



## **AGENDA REPORT**

**Meeting Date:** November 17, 2015

**Item Number:** D-10

**To:** Honorable Mayor & City Council

**From:** Karl Kirkman, Risk Manager

**Subject:** **AMENDMENT NO. 3 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND CARL WARREN & COMPANY FOR SELF-INSURANCE ADMINISTRATION SERVICES**

**Attachments:** 1.) Amendment No. 3 with Carl Warren & Company

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### **RECOMMENDATION**

Staff recommends that the City Council approve Amendment No. 3 to the agreement Carl Warren & Co. self-insurance, third party liability claims services.

### **INTRODUCTION**

The City of Beverly Hills self insures for losses up to the \$1 million. Staff handles the small liability claims, but lacks the resources to handle the large claims. Carl Warren and Company is the premier public entity claims management company and has provided claims management services on large claims for the City of Beverly Hills since 1976. The current contract expired on August 31, 2015, and City Council approval is requested for a three year extension of the existing contract.

### **DISCUSSION**

Claim services are provided by Carl Warren & Company on a time and expense basis. The hourly rate charged for services will increase from the rate of \$74 per hour to blended rate of \$80 per hour for the three years of the agreement, and adds an administrative fee of \$1,000 per year. This represents an increase in the time and expense charge of 8%. All other fees

remain unchanged from the prior contract. This will be the first rate increase for Carl Warren & Co. in three years.

Originally, an RFP was planned for this service. However the proposed renewal rates for the service were below the normal market rates for this type of service. Our hourly rate is about 10% below what other entities of similar size pay, and the administration fee is 20% of the normal fee. An RFP will be done at the end of this amendment, as the current vendor is bringing our rates up to the market rate.

**FISCAL IMPACT**

Funds are budgeted within the Administrative Services Budget, at \$95,000 per year. This budgeted amount should be adequate to cover this service.



Noel Marquis  
\_\_\_\_\_  
Finance Approval

# **Attachment 1**

AMENDMENT NO. 3 TO AN AGREEMENT BETWEEN THE  
CITY OF BEVERLY HILLS AND CARL WARREN &  
COMPANY FOR SELF-INSURANCE ADMINISTRATION  
SERVICES

NAME OF CONSULTANT: Carl Warren & Company

RESPONSIBLE PRINCIPAL  
OF CONSULTANT: Brandon Schlenker, AVP/Director of Public  
Entity.

CONSULTANT'S ADDRESS: 770 S. Placentia Avenue  
Placentia, California 92870-5180  
Attention: Brandon Schlenker, AVP/Director of  
Public Entity.

CITY'S ADDRESS: City of Beverly Hills  
455 N. Rexford Drive  
Beverly Hills, CA 90210  
Attention: Karl Kirkman, Risk Manager

COMMENCEMENT DATE: August 1, 2007

TERMINATION DATE: July 31, 2018

CONSIDERATION: Not to exceed \$95,000 per year based on the  
rates set forth in Exhibit B-1

AMENDMENT NO. 3 TO AN AGREEMENT BETWEEN THE  
CITY OF BEVERLY HILLS AND CARL WARREN &  
COMPANY FOR SELF-INSURANCE ADMINISTRATION  
SERVICES

This Amendment No. 3 is to that Agreement between the City of Beverly Hills (“CITY”) and Carl Warren & Company (“CONSULTANT”), dated December 5, 2007 and identified as Contract No. 475-07, as amended by Amendment No. 1, dated January 11, 2011 and identified as Contract No. 07-11, and further amended by Amendment No. 2, dated October 23, 2012 and identified as Contract No. 476-12 (“Agreement”) for self insurance administration services, copies of which are on file in the office of the City Clerk.

RECITALS

A. CITY entered into a written agreement with CONSULTANT dated December 5, 2007 for self insurance administration services, which has been previously amended.

B. CITY desires to further extend the Termination Date of the Agreement and amend the Schedule of Rates, Exhibit B-1.

NOW, THEREFORE, the parties agree as follows:

Section 1. The Termination Date shall be amended as set forth on the cover page.

Section 2. Exhibit B-1, Schedule of Rates, shall be amended as attached hereto and incorporated herein.

Section 3. Except as expressly modified by this Amendment No. 3, the provisions of the Agreement dated December 5, 2007, between the City of Beverly Hills and Carl Warren & Company, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the \_\_\_\_ day of \_\_\_\_\_ 201\_\_, at Beverly Hills, California.

CITY OF BEVERLY HILLS  
A Municipal Corporation

\_\_\_\_\_  
JULIAN A. GOLD, M.D.  
Mayor of the City of Beverly Hills,  
California

ATTEST:

\_\_\_\_\_  
(SEAL)  
BYRON POPE  
City Clerk

CARL WARREN AND COMPANY  
A California Corporation

\_\_\_\_\_  
*Tom Boylan*  
TOM BOYLAN  
Chief Executive Officer

\_\_\_\_\_  
*Allison Duncan*  
ALLISON DUNCAN  
Chief Financial Officer

APPROVED AS TO FORM:

\_\_\_\_\_  
*Laurence S. Wiener*  
LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:

\_\_\_\_\_  
MAHDI ALUZRI  
City Manager  
\_\_\_\_\_  
*Don Rhoads*  
DON RHOADS  
Director of Administrative Services/Chief  
Financial Officer



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KARL KIRKMAN  
Risk Manager

EXHIBIT B-1

SCHEDULE OF RATES

Services	\$80.00 per hour (Composite rate for all services.)
Data Processing	\$35 per suffix and Claim Setup
Administrative Fee	\$1,000 annually
ISO/Index	\$18.00 per submission
MMSEA Reporting	\$4.85 per bodily injury claimant (beginning Jan. 1, 2011)
Mileage	In accordance with IRS rate
1099 Preparation	\$10.00 each
Miscellaneous	At Cost

Incident reports not requiring any claimant contact or investigation will be reviewed and entered into an incident report log for \$30 per incident if CITY so requests.

CITY agrees to pay charges for outside adjusters other than CONSULTANT's adjusters and file related expenses such as medical reports, police reports, etc. on a pass through basis with no additional fees added.