



Amendment No. 1 to Carl Warren Agreement for Subrogation / Property Recovery Services

City Council Meeting
October 18, 2022

Statement of Issue

- Request approval of Amendment No. 1 to the Professional Services Agreement with Carl Warren and Company in the amount of \$222,000 for Subrogation/Property Recovery Services
- These fee-based services are paid only if Carl Warren is successful in recovering monies for the City
- As of September 2022, Carl Warren has collected a net total of \$438,739.22 for the City



Background

- In February 2021, the City entered into a three-year agreement with Carl Warren and Company for a not-to-exceed limit of \$309,000
 - \$103,000 fixed annual fee for general claims administration services
- In March 2021, Risk Management began piloting the subrogation/property recovery services
 - Subrogation is an ancillary service listed in the agreement that charges an 18% fee of the monies recovered, and is not included in the fixed annual fee above



Net Positive Financial Impact

- Financial impact of conducting these services is net positive for the City
- From March 2021 through September 2022, Carl Warren has collected \$535,047.83 for the City, less \$96,308.61 in service fees, for a net revenue gain of \$438,739.22
 - In comparison, the prior staff member whose job duties included property recovery collected approximately \$51,000 in 2019, and \$80,000 in 2020 through August, when the position was eliminated as part of the Citywide Restructure



Analysis

- Because the monies collected were seen as an additional revenue stream, less the service fees, staff did not initially seek out a contract amendment to increase the not-to-exceed limit to add these services
- Upon further discussions with the Finance Department and City Attorney's Office, it was determined that the total amount would be collected by the City, and then the City would need to provide payment of the 18% fee by charging the existing contract
- Staff has been extremely impressed by Carl Warren's track record of success and cost-effective method of providing these services. Their expertise in this area has resulted in capturing additional funds for the City that would have otherwise been forfeited



Staff Recommendation

- Staff recommends approving and authorizing the Mayor and City Clerk to execute, “Amendment No. 1 to Agreement between the City of Huntington Beach and Carl Warren and Company for Liability Claim Investigation and Processing,” as prepared by the City Attorney



Questions?

