



STAFF REPORT

AGENDA NO: 9f

MEETING DATE: November 3, 2025

To: Honorable Mayor and City Council

Date: November 3, 2025

From: Maria Saguisag-Sid, Human Resources Director – (650) 558-7209

Subject: Adoption of a Resolution Authorizing the City Manager to Execute a First Amendment to the Professional Services Agreement with LWP Claims Solutions for a Five-Year Period for Third-Party Administration of the City's Self-Insured Workers' Compensation Program

RECOMMENDATION

Staff recommends that the City Council adopt the resolution authorizing the City Manager to execute a First Amendment extending the existing Professional Services Agreement with LWP Claims Solutions for third-party administration of the City's self-insured workers' compensation program to December 31, 2030.

BACKGROUND

The City is self-insured for workers' compensation, and LWP Claims Solutions has been the City's third-party administrator since they were first awarded the contract in 2014. In 2018, the City approved a new agreement with a five-year term and an optional three-year extension. The City is currently in the final year of the extension, which is scheduled to expire on December 31, 2025. Currently, the City pays a flat fee of \$8,501 a month (\$102,016 annually).

DISCUSSION

LWP Claims Solutions continues to meet the expectations for claims management and outcomes, and customer service outlined in the professional services agreement. Staff is satisfied with their services as the third-party administrator of the City's self-insured workers' compensation program. LWP has been able to reduce the City's claims liability significantly since the start of the relationship and has proposed a reduced fee in recognition of this. The proposed amendment is for an extension to December 31, 2030, and will initiate the cost savings as early as November 2025, with a new monthly fee of \$4,000. Effective January 1, 2026, the fee will be \$48,000 for the year and will increase annually as noted in the amendment.

The scope of services required to provide third-party administrative services includes, but is not limited to:

- Claims administration
- Litigation management
- Nurse case management

- Administration of the risk management information system

FISCAL IMPACT

The cost for the remainder of this fiscal year will \$32,000. The price will increase by a reasonable amount in the remaining years, as outlined in the amendment. Sufficient funds are available within each year's budget of the City's Workers' Compensation Fund.

Exhibits:

- Resolution
- First Amendment to Professional Services Agreement
- 2018 Agreement