



# REPORT TO COUNCIL 5

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www. CityofSacramento.org

Consent  
**September 26, 2006**

Honorable Mayor and  
Members of the City Council

**Title: Agreement for Self Insured General and Auto Liability Claims  
Administration Services**

**Location/Council District: All**

**Recommendation: Adopt a Resolution** authorizing the City Manager to execute an agreement with Gregory B. Bragg and Associates, Inc., for General and Auto Liability Claims Administration Services for a term of thirty six (36) months at a cost not to exceed \$365,000 in year one, \$379,000 in year two, and \$394,000 in year three and with the City's option to renew for two (2) twelve (12) month periods at a cost not to exceed \$410,000 for the first renewal year, and \$426,000 for the second renewal year.

**Contact:** Patrick Flaherty, Risk Manager, 808-8587

**Presenters:** N/A

**Department:** Human Resources

**Division:** Risk Management

**Organization No:** 1545

### **Description/Analysis**

**Issue:** A third party administrator has administered the City's auto and general liability claims for more than thirty-five years. For the past sixteen years, claims administration has been performed by Gregory B. Bragg and Associates, Inc., with a "dedicated unit" within the Risk Management Division. This has proved to be an effective and efficient method of handling the City's liability claims due to the need for frequent interaction with the City Attorney's Office, loss control and workers' compensation staff, and staff from operating departments. Following a competitive bid and evaluation process, Gregory B. Bragg & Associates, Inc., has again been selected to serve as the City's third party administrator for liability claims.

**Policy Considerations:** The current policy is to self-fund City liability programs and purchase excess insurance for claims over \$2,000,000. The City contracts with a third party administrator, located within the Risk Management Division, to manage our liability claims, as this is the most efficient method.



**Environmental Considerations:** This recommendation does not constitute a "project" and therefore is exempt from the California Environmental Quality Act (CEQA) according to section 15061 (b)(1) and 15378(b)(3) of the CEQA guidelines.

**Rationale for Recommendation:** On July 13, 2006, a "Request for Proposal for Self-Insured General and Auto Liability Claims Administration" for the City of Sacramento was mailed to twenty-two companies. Six companies submitted formal proposals to the City and three were invited to participate in oral interviews.

The five-member interview committee was composed of: Michael Keeley, J&K Risk and Insurance Services; Vince Pearson, Sacramento Housing and Redevelopment Agency Risk Manager; Brett Witter, Deputy City Attorney; Barbara Brenner, Loss Control Manager; and Patrick Flaherty, Risk Manager.

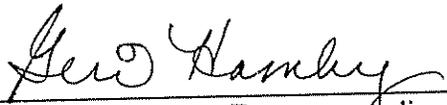
Selection of the recommended third party claims administrator was based on the following criteria: (1) Cost of Service, (2) Services Proposed, (3) Firm qualifications, (4) Experience of Personnel, (5) Oral Interview. Based on their independent scores during the interview process, Gregory B. Bragg and Associates, Inc. was the unanimous choice of the committee.

**Financial Considerations:** The annual costs under this agreement are \$365,000 for year one, \$379,000 for year two, and \$394,000 for year three. The proposed current year expenditure is within the allocated Risk Management budget. The current annual cost for Gregory B. Bragg and Associate's services is \$265,800. The new agreement increases the number of dedicated claims adjusters from two to three, which will increase service levels to citizens and City staff. Additionally, adding a third adjuster will bring the adjuster's claims case loads in line with industry standards. All companies that responded to the RFP proposed a minimum of three claims adjusters to service our account and the City has traditionally had at least three adjusters servicing our account. In January of 2005, the number of claims adjusters was reduced from three to two, in an effort to save costs. However, this has resulted in reduced service levels and the inability to properly handle the City's liability claims.

**Emerging Small Business Development (ESBD):** None of the companies responding to the Request for Proposal were emerging small businesses.

September 26, 2006

Respectfully Submitted by:   
Patrick Flaherty, Risk Manager

Approved by:   
Geri Hamby, Human Resources director

Recommendation Approved:

*for*   
Ray Kerridge  
City Manager

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## **RESOLUTION NO.**

Adopted by the Sacramento City Council

### **AGREEMENT FOR SELF-INSURED GENERAL AND AUTO LIABILITY CLAIMS ADJUSTING SERVICES**

#### **BACKGROUND**

- A. Utilizing a third party administrator is the most effective method of administering the City's general and auto liability claims.
- B. Locating the third party administrator's claims personnel in the Risk Management Division is the most efficient method of administering the City's general and auto liability claims.
- C. All five members of the interview committee selected Gregory B. Bragg and Associates, Inc., as the most qualified company to administer the City's self insured general and auto liability claims.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. The City Manager is authorized to execute an agreement with Gregory B. Bragg and Associates for self-insured general and auto liability claims administration services for a term of thirty six (36) months at a cost not to exceed \$365,000 for year one, \$379,000 for year two, and \$394,000 for year three and with the City's option to renew for two (2) twelve (12) month periods at a cost not to exceed \$410,000 for the first renewal year and \$426,000 for the second renewal year.

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