

CITY COUNCIL MEETING

MARCH 18, 1981

AMENDED
LIABILITY
ADMINISTRATION
AGREEMENT WITH
R.L. KAUTZ
AND CO.
APPROVED

Council was apprised that R.L. Kautz and Company, the City's Contract Administrator for Liability Claims has presented a renewal Liability Administration Agreement. Historically, any investigative or appraisal expense incurred during the initial stages of the investigation of a claim was an expense borne by R.L. Kautz and Company. The total actual expense for each city has varied considerably and Kautz feels it is inequitable to continue to adjust their basic fees to assume an average amount of expense, when the variation from city to city is so great. By passing this expense to each city, the high users will no longer be subsidized by the low users, and each city will be responsible for its own exact costs. The existing fee of \$6,250.00, according to R.L. Kautz and Co., will prove sufficient for the new contract, based on the City's claims activity over the past twelve months.

On motion of Mayor Pro Tempore McCarty, Murphy second, Council approved renewal of the Liability Administration Agreement as amended with R.L. Kautz and Company as heretofore set forth and authorized the Mayor and City Clerk to execute the Agreement on behalf of the City.

R. L. KAUTZ & CO.
INSURANCE MANAGEMENT
100 BUSH STREET · (415) 981-2022
SAN FRANCISCO, CALIFORNIA 94101

MAILING ADDRESS
P.O. BOX 7338 · (415) 981-2022
SAN FRANCISCO, CALIFORNIA 94110

March 10, 1981

Alice M. Reinche
City Clerk
City of Lodi
221 W. Pine
Lodi, CA 95240

Re: Renewal Liability Administration Agreement

Dear Alice:

During our conversation last week you asked me to provide you with some supplemental information regarding the level of allocated expense paid in behalf of other cities in Northern California under our administration.

I trust the following information will prove satisfactory.

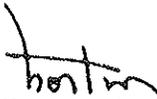
<u>CITY</u>	<u>ALLOCATED EXPENSES</u>
Lodi	\$216
A	\$450
B	\$800
C	\$825
D	\$750
E	\$1500

Of the five cities illustrated in addition to Lodi, the expenses are projections based on eight to ten months actual expenses.

The City of Lodi's allocated expense remains low by comparison primarily due to the City's ability to provide essential information. If this information were not being provided by the City, outside adjustors would have to be employed at a charge of \$20-25 per hour plus expenses.

If I may provide you with any additional information, please let me know.

Very truly yours,


Norton R. Hastings
Vice President

NRH/bh

R. L. KAUTZ & CO.
INSURANCE MANAGEMENT
100 BUSH STREET - (415) 981-2022
SAN FRANCISCO, CALIFORNIA 94104

MAILING ADDRESS
P.O. BOX 7338 - (415) 981-2022
SAN FRANCISCO, CALIFORNIA 94119

February 17, 1981

Alice M. Reinche, City Clerk
City of Lodi
221 West Pine Street
Lodi, CA 95240

Re: Renewal Liability Administration Agreement

Dear Alice:

I gather from Michael Patterson's report following his visit with you that the City of Lodi's liability program is going well.

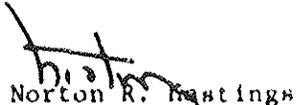
Based on review of the claims activity over the past twelve months, we do not feel that there is a need for the forthcoming year to increase our administration fee. The existing fee of \$6,250 will prove sufficient for the period February 1, 1981 through January 31, 1982.

We are requesting the following amendment to the contract be made. Historically, any investigative or appraisal expense incurred during the initial stages of the investigation of a claim was an expense borne by R.L. Kautz & Co. The total actual expense for each city has varied considerably from a low, as is the case with Lodi, \$216, to several thousand dollars. We feel it is inequitable to continue to adjust our basic fee to assume an average amount of expense, when the variation from city to city is so great. By passing this expense to each city, the high users will no longer be subsidized by the low users, and each city will be responsible for its own exact costs.

As indicated above, the investigative expense incurred by the City of Lodi over the past year totaled \$216. Over the forthcoming year it may be more or less, depending upon the claims activity.

The enclosed pages reword those paragraphs dealing with this type of expense. I would appreciate your reviewing them and letting me have your thoughts.

Very truly yours,


Norton R. Hastings
Vice President

NRH:lk

Enclosures

FEB 19 1981

2. INVESTIGATIVE SERVICES.

A. CONTRACTOR agrees to provide investigative services as follows:

- (1) Receipt and examination of all reports of accidents, incidents, claims or cases which are or may be the subject of such liability claims.
- (2) Investigation of such accidents, incidents, claims or cases, where nature of the claim warrants such investigation, or when requested by member city; such investigation to include contact with claimant, interview employees of AUTHORITY, as hereinafter set forth, and, engage, direct and evaluate outside investigative services as set forth in subsection "B." AUTHORITY shall make available to CONTRACTOR all employees of participant cities under the AUTHORITY who are witnesses to an incident or accident or who have knowledge of the event or incident which is the subject matter of a claim. The statements of such employees shall be taken at the office of CONTRACTOR, or, if practical, the participating city under the AUTHORITY shall make available to the employee a convenient location within the confines of the participant city so that a

telephone statement may be taken. AUTHORITY shall provide CONTRACTOR with available photographs and engineering drawings or other descriptive material of all conditions of AUTHORITY property which are alleged to be dangerous or that were damaged in the events which produce the claim under investigation.

B. Allocated Expenses and Additional Investigative Expenses. AUTHORITY agrees to pay for the cost of investigative services not provided under 2A performed by outside contractors where expert and professional assistance is required, such as professional photography, independent medical examinations, laboratory services, on-site investigations, taking statements from witnesses away from the premises of CONTRACTOR, obtaining medical and other records and reports, trial preparation and professional engineering services, including but not limited to map preparation, accident reconstruction, material analysis and evaluating premises.