



## Agenda Report

19-808

Agenda Date: 8/20/2019

### REPORT TO COUNCIL AND STADIUM AUTHORITY BOARD

#### **SUBJECT**

Action on Amendment No. 1 to the Agreement with George Hills Company, Inc., for Liability Claims Adjusting and Administrative Services

#### **BACKGROUND**

In August 2014, the City Council authorized the City Manager to execute an agreement with George Hills Company, Inc., to administer, receive, investigate, and process claims filed against the City. George Hills has been performing these services for 25 years.

The current term expires on August 18, 2019. Staff recommends amending the existing agreement by extending the term for two years ending on August 18, 2021 to allow time to prepare for a competitive solicitation process.

#### **DISCUSSION**

The City recently hired a Risk Manager to evaluate and strengthen the City's risk management practices and controls, including the City's general liability claims administration and practices, loss reporting and implementation of corrective measures.

Staff is requesting approval to extend the term for up to two years to provide time for the Risk Manager to assess and update the scope of work associated with general liability claims services. The two-year extension will allow sufficient time for staff to conduct a competitive solicitation process based on an updated scope of work, award a contract, and if necessary, transition services and claim loss data to the selected contractor. This amendment also identifies the Stadium Authority as an affiliated entity and authorizes George Hills Company to administer and invoice Stadium Authority claims separately and distinctly in compliance with Measure J.

The current agreement with George Hills Company has an annual maximum compensation of \$200,000, which is expected to remain the same during the two-year Amendment term. Amendment No. 1 increases the total maximum compensation by \$400,000 for a revised not-to-exceed maximum compensation of \$1,400,000. The rates are fixed for the term of the agreement and include fees for investigative and claim handling services on a per hour basis and fees for data access and reporting on a fixed monthly or annual basis.

The Agreement allows for early termination in the event the services are not required for the two-year Amendment term.

**ENVIRONMENTAL REVIEW**

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Furthermore, the action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

**FISCAL IMPACT**

The proposed amendment extends the term of the agreement by two years ending August 18, 2021 and increases compensation by \$200,000 annually, for a total maximum compensation of \$400,000 over the additional two year period. Sufficient funds for these services are included in the FY 2019/20 and FY 2020/21 Biennial Budget in the Special Liability Fund Contractual Services account.

**COORDINATION**

This report has been coordinated with the Finance Department and the City Attorney’s Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

1. Authorize the City Manager to execute Amendment No. 1 to the Agreement with George Hills Company, Inc., for Liability Claims Adjusting and Administrative Services to extend the term of the agreement by two years ending August 18, 2021 and increase compensation by \$400,000 for a total maximum not-to-exceed amount of \$1,400,000, subject to the appropriation of funds.
2. Authorize the Stadium Authority Executive Director to execute Amendment No. 1 to the Agreement with George Hills Company, Inc., for Liability Claims Adjusting and Administrative Services.

Reviewed by: Nadine Nader, Assistant City Manager

Approved by: Deanna J. Santana, City Manager/Executive Director

**ATTACHMENTS**

1. Amendment No. 1 to the Agreement with George Hills Company, Inc.