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APPROVED
BY THE CITY COUNCIL

MAR 20 1990

OFFICE OF THE
CITY CLERK

DEPARTMENT OF
FINANCE

RISK MANAGEMENT &
INSURANCE DIVISION

CITY OF SACRAMENTO
CALIFORNIA

March 20, 1990
RM:90020WP:WR/eb

CITY HALL
ROOM 14
915 I STREET
SACRAMENTO, CA
95814-2685

916-449-5556

WILLIAM REDMOND
MANAGER

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: **REQUEST APPROVAL OF AUTO AND GENERAL LIABILITY CLAIMS THIRD PARTY ADMINISTRATOR FOR THE CITY**

**SUMMARY**

The Budget & Finance Committee, on March 13, 1990, approved this item and recommended that it be forwarded to the full City Council for approval. This report recommends the award of a five (5) year contract, subject to annual review to Bragg & Morse, Inc., to provide the City of Sacramento with auto and general liability claims administration services.

**BACKGROUND**

The previous Agreement for third party administrator of auto and general liability claims services between the City of Sacramento and Adjustco, Inc. terminated on January 19, 1990.

On January 9, 1990, the City Council authorized cancellation of the City's Agreement with Adjustco, and adopted RFP specifications to go out to bid for a new auto and general liability claims administrator.

The claims administration services proposal was issued with an appropriate timetable for selecting the new subject claims administration service.

Request for Proposals were mailed out to eleven (11) local claims service offices and advertisements were placed in required newspapers.

On February 8, 1990, seven (7) qualified written proposals responsive to the bid request were received by the City. These proposals were reviewed by a committee composed of five (5) city staff members: Jack Crist, Deputy City Manager; Donna Giles, Personnel Director; Richard Antoine, Deputy City Attorney; Frank

Mugartegui, General Services Director; and William Redmond, Risk Manager; and the committee selected the three (3) most qualified firms for final interviews.

| Qualified Proposals Received | Firms Selected for Interview |
|---|---|
| Bragg & Morse, Inc. | X |
| Gallagher Bassett Insurance Services | |
| G.A.B. Business Services, Inc. | |
| George Hills Co., Inc. | X |
| Carl Warren & Co. | X |
| Pearce & Frankman | |
| Insurance Consulting | |

The firms interviewed are all capable and qualified claims administrators, making the selection difficult. Selection of the recommended claims administrator was based on the following criteria: 1) Length of public entity experience; 2) Third party administration and legal experience; 3) Quality of their claims and financial reporting system; 4) Background and reference checks; 5) Firm bid that included the cost of the run off of approximately 485 open claims; and 6) A dedicated staff. Bragg & Morse is the unanimous choice of the staff committee after completing the screening and interview process.

**FINANCIAL DATA**

Funding is provided in the FY 1989-90 budget for the subject service.

Bragg & Morse proposes two (2) options to the City of Sacramento for the proposed services as follows:

**(OPTION 1) - CITY PROVIDES OFFICE SPACE TO LOCATE BRAGG & MORSE AS DEDICATED STAFF IN CITY FACILITIES**

1) Current Claims

For claims commencing at the inception of the contract, Bragg & Morse is to perform all administrative services offered in this proposal. The following fees are proposed on a flat annual fee of $188,400 or $15,700 per month for up to 600 new claimants per year. New claims over 50 per month will be billed at $38.00 per hour plus expenses.

2) Other Expenses

For services pursuant to this agreement the only additional allowable expenses incurred will be billed at the following rates:

a) Mileage - $.35 per mile
b) Photographs - $2.00 per photograph

These charges will be billed on a monthly basis.

3) Run-Off Claims

There will be no additional charge for servicing open claims being serviced by our previous administrator.

4) One Time Charge

A) A one time charge of not to exceed $4,000 for converting historical data from Corporate Systems (Adjustco) to Bragg's software system.

B) Bragg & Morse will purchase a computer terminal, modem, word processor and laser printer to support the dedicated staff of three for this agreement for a one time charge of $5,000.

5) Contract Terms

The term of this contract shall be from March 27, 1990, to and including March 26, 1995. This agreement may be terminated by either party for any reason upon sixty (60) days written notice. This agreement will be automatically renewed on a yearly basis subject to the same terms and conditions, except Paragraph one (1) above which may be renegotiated by the parties hereto.

(OPTION 2) - BRAGG & MORSE WILL PROVIDE OFFICE SPACE, FACILITIES AND EQUIPMENT TO HOUSE THE DEDICATED STAFF REQUIRED TO SUPPORT THIS PROPOSAL

All costs will be the same as Option 1 except current claims costs will carry an additional 20% office and overhead monthly combined charge to provide the facilities and equipment items required by the liability claims management dedicated unit services for the City of Sacramento.

MBE/WBE EFFORTS

A comprehensive effort was made to identify any MBE/WBE firm who provide third party auto and general liability claims services. Requests for proposals were sent out to all known local third party administrators. We advertised in local newspapers. It was not known whether any of these firms would qualify as MBE/WBE firms.

After reviewing all seven proposals submitted it was determine that none of the seven firms qualified for an MBE/WBE designation.

City Council March 20, 1990

**RECOMMENDATION**

It is the recommendation of the City's Risk Management Committee that the City Council adopt the attached resolution awarding a contract to Bragg & Morse, Inc. authorizing both options 1 or 2 for a period of five (5) years, subject to annual review.

The City proposes to start with option 2 that will allow Bragg & Morse to immediately administer the City's account in their local office. Option 1 will allow the City to locate Bragg & Morse's dedicated unit into city office space at a later date if it is cost effective to do so.

Respectfully submitted,

William Redmond
Risk Manager

Recommendation Approved:

For: Walter Slipe
City Manager

All Districts
March 20, 1990

Contact Person to
Answer Questions:

William Redmond, Risk Manager
449-5556

# RESOLUTION NO. 90-210

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

APPROVED BY THE CITY COUNCIL MAR 20 1990 OFFICE OF THE CITY CLERK

**RESOLUTION APPROVING AWARD OF AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION SERVICE**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That the City Manager is hereby authorized and directed to contract with Bragg & Morse, Inc. either Option 1 or Option 2 for a period of five (5) years, starting March 27, 1990, through March 26, 1995, subject to annual review and the availability of office space within the City's facilities, for Auto and General Liability Claims Administration Services for the City;

2. <u>(OPTION 1)-CITY PROVIDES OFFICE SPACE TO LOCATE BRAGG & MORSE DEDICATED STAFF IN CITY FACILITIES</u>

   1) <u>Current Claims</u>

   For claims commencing at the inception of the contract, Bragg & Morse is to perform all administrative services offered in this proposal. The following fees are proposed on a flat annual fee of $188,400 or $15,700 per month for up to 600 new claimants per year. New claims over 50 per month will be billed at $38.00 per hour plus expenses.

   2) <u>Other Expenses</u>

   For services pursuant to this agreement the only additional allowable expenses incurred will be billed at the following rates:

   a) Mileage - $.35 per mile
   b) Photographs - $2.00 per photograph

   These charges will be billed on a monthly basis.

   3) <u>Run-Off Claims</u>

   There will be no additional charge for servicing open claims being serviced by our previous administrator.



**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: _____

DATE ADOPTED: _____

4) One Time Charge

A) A one time charge of not to exceed $4,000 for converting historical data from Corporate Systems (Adjustco) to Bragg's software system.

B) Bragg & Morse will purchase a computer terminal, modem, word processor and laser printer to support the dedicated staff of three for this agreement for a one time charge of $5,000.

5) Contract Terms

The term of this contract shall be from March 27, 1990, to and including March 26, 1995. This agreement may be terminated by either party for any reason upon sixty (60) days written notice. This agreement will be automatically renewed on a yearly basis subject to the same terms and conditions, except Paragraph one (1) above which may be renegotiated by the parties hereto.

**(OPTION 2)-BRAGG & MORSE WILL PROVIDE OFFICE SPACE, FACILITIES AND EQUIPMENT TO HOUSE THE DEDICATED STAFF REQUIRED TO SUPPORT THIS PROPOSAL**

All costs will be the same as Option 1 except current claims costs will carry an additional 20% office and overhead monthly combined charge to provide the facilities and equipment items to provide the required liability claims management dedicated unit services for the City of Sacramento.

3. That the Department of Finance is authorized and directed to pay fees for said coverage from the Risk Management and Insurance Program budget 4-21-11-1151/2-4258.

_____
MAYOR

ATTEST:

_____
CITY CLERK



**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: _____

DATE ADOPTED: _____

OFFICE OF THE
CITY CLERK

OPERATION SERVICES

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 304
915 I STREET
SACRAMENTO, CA
95814-2671

916-449-5426

March 27, 1990

Gregory B. Bragg & Associates Inc.
4811 Chippendale Drive Suite 707
Sacramento CA 95841

On March 20, 1990, the Sacramento City Council adopted Resolution No. 90-210 authorizing the execution of Agreement No. 90-005A regarding auto and general third party claims administration agreement.

Enclosed, for your records, is one fully certified copy of said agreement and authorizing resolution.

Sincerely,

Valerie Burrowes

Valerie A. Burrowes
City Clerk

mls/5.3

Enclosures

cc: Risk Management