

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATIONS**

CC: 2C
Amend No. _____

Date prepared: May 4, 2009

Council Meeting Date: May 19, 2009

TO: Carl Swenson, City Manager
THROUGH: Susan K. Thorpe, Deputy City Manager
FROM: Wynette Reed, Human Resources Director *WR*
PREPARED BY: Nancy Fantasia, Benefits Administrator *NF*
SUBJECT: Award of Term Contract to Pinnacle Risk Management for Workers' Compensation Third Party Administrative Services

RECOMMENDATION:

Discussion and possible action by the Mayor and City Council to authorize the City Manager to award a one year term contract with four (4) one-year extensions to Pinnacle Risk Management to provide third party administrative services in support of the City's self-insurance of workers' compensation. The estimated annual cost is \$29,000. This estimate is calculated based on an actuarial assumption of 12 Indemnity and 103 Medical Only claims, as well as the cost of the online access fee.

SUMMARY:

As part of the process to move forward with self-insuring the workers' compensation program, the City solicited a Request for Proposal for Third Party Administration Services (LCON04209). The advertised solicitation resulted in seven (7) firms submitting proposals for review. The Materials Management Division, Finance Department, City Attorney and the Human Resources Department analyzed the proposals. The Committee unanimously recommended Pinnacle Risk Management based on the following:

- Experience in Arizona working with other municipalities to establish and manage a self-insured workers' compensation program;
- Ability to control cost through an effective bill review program and case management ;

CITY CLERK USE ONLY:

- Consent Agenda
 Carry Over to Date: _____
 Approved
 Unfinished Business (Date heard previous: _____)
 New Business
 Public Hearing: No Action Taken

ORD. # _____ RES. # _____
LCON# 04209 LIC. # _____
Action Date: _____

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Party Administrative Services

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- Access to Riskmaster claims information allowing the City to produce effective utilization and cost control reporting;
- Established procedures for MMSEA/Medicare (Medicare, Medicaid and State Children's Health Insurance Program (SCHIP) Extension Act) reporting requirements;
- Ability to produce annual OSHA (Occupational Health and Safety Administration) reports;
- Experienced designated claims adjusters able to effectively communicate among providers, employees and the City to ensure appropriate claims processing as well as to efficient and effective medical treatment for employees in order to facilitate return to work.

FISCAL NOTE:

The funding for the self-insured workers' compensation program is included in each department's budget workers' compensation account line (512500) for the Fiscal Year 2010.



City of Peoria, Arizona

Notice of Request for Proposal

Request for Proposal No: **P09-0057** Proposal Due Date: **April 8, 2009**
 Materials and/or Services: **Third Party Administration – Workers' Compensation Claims** Proposal Time: **5:00 P.M. AZ Time**
 Contact: **Lisa Houg, CPPB**
 Project No: Location: **City of Peoria, Materials Management** Phone: **(623) 773-7115**
 Mailing Address: **8314 West Cinnabar Avenue, Peoria, AZ 85345**

In accordance with City of Peoria Procurement Code competitive sealed proposals for the material or services specified will be received by the City of Peoria Materials Management at the specified location until the date and time cited above. Proposals shall be in the actual possession of the City of Peoria Materials Management on or prior to the exact date and time indicated above. Late proposals will not be considered, except as provided in the City of Peoria Procurement Code. **Proposals shall be submitted in a sealed envelope with the Request for Proposal number and the offeror's name and address clearly indicated on the front of the envelope.** All proposals shall be completed in ink or typewritten. Offerors are strongly encouraged to carefully read the **entire** Request for Proposal Package.

OFFER

To the City of Peoria: The undersigned on behalf of the entity, firm, company, partnership, or other legal entity listed below offers on its behalf to the City a proposal that contains all terms, conditions, specifications and amendments in the Notice of Request for Proposal issued by the City. Any exception to the terms contained in the Notice of Request for Proposal must be specifically indicated in writing and are subject to the approval of the City prior to acceptance. The signature below certifies your understanding and compliance with Paragraph 1 of the City of Peoria Standard Terms and Conditions (form COP 202) contained in the Request for Proposal package issued by the City.

For clarification of this offer contact:

Name: JOHN D HOFFMAN Telephone: (480) 367-2017 Fax: (480) 367-2001
 Company Name: Pinnacle Risk Mgt Services [Redacted Signature]
 Address: 7500 N DREAM DR SUITE 135 Printed Name: JOHN D. HOFFMAN
 City: PHOENIX State: AZ Zip Code: 85020 Title: SENIOR VICE PRESIDENT

ACCEPTANCE OF OFFER AND CONTRACT AWARD (For City of Peoria Use Only)

Your offer is accepted by the City, subject to approval of each written exception that your proposal contained. The contract consists of the following documents: 1.) Request for Proposal issued by the City, 2.) Your offer in Response to the City's Request for Proposal, 3.) This written acceptance and contract award.

As the contractor, you are now legally bound to sell the materials and/or services listed by the attached award notice, based on the solicitation of proposals, including all terms, conditions, specifications, amendments and your offer as now accepted by the City. The Contractor shall not commence any billable work or provide any material, service or construction under this contract until the Contractor receives an executed Purchase Order or written Notice to Proceed.

Attested by:
 Mary Jo Kief, City Clerk
 CC LC 5/19/09
LCON04209
 City Seal Official File _____

City of Peoria, Arizona. Effective Date: _____
 Approved as to form:
 Stephen M Kemp, City Attorney
 Contract Awarded Date _____
 Carl Swenson, City Manager