



## CITY COUNCIL STAFF REPORT

DATE: SEPTEMBER 5, 2012 CONSENT CALENDAR

SUBJECT: EXTEND THE CONTRACT SERVICES AGREEMENT FOR CLAIMS ADJUSTMENT AND ADMINISTRATIVE SERVICE WITH CARL WARREN & COMPANY TO JUNE 30, 2015.

FROM: City Clerk and City Attorney

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### SUMMARY

The City Council will consider extending the current agreement with Carl Warren & Company to June 30, 2015 to provide the City with claims adjustment and administration services.

### RECOMMENDATION:

1. Approve Amendment No. 5 to Agreement No. A5322 with Carl Warren & Company extending the Agreement to June 30, 2015.
2. Authorize the City Manager to execute Amendment No. 5 to the Agreement.

### STAFF ANALYSIS

Carl Warren & Company has provided claims adjustment and administrative services to the City of Palm Springs and acted as its Third Party Administrator pursuant to an agreement since 2006.

Carl Warren & Company has offered to extend the term of the Agreement, for a three year period, with a slight cost increase in the second and third years. Carl Warren & Company has previously worked cooperatively with the City to hold their fees during the recent economic slowdown, and have not increased their fees charged to the City of Palm Springs since 2008.

Rather than a market rate increase in the first year, Carl Warren & Company is proposing to extend the contract for a three year period with a slight increase in years two and three, to bring the City more in-line with similar governmental client rates over the course of the three year period of the contract. For the first year of the agreement

the rate remains the same as the 2008 rate of \$54.00 per hour. In year two, the rate increases to \$55.00 per hour, and in year three to \$56.00 per hour.

The amendment to the agreement is for a three year period, unless either party issues a thirty (30) day written notice of termination. Such termination may be with or without cause.

Due to the specialized nature of claims administration, the City Manager, City Attorney and City staff recommend continuing the City's relationship with Carl Warren & Company for as-needed claims administration and adjustment services.

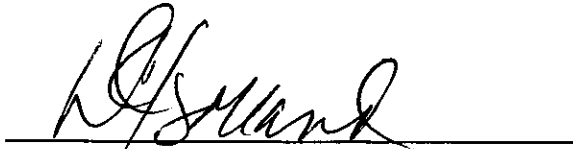
Carl Warren & Company has provided claim and litigation management service since 1944, and serves over 650 clients including but not limited to numerous public agencies throughout the country, including several local cities.

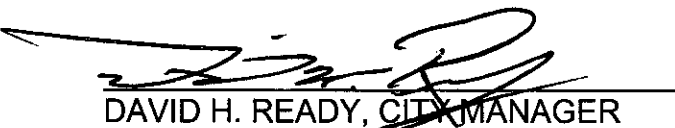
Services will continue to be billed on a time and materials basis and with a "not to exceed" cap of \$65,000. Although it is difficult to estimate the number of claims and the complexity of claims filed against the City in any given year, the cap as stipulated by the agreement has not been exceeded by the City.

FISCAL IMPACT:

The overall compensation pursuant to the Agreement remains capped at \$65,000 per year for the term of the Agreement. This is an approved Fiscal Year 2012-13 budgeted expense, sufficient funds are budgeted in the Risk Fund [Account No. 540-5904-48415] for the anticipated cost of the contract.

  
JAMES THOMPSON, CITY CLERK

  
DOUGLAS C. HOLLAND, City Attorney

  
DAVID H. READY, CITY MANAGER

Attachments:  
Amendment No. 5

**FIFTH AMENDMENT TO CONTRACT SERVICES AGREEMENT  
For  
Claims Adjustment and Administration Service**

**(Carl Warren & Company and City of Palm Springs)**

THIS FIFTH AMENDMENT TO CONTRACT SERVICES AGREEMENT ("**Amendment**") is made by and between CARL WARREN & COMPANY ("**Contractor**"), and CITY OF PALM SPRINGS, a charter city and a municipal corporation ("**City**"), as of July 1, 2012, and amends that certain Contract Services Agreement dated as of July 27, 2006, by and between Contractor and City ("**Agreement**"). All terms defined in the Agreement shall have the same meaning when used herein.

**RECITALS**

A. Contractor has agreed to provide to City and City has agreed to purchase from Contractor the Services which are the subject of the Agreement.

B. Contractor and City now mutually desire to amend the Agreement as set forth below.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Contractor and City mutually agree to amend the Agreement as follows:

**AGREEMENT**

1. Section 2.1 of the Agreement shall be replaced in its entirety and amended to read as follows:

2.1 Compensation of Consultant. For the services rendered, pursuant to this Agreement, Consultant shall be compensated in accordance with the "Schedule of Fees" attached hereto as Exhibit "B" and incorporated herein by reference, but not exceeding Sixty-Five Thousand Dollars (\$65,000) ("Contract Sum") for services in any given fiscal year commencing on July 1, 2012.

2. Section 5.1 of the Agreement shall be replaced in its entirety and amended to read as follows:

5.1 Term. Unless earlier terminated in accordance with 5.2 of this Agreement, this Agreement shall continue in full force and effect until completion of the Services. The term of this Agreement shall be for a three year period ending June 30, 2015, unless otherwise extended by written approval of the City.

3. Exhibit B, Schedule of Fees, attached hereto and incorporated herein, is hereby restated and replaced.

4. Except as expressly provided herein, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first written above.

**"Contractor"**

CARL WARREN & COMPANY

By: \_\_\_\_\_  
Caryn Siebert, CEO

By: \_\_\_\_\_  
Tom Boylan, COO

**"City"**

CITY OF PALM SPRINGS, a charter city and a municipal corporation

BY:

\_\_\_\_\_  
David H. Ready, City Manager

ATTEST:

\_\_\_\_\_  
James Thompson, City Clerk

Approved as to form by:

WOODRUFF, SPRADLIN & SMART

\_\_\_\_\_  
DOUGLAS C. HOLLAND, City Attorney



**CARL WARREN & COMPANY**

Claims Management and Solutions

City of Palm Springs  
3200 E. Tahquitz Canyon Way  
Palm Springs, Ca. 92262

**EXHIBIT "B"**

July 1, 2012

Expense Category	Calc. Type	Adj. Service 2012-2015
<b>Hours</b>	Calculation	7/1/12-6/31/13- \$54.00/hr 7/1/13-6/30/14- \$55.00/hr 7/1/14-6/30/15- \$56.00/hr
<b>Telephone</b>	Percentage	Included
<b>Photos</b>	Calculation	2.00 ea
<b>Miles</b>	Calculation	Current IRS Standard Mileage Rate
<b>Photocopies</b>	Calculation	Included
<b>Stenographic</b>	Calculation	Included
<b>Adjuster Miscellaneous</b>	Calculation	1.00 pass through
<b>Office Expense</b>	Percentage	45% of services
<b>Office Miscellaneous</b>	Calculation	1.00 pass through
<b>Set up Fee</b>	Calculation	One half-hour of service time
<b>Data Processing</b>	Calculation	\$30.00 per suffix
<b>IndexBureau/ OFAC</b>	Calculation	\$18.00 each / MMSEA \$4.85 per
<b>1099 Issuance</b>	Calculation	Included

The Administration Fee remains as \$400.00 monthly, payable quarterly and the Cap remains at the \$65,000.00 annually.

Very Truly Yours,

Michael Reed, Service and Retention Leader

**Carl Warren & Company**

**Email: [mreed@carlwarren.com](mailto:mreed@carlwarren.com)**

AN EMPLOYEE-OWNED COMPANY

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