



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Richard Thompson, Interim City Manager

FROM: Cathy Hanson, Human Resources Director
Christine Tomikawa, Risk Manager

DATE: July 6, 2010

SUBJECT: Consideration of the Renewal of Contract Agreements with Adminsure for Workers' Compensation and General and Auto Liability Claims Administration Services in the Amount of \$120,860.64 for FY 2010-2011 and \$123,277.80 for FY 2011-2012

RECOMMENDATION:

Staff recommends the City Council authorize renewal of contract agreements with Adminsure (formerly Colen & Lee) to provide liability and workers' compensation third party claims administration services effective July 1, 2010 through June 30, 2012.

FISCAL IMPLICATION:

For FY 2010-2011, the contract costs for workers' compensation and general liability are \$97,226.64 and \$23,634, respectively. There is 1% cost increase from FY 2009-2010. For FY 2011-2012, the contract costs for workers' compensation and general liability are \$99,171.12 and \$24,106.68 respectively. There is a 2% cost increase from FY 2010-2011.

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

BACKGROUND:

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

In 1999, the City hired another workers' compensation claims administrator that provided the City with significant savings over the course of a three-year service agreement. Unfortunately, this contract was terminated due to poor customer service and inability to produce accurate and timely reports. As a consequence of this termination, the City re-hired Adminsure.

DISCUSSION:

The current contracts with Adminsure expire on June 30, 2010. 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. Adminsure continues to receive above average performance ratings based on annual audits conducted by ICRMA.

The advantage in renewing an annual contract with Adminsure is their familiarity with the City's operating methods, claim file histories and staff. There is no lapse in service for employees regarding workers' compensation and/or claimants for liability cases. Extending a contract with minimal increase in fees is beneficial for budgeting purposes.

Under the current agreement, the contracts with Adminsure 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 Adminsure Contracts

**SIXTH 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, 2010.

WHEREAS, the parties are desirous of amending said Agreement to extend the term and adjust the 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, 2010 and shall continue in effect through June 30, 2012 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 pay the Administrator \$1,969.50 per month, totaling \$23,634 for FY2010/2011, and \$2,008.89 per month, totaling \$24,106.68 for FY2011/2012 for services rendered during the extended term of this Agreement. Payments shall be made by the 10th of the month billed.

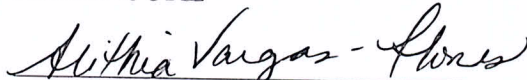
All other provisions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF, this Sixth Amendment to the Agreement is entered into this _____ day of _____, 2010.

CITY OF MANHATTAN BEACH

City Manager

ADMINSURE



Alithia Vargas-Flores, Vice President

ATTEST:

City Clerk

APPROVED AS TO FORM:



City Attorney

**SIXTH 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, 2010.

WHEREAS, the parties are desirous of amending said Agreement to extend the term and adjust the 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, 2010 and shall continue in effect through June 30, 2012 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 pay the Administrator \$8,102.22 per month, totaling \$97,226.64 for FY2010/2011, and \$8,264.26 per month, totaling \$99,171.12 for FY2011/2012 for services rendered during the extended term of this Agreement. Payments shall be made by the 10th of the month billed.

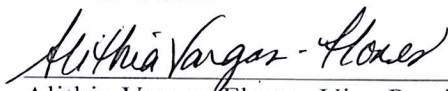
All other provisions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF, this Sixth Amendment to the Agreement is entered into this _____ day of _____, 2010.

CITY OF MANHATTAN BEACH

City Manager

ADMINSURE

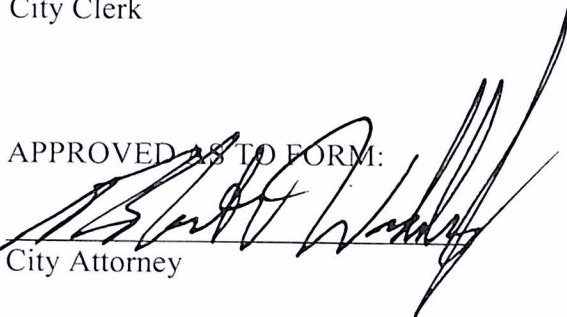


Alithia Vargas-Flores, Vice President

ATTEST:

City Clerk

APPROVED AS TO FORM:



City Attorney