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**Title:** CONSIDER APPROVAL OF AMENDMENT NO. 3 TO DABBAH, HADDAD, SULEIMAN, A PROFESSIONAL CORPORATION, CONTRACT AGREEMENT (CONTRACT NO. C-18-078) FOR WORKERS' COMPENSATION DEFENSE ATTORNEY SERVICES (CITY COUNCIL)

**Sponsors:**

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**Attachments:** 1. DHS 2018 Agreement.pdf, 2. DHS Amendment No. 1.pdf, 3. DHS Amendment No. 2.pdf, 4. DHS Amendment No. 3.pdf

Date	Ver.	Action By	Action	Result
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**Report to Mayor and City Council**

Tuesday, March 15, 2022

Consent

**SUBJECT:**

**CONSIDER APPROVAL OF AMENDMENT NO. 3 TO DABBAH, HADDAD, SULEIMAN, A PROFESSIONAL CORPORATION, CONTRACT AGREEMENT (CONTRACT NO. C-18-078) FOR WORKERS' COMPENSATION DEFENSE ATTORNEY SERVICES (CITY COUNCIL)**

**I. SUMMARY**

The City is self-insured for its Workers' Compensation Program and contracts with a third-party administrator ("TPA") to administer the claims. The City contracts separately with a law firm to defend against litigated claims.

On May 1, 2018, City Council awarded a three-year contract ("2018 Agreement") to the Law Offices of Dabbah, Haddad & Suleiman ("DHS") (Exhibit No. 1). The 2018 Agreement was for the period of May 2, 2018 through May 1, 2021 with two (2) optional one-year contract extensions, for a total contract sum of \$360,000. It was subsequently determined that the City and consultant had significantly underestimated the amount of litigation services that would be needed. On March 17, 2020 City Council approved Amendment No. 1 to the 2018 Agreement adding \$400,000 to the contract amount. On March 2, 2021 City Council approved Amendment No. 2 to the 2018 Agreement, correcting a discrepancy in the firms name, exercising the option to extend the term by

one year through May 1, 2022 and adding \$200,000 to the contract sum.

Staff is now asking the City Council to approve Amendment No. 3 to the 2018 Agreement, exercising the option to extend the term by one year through May 1, 2023 and adding an additional \$200,000 to the contract sum for the extended term.

## **II. RECOMMENDATION**

1. APPROVE Amendment No. 3 to the Contract Services Agreement by and between the City and Dabbah, Haddad, Suleiman, APC, exercising the second of two one-year options to extend the term through May 1, 2023 and adding an additional \$200,000 to the contract sum for the extended term.
2. AUTHORIZE the Mayor to execute Amendment No. 3 upon approval as to form by the City Attorney.

## **III. ALTERNATIVES**

TAKE another action City Council deems appropriate.

## **IV. BACKGROUND**

On May 1, 2018, City Council awarded a three-year contract (“2018 Agreement”) to the Law Offices of Dabbah, Haddad & Suleiman (“DHS”) (Exhibit No. 1). The 2018 Agreement covers the period of May 2, 2018 through May 1, 2021 with two (2) optional one-year contract extensions, for a total contract sum of \$360,000. On March 17, 2020 City Council approved Amendment No. 1 to the 2018 Agreement increasing the total contract sum to \$760,000. On March 2, 2021 City Council approved Amendment No. 2 to the 2018 Agreement, correcting a discrepancy in the firms name, exercising the option to extend the term by one year through May 1, 2022 and adding \$200,000 to the 2018 Agreement increasing the total contract sum to \$960,000.

When DHS took over the account in May 2018, they were assigned a litigated inventory of 51 open claims. City staff directed DHS to aggressively work the files and resolve as many of the old, complex cases as possible. These cases, which dated back to 2002, involved complex medical, legal and employment issues, requiring substantial efforts to litigate and/or negotiate favorable settlement terms. Because of their diligence, the litigated inventory is down to 15 claims, with only 3 cases remaining from the original inventory of 51 litigated cases.

In Amendment No. 3 DHS is requesting the City to consider an increase to the hourly attorney and paralegal rates by an average of 8%. The requested rate increase is due to the recent rise in the company’s overhead expenses.

Staff is now recommending that City Council approve Amendment No. 3 to the 2018 Agreement exercising the second of two one-year options to extend the term through May 1, 2023, revising the firm's hourly rates and adding an additional \$200,000 to the contract sum for the extended term increasing the total contract sum to \$1,160,000.

## **V. FISCAL IMPACT**

There is no impact to the fiscal budget. The cost of legal services is included in the annual self-insured workers compensation reserve budget, which is actuarially forecasted and is not changing at this time. The increase in hourly rates is offset by the steady decrease in the number of litigated cases.

## **VI. EXHIBITS**

1. Haddad & Suleiman, APC (2018 Agreement) (pages: 4 - 32)
2. Amendment No.1 to 2018 Agreement (pages: 33 - 37)
3. Amendment No. 2 to 2018 Agreement (pages: 38 - 43)
4. Amendment No. 3 to 2018 Agreement (pages: 44 - 49)

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