



Staff Report

TO: City Council
FROM: Kari Mendoza, Administrative Services Director
DATE: January 5, 2021
SUBJECT: Authorize Acknowledgement and Consent to ERMAC Subrogation Agreement with George Hills Company, Inc.

Background and Analysis:

On September 1, 2020, City Council approved a resolution that delegated tort authority claims handling to a third-party administrator, George Hills Company, Inc. Currently this contract is only authorized to handle third party claims filed against the City. City staff recommends the enhancement of the third-party agreement to add subrogation for claims for damages to City property. This would allow George Hills Company, Inc., to work in coordination with the City and Exclusive Risk Management Authority of California (ERMAC) to handle investigations, adjustments, proceedings, and the supervision and evaluation into the ultimate recovery of costs from damage claims against the parties legally responsible. Cost recovery would include property damage, staff costs and small claims court assistance. ERMAC and George Hills Company, Inc., currently hold an agreement for like services. The agreement presented for consideration will be in conjunction with the agreement with ERMAC (see Attachment A to the agreement).

Fiscal Impact:

It is anticipated that the cost recovery will increase by 10%. Cost for this service is a subrogation fee in the amount of 25% for every recovery obtained by George Hills Company, Inc.

Recommended Action:

Authorize the City Manager to execute an Acknowledgement and Consent to ERMAC Subrogation Agreement with George Hills Company, Inc.

Attachments:

- A. Acknowledgement and Consent to ERMAC Subrogation Agreement with George Hills Company, Inc.