

COUNTY OF SONOMA AGENDA ITEM SUMMARY REPORT			Clerk of the Board Use Only Meeting Date Held Until ___/___/___ ___/___/___ Agenda Item No: Agenda Item No: _____ _____
Department: Human Resources			() 4/5 Vote Required
Contact: Marcia Chadbourne	Phone: (707) 565-2473	Board Date: 11/10/09	Deadline for Board Action: 11/10/09
Agenda Short Title: Liability Claims Administration Services Agreement Amendment Insurance Consultation Services Agreement Amendment			
Requested Board Action: 1) Authorize the Human Resources Director to execute an amendment to the agreement with Risk Management Services, dba Trinity Associates, Inc., for liability claims administration and related risk management services, increasing the agreement amount not to exceed \$120,000. 2) Authorize the Human Resources Director to execute an amendment to the agreement with Ruth Cazden, CPCU for insurance consultation and training services, increasing the agreement amount not to exceed \$45,000.			
CURRENT FISCAL YEAR FINANCIAL IMPACT			
<u>Expenditures</u>		<u>Add'l Funds Requiring Board Approval</u>	
Estimated Cost	\$ 165,000*	Contingencies	\$
		(Fund Name:)	
Amount Budgeted	\$ 165,000*	Unanticipated Revenue	\$
		(Source:)	
Other Avail Approp (Explain below)	\$ _____	Other Transfer(s)	\$ _____
		(Source:)	
Additional Requested:	\$ _____	Add'l Funds Requested:	\$ _____
Explanation (if required): *For FY 09/10 – appropriations already included in the Risk Management Liability ISF budget. No net increase costs as budgeted.			
Prior Board Action(s) – for RMS: March 18, 2008 – Authorized extension of agreement and new payment terms December 17, 2002 – Authorized renewal and option to renew for an additional year June 27, 2000 – Authorized Risk Manager to renew agreement with option additional one year April 4, 2000 – Authorized Risk Manager to increase limit of agreement June 22, 1999 – Authorized Chair to renew agreement for one year July 21, 1998 – Authorized Chair to renew agreement for one year November 4, 1997 – Approved initial agreement with Risk Management Services			
Alternatives – Results of Non-Approval: Timely administration of claims, tort litigation coordination, and insurance review service to County departments will be impacted pending recruitment of a full time Risk Management Analyst.			

Background:

Claims Administration -Risk Management Services (RMS)

The Liability Unit of the Risk Management Division of the Human Resources Department manages the County's self-insured liability program. The Liability Unit has periodically utilized the services of Risk Management Services (RMS) dba Trinity Associates, Inc., since October 1997. As assigned by Risk Management, RMS provides claims investigation and administration services, and 24/7 on-call accident/critical incident response services. RMS is located in Cotati and their staff is very responsive to the needs of the County. In particular, they are able to respond to the scene of critical incidents, day or night, to preserve timely evidence through photos, witness statements, coordinating with counsel as necessary, etc. Additionally, the knowledge and experience they have developed working with County departments and operations are a significant support to the Unit. Their work experience is predominately with public entities and includes the California State Association of Counties - Excess Insurance Authority (CSAC-EIA) in support of all member counties, and the County of Alameda.

The recent resignation of the Liability Unit Manager (Risk Management Analyst III) and the retirement of the clerical support (Senior Office Assistant) impact the ability to continue current operations. With the recent staffing changes in this Unit, amending the agreement for the remainder of FY 2009/10 for continuation of claims administration services will provide Human Resources-Risk Management the opportunity to evaluate the workload and staffing of the Unit. Due to continued budgetary constraints faced by the County and in support of the County's Strategic Plan to make the most efficient and effective use of current resources, staff is evaluating a minor re-organization within the Risk Management Division. Once this evaluation is complete, we will either proceed with recruitment to replace the RMA III and contract services will be reduced, or provide an analysis and proposal to the County Administrator as part our FY 2010/11 Proposed Budget submission.

This results in the need to amend the existing agreement.

Currently, the Risk Manager is trying to maintain the caseload of this Unit, while continuing to manage the rest of the Risk Management Division. The Unit has 200 open tort claim files, with 32 in active litigation. The primary work load includes administration and management of these cases, together with responding to on-going incidents as they are reported, and addressing liability and risk issues raised by County departments. The Liability Unit is responsible for the administration of all government tort claims filed against the County, the Sonoma County Water Agency, the Community Development Commission, the Agricultural Preservation and Open Space District and the Fair. These claims include general liability, medical malpractice,

Attachments:

On File With Clerk:

Amendment to agreement with RMS.
Amendment to agreement with Ruth Cazden, CPCU.

CLERK OF THE BOARD USE ONLY

Board Action (If other than "Requested")

Vote:

Background (continued):

personal injury and property damage claims. The Unit is responsible for the management of tort civil litigation filed against the County in coordination with County Counsel

The term of the current agreement is July 1, 2009 to June 30, 2010, with a contract maximum of \$25,000. This amendment increases the maximum contract amount up to \$120,000. There are sufficient appropriations in the current budget to offset these costs, due to salary savings of the vacant positions. Thus, there is no program net cost associated with this amendment. The amendment includes a change in the scope of services, to provide claims administration and investigation services with the flexibility of either paying a monthly fixed fee at \$9,360 depending upon the volume of work assigned, or at time and expense at \$70 per hour. Depending upon workload fluctuations, this arrangement worked well during FY 2008/09 when a retirement created a vacancy that remained unfilled pending the outcome of the FY 2009/10 budget process.

During FY 2008/09, RMS was paid a total \$118,638. A recent recruitment to fill the Risk Management Analyst II position which was created due to a retirement last year, has been successful and a new staff person is scheduled to begin on 12/1/09. Once this individual is oriented to the Unit and the workload within 2-3 months, it is anticipated that RMS services will be able to be reduced, pending further analysis of workload and staffing of the Unit.

Other services provided under the agreement include specific internal investigations for departments, coordinated by the Human Resources Department.

Based upon the above analysis, it is recommended that the County continue to contract with RMS for claims administration and other risk management services. Based upon workload to be determined monthly, services will be provided at a flat fee of \$9,360 per month or at an hourly rate of \$70. Separate from claims administration services, if RMS is assigned to conduct an internal investigation, these services will be provided at an hourly rate of \$70. Average hourly rate paid by other public entities for the same or similar services range from \$60 to \$100 per hour.

Insurance Consultation and Training Services – Ruth Cazden

In addition to Claims Administration and management, the Liability Unit provides contract insurance consultation and review services for County contract managers throughout all County departments. These services include evaluation of insurance requirements for contracts, new or proposed County operations and special events. In conjunction with General Services, Purchasing Division, Risk Management provides contract insurance training to County contract managers.

In support of the County's Strategic Plan, with emphasis on improving countywide contracting practices, Risk Management has collaborated with the Purchasing Agent and County Counsel to update insurance provisions in our contract language and provide trainings to County contract managers. This effort placed more demand on the Liability Unit to respond to questions and to address specific risk issues in contracting. As contract managers become better trained and more familiar with contracting practices and insurance requirements, we expect this workload to diminish. Ms. Cazden provides insurance review services at a rate of

Background (continued):

\$85/hr and other insurance related consultation at a rate of \$100/hr. Total costs incurred during the last two-year period from October 2007 through September 2009 were \$32,050.

To continue to provide insurance review services and support for contract managers in County departments, and to complete a current project updating the County's contract insurance requirements and insurance waiver process, it is recommended that the current agreement with Ruth Cazden, CPCU, be amended to increase the maximum agreement amount from \$25,000 to \$45,000. Following these projects, and once Unit staffing has been addressed, we expect that services under this agreement will be reduced to provide for occasional consultation on special and unique insurance coverage issues.

Summary of Costs

The agreements proposed in this report are fee for service contracts with no minimum or maximum amount of work guaranteed. Actual costs will depend on how long it takes to evaluate the staffing needs and/or possible re-organization within the Risk Management Division, and continued workload demands. The additional costs previously incurred for these services, and costs anticipated from RMS and Ruth Cazden, CPCU are offset by the salary savings due to staff vacancies, as they are less than the monthly budgeted amount for one Risk Management Analyst III position, which is vacant. Thus there are no net increased costs associated with these services.