



Agenda Item # _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Cohen and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Cathy Hanson, Human Resources Director
Christine Tomikawa, Senior Human Resources Analyst

DATE: June 16, 2009

SUBJECT: Consideration of the Renewal of Contract Agreements with Admsure for Workers' Compensation and General and Auto Liability Claims Administration Services

RECOMMENDATION:

Staff recommends the City Council authorize renewal of contract agreements with Admsure (formerly Colen & Lee) to provide liability and workers' compensation third party claims administration services effective July 1, 2009 through June 30, 2010.

FISCAL IMPLICATION:

For FY 2009-2010, the contract costs for workers' compensation and general liability are \$96,254 and \$23,395, respectively. There is 0% cost increase from the previous year.

The funds for this service are allocated in the FY 2009-2010 budget and will be expended from the Insurance Fund.

BACKGROUND:

The City has contracted with Admsure since 1984 to serve as its claims administrator. These contracts have been renewed on an annual or multi-year basis.

DISCUSSION:

The current contracts with Admsure expire on June 30, 2009. The services under these contracts include acting as the City's agent in investigations, adjustments, litigation management and resolution of workers' compensation and general liability claims filed against the City. Over 90% of their clients are cities.

The following are advantages in renewing an annual contract with Admsure:

- 1- Admsure has agreed to a 0% increase in fees for FY 09-10.

- 2- Admisure's familiarity with the City's operating methods, claim file histories and staff is an added benefit.
- 3- Finding the replacement for the Risk Manager position has been challenging. Renewing the contract with Admisure for one year will allow the current Human Resources staff and the incoming Risk Manager time to evaluate Admisure's performance. This evaluation shall determine whether a Request for Proposal (RFP) process should be conducted in FY 10-11.

Under the current agreement, the contracts with Admisure may be renewed on the expiration date through an amendment modifying the provisions regarding compensation only. Attached are the Amendments to the contracts approved as to form by the City Attorney.

Attachment: Amendments to Admisure Contracts

**FIFTH AMENDMENT TO AGREEMENT FOR WORKERS' COMPENSATION
CLAIMS ADMINISTRATION SERVICES**

The CITY OF MANHATTAN BEACH ("City") and ADMINSURE, a California Corporation (hereinafter collectively the "Parties") have previously entered into an Agreement for Workers' Compensation Claims Administration services ("Agreement") on July 1, 2005 which has been extended by Amendments until June 30, 2009.

WHEREAS, the parties are desirous of amending said Agreement to extend the term and continue with the current compensation payable thereunder;

NOW, THEREFORE, the Agreement is hereby amended to add new Paragraphs 1 and 12 as follows:

1. TERM: This Agreement shall become effective as of July 1, 2009 and shall continue in effect through June 30, 2010 ending at midnight of said date. Thereafter it may be renewed annually on July 1 of each succeeding year by mutual consent of the parties.

12. CONSIDERATION: The City shall continue to pay the Administrator \$8,022 per month (totaling \$96,264 for FY 2009-2010) for services rendered during the extended term of this Agreement. Payments shall be made by the 10th of the month billed.

All other provisions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF, this Fifth Amendment to the Agreement is entered into this _____ day of _____, 2009.

CITY OF MANHATTAN BEACH

ADMINSURE

Geoff Dolan, City Manager

Alithia Vargas-Flores, Vice President

ATTEST:

APPROVED AS TO FORM:

Liza Tamura, City Clerk

City Attorney

**FIFTH AMENDMENT TO AGREEMENT FOR LIABILITY CLAIMS
ADMINISTRATION SERVICES**

The CITY OF MANHATTAN BEACH (“City”) and ADMINSURE, a California Corporation (hereinafter collectively the “Parties”) have previously entered into an Agreement for Liability Claims Administration services (“Agreement”) on July 1, 2005 which has been extended by Amendments until June 30, 2009.

WHEREAS, the parties are desirous of amending said Agreement to extend the term and continue with the current compensation payable thereunder;

NOW, THEREFORE, the Agreement is hereby amended to add new Paragraphs 1 and 12 as follows:

1. TERM: This Agreement shall become effective as of July 1, 2009 and shall continue in effect through June 30, 2010 ending at midnight of said date. Thereafter it may be renewed annually on July 1 of each succeeding year by mutual consent of the parties.

12. CONSIDERATION: The City shall continue to pay the Administrator \$1,950 per month (totaling \$23,400 for FY 2009-2010) for services rendered during the extended term of this Agreement. Payments shall be made by the 10th of the month billed.

All other provisions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF, this Fifth Amendment to the Agreement is entered into this _____ day of _____, 2009.

CITY OF MANHATTAN BEACH

ADMINSURE

Geoff Dolan, City Manager

Alithia Vargas-Flores, Vice President

ATTEST:

APPROVED AS TO FORM:

Liza Tamura, City Clerk

City Attorney