LIVERMORE
CALIFORNIA

CITY COUNCIL STAFF REPORT **ITEM NO. 6.9**

DATE: June 22, 2026

TO: Honorable Mayor and City Council

FROM: Kimberly Cilley, City Attorney

SUBJECT: Resolution authorizing the execution of an Agreement for Services with Innovative Claim Solutions, Inc. (ICS) for administration of the City's self-insured Workers' Compensation program in an amount not-to-exceed $120,485 for Fiscal Year 2026-27 and $125,305 for Fiscal Year 2027-28 with a term ending June 30, 2028.

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution authorizing the execution of an Agreement for Services with Innovative Claim Solutions, Inc. (ICS) for administration of the City's self-insured Workers' Compensation program in an amount not-to-exceed $120,485 for Fiscal Year 2026-27 and $125,305 for Fiscal Year 2027-28 with a term ending June 30, 2028.

SUMMARY

The City utilizes a third-party administrator to manage its self-insured Workers' Compensation program and ensure compliance with applicable workers' compensation laws and regulations. Innovative Claim Solutions, Inc. (ICS) has provided these services to the City since 1998 and has demonstrated effective claims management, responsive customer service, and a strong collaborative working relationship with City staff and departments. Staff recommends approval of a two-year agreement with ICS for continued administration of the City's Workers' Compensation program for the period July 1, 2026 through June 30, 2028, in an amount not-to-exceed $120,485 for Fiscal Year 2026-27 and $125,305 for Fiscal Year 2027-28.

DISCUSSION

The City utilizes a State-licensed third-party administrator to manage workers' compensation claims of injured workers. The current third-party administrator, Innovative Claim Solutions, Inc. (ICS), has provided professional and cost-effective third-party claims administration services to the City since 1998.

During this period, ICS has worked closely with the City on managing workers' compensation claims, including aggressively pursuing file closures while ensuring that the City's injured workers receive appropriate treatment in a timely manner. ICS has been responsive to the City's needs and requests, including the direction to prioritize return-to- work through expedited treatment and care. The Risk Management Division has worked steadfastly with claims examiners, claims supervisors, and other ICS staff to ensure that the City's injured workers receive benefits and/or treatment in compliance with the law. ICS has played an integral role in expanding the cooperative working partnership with City departments and the Risk Management Division. These efforts have resulted in an overall reduction in expenses and time off work due to work-related injuries.

Although workers' compensation laws have clearly impacted the cost of workers' compensation statewide, ICS has continued to provide comprehensive and diligent claims management to ensure that the City's injured workers receive appropriate treatment promptly.

As a result of their demonstrated performance record and competitive pricing, and the fact that maintaining their services will have no disruption of services to the City's injured workers, staff recommends that the City continue its contractual relationship by entering into a two-year agreement with ICS for the period July 1, 2026 through June 30, 2028.

FISCAL AND ADMINISTRATIVE IMPACTS

Funding for workers' compensation third-party administration services is included as an annual operating expenditure for Risk Management. Under the new agreement with ICS, the annual claims administration fee for FY 2026-27 will not exceed $120,485, and funding has been included in the FY 2026-27 Risk Management workers' compensation budget. The FY 2027-28 administration fee of $125,305 will be included in the proposed FY 2027-28 Risk Management workers' compensation budget.

COMMUNITY PILLAR

1: A Safe Community That Thrives

GOAL

15: Develop, oversee, implement, and manage an effective and efficient risk management program

ATTACHMENTS

1. Resolution
2. Exhibit A - Innovative Claim Solutions, Inc. Agreement

Prepared by: Jas Sidhu
Risk Manager

Approved by:

Marianna A. Burch
City Manager

Fiscal Review by:

Kristen Hilton
Acting Administrative Services Director