



City of Chula Vista

Staff Report

File#: 16-0344, **Item#:** 6.

RESOLUTION NO. 2016-150 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND TRISTAR TO SUPERVISE AND ADMINISTER THE WORKERS COMPENSATION CLAIMS MADE UPON THE CITY'S SELF-INSURANCE WORKERS COMPENSATION PROGRAM

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The City, in compliance with its workers compensation obligations, has a self-insurance workers compensation program. Currently, Tristar administers the program on behalf of the City under an agreement between Tristar and San Diego Pooled Insurance Program Authority ("SANDPIPA"; "SANDPIPA Agreement"), the City, along with other cities in the county, are participants in the agreement. SANDPIPA, as an entity, is dissolving and the SANDPIPA agreement will end on July 31, 2016. The City seeks to continue to have Tristar administer the City's self-insurance workers compensation program for an additional eleven months, until June 30, 2017. To do so, approval of an agreement with Tristar is required. During the eleven month period, Staff will prepare and publish a request for proposals ("RFP"). Staff recommends approval of the attached agreement with Tristar.

ENVIRONMENTAL REVIEW

Environmental Notice

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Environmental Determination

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION RECOMMENDATION

Not Applicable

DISCUSSION

California employers, including the cities, are required to provide for workers compensation when

employees are injured on the job and the City of Chula Vista, in compliance with its workers compensation obligations, has a self-insurance workers compensation program. To administer City of Chula Vista's workers compensation program, the City requires a qualified workers compensation claims management service company (commonly called "third party administrators" or "TPA") to supervise and administer the workers compensation claims made upon the City's self-insurance program.

Tristar, for many years, has provided to the City workers compensation claims management services via an agreement between Tristar and SANDPIPA ("SANDPIPA Agreement"). The City, along with other cities in the county, was a participant in the aforementioned SANDPIPA Agreement. SANDPIPA is dissolving as an entity and the SANDPIPA Agreement will expire on July 31, 2016. As a result, the City will no longer have an agreement with Tristar to administer the City's workers compensation program.

The City desires to enter into an agreement with Tristar ("Tristar Agreement") so that Tristar can continue to supervise and administer the workers compensation claims made upon the City's self-insurance workers compensation program for an additional eleven (11) month period, ending June 30, 2017. Tristar has provided workers compensation program administration services to the City in the past and can continue to do so for the term in the proposed agreement, with no interruption in service, particularly given that the SANDPIPA Agreement will end on July 31, 2016. A copy the proposed Tristar Agreement is attached to this staff report as Attachment A and a copy will be on file with the City Clerk's Office. The terms of the Tristar Agreement provide for a continuation of services as are currently being provided under the existing SANDPIPA agreement.

In addition, during the additional eleven month period, Staff intends to prepare and publish a RFP for a qualified workers compensation claims management service company to supervise and administer the workers compensation claims made upon the City's self-insurance program. Tristar may participate in that RFP process if it so chooses.

Staff recommends that the proposed Tristar Agreement be approved.

DECISION-MAKER CONFLICT

Not Applicable - Not Site-Specific

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any member of the City Council of the City of Chula Vista, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy

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Community, Strong and Secure Neighborhoods and a Connected Community. The extension of this agreement supports the goal of Operational Excellence in allowing continuity of service while we go through the RFP and selection process over the next eleven months.

CURRENT YEAR FISCAL IMPACT

During the eleven month agreement the City will pay TRISTAR a total of \$285,265 to supervise and administer of the workers compensation claims made upon the City's self-insurance workers compensation program for future fiscal years. These costs were included in the fiscal year 2016-17 Workers Compensation Fund budget; no additional appropriations are needed as a result of this action.

ONGOING FISCAL IMPACT

The proposed agreement with TRISTAR is for an eleven month period. During the current fiscal year, Staff will prepare and publish a request for proposals ("RFP") for the supervision and administration of the workers compensation claims made upon the City's self-insurance workers compensation program for future fiscal years.

ATTACHMENTS

Tristar Agreement

Staff Contact: Kim Stevens