



City of Tacoma

City Council Action Memorandum
Purchase Resolution – Exhibit "A"

TO: Board of Contracts and Awards

FROM: Joy St. Germain, Director, Human Resources Department *Joy M. St. Germain*
Saada Gegoux, Risk Management, Human Resources Department *Saada Gegoux*

COPY: City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, and *Todd Willh*
Marie Holm, Finance/Purchasing

SUBJECT: Third Party Workers Compensation Administration Services

DATE: Request for Proposals No. HR16-0134F – October 25, 2016
October 10, 2016

SUMMARY:

The Human Resources, Risk Management Division recommends a contract be awarded to Eberle Vivian, Inc., Kent, WA, in the amount of \$870,683.40 sales tax not applicable, for Third Party Administration of Workers' Compensation Claims Administration Services for an initial three year contract term plus the option for two additional one year renewal periods for an aggregate total of \$1,475,109.60, sales tax not applicable. The specification documents contain market-based provision for price escalation and are included in the aggregate total.

STRATEGIC POLICY PRIORITY:

- Strengthen and support a safe city with healthy residents by ensuring its workforce is taken care of following an occupational injury or illness.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

The Risk Management Division of the Human Resources Department oversees the Third Party Administrator services and the Workers' Compensation Program. These programs ensure employees' claims are handled in a timely manner resulting in less time loss and increase productivity.

BACKGROUND:

The City of Tacoma (City) has been self-insured for day to day operations of the City's workers' compensation program since 1977 and was internally administered. As a result of the 2005 Risk Management Breakthrough Change Initiative recommendations, and as a part of the City Manager's plan of reorganization, the City transferred its workers' compensation claims administration to a third party.

In 2005 a request for proposal for a third party administrator was solicited. The selection advisory committee; comprised of various department/division managers reviewed and evaluated six proposals and Eberle Vivian, Inc. achieved the highest score and was recommended for a contract. The contract was for three years with a potential two year extension. The contract ended in 2011.

In 2010 a request for proposal for a third party administrator was solicited. The selection advisory committee comprised of various department/division managers, directors, and representatives from Joint Labor reviewed and evaluated the five proposals and Eberle Vivian, Inc. achieved the highest score and was recommended to be awarded another contract. That contract ended August 31, 2016. Eberle Vivian, Inc. specializes in providing workers' compensation claims administration services to self-insured employers in the State of Washington. Services are provided to General Government and Tacoma Public Utilities employees. Our expectation is that Eberle Vivian, Inc. shall continue to represent and act for the City in matters pertaining to the actual or potential liability to the City for claims based on work related injuries to City employees pursuant to the self-insured provisions of the Industrial



Insurance Act of the State of Washington. Eberle Vivian, Inc. ensures compliance with RCW Title 51, RCW Chapter 70.02 and any other associated regulation or Administrative Code.

COMPETITIVE SOLICITATION: Request for Proposals Specification No. HR16-0134F was opened April 12, 2016. Five companies were invited to submit proposals in addition to normal advertising of the project. Two submittals were received. The proposals were reviewed and evaluated by the selection advisory committee comprised of various department/division managers, directors, and Joint Labor Union representatives. Eberle Vivian, Inc. achieved the highest score.

<u>Respondent</u>	<u>Location (city and state)</u>	<u>Score</u>
Eberle Vivian, Inc.	Kent, WA	93
Tristar Risk Management	Long Beach, CA	89

CONTRACT HISTORY: New contract.

SUSTAINABILITY: They offer paperless filing system that accessible to the City.

SBE/LEAP COMPLIANCE: N/A

RECOMMENDATION:

The Human Resources, Risk Management Division recommends a contract be awarded to Eberle Vivian, Inc., Kent, WA, in the amount of \$870,683.40 for Third Party Administration of Workers’ Compensation Claims Administration Services for an initial three year contract term plus the option for two additional one year renewal periods for an aggregate total of \$1,475,109.60, sales tax not applicable. The specification documents contain market-based provision for price escalation and are included in the aggregate total.

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Workers’ Compensation Fund - Number 5570	80009063	5310100	\$1,475,109.60
TOTAL			\$1,475,109.60

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Workers’ Compensation Fund - Number 5570	Various	4342950	\$1,475,109.60
TOTAL			\$1,475,109.60

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$95,883.64

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes