



Agenda Item #: \_\_\_\_\_

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Powell and Members of the City Council

**THROUGH:** David N. Carmany, City Manager

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

**DATE:** June 19, 2012

**SUBJECT:** Renewal of Contract Agreements with Admisure for Workers' Compensation and General and Auto Liability Claims Administration Services in the Amount of \$123,277.85 for FY 2012-2013

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### **RECOMMENDATION:**

Staff recommends the City Council authorize renewal of contract agreements with Admisure to provide liability and workers' compensation third party claims administration services effective July 1, 2012 through June 30, 2013.

### **FISCAL IMPLICATION:**

For FY 2011-2012, the contract costs for workers' compensation and general liability are \$99,171.17 and \$24,106.68, respectively. There is 0% cost increase for FY 2012-2013.

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

### **BACKGROUND:**

The City has contracted with Admisure 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 less than a year from the date it was approved due to poor customer service and inability to produce accurate and timely reports. As a consequence of this termination, the City re-hired Admisure.

### **DISCUSSION:**

The current contracts with Admisure expire on June 30, 2012. The services under these contracts include acting as the City's agent in such areas as investigations, litigation management and resolution of workers' compensation and general liability claims filed against the City. Over 90% of their clients are cities. Admisure continues to receive above average performance ratings

based on annual audits conducted by the City's insurance pool, Independent Cities Risk Management Authority (ICRMA). Admisure has consistently been rated as one of the top Administrators during these audits.

The advantage in renewing an annual contract with Admisure 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 no increase in fees for this upcoming fiscal year is beneficial for budgeting purposes.

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

**SEVENTH 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, 2012.

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, 2012 and shall continue in effect through June 30, 2013 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 \$2,008.89 per month, totaling \$24,106.68 for FY2012/2013 for services rendered during the extended term of this Agreement. Payments shall be made by the 10<sup>th</sup> of the month billed.

All other provisions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF, this Seventh Amendment to the Agreement is entered into this 6th day of June, 2012.


CITY OF MANHATTAN BEACH

  
\_\_\_\_\_  
City Manager DAVID N. CARMANY


ADMINSURE

  
\_\_\_\_\_  
Alithia Vargas-Flores, Vice President

ATTEST:

  
\_\_\_\_\_  
City Clerk ~~LIZA TAMURA~~  
*Teri Alizabadi*

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney QUINN M. BARROW

*Sr. Deputy*

**SEVENTH 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, 2012.

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, 2012 and shall continue in effect through June 30, 2013 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 \$8,264.26 per month, totaling \$99,171.12 for FY2012/2013 for services rendered during the extended term of this Agreement. Payments shall be made by the 10<sup>th</sup> of the month billed.

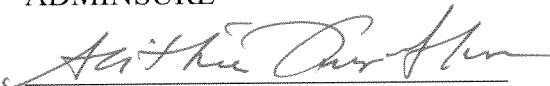
All other provisions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF, this Seventh Amendment to the Agreement is entered into this 6<sup>th</sup> day of June, 2012.

CITY OF MANHATTAN BEACH

  
\_\_\_\_\_  
City Manager DAVID N. CARMANY

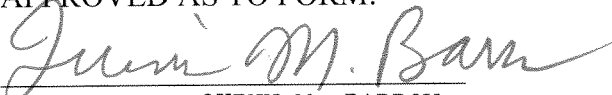
ADMINSURE

  
\_\_\_\_\_  
Alithia Vargas-Flores, Vice President

ATTEST:

  
\_\_\_\_\_  
City Clerk ~~LIZA TAMURA~~  
*Terri Aliabadi*

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney QUINN M. BARROW

*Sr. Deputy*