



CITY OF

NEWPORT BEACH

City Council Staff Report

June 11, 2019
Agenda Item No. 17

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: General Liability Third Party Administrator – Approval of Professional Services Agreement with AdminSure, Inc.

ABSTRACT:

As a self-insured public entity, the City contracts with a third party administrator (TPA) for general liability claims adjusting services. The role of the TPA is to provide overall program administration of the general liability claims, including investigation, correspondence with claimants, and assistance with litigation management as needed. With the City's current agreement expiring on June 30, 2019, staff initiated the Request for Proposal process to review the TPA options available to the City.

RECOMMENDATION:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- b) Approve a five-year Professional Services Agreement with AdminSure, Inc. for Third Party General Liability Claims Administration Services at a not-to-exceed amount of \$565,015.34, and authorize the Mayor and City Clerk to execute the Agreement.

FUNDING REQUIREMENTS:

The current adopted budget includes sufficient funding for this service. It will be expensed to the General Liability Internal Service Fund Account No. 7517510-891004.

DISCUSSION:

The City's current agreement with Carl Warren & Company for general liability claims administration services expires on June 30, 2019. In anticipation of the current agreement's expiration, staff issued a Request for Proposal solicitation.

RFP Process

Using specifications provided by the Human Resources Department, the City's Purchasing staff issued a formal Request for Proposal ("RFP") solicitation for General Liability Third Party Administration services. The RFP was posted on the City's public procurement system (PlanetBids) and distributed directly to known providers of these services. The RFP yielded three responses from the following proposers:

- AdminSure, Inc. ("AdminSure")
- Carl Warren & Company ("Carl Warren"); and
- George Hills Company ("George Hills").

Proposal Review & Interviews

The evaluation panel assigned to this RFP reviewed each proposal and rated them on technical factors such as:

- Experience in providing General Liability Third Party Administrator services;
- Relevant project history and service to other governmental clients;
- Qualifications of the proposer and the project team; and
- Project approach and subject matter expertise.

The panel invited all three proposers to participate in an interview and each group was given an opportunity to provide the panel with additional detail regarding the services to be performed and their suitability for award. The interviews were also scored by the evaluation panel and those scores contributed toward the overall technical assessment of each proposer.

Concurrently, the City's Purchasing staff compared the cost submittals from each proposal. Since the proposers were asked to provide a fixed annual fee for performance of these services, the basis used for comparison was each proposer's five-year cost, factoring in one-time costs such as transition fees (if applicable) and setup fees, as well as annual rate increases over the proposed five-year term.

The results of the evaluation panel scoring and the cost analysis can be found in the table below:

	Max Pts.	AdminSure, Inc.	Carl Warren & Company	George Hills Company
Proposal Score	40	31.57	32.90	28.64
Interview Score	20	17.13	14.47	15.67
Cost Score (5-Year Proposed Cost)	40	37.58 (\$565,015.34)	34.84 (\$609,434.00)	40.00 (\$530,816.00)
Total Score	100	86.28	82.21	84.30

Included in the scope of work is the expectation that the adjuster, when requested, travel to different claims-related matters, including, but not limited to, mediations, settlement conferences, trials or incident scenes to assist with claims investigations. AdminSure and Carl Warren included these travel related costs in their annual flat rate fee, but George Hills proposed to bill this expense at a rate of \$90 per hour. The proposed five-year cost identified in the table above for George Hills includes a travel expense cost based on an average of the number of travel-related hours the City's adjusters have used over the last three years. However, this figure is only a guesstimate and the actual number of hours may vary dramatically. Again, this assumption was not needed for AdminSure or Carl Warren, as adjuster and travel-related expenses are included in their respective flat rates and projected five-year costs.

Conclusion of RFP Process and Panel Recommendation

Following this procurement evaluation and review process, the evaluation panel identified AdminSure, Inc. as the highest-qualified proposer and most effective provider of General Liability Third Party Administrator services. AdminSure demonstrated a methodology for administering the General Liability Claims program consistent with the City's needs, and emphasized their capability of smoothly transitioning the current files to their system. Additionally, the proposed pricing was competitive and offered as a flat rate fee, eliminating the uncertainty associated with the need to estimate costs in order to determine the contract amount.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENT:

Attachment A – Professional Services Agreement with Adminsure Inc.