



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 9/19/2023

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**To:** Board of Supervisors of the County of Sonoma, State of California, The Board of Directors of the Sonoma County Water Agency, The Board of Commissioners of the Community Development Commission, And the Board of Directors of the Sonoma County Agricultural Preservation and Open Space District

**Department or Agency Name(s):** Human Resources

**Staff Name and Phone Number:** Jamie Bloom, 707-565-2789

**Vote Requirement:** Majority

**Supervisorial District(s):** All

**Title:**

Risk Management Information System Contract Amendment

**Recommended Action:**

Authorize the Director of Human Resources to amend the Participating Entity Service Agreements with PRISM (Public Risk Innovation, Solutions, and Management) - formerly CSAC-EIA (California State Association of Counties - Excess Insurance Authority) for utilization of the ClaimsXpress (formerly SIMS) Risk Management Information System (RMIS), at a cost of \$136,815 through March 31, 2024.

**Executive Summary:**

The Risk Management Division of the Human Resources Department utilizes a Risk Management Information System (RMIS). This software program is a database used to administer and track claims, archive claim data, and generate reporting for auditing, actuarial analysis, and statistical evaluation in the General Liability and Workers' Compensation self-insured programs. A Risk Management Information System (RMIS) is critical to support the County in administration and management of claims and litigation.

Risk Management has two existing agreements with the County's risk sharing pool (PRISM) for the use of this application - one agreement for liability and related claims, and one agreement for workers' compensation claims.

This agenda item requests Board authorization to amend the two agreements for utilization of the ClaimsXpress Risk Management Information System, at a combined cost of \$136,815 for the year ending March 31, 2024.

**Discussion:**

The Human Resources Department Risk Management Division is responsible for administration of the County's self-insured liability and workers' compensation programs providing coverage to all County departments, agencies, and special districts under the direction of the Board of Supervisors/Directors/Commissioners. A robust Risk Management Information System (RMIS) is critical to support the County in administration and management of claims and litigation.

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Your Board previously authorized the Human Resources Department to execute an agreement for a new RMIS in 2015 (Agenda Item #16, January 27, 2015) for administering liability claims, and authorized a second agreement in 2017 (Agenda Item #6, April 4, 2017) which added a module to administer workers' compensation claims.

The agreements are with PRISM, a Joint Powers Authority risk sharing pool of which the County of Sonoma is a member. PRISM replaced its own aging RMIS in 2013 with a product named "SIMS", developed by Systema Software LLC. As a service to its member public entities, PRISM makes the system available to its members via sub-license agreements. Currently about 19 California Counties, Cities, and Third-Party Administrators participate in this arrangement.

Systema Software LLC was subsequently purchased by Insurity LLC, honoring the original master software and professional services license agreement and addendums, but changing the name of the product to ClaimsXpress. PRISM invoices the participating members on a pass-through basis and charges a modest administration fee.

These agreements covered the one-time purchase of perpetual software licenses, and implementation of interfaces, data conversion, custom development, and user training. Additionally, the agreements contracted for ongoing annual support, maintenance, and cloud hosting fees.

In February 2023, PRISM received an unfortunate 60-day notice from Insurity LLC to cancel support, maintenance, and hosting services. To provide continuity of service to its members (60 days was too little time to safely migrate the data) PRISM negotiated a one-year extension of the contract with Insurity LLC, albeit at a higher cost of \$136,815 for the period 4/1/23 to 3/31/24. Without the unexpected and unavoidable cost increase, Sonoma County costs for this annual period for support, maintenance, and hosting would be \$97,680 as previously contracted for and authorized by your board.

This board item therefore authorizes an additional spend (not foreseen in the original contracts/board authorizations) of \$39,135 plus a financing fee of approximately \$200 due to short paying the amount due while seeking additional spending authority. The additional cost can be absorbed within the existing budgets of the General Liability and Workers' Compensation Internal Service Funds.

PRISM (in consultation with Sonoma County and other participating members) will conduct analysis to determine whether to continue to contract with Insurity LLC for support and hosting services for the post 3/31/24 period - or whether to find another solution for continuity given that PRISM and participating members hold perpetual licenses to the software. The future contract will be brought to your board for authorization.

**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

1/27/2015 - Authorized the Director of Human Resources to execute a Participating Entity Agreement with CSAC-EIA (now PRISM) for utilization of a Risk Management Information System for liability claims.

4/4/2017 - Authorized the Director of Human Resources to execute a Participating Entity Agreement with CSAC-EIA (now PRISM) to add a workers' compensation module to the Risk Management Information System.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 23-24 Adopted</b>	<b>FY24-25 Projected</b>	<b>FY 25-26 Projected</b>
Budgeted Expenses	\$136,815		
Additional Appropriation Requested	\$0		
<b>Total Expenditures</b>	<b>\$136,815</b>		
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other	\$136,815		
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>\$136,815</b>		

**Narrative Explanation of Fiscal Impacts:**

Costs associated with the amended agreements are funded through the General Liability and Workers Compensation internal service funds from ratepayers. The costs for the amended agreement will be absorbed within FY 23/24 budgets as follows:

- General Liability (51230) - \$33,871.
- Workers' Compensation (51220) - \$102,944.
- Total - \$136,815.

The budgeted cost for the amended agreements is \$97,680 - therefore the actual added unbudgeted/new cost is \$39,135. Although the services are provided 4/1 through 3/31 each year, the costs are billed to the County by PRISM on a fiscal year basis 7/1 through 7/31.

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

1. Amendment #1 to Service Agreement for RMIS - General Liability
2. Amendment #1 to Service Agreement for RMIS - Workers' Compensation

**Related Items “On File” with the Clerk of the Board:**

1. Master Software License and Professional Services Agreement (4/4/2013)
2. Sonoma GL Participating Entity Service Agreement (1/27/2015)
3. Sonoma Addendum 12 - GL (2/6/15)
4. Sonoma WC Participating Entity Service Agreement (4/4/2017)
5. Sonoma Amendment to Addendum 12 - WC (6/29/17)
6. PRISM Name Change Amendment (7/1/2020)
7. Insurity LLC. Amendment - Order Form 00496161 (3/30/2023)