



**Request for City Council Committee Action
From the Finance Department**

Date: July 25, 2006
To: Ways and Means Committee
Referral to: None

Subject: 1. Authority to negotiate and enter into a new contract & period with Crawford & Company for the provision of Liability Claims Administration Services.
2. That the old Crawford & Company contract # C99-14637 be extended through 10-15-2006 to complete the transition to the new contract.

Recommendation: 1. Authorization for the proper City Officials to negotiate and enter into a new contract with Crawford & Company to provide Liability Claims Administration for a five year period at an estimated \$185,582 for the 1st year, 2% increase on the 2nd year, 4% increase on the 3rd and 4th year, and a 5% increase on the 5th year. Monthly allocated expenses may increase dependent on the volume of specialized claims, court appeals, or emergency responses. This is payable from Fund 6900, Agency 820, Org 8291. The contract period shall begin on 10-1-2006.

2. Extension of the old Contract #C99-14637 with Crawford and Company to continue in the provision of Liability Claims Administration services to 10-15-2006 at the same administrative fee arrangement. The total sum estimated to be expended in admin. fees for this period will be \$143,100, payable from Fund 6900, Agency 820, Org 8291, Object 5070, Sub-Object 19.

Previous Directives: None

Prepared or Submitted by: Ellen Velasco-Thompson,
Director-Risk Mgmt. & Claims, 673-3994

Approved by: Patrick Born, City Finance Officer _____

Steven Bosacker, City Coordinator _____

Presenters in Committee: Ellen Velasco-Thompson, Director, Risk Mgmt. & Claims

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget
 Action requires an appropriation increase to the Operating Budget
 Action provides increased revenue for appropriation increase
 Action requires use of contingency or reserves
 Other financial impact (Explain):

 Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)

Neighborhood Notification
 City Goals
 Comprehensive Plan
 Zoning Code
 Other

 Not applicable

Background/Supporting Information Attached:

The Request for Proposal (RFP) released on June 20, 2006 elicited 6 proposals. After a thorough review of all the proposals, 4 vendors were not selected due to the cost of a dedicated team (flat fee) vs. per file charges, their experience, location of an operational office in the state, and a poor written response to the details of the RFP.

Two finalists were defined and requested to attend an interview the week of July 17th. The criteria for evaluation on the remaining finalists included:

- Fees
- Adjusters
 - Experience
 - Supervision
- Reports
 - Database Access
 - Client Specific Instructions
 - Quality of data
- Past working relationships with Companies in the liability area
- Public sector experience
- Interview of adjusters and their handling of claim scenarios
- Adherence to the City’s Contract Requirements

The attached grid was provided to all vendors and reviews our 2002 to 2006 Claims Summary by # of claims, claim type and claims paid.

| Claim Type | 2002# Claims filed | 2003# Claims filed | 2004# Claims filed | 2005# Claims filed | 2006# Claims filed (as of 4-21-06) |
|-----------------|--------------------|--------------------|--------------------|--------------------|------------------------------------|
| Personal Injury | 81 | 61 | 50 | 49 | 12 |
| Vehicle Damage | 206 | 198 | 175 | 174 | 53 |
| Property Damage | 153 | 155 | 167 | 128 | 64 |
| Vehicle Towing | 355 | 304 | 334 | 339 | 80 |
| Other | 70 | 53 | 31 | 26 | 5 |
| Dollars Paid | \$483,639.32 | \$630,322.47 | \$435,772.61 | \$448,724.59 | \$76,781.40 |

A cross-functional team of the Staff Claims Committee from Fire, Public Works, City Attorneys' Office, Traffic, and the Risk Mgmt. Staff have reviewed all the proposals. Care was taken to elicit defined costs and services in a consistent manner, so that the review would compare cost quotes for a variety of services.

The Review Team's recommendation to Council, is to authorize the proper City Officials to negotiate and enter into a new contract with Crawford & Company to provide the Third Party Administration for the City's Liability Claims Administration Services.