



CITY COUNCIL AGENDA REPORT

MEETING DATE: September 20, 2011

ITEM NUMBER:

SUBJECT: EXTENSION OF AGREEMENT FOR LIABILITY CLAIMS ADMINISTRATION SERVICES - CARL WARREN & COMPANY

DATE: SEPTEMBER 8, 2011

FROM: ADMINISTRATIVE SERVICES DEPARTMENT/HUMAN RESOURCES DIVISION

PRESENTATION BY: TAMARA S. LETOURNEAU,
INTERIM ADMINISTRATIVE SERVICES DIRECTOR

FOR FURTHER INFORMATION CONTACT: JENNIFER SOMMERS AT (714) 754-5228
RYAN THOMAS AT (714) 754-5104

RECOMMENDATION:

Approve an extension of the Agreement (Attachment A) to provide third party administration claims services for the self-insured liability program with Carl Warren & Company, for the period of January 1, 2012 and ending no later than December 31, 2012, and authorize the CEO to execute all necessary documents at a cost not to exceed \$75,000 for calendar year 2012, the term of the extension.

BACKGROUND:

As a self-insured public entity, the City contracts with a third party administrator (TPA) for the necessary general liability claims adjusting services. TPAs have personnel with specialized skills and knowledge that allow them to effectively and efficiently work with claimants and attorneys in investigating, negotiating and settling liability claims made against the City. The TPA acts as the primary investigator of liability claims and serves in an advisory role to City staff by making recommendations on the appropriate disposition (settlement or denial) of claims.

The City of Costa Mesa has contracted with Carl Warren & Company, one of the largest and most respected TPAs in the west, since 1989. Services provided by Carl Warren & Company have remained at a consistently high quality level. The last formal request for proposal (RFP) process for these services was conducted in 2007 with an agreement presented to the City Council in July 2007. This agreement was for the period of July 1, 2007 through June 30, 2010. Subsequently, the contract was extended for the period July 1, 2010 through December 31, 2011.

ANALYSIS:

Extending the contract for another 12 months would allow the opportunity to further evaluate future needs and any possible modifications to the contract. Staff plans to begin the RFP process for these services in early 2012.

Overall fees for Carl Warren & Company's services would remain the same as in the current contract for fiscal year 2010-2011, with a not-to-exceed total of \$75,000 for the term of the 12 month contract extension

ALTERNATIVES CONSIDERED:

The first alternative would be to not grant the extension with a possible result in loss of claims service and data storage while an RFP process is completed.

The second alternative would be to grant a month to month extension while the RFP process takes place with a possible result of an increase in fees due to no secure contract.

FISCAL REVIEW:

Risk Management budgeted \$86,000 in the self-insurance fund for third party liability claims administration expenses for Fiscal Year 2011-2012. Thus, there is funding in the current budget for the \$75,000 contract cost.

LEGAL REVIEW:

The attached Amendment to the Professional Services Agreement for Claims Administration has been prepared by the City Attorney and is approved as to form.

CONCLUSION:

Staff recommends a one year extension of the agreement with Carl Warren & Company for third party liability claims administration services for the period beginning January 1, 2012 and ending December 31, 2013, with fees not to exceed a total of \$75,000, to be signed by the City CEO.

JENNIFER SOMMERS
Human Resources Analyst

TAMARA S. LETOURNEAU
Interim Administrative Services Director

BOBBY YOUNG

Finance Director

TOM DUARTE

City Attorney

DISTRIBUTION: CEO
City Attorney
City Clerk
Finance Director

ATTACHMENT A: [Amendment to Professional Services Agreement
For Claims Administration](#)

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