

CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Mary Hao
Director of Human
Resources Management

SUBJECT: Recovery Handling Services
Agreement Extension Of Contract End
Date And Additional Funding

DATE: March 21, 2025

City Administrator Approval


Jestin Johnson (Mar 25, 2025 21:37 PDT)

Date: Mar 25, 2025

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Extend The Professional Services Agreement With George Hills Company, Inc. To Continue Providing Recovery Handling Services Associated With Third Party Property Damage Claims For The Period Of July 31, 2025, To July 31, 2028, And Add \$250,000 In Funding To The Contract For A Total Contract Amount Over the Seven-Year Period of \$500,000.

EXECUTIVE SUMMARY

The proposed resolution accompanying this report authorizes the City Administrator to extend the Professional Services Agreement with George Hills Company, Inc. Staff proposes that the City Council authorize a three-year extension of the current contract services agreement with a request of \$250,000 of additional funding. Funding for this contract is paid out of the Workers' Compensation Insurance Claims Fund (1150), Risk Management organization (05621), Administrative project (1000005), Professional Services account (54930), and Financial Management task (IP59).

BACKGROUND / LEGISLATIVE HISTORY

The City of Oakland issued a Request for Proposals ("RFP") for Automobile Subrogation and Recovery services on June 4, 2021. Responses for that RFP were due on June 18, 2021.

The RFP yielded one response from George Hills Company, Inc. The City reviewed George Hills Company, Inc.'s RFP submission and selected this company as this organization met all the criteria required to support this program.

Finance and Management Committee
April 9, 2025

The City is authorized to recover costs that it incurs in response to certain emergency activities. Pursuant to **Government Code section 53150**, et seq., any person who negligently operates a motor vehicle while under the influence of alcohol or other controlled substance is liable for the expense of an emergency response by a public agency. Further, the **Oakland City Code of Ordinances, Chapter 8.56, Emergency Response Services Fees Program**, permits the City to establish emergency response user fees (“user fees”) for the delivery of Oakland Fire Department fire and rescue services, personnel, supplies, and equipment to the scene of motor vehicle accidents and other incidents. Resolution No. 82763 C.M.S. (*Attachment A*) also authorizes the appropriation and expenditure of insurance claim recoveries for the repair or replacement of damaged City assets.

The Human Resources Management Department (HRMD), Risk and Benefits Division facilitates subrogation efforts to maximize the recovery potential from vehicle accidents that cause damage to City vehicles and property, where the City driver is not at fault for the accident. Successful pursuit and recovery of property damage claims involving third parties requires considerable staff labor and knowledge of subrogation techniques that have proven effective in the recovery and restitution of losses. After completing the RFP process, on June 18, 2021, the City selected George Hills Company, Inc., a third-party administrator (TPA), to recover monies due the City for damage to City property and assets.

On August 1, 2021, the City executed a contract agreement with George Hills Company, Inc., within the City Administrator’s authority, in the amount of \$250,000 for a two-year agreement effective through July 30, 2023.

On August 1, 2023, the City amended the contract agreement with George Hills Company, Inc., through July 30, 2025, not adding any additional funding.

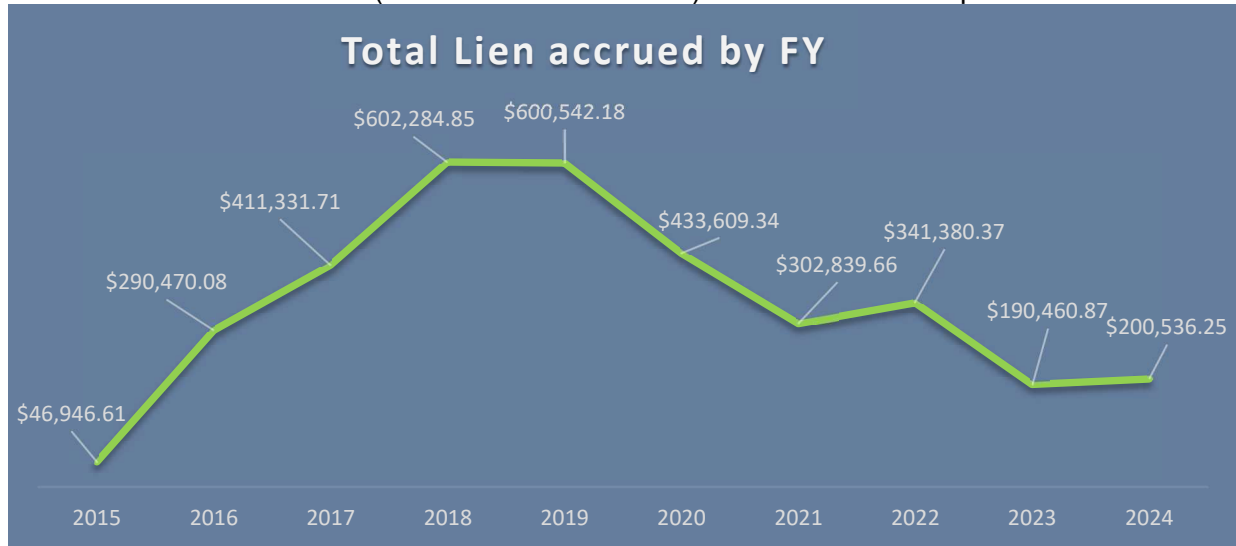
The current contract agreement with George Hills Company, Inc. will expire on July 30, 2025, and has zero funds remaining.

ANALYSIS AND POLICY ALTERNATIVES

Successful pursuit and recovery of property damage claims involving third parties requires considerable staff labor and knowledge of subrogation techniques that have proven effective in the recovery and restitution of losses. Contracting with an agency that specializes in subrogation recoveries, ensures that all monies due to the City is recovered in a timely manner, contributing to **responsive, trustworthy government**. George Hills Company, Inc. is an expert in this area and has provided Automobile Subrogation and Recovery services since August 2021.

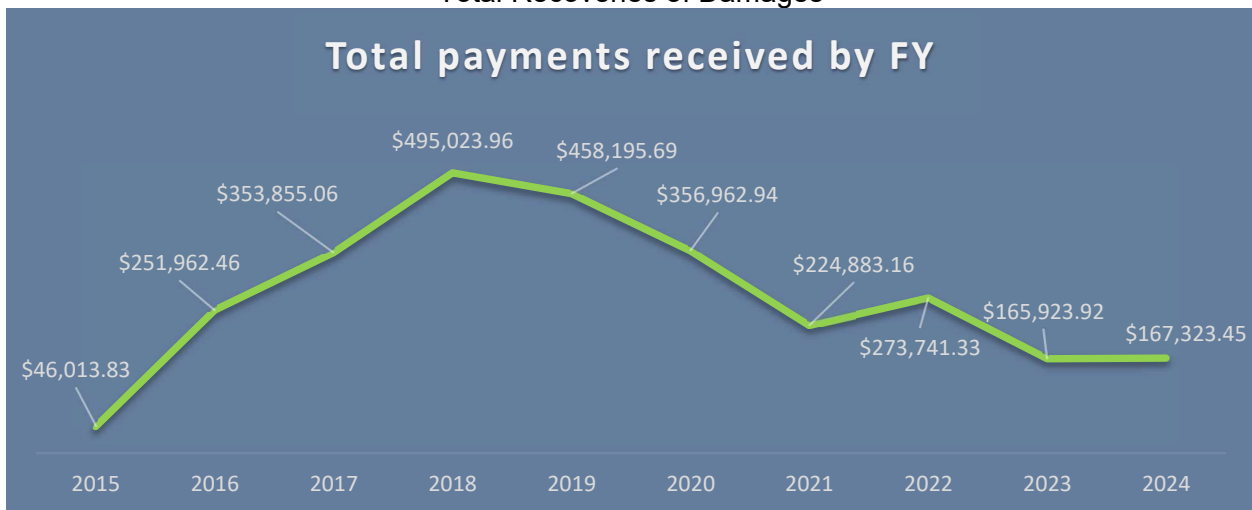
Since the first contract with George Hills on December 14, 2016, they have closed a total of 560 Claims over the course of 10 years. Over these 10 years, an average of 56 claims were handled on an annual basis with an average Lien (direct and indirect costs) amount of \$324,040.19 with average direct damages of \$239,428.13 and an average recovery of \$279,388.60.

Total Liens (direct and indirect costs) Accrued Since inception

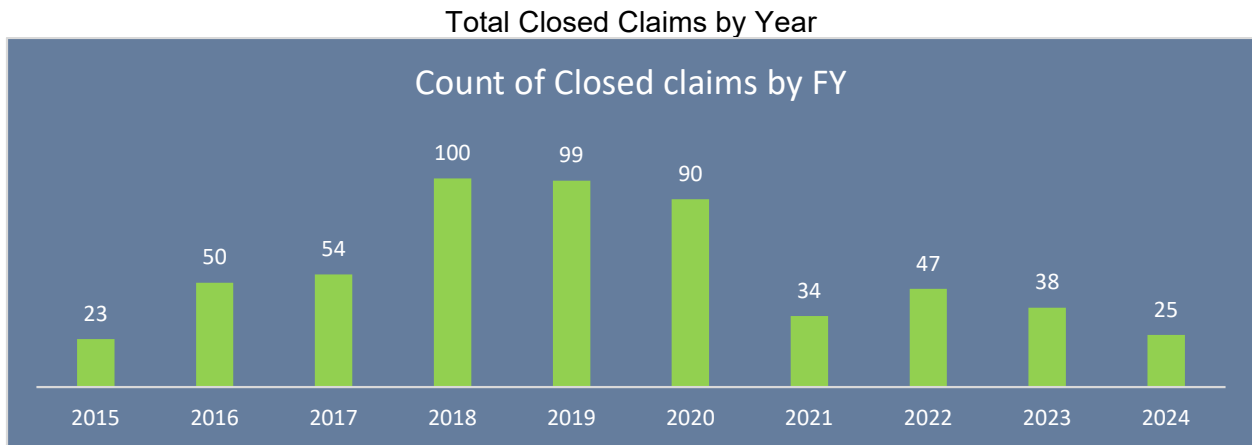


Average: \$324,040.19

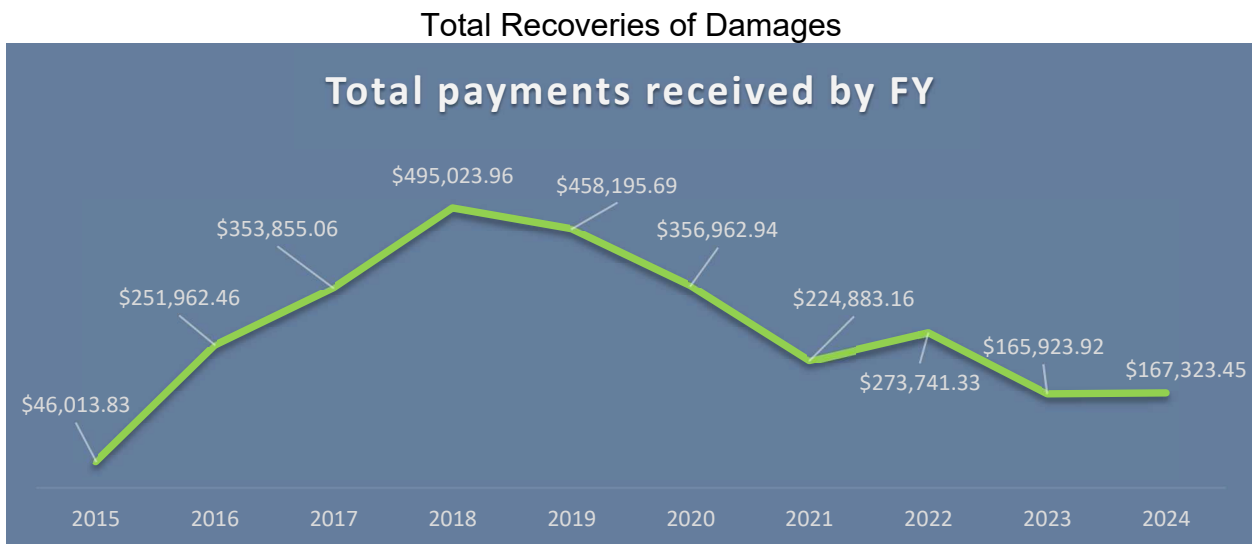
Total Recoveries of Damages



Average: \$279,388.60

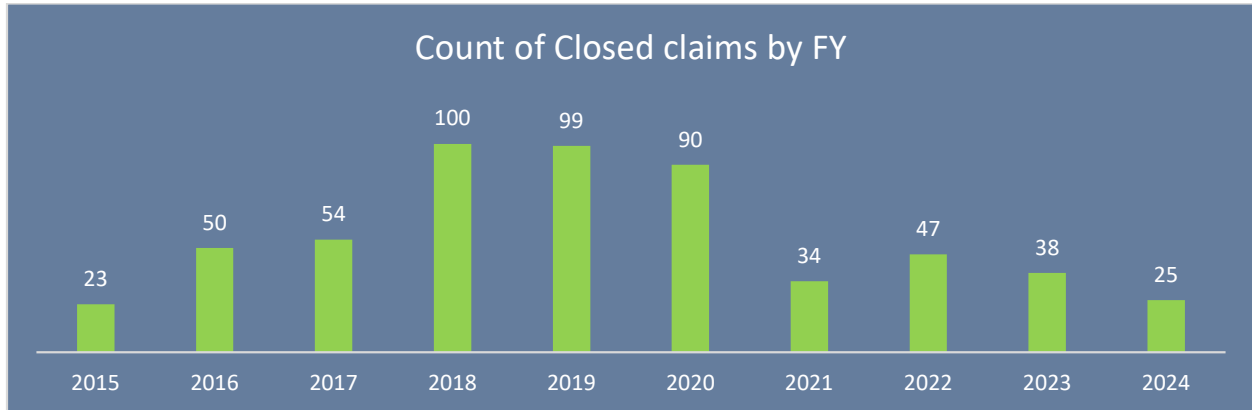


Average: 56

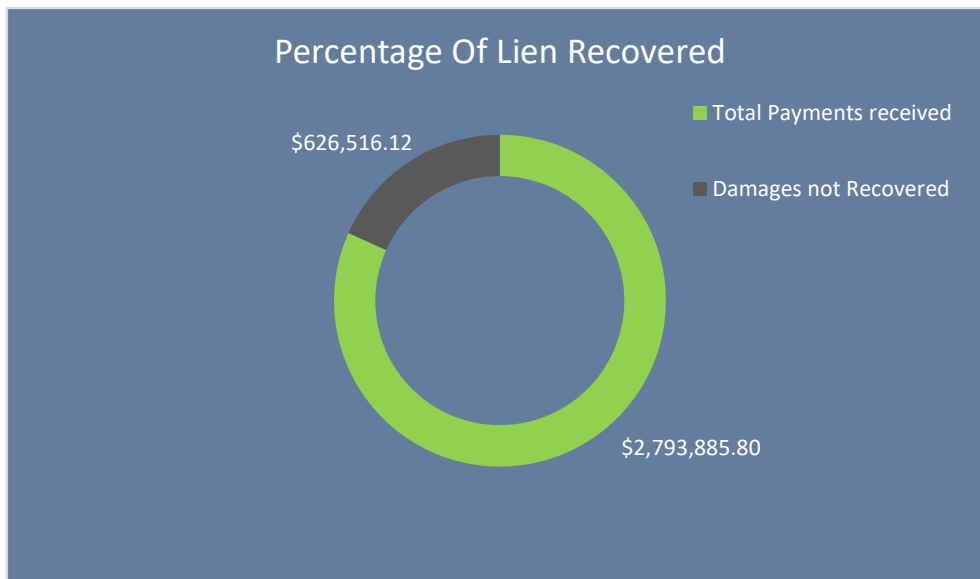


Average: \$279,388.60

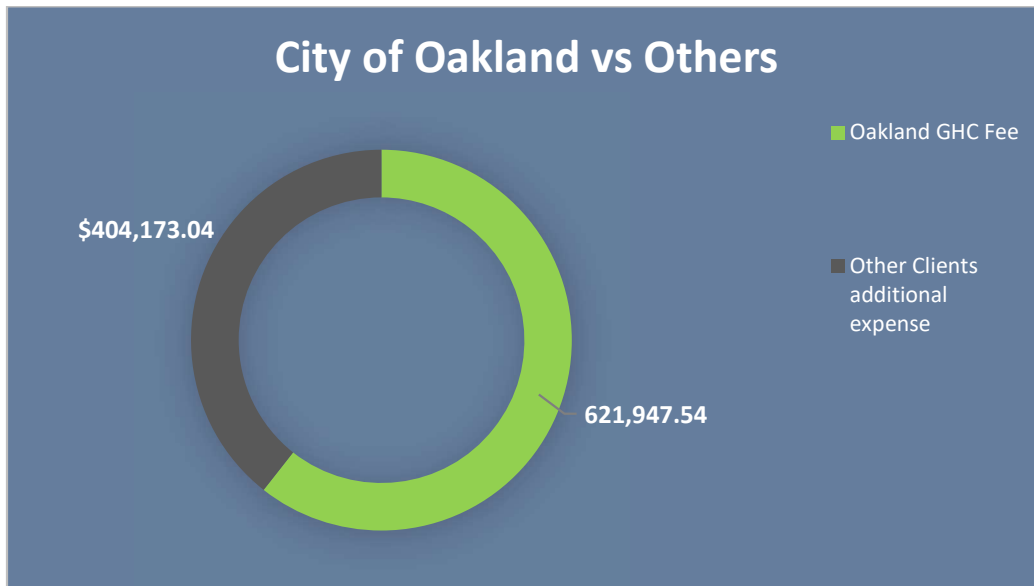
Total Closed Claims by Year



Average: 56



George Hills has pursued a total of \$3.4 million dollars in Liens (direct costs, City's administrative fee to GH, and ancillary costs incurred) for the City of Oakland. From this total, George Hills has recovered a total sum of \$2.79 million dollars, with an over 81% recovery rate.



In comparison with the average George Hills client, the City of Oakland pays only 64% of the total Admin fees for the same sum of Damages recovered.

Staff requests and recommends that the Council approve an extension to this existing contract through July 30, 2028 and additional funding of \$250,000.

George Hills Company Inc's contract was executed within the City Administrator's spending authority of \$250,000 for a two-year agreement effective August 1, 2021, through July 30, 2023. That contract was amended on March 12, 2024, to extend the end date to July 30, 2025, maintaining the original contract amount of \$250,000.

FISCAL IMPACT

The contract provides that George Hills Company, Inc. receive compensation in the amount of \$6,000 per month in a flat fee. This expense is paid out of the Workers' Compensation Insurance Claims Fund (1150), Risk Management (05621), Administrative Project (1000005), Professional Services (54930), and Financial Management (IP59).

PUBLIC OUTREACH / INTEREST

There are no additional public outreach opportunities associated with this report other than the required publication on the City's website.

COORDINATION

Development of this report was coordinated with internal staff in the Human Resources Management Department.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this report.

Environmental: There are no environmental opportunities associated with this report.

Race & Equity: There are no social equity opportunities associated with this report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Extend The Professional Services Agreement With George Hills Company, Inc. To Continue Providing Recovery Handling Services Associated With Third Party Property Damage Claims For The Period Of July 31, 2025, to July 31, 2028, and add \$250,000 in funding to the contract for a total contract amount over the seven-year period of \$500,000.

For questions regarding this report, please contact LARA WILLIAMS, ADMINISTRATIVE SERVICES MANAGER, at (510) 238-6676.

Respectfully submitted,



Mary Hao (Mar 21, 2025 15:22 PDT)

MARY HAO
Director/Human Resources Management
Department

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Services Manager
Human Resources Management Department