



CITY OF SEBASTOPOL
CITY COUNCIL
AGENDA ITEM STAFF REPORT

Meeting Date: September 4, 2018
To: Honorable Mayor and City Councilmembers
From: City Administration
Subject: Approval to Delegate the authority of claims administration for covered claims and authorizes REMIF and the third-party administrator on behalf of REMIF to respond to covered claims on behalf of the City
Recommendation : That the City Council Approve the Attached Resolution
Funding: Currently Budgeted: _____ Yes _____ No XX N/A
This is no cost to the City as it is covered under REMIF.

INTRODUCTION: This item is to request that the City Council Adopt the Resolution approving the delegation of claims administration and authorizing Redwood Empire Municipal Insurance Fund (REMIF) and the third-party administrator on behalf of REMIF to accept or reject claims filed against the City of Sebastopol.

BACKGROUND:

As the Council is aware, the City is a member of the Redwood Empire Municipal Insurance Fund (REMIF) which is a self-insured joint powers authority (governmental entity) established in 1976 to handle the insurance claims, benefit programs, and risk management needs of fifteen (15) member cities.

In January 2018, REMIF entered into a three-year agreement with George Hills, a third-party administrator, to administer the liability claims and appointed Chris Carmona, of George Hills, as Liability Claims Administrator. Third party administrators have personnel with specialized skills who possess knowledge that allow them to effectively and efficiently work with claimants and attorneys in investigating, negotiating and settling liability claims made against the City. The TPA acts as the primary investigator of liability claims makes recommendations on the appropriate disposition (settlement or denial) of claims. As part of this, the REMIF General Manager is requesting member cities to adopt a resolution granting REMIF and the third-party administrator authority to accept or reject a claim.

DISCUSSION:

This item is to request approval from the City Council to authorize delegation of claims administration for covered claims.

Government Code 912.6 empowers the City Council to act on a claim filed against the City by rejecting the claim or by paying the claim in total or in part. The Government Code also allows the City Council to delegate to a third-party administrator the ability to respond to covered liability claims. The REMIF Memorandum of Coverage for the Liability Program (MOC) is a negotiated agreement amongst the members. The MOC gives REMIF the right to control the negotiation, investigation, defense, appeal or settlement of liability claims for its members.

The City Manager and Assistant City Manager/City Clerk work closely and collaboratively with REMIF staff in the handling of claims. When warranted, REMIF recommends rejection and claims are placed on the City Council agenda for rejection. The addition of George Hills, Co. does not significantly alter the process normally observed

by the City of Sebastopol. Instead of recommending that a claim be denied by the City Council, REMIF through George Hills, Co. would be authorized to deny or accept the claim while working closely with the City.

If the member City would like to delegate the handling of the liability claims to REMIF and/or the third-party administrator on behalf of REMIF (George Hills), the City would need to adopt a resolution, delegating such authority. A copy of the resolution is attached.

This request is designed to create consistency in claims handling across all the REMIF members and to expedite the claims process. The change has the added benefit of taking the paperwork burden off of the cities, along with the responsibility of meeting strict deadlines for rejection. Government Code 37103 States that the legislative body may contract with any specially trained and experienced person, firm, or corporation for special services and advice in financial, economic, accounting, engineering, legal, or administrative matters. It may pay such compensation to these experts as it deems proper. It is worthy of noting that adoption of the proposed resolution does not change the City Council's authority. If the City disagreed with REMIF about the disposition of a claim, the City Council retains the authority to pay a claim or litigate a claim. In this case, REMIF would turn the claim over to the city to be paid or litigated at the city's expense.

This resolution will formalize the procedures for disposition of claims. The City of Sebastopol has worked with George Hills, through REMIF, on various claims within the last year that were filed against the City of Sebastopol. George Hills representative, Mr. Carmona, has been very responsive and informative with all claims. He consistently provides a high-quality level of professionalism. Mr. Carmona has extensive municipal claim administration experience and in the City's evaluation of work George Hills has done with the City, they have done an excellent job in the overall management and investigation of the claims for the City, through REMIF.

Should REMIF end its contract with George Hills, this authority is immediately rescinded.

RECOMMENDATION:

That the City Council Adopt the Resolution approving the delegation of claims administration and authorizing Redwood Empire Municipal Insurance Fund (REMIF) and the third-party administrator on behalf of REMIF to accept or reject claims filed against the City of Sebastopol.

Attachment:

Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL APPROVING
THE DELEGATION OF CLAIMS ADMINISTRATION AND AUTHORIZING REMIF AND THE
THIRD-PARTY ADMINISTRATOR ON BEHALF OF REMIF TO ACCEPT OR REJECT
CLAIMS FILED AGAINST THE CITY OF SEBASTOPOL

WHEREAS, the City of Sebastopol is a member of the Redwood Empire Municipal Insurance Fund (hereinafter referred to as REMIF), a self-insured joint powers authority; and

WHEREAS, REMIF provides, among other things, the City's liability coverage for those matters covered by the Memorandum of Liability Coverage; and

WHEREAS, REMIF has a Memorandum of Liability Coverage that outlines the liability coverage provided to the City of Sebastopol and is bound by the By-Laws that, among other things, outline settlement authority; and

WHEREAS, REMIF works with a third-party administrator to administer the City's liability claims that fall under the Memorandum of Liability Coverage; and

WHEREAS, Government Code 912.6 requires that the City of Sebastopol act on a claim filed against the City in one of four ways: (1) If the Board finds the claim is not a proper charge against the public entity, it shall reject the claim; (2) If the Board finds the claim is a proper charge against the public entity and is for an amount justly due, it shall allow the claim; (3) If the Board finds the claim is a proper charge against the public entity but is for an amount greater than is justly due, it shall either reject the claim or allow it in the amount justly due and reject it as to the balance; or (4) If legal liability of the public entity or the amount justly due is disputed, the Board may reject the claim or may compromise the claim; and

WHEREAS, the City of Sebastopol shall delegate and authorize REMIF and the third-party administrator on behalf of REMIF to respond to covered claims filed against the City as outlined in Government Code section 912.6. The City of Sebastopol will work closely with REMIF and the third party administrator on behalf of REMIF to respond to covered claims. All decisions will be collaboratively discussed between the City and REMIF or the third-party administrator on behalf of REMIF. Final authority is outlined in the Memorandum of Liability Coverage, the bylaws and the JPA agreement with REMIF; and

WHEREAS, Government Code 37103 States that the legislative body may contract with any specially trained and experienced person, firm, or corporation for special services and advice in financial, economic, accounting, engineering, legal, or administrative matters. It may pay such compensation to these experts as it deems proper; and

WHEREAS, if the City disagrees with REMIF about the disposition of a claim, the City Council retains the authority to pay a claim or litigate a claim and, in such case, REMIF would turn the claim over to the City to be paid or litigated at the City's expense; and

WHEREAS, whenever it is necessary for the City to reject or provide another form of notice to a claimant for a covered claim, the City of Sebastopol hereby delegates to REMIF or the third-party administrator on behalf of REMIF that authority, in collaboration with the City of Sebastopol; and

WHEREAS, the City of Sebastopol will immediately report every covered claim to REMIF and/or the third-party administrator on behalf of REMIF (but in no case longer than 2 business days of claim filing); the City of Sebastopol will provide REMIF and the third-party administrator on behalf of REMIF any information/documentation that is needed immediately (but in no case longer than 10 days of claim filing) with information to determine the appropriate claim response; and

WHEREAS, REMIF and the third-party administrator on behalf of REMIF will provide quarterly reports on the status of claims to the City of Sebastopol City Administration.

NOW, THEREFORE, BE IT RESOLVED, THAT the City Council of the City of Sebastopol does hereby delegate the authority of claims administration for covered claims and authorizes REMIF and the third-party administrator on behalf of REMIF to respond to covered claims on behalf of the City of Sebastopol; and

BE IT FURTHER RESOLVED, that this authority is immediately rescinded should REMIF end its contract with George Hills.

DULY APPROVED AND ADOPTED this 4th day of September, 2018.

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the City of Sebastopol City Council by the following vote:

VOTE:

Ayes:

Noes:

Abstain:

Absent:

APPROVED: _____

Mayor Patrick Slayter

ATTEST: _____

Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: _____

Larry McLaughlin, City Attorney