



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jennifer Schembri

SUBJECT: SEE BELOW

DATE: January 17, 2024

Approved

Date

1/23/24

**SUBJECT: AMENDMENT TO THE AGREEMENT WITH OCCUPATIONAL
HEALTH CENTERS OF CALIFORNIA DBA CONCENTRA FOR
OCCUPATIONAL MEDICAL SERVICES TO THE CITY**

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute an amendment to the Consultant Agreement with Occupational Health Centers of California DBA Concentra, amending the scope of the agreement to include new services, and increasing the total maximum amount of compensation of the not-to-exceed agreement amount from \$2,257,024 to a revised not-to-exceed amount of \$3,569,982, with increases to the initial term and optional term periods of the agreement, subject to the annual appropriation of funds, for the term of the agreement from July 1, 2021 to June 30, 2024 with three options to extend through June 30, 2027.

SUMMARY AND OUTCOME

Approval of this recommendation will add new services to the agreement and increase the not-to-exceed amount for the term of the agreement, with increases to the initial term and optional term periods of the agreement, in order to provide regulatory required occupational medical services to the City, including but not limited to, pre-employment physicals and hearing and vision tests for applicants and City employees at Occupational Health Centers of California DBA Concentra (Concentra) facilities.

BACKGROUND

Concentra is the City's current third-party administrator for occupational medical services, including regulatory required, pre-employment physicals, hearing testing, and vision assessments for Citywide applicants, including Police Department and Fire Department employees. The term of the current agreement is July 1, 2021 to June 30, 2024, with three options to extend through

June 30, 2027. The current Concentra agreement covering fiscal years (FY) 2021-2022 through 2026-2027 includes a not-to-exceed amount of \$2,257,024, as detailed below.

Table 1. Current Agreement Funding Detail				Option Years		
	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
Base Budget	\$365,000	\$365,000	\$365,000	\$375,950	\$387,229	\$398,845
Actual Costs	\$445,013	\$287,237	*\$103,334	N/A	N/A	N/A
Variance	\$(80,013)	\$77,763	\$261,666			
*Amount spent through October 23, 2023						

The proposed amendment to this agreement's scope of services and not-to-exceed amount will accommodate the volume of additional required occupational medical services associated with increased employee hiring relative to estimated levels in addition to providing ongoing regulatory required medical evaluations for City Firefighters.

ANALYSIS

Between FYs 2021-2022 and 2022-2023, hiring levels increased from 1,090 (2021-2022) to 1,293 (2022-2023), an increase of approximately 18.6%. Citywide, budgeted full-time equivalent positions also increased during this period, from 6,255 to 6,468, or approximately 3.4%. These higher levels of hiring and staffing, in conjunction with the addition of the regulatory required medical evaluations, require modifications to the current agreement and not-to-exceed amount as well as budget adjustments, to align funding with the amended service scope and expected volume.

In addition to meeting the increased demand for Citywide medical services due to increased hiring and staffing, the proposed amendment will add new services to the scope of services in the agreement, such as cancer screening, mental health screening, and medical surveillance procedures related to hazardous materials operations. The addition of these services enables the City to provide ongoing, required, medical evaluations for Firefighters, complying with the "Standard on Comprehensive Occupational Medical Program for Fire Departments", Section 1582 of the National Fire Protection Association regulations. Section 1582 specifies pre-employment requirements, ongoing medical and physical examinations, and preventative medical screening to identify medical conditions that may affect a Firefighter's ability to safely perform essential job tasks. These specific medical conditions may include hearing loss, vision damage, respiratory system injuries, neurological, cardiovascular and musculoskeletal disorders, work-related cancer, and sleep disturbance conditions.

To account for these changes, the agreement is recommended to be amended to provide for the following revised not-to-exceed amounts for the current FY 2023-2024 and three option years (FY 2024-2025, FY 2025-2026, and FY 2026-2027):

- FY 7/1/21 - 6/20/24 (initial term): increase not-to-exceed amount from \$1,095,000 to \$1,216,267;
- FY 7/1/24 - 6/30/25 (option year 1): increase not-to-exceed amount from \$375,950 to \$752,956;
- FY 7/1/25 - 6/30/26 (option year 2): increase not-to-exceed amount from \$387,229 to \$784,174; and,
- FY 7/1/26 - 6/30/27 (option year 3): increase not-to-exceed amount from \$398,845 to \$816,585.

The proposed amendment to the agreement will increase the total not to exceed amount from \$2,257,024 to \$3,569,982.

EVALUATION AND FOLLOW-UP

No additional follow-up actions with the City Council are expected at this time.

COST SUMMARY/IMPLICATIONS

Based on the current utilization and scope of services, estimated funding requirements for the agreement's initial three-year term, from July 1, 2021 through June 30, 2024, total \$1,095,000. With the projected increased utilization and revised scope of services, an increase of \$113,182 is needed for the remainder of FY 2023-2024, relative to current ongoing Base Budget allocation for the agreement of \$370,835, as shown in Table 2. Staff will recommend corresponding budget adjustments as part of the 2023-2024 Mid-Year Budget Review and account for ongoing changes to the not-to-exceed amount as part of the 2024-2025 Base Operating Budget. Estimate costs and not-to-exceed impacts are detailed below by FY.

Table 2. Estimated Cost/Not-To-Exceed Impacts		Option Years			
	2023-2024	2024-2025	2025-2026	2026-2027	Total
Current Agreement	\$370,835	\$ 375,950	\$ 387,229	\$ 398,845	\$ 1,162,024
Proposed Amendment	\$484,017	\$ 752,956	\$ 784,174	\$ 816,585	\$ 2,353,715
Difference	\$(113,182)	\$ (377,006)	\$ (396,945)	\$ (417,740)	\$ (1,191,691)

The total not-to-exceed amount is recommended to increase from \$2,257,024 to \$3,569,982 for the full duration of the agreement, including the initial term and three option years. Estimated not-to-exceed impacts for the option years 2024-2025 – 2026-2027 total \$1.2 million, subject to the appropriation of funds.

BUDGET REFERENCE

The table below identifies the fund and appropriations to support the amended agreement recommended as part of this memorandum.

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. for Contract*	Adopted 2023-2024 Budget Page	Last Budget Action (Date, Ord. No.)
001	0482	Human Resources Non-Personal/Equipment	\$6,077,029	\$484,017	638	06/20/2023, 30933

*Subject to City Council approval of recommended budget adjustments included in the 2023-2024 Mid-Year Budget Review.

COORDINATION

This memorandum has been coordinated with the Office of the City Attorney and City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the February 6, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

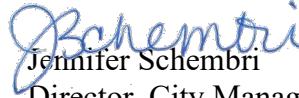
This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

HONORABLE MAYOR AND CITY COUNCIL

January 17, 2024

Subject: Amendment to the Agreement with Occupational Health Centers of California DBA Concentra for Occupational Medical Services to the City

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Jennifer Schembri

Director, City Manager's Office of
Employee Relations
Director, Human Resources

For questions, please contact Joseph Gregory, Acting Workers' Compensation, Health & Safety Division Manager, Joseph.gregory@sanjoseca.gov or (408) 975-1418.