



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 26-1556

Agenda Date: 6/17/2026

Agenda #: 18.

DATE: June 17, 2026

TO: Honorable Mayor and City Councilmembers

FROM: Human Resources Department

TITLE: AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH ATHENS ADMINISTRATOR FOR THIRD-PARTY ADMINISTRATION OF WORKERS' COMPENSATION CLAIMS

RECOMMENDATION

Staff recommends that the City Council approve an Amendment to Professional Services Agreement (PSA) with Athens Administrator for Third-Party Administration (TPA) of Workers' Compensation claims for an additional amount up to \$37,500 for contract administration; and authorize the City Manager (or designee) to execute the agreement.

BACKGROUND AND ANALYSIS

On May 20, 2026, the City Council authorized the City to enter into an agreement with Athens Insurance Service, Inc. for third-party administration of the City's Self-Insured Workers' Compensation Program. This is a three-year agreement with two optional years that will go into effect automatically unless terminated by either party. The not to exceed contract price approved by the City Council on May 20 is \$596,330 for FY 26/27, \$615,711 for FY 27/28, \$635,722 for FY 28/29, \$656,383 for the optional year 1 extension for FY 29/30, and \$677,715 for the optional year 2 extension for FY 30/31.

Following City Council approval, the City was notified that the annual compensation amount presented for Athens' services inadvertently omitted the annual administrative fee of \$7,500. The omission was administrative in nature and does not alter the scope of services or terms of the original agreement. However, the addition of the annual administrative fee to the total contract amount would be \$37,500 over the entire five year term exceeds the \$20,000 threshold outlined in City Administrative Directive 21, thereby requiring City Council approval of the amended agreement amount. The new per-year contract maximum is detailed in the table below.

FISCAL IMPACT

The Amendment to the PSA is in the amount of \$7,500 annually for a total of 37,500 over the full five-year contract period if the two optional years are exercised. This Amendment will be charged to the Workers' Compensation Administration account 152010818.5305, which has an adopted budget of

\$606,000 for FY 2026-2027; therefore, sufficient funds would be available. Future years' cost will be budgeted as part of the annual budget process. The administrative fees are outlined below along with the revised total budgeted amount for each year:

Flat Annual Fee	Start Date	End Date	Annual Amendment	New Total Contract Amount
Program Year 1	7/1/2026	6/30/2027	\$7,500	\$603,830
Program Year 2	7/1/2027	6/30/2028	\$7,500	\$623,211
Program Year 3	7/1/2028	6/30/2029	\$7,500	\$643,222
Optional Year 1	7/1/2029	6/30/2030	\$7,500	\$663,883
Optional Year 2	7/1/2030	6/30/2031	\$7,500	\$685,215

COMMISSION OR COMMITTEE REPORT

Does not apply

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

Prepared by: Rhea Prenatt, Risk Manager

Reviewed by: Chelsea Phebus, Director of Human Resources and Risk Management

Reviewed by: Rob O'Brien, Deputy City Manager

Submitted by: Jonathan Borrego, City Manager

Attachments:

1. Amendment to Professional Services Agreement