



CITY COUNCIL AGENDA STATEMENT



March 2, 2021

File ID: 21-0015

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AMENDMENT TO THE AGREEMENT WITH CLAIMS MANAGEMENT ASSOCIATES, INC. TO PROVIDE CLAIMS LIABILITY SERVICES

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The City of Chula Vista and Claims Management Associates, Inc. ("CMA") entered into an agreement in July 2017, by which CMA agreed to provide services for investigation, adjustment, processing, and resolution of third parties claims against the City. The agreement authorized 5 one-year extensions, each with a "not-to-exceed" amount of \$50,000. Due to the volume of claims work the City is experiencing, staff recommends amending the agreement to increase that amount to \$100,000 per year.

ENVIRONMENTAL REVIEW

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The City receives claims from third parties who allege that the City is legally responsible for damage or loss experienced by the third party. These claims may include Government Tort Liability, Property and Automobile liability claims and other potential claims for money damages. Claims require investigation, adjustment, processing, supervision and, ultimately, resolution.

The City entered into an agreement with CMA in 2017 for provision of claims management services. The original agreement had a one-year term and authorized five one-year extensions, each with a maximum compensation amount of \$50,000. Since entering into the original agreement, the City has experienced an increase in claim volume, resulting in an increase in the volume of services needed to be performed by CMA. To date, the City has executed three of the five extensions authorized under the agreement. The current

extension is valid through June 30, 2021. Investigative and processing expenses related to claims filed against the City have exceeded the original contract amount of \$50,000. Staff is requesting an additional \$50,000 be approved for this contract to complete work through the end of the fiscal year. In addition, City staff anticipates that the increased volume of claims will continue through at least the next two fiscal years, necessitating an increase in the authorized amounts for those years as well. As a result, City staff is requesting that the City Council authorize an increase in the maximum contract amount for this year, and for the next two years remaining under the agreement, from \$50,000 to \$100,000 per year. The attached resolution approves contractual amendments that would accomplish these increases.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

Approving the Amendment to the agreement with Claims Management Associates, Inc. increases the not-to-exceed compensation from \$50,000 to \$100,000. These funds are currently appropriated in the Public Liability Trust budget and no additional fund appropriation is requested.

ONGOING FISCAL IMPACT

Approving the Amendment to the agreement with Claims Management Associates, Inc. increases the not-to-exceed compensation from \$50,000 to \$100,000 for the next two fiscal years. These funds will be included in the baseline budget for the Public Liability Trust in the upcoming budget cycle.

ATTACHMENTS

1. Agreement with Claims Management Associates, Inc.
2. Agreement Extension 3 of 5 for Claims Management Associates, Inc.
3. First Amendment to Agreement with Claims Management Associates, Inc.

Staff Contact: Melanie Culuko, Law Office Manager