



Date: October 18, 2011

To: Thomas J. Bonfield, City Manager
Through: Wanda Page, Deputy City Manager
From: David Boyd, Finance Director
Subject: Third Party Administrator Services

Executive Summary

In August 2005 the City entered into a contract with NC League of Municipalities for property-liability claims administration services. This contract resulted from an RFP process and has been in effect since then.

On June 20, 2011 the Risk Management Division of the Finance Department issued a request for proposals (RFP) for Third Party Administrator Services and received seven responses. A third party administrator is a company that manages workers' compensation and or liability claims. A committee comprised of personnel from the Departments of Finance, City Attorney's Office and EO/EA evaluated the proposals. Based on this evaluation, the committee interviewed four of the firms and recommends NC League of Municipalities as the third party administrator for liability claims for a one-year contract with two one-year renewals at the City's option.

Recommendation

It is recommended that the City Council authorize the City Manager to:

- 1) enter into a contact with NC League of Municipalities at a per claim rate for one year beginning December 1, 2011 with the option to renew for two additional one year periods at an average total contract amount of \$244,800.00 for three years;
- 2) modify the contract before execution provided that modifications do not increase the dollar amount of the contract and the modifications are consistent with the general intent; and
- 3) annually exercise the option to renew and amend the contract upon determining that the contractor's performance has been satisfactory.

Background

The City self-insures its automobile and general liability obligation, and therefore must provide claims administration services. Since 1998 the City has contracted claims administration services and on June 20, 2011 the City requested proposals from third party administrator companies with expertise in handling North Carolina automobile liability and general liability claims.

Issues and Analysis

The City received seven proposals from firms qualified to provide property - liability claims administration services. The proposals were evaluated on their professional qualifications, service commitment, ability to meet the City’s needs, fee schedule, and references. Four of the eight firms were deemed best able to provide services to the City. Upon conducting interviews of each of the four firms the evaluation committee concluded that the NC League of Municipalities clearly had the best professional qualifications, experience, staffing and resources to perform as the City’s third party administrator for property-liability claims. The League has been providing these services to the City and has performed above expectation.

Alternatives

The City has historically contracted out liability claims administration to an independent claims adjuster. In order to ensure that the City continues to process and manage liability claims in a timely and effective manner, it is necessary to engage a third party administrator.

Financial Impact

The proposed contract with NC League of Municipalities, is based on a per claim rate with each line of claim; automobile liability, general liability, recovery, property, police professional liability, public officials liability, and employment liability being priced differently for an average annual fee of \$81,600.00 based on the number of currently open claims at the time of the RFP. The contract is proposed for one year with two one-year renewals at the City’s option. For three years of service the total average cost is \$244,800.00. Funds are available in the Risk Fund to pay the portion of the contract that falls in FY2011-12.

SDBE Summary

The Equal Opportunity/Equity Assurance Department reviewed the proposal submitted by the NC League of Municipalities of Raleigh, NC and have determined that they are in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

SDBE REQUIREMENTS

No MSDBE or WSDBE goals were set.

WORKFORCE STATISTICS

Workforce statistics for NC League of Municipalities are as follows:

Total Workforce	25
Total Females	16 (64%)
Total Males	9 (36%)
Black Males	0 (0%)
White Males	9 (36%)
Other Males	0 (0%)
Black Females	2 (8%)
White Females	14 (56%)
Other Females	0 (0%)

Attachments

Draft Contract