

Agenda Report

November 16, 2020

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (November 12, 2020)

FROM: Department of Information Technology

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH ORIGAMI RISK LLC FOR A RISK/LIABILITY MANAGEMENT INFORMATION SYSTEM (RMIS)

RECOMMENDATION:

It is recommended that the City Council:

1. Find that this action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b) (3);
2. Authorize the City Manager to enter into a five-year contract, as the result of a competitive selection process, as specified by Section 4.08.047 of the Pasadena Municipal Code, with Origami Risk LLC for a Risk/Liability Management Information System (RMIS) to manage its liability programs in an amount not to exceed \$544,904, which includes the base contract amount of \$524,682, and a contingency of \$20,222 to provide for any necessary change orders; and
3. Amend the Fiscal Year 2021 Operating Budget by appropriating \$132,442 to the Liability & Claims budget account, 50712002-811400, from the General Liability Fund unassigned fund balance.

BACKGROUND:

The City currently hosts its own on premise, custom-designed, Risk Management application on outdated and legacy technology. The current system, which contains approximately 40 years of claim history and other data, provides limited capabilities. Besides the lack of industry-standard functionality, the current infrastructure is no longer supported, and the cost to keep it running is estimated at \$19,000 per year. In efforts to ensure consistent tracking and reporting of claims and risk management program activities and to modernize processes with newer technology, the Liabilities, Claims and

Insurance Division contacted the Department of Information Technology (DoIT) to begin efforts to replace the legacy system working in concert with department staff who utilize it in their day-to-day operations.

The Liability Division in the Office of the City Attorney/City Prosecutor is responsible for the recommendation of appropriate risk management techniques to mitigate, avoid, transfer or accept risk of property damage and/or bodily injury. It also administers the City's self-insured liability claims program in-house. The division consists of two full-time employees who monitor claim trends to identify where the highest potential for liability exists and determine how best to transfer or avoid the risk. In addition, the division purchases and renews liability and excess workers' compensation insurance policies citywide and works with outside brokers to ensure appropriate insurance is procured.

The Safety Office (Safety) in the Human Resources Department, coordinates and manages citywide efforts to identify, address, and resolve occupational safety issues. Safety's mission is to help employees, supervisors, managers, and the City maintain a safe working environment with minimal loss through cost-effective efforts, job hazard assessments and injury, vehicle accident, and property damage investigations. This information assists with developing benchmarks and performance measurements, as well as identifying areas with loss potential.

Today, the Safety Office manages call-outs, inspections, commercial drivers, and safety related incident reports through Excel spreadsheets and paper based records. With a new RMIS, Safety can easily collect, track and manage incidents from the field, track commercial drivers and associated certificates, and streamline manual paper based processes using the latest technology tools.

Liability staff is responsible for providing accurate and reliable data to department leadership regarding liability claims against the City, which are tied to their respective operations. City Council has requested this information as well. With a modern Risk/Liability Management Information System (RMIS), staff can identify and focus on problem areas within the city that are generating the most and highest-dollar liabilities, moving the City towards a proactive approach as opposed to a reactive approach.

Given the current circumstances with COVID-19, it is imperative that staff work efficiently and effectively in a remote setting. A RMIS allows claims to be submitted electronically to the Liability Division for immediate investigation while sending an email notification to the City Clerk's Office that a claim has been filed for their purposes. It also sends an acknowledgment notification to the claimant that the claim has been received. The Liability Division can manage claims from start to finish solely from within the system, eliminating the need to create and store hard copy files in-office. Another goal is to go paper-light, and eventually paperless, with the RMIS.

The implementation of a RMIS is essential for regulatory compliance purposes and auditing controls that are not available in the current system. The City will have direct access to ISO Claim Search, a liability claims database for fraud detection. The RMIS

also provides features and functionalities to ensure the City is compliant with the Center for Medicare and Medicaid Services (CMS) Section 111 mandatory reporting.

In addition to the risk management functionalities, tracking and monitoring of vendor compliance with contractual insurance requirements is needed and RMIS systems can provide automated functions to notify vendors of insurance insufficiencies and policy expirations without City staff intervention.

On February 24, 2020 a Request for Proposals (RFP) for "Risk Management/Liability Claims Information System" was posted on Planet Bids for the procurement of a RMIS to provide the Liability Division and Safety Office, and associated departments, a platform to ensure the accurate processing and tracking of City incident reports, claims, real property assets, and manage property, casualty and other insurance documents. A total of 3 vendors downloaded the RFP for review.

On April 13, 2020, a total of three responsive proposals were received. An evaluation committee comprised of Risk Liability, Safety, and DoIT staff reviewed and scored the proposals based on the evaluation criteria stated in the RFP as outlined below:

	Weight
Proposed Solution	35%
Experience	30%
Cost Proposal	25%
Local Pasadena Business	5%
Small or Micro-Business	5%
Total	100%

Following the review of the vendors written proposals, they were scored and ranked as follows:

Rank	Proposer	Location	Score (100 max)
1	Origami Risk LLC	Chicago, IL	74.13
2	Ventiv Technology Inc.	Atlanta, GA	48.73
3	American Technical Services, Inc. (ATS)	Palm Harbor, FL	43.68

Attachment A includes a summary of the scoring criteria and results.

Based on the scoring above, staff recommends authorization to enter into a contract with Origami Risk LLC for the purchase, implementation and support of a RMIS, including a Certificate of Insurance (COI) module. The costs listed below reflect all implementation services, including configuration, licensing, training, maintenance and support for five years, as well as a ten percent contingency allowance on the base implementation amount.

A summary of the contract is as follows:

Base Implementation Amount	\$202,220
Maintenance & Support (Years 2-5)	\$322,462
Contingency Allowance (10%)	<u>\$ 20,222</u>
Contract "Not to Exceed" Amount	\$544,904

Staff also recommends an amendment to the Fiscal Year 2021 operating budget by appropriating \$132,442 to the Liability & Claims contract services operating account, 50712002-811400, which will be funded from the General Liability Fund (507). This amount is part of the \$544,904 "Not to Exceed" amount and needed to cover the base implementation costs, as well as any contingencies that may arise therein.

It is anticipated that it will take approximately six months for the vendor to complete the implementation under the proposed contract. There are currently no open purchase orders or contracts with Origami Risk LLC.

COUNCIL POLICY CONSIDERATION:

The proposed contract with Origami Risk LLC supports the City Council's strategic goal to improve, maintain and enhance public facilities infrastructure; to provide a high quality of public service, which adds to the quality of life in the City and increases its attractiveness through more efficient management of resources.

ENVIRONMENTAL ANALYSIS:

This contract is exempt from CEQA per section 15061(b) (3), the General Rule. The General Rule can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment. The proposed action will not result in any new development or physical changes.

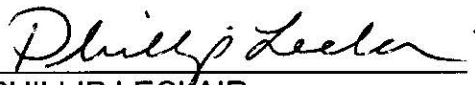
FISCAL IMPACT:

The total cost of this action will be \$544,904. Funding for this action will be addressed by both existing budgeted appropriations, and those recommended as part of this agenda report in accounts 50712002-811400 (Liability & Claims) and 50617008-813000 (Safety Program). It is anticipated that \$222,442 of the cost will be spent during the current fiscal year. The remainder of the costs for ongoing maintenance and support, estimated at \$80,615 annually, will be spent over the next four fiscal years, and will be addressed by future budgeted appropriations in the City Attorney/City Prosecutor Department operating budget beginning in FY 2022.


The following table presents a summary of the sources of funds that will be used:

General Liability Fund	\$524,904
Worker's Compensation Fund	\$ 20,000
Total Sources	\$544,904


Respectfully submitted,


PHILLIP LECLAIR
Chief Information Officer
Department of Information Technology

Prepared by:


Pam Burton
IT Project Manager
Department of Information Technology

Concurred by:


MICHELE BEAL BAGNERIS
City Attorney/City Prosecutor

Approved by:


STEVE MERMELL
City Manager

Attachments:

- A) Summary of Proposal Scoring
- B) Taxpayer Protection Amendment