amendments to Contract, (collectively referred to herein as the “Contract”) pursuant to which Contractor provides workers’ compensation third party administrator services to County.

County and Contractor agree as follows:

1. For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Contractor agree to amend the Agreement in the following respects:
2. Except as otherwise stated in this Fourth Amendment, the terms and provisions of this Amendment will be considered to be effective as of the date this Fourth Amendment is executed by the County (“Effective Date”).
3. The term of the Agreement is currently scheduled to expire on December 31, 2012. As of the Effective Date, the term of the Agreement is extended through June 30, 2013.
4. In consideration for Contractor’s additional services, the County shall pay Contractor in an additional amount not to exceed Nine Hundred eighty-nine thousand and two hundred fifty dollars (\$989,250). As a result of these additional services, the not to exceed amount has increased from Seven Million, Six Hundred Eighty-One Thousand, and Two Hundred Eleven dollars (\$7,681,211) to Eight Million, Six Hundred Seventy Thousand, and Four Hundred Sixty-one dollars (\$8,670,461) over the term of the Agreement and any amendments.
5. Item 20 of the Standard Services Agreement has been amended as follows:

TERMINATION: The County has and reserves the right to suspend, terminate or abandon the execution of any work by the Contractor without cause at any time upon giving to the Contractor prior written notice. In the event that the County should abandon, terminate or suspend the Contractor's work, the Contractor shall be entitled to payment for services provided hereunder prior to the effective date of said suspension, termination or abandonment. Said payment shall be computed in accordance with Exhibit B hereto, provided that the maximum amount payable to Contractor for its Investigation Services shall not exceed \$8,681,211 in payment for services provided hereunder prior to the effective date of said suspension, termination or abandonment.

6. DEBARMENT AND SUSPENSION CERTIFICATION:

- a. By signing this Fourth Amendment and Exhibit D, Debarment and Suspension Certification, Contractor/Grantee agrees to comply with applicable federal suspension and debarment regulations, including but not limited to 7 Code of Federal Regulations (CFR) 3016.35, 28 CFR 66.35, 29 CFR 97.35, 34 CFR 80.35, 45 CFR 92.35 and Executive Order 12549.
- b. By signing this agreement, Contractor certifies to the best of its knowledge and belief, that it and its principals:
 - (1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;
 - (2) Shall not knowingly enter into any covered transaction with a person who is proposed for debarment under federal regulations, debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction.

7. Except as expressly modified by this Fourth Amendment, all of the terms and conditions of the Contract are and remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement as of the day and year first above written.

COUNTY OF ALAMEDA

SEDGWICK CLAIMS
MANAGEMENT SERVICES, INC.

By: _____
Signature

By: _____
Signature

Name: _____
(Printed)

Name: _____
(Printed)

Title: Purchasing Agent

Title: _____

Date: _____

Date: _____

By signing above, signatory warrants and represents that he/she executed this Agreement in his/her authorized capacity and that by his/her signature on this Agreement, he/she or the entity upon behalf of which he/she acted, executed this Agreement.

EXHIBIT D

**COUNTY OF ALAMEDA
DEBARMENT AND SUSPENSION CERTIFICATION**

The contractor, under penalty of perjury, certifies that, except as noted below, contractor, its principals, and any named or unnamed subcontractor:

- Is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any federal agency;
- Has not been suspended, debarred, voluntarily excluded or determined ineligible by any federal agency within the past three years;
- Does not have a proposed debarment pending; and
- Has not been indicted, convicted, or had a civil judgment rendered against it by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past three years.

If there are any exceptions to this certification, insert the exceptions in the following space.

Exceptions will not necessary result in denial of award, but will be considered in determining contractor responsibility. For any exception noted above, indicate below to whom it applies, initiating agency, and dates of action.

Notes: Providing false information may result in criminal prosecution or administrative sanctions. The above certification is part of the Standard Services Agreement. Signing this Standard Services Agreement on the signature portion thereof shall also constitute signature of this Certification.

CONTRACTOR: _____

PRINCIPAL: _____ TITLE: _____

SIGNATURE: _____ DATE: _____

EXHIBIT O

COUNTY OF ALAMEDA

RFP No. 900448

for

Workers' Compensation Third Party Administrator Services

THE IRAN CONTRACTING ACT (ICA) OF 2010

For Procurements of \$1,000,000 or more

The California Legislature adopted the Iran Contracting Act (ICA) to respond to policies of Iran in a uniform fashion (PCC § 2201(q)). The ICA prohibits persons engaged in investment activities in Iran from bidding on, submitting proposals for, or entering into or renewing contracts with public entities for goods and services of one million dollars (\$1,000,000) or more (PCC § 2203(a)). A person who "engages in investment activities in Iran" is defined in either of two ways:

1. The person provides goods or services of twenty million dollars (\$20,000,000) or more in the energy sector of Iran, including a person that provides oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector of Iran; or
2. The person is a financial institution (as that term is defined in 50 U.S.C. § 1701) that extends twenty million dollars (\$20,000,000) or more in credit to another person, for 45 days or more, if that person will use the credit to provide goods or services in the energy sector in Iran and is identified on a list created by the California Department of General Services (DGS) pursuant to PCC § 2201(b) as a person engaging in the investment activities described in paragraph 1 above.

By signing below, I hereby certify that as of the time of bidding or proposing for a new contract or renewal of an existing contract, neither I nor the company I own or work for are identified on the DGS list of ineligible persons and neither I nor the company I own or work for are engaged in investment activities in Iran in violation of the Iran Contracting Act of 2010.

If either I or the company I own or work for are ineligible to bid or submit a proposal or to renew a contract, but I believe I or it qualifies for an exception listed in PCC § 2202(c), I have described in detail the nature of the exception: _____

NAME: _____

PRINCIPAL: _____ TITLE: _____

SIGNATURE: _____ DATE: _____