



Board Agenda Item 31

DATE: September 6, 2022

TO: Board of Supervisors

SUBMITTED BY: Hollis Magill, Director of Human Resources

SUBJECT: Agreement with George Hills Company

RECOMMENDED ACTION(S):

- 1. Make a finding that it is in the best interest of the County to suspend the competitive bidding process consistent with Administrative Policy No. 34 for unusual or extraordinary circumstances as George Hills Company is the only provider with specific knowledge of the County's General Liability Program; and**
- 2. Approve and authorize the Chairman to execute an Agreement with George Hills Company for general liability third party claims administration effective September 6, 2022, not to exceed four years, which includes a two-year base contract, and two optional one-year extensions, total not to exceed \$700,000.**

There is no additional Net County Cost associated with the recommended actions, which will provide for Third Party Administration (TPA) for the County's self-insured General Liability Program. The recommended Agreement is for a two (2) year base period and may be extended for two additional one-year periods. The cost of this agreement will be part of program costs recovered through the Risk Management general liability rates. This item is countywide.

ALTERNATIVE ACTION(S):

The Board can reject the recommended firm; however, this would result in a reduction of the capacity to appropriately handle the administration of the County's most important general liability claims.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

The Department's request to waive the competitive bidding process is consistent with Administrative Policy No. 34. The selected TPA has provided the specialized expertise and availability to effectively administer the County's general liability claims since 2021. In addition, George Hill Company has extensive experience of over 30 years in TPA administration. The services in this Agreement are representative of additional claims administration services being requested to focus on the County's litigated General Liability claims, which represent the highest potential liability to the County. Based on this, a letter of interest was not necessary. The ISD-Purchasing concurs with the Department's request to suspend the competitive bidding process.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. Sufficient appropriations for this agreement have been included with Human Resources Risk Management Org. 8925 FY 2022-23 Recommended Budget. The maximum cost associated with this agreement is \$350,000 over the two (2) year base period. The cost for the third and fourth years shall not exceed \$175,000 each.

The cost of this agreement will be part of program costs recovered through the Risk Management Internal Services Fund (ISF) general liability rates.

DISCUSSION:

The Risk Management Division in the Department of Human Resources has historically self-administered the County's General Liability Program. However, following a comprehensive Risk Assessment conducted by Management Strategies Group of Sloan, Sakai, Yeung, and Wong in 2020, it was recommended that the County contract with a TPA to assist in administering the County's general liability claims due to workload. -The County currently maintains one full-time Human Resources Analyst position on staff who works on general liability claims, but the County averages over 200 general liability tort claims, with approximately 40 percent of those claims being litigated, which is approximately twice the workload of an average general liability analyst.

On September 13, 2021, ISD-Purchasing approved Procurement Agreement number 21-366 to obtain the TPA services of George Hills Company, Inc. (George Hills). George Hills has over 30 years of experience in handling public entity tort claims and has acted as the TPA for comparable counties throughout California. With this Agreement, George Hills began administering a maximum of 75 general liability tort claims, to include up to 10 litigated claims, and up to 10 first-party property claims, on behalf of the County.

Since the Agreement, and following an audit of current litigated claims, it is recommended that the litigated claims would benefit from fresh administration by a highly experienced adjuster. Litigated claims present the highest liability to the County, are by nature more complex than non-litigated claims and require specialized experience to adjust appropriately. As a result, the current agreement with George Hills allows for their administration of all the County's litigated claims, in addition to 10 first-party property claims.

Your Board's approval of the recommended action will allow the County to continue to receive necessary third-party administration of the County's most critical general liability claims.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition Acquisition Request Form
On file with Clerk - Agreement with George Hills Company

CAO ANALYST:

Samantha Buck