



CITY OF CARSON

Legislation Text

File #: 2016-1274, Version: 1

Report to Mayor and City Council

Tuesday, January 24, 2017

Consent

SUBJECT:

APPROVE CONTRACT AMENDMENT NO. 1 TO THE CARL WARREN AND COMPANY CONTRACT FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018 (CITY COUNCIL)

I. SUMMARY

The City has been self-insured for its General Liability Program since its incorporation in 1968. The City maintains a contract with a third party liability claims administrator (TPA) to administer the self-insured general liability program. Carl Warren and Company (Carl Warren) has provided TPA services to the City since 1978. On May 20, 2014 the City Council awarded a three-year contract with two one-year renewal options. City staff (Staff) negotiated favorable terms for the first year of the two-year contract extension, which covers the period July 1, 2017 to June 30, 2018. Staff is seeking consideration by the City Council to review the contract amendment and, if acceptable, approve a one-year contract extension covering the period July 1, 2017 to June 30, 2018.

II. RECOMMENDATION

1. APPROVE a one-year contract amendment with Carl Warren for the period
July 1, 2017 to June 30, 2018.
2. AUTHORIZE the Mayor to execute the amendment to the Carl Warren
contract after approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

The last TPA contract expired on June 30, 2014 after the City exercised the last City option to renew the contract. A Request for Proposal (“RFP”) was issued on February 13, 2014 to seven (7) firms. Six (6) firms responded with complete and acceptable proposals. The proposals were evaluated and scored based on the TPAs response to the RFP. A copy of the evaluation form (rating sheet) used by the review committee is attached as Exhibit No. 1. In summary, the six criteria used were: 1) TPA Service Fee; 2) Personnel Qualifications; 3) References; 4) Scope of Work Ability; 5) Claims Management Approach and 6) Settlement and Legal Cost Control.

The scores were averaged, ranked and a final list compiled:

<u>TPA Name</u>	<u>Three-Year</u>	<u>Contract Amount</u>	<u>Rank</u>
Carl Warren and Company	\$163,620		1
Adminsure	\$173,100		2
George Hill	\$113,700		3
Tristar Risk Management	\$132,251		4
York	\$186,812		5

Keenan & Associates

\$355,500

NA*

(* Keenan & Associates was not rated because their cost (\$355,500) was not in the competitive range.)

The City Council awarded a three-year contract to Carl Warren on May 20, 2014, which included two City one-year renewal options covering the period July 1, 2017 to June 30, 2019. Staff is seeking consideration by the Council to review the contract amendment and, if acceptable, approve the first one-year contract extension covering the period July 1, 2017 to June 30, 2018.

The three-year contract reserves the right for Carl Warren to increase their claims administration fees if the number of claims processed exceeded 55 liability claims per fiscal year. Staff has negotiated terms and conditions for a one year contract amendment that reflect a reasonable six percent (6%) increase in the claims administration fee based on a thirty percent (30%) increase in liability claims handled by Carl Warren over the course of the three-year contract. The 6% agreement increases the claims administration fee by \$277.50 per month.

The Carl Warren’s December 1, 2016 contract renewal proposal letter is attached (Exhibit 3). Staff believes the proposed fee increase is reasonable given the substantial increase in liability claims volume.

Carl Warren has been providing professional general liability claims service to the City since 1978 and provides this service to approximately 150 cities, many in Southern California. Carl Warren’s claims administrator assigned to the City has extensive knowledge of general liability claim issues and is very familiar with City facilities, streets, public works, maintenance and staff. The claims administrator provides excellent customer service to residents and other claimants.

Staff does not believe that going out to bid is necessary at this time as the last RFP process was completed mid-2014 with the awarding of a new contract to Carl Warren that started on July 1, 2014. Staff believes that Carl Warren has provided remarkable service to the City given the significant increase in claims volume and litigation.

Staff is seeking consideration by the City Council to review the contract amendment and, if acceptable, approve the first one-year contract extension covering the period July 1, 2017 to June 30, 2018.

V. FISCAL IMPACT

Funds for the first year of this contract amendment will be included in FY 2017/18 general fund budget.

VI. EXHIBITS

1. TPA Evaluation Rating Sheet (pg. 4)

2. Carl Warren Contract Amendment (pgs. 5 to 9)

3. Carl Warren December 1, 2016 One-Year Contract Extension Proposal
(pg. 10)

4. Carl Warren Contract (pgs. 11 to 34)

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