City Council Memorandum

City of Arts & Innovation

TO: **HONORABLE MAYOR AND CITY COUNCIL**   **DATE: JANUARY 7, 2020**

FROM: **FINANCE DEPARTMENT**   **WARDS: ALL**

SUBJECT: **ADDENDUM 1 TO MASTER SOFTWARE SUBSCRIPTION AGREEMENT WITH ORIGAMI RISK LLC, AMENDING SCOPE OF WORK TO INCLUDE A CERTIFICATE OF INSURANCE MODULE WITH OCR CONFIGURATION IN THE AMOUNT OF $43,010 FOR A TOTAL AGREEMENT AMOUNT OF $343,170**

ISSUE:

Approve Addendum 1 to the Master Software Subscription Agreement with Origami Risk LLC, amending the scope of work to include a Certificate of Insurance Module with OCR technology, increasing the compensation by $43,010 for a total agreement amount of $343,170.

RECOMMENDATIONS:

That the City Council:

1. Approve Addendum 1 to the Master Software Subscription Agreement with Origami Risk LLC, amending the scope of work to include a Certificate of Insurance Module with OCR technology, increasing the compensation by $43,010 for a total agreement amount of $343,170.

2. Authorize the City Manager, or designee, to execute the Addendum 1 to the Master Subscription Agreement with Origami Risk LLC including the ability to make minor and non-substantive changes.

BACKGROUND:

On August 8, 2017, the City Council approved a Software Subscription Agreement with Origami Risk, LLC for a total amount of $300,160, over a period of three (3) fiscal years. The City uses Origami Risk, LLC to ensure the accurate and consistent tracking and reporting of claims, policies, locations, and exposures. Recently, the City's Risk Management Division began to explore software programs that specialize in certificate management processes and automation.

The City requires vendors, grant recipients, consultants' tenants, special event organizations etc. to provide insurance before they commence any work for or on behalf of the City. The City of Riverside has approximately eight to ten thousand entities that submit Certificates of Insurance each year. Currently, the City of Riverside's Risk Management Division manually reviews and approves each certificate.

The City's Risk Management staff engage in more than six (6) emails for a single entity before a Certificate of Insurance is deemed compliant. In general, about 90% of the certificate submissions are non-compliant on the first submission. Many of the City's vendors and contractors have multiple brokers which extend the amount of time it takes City staff to request, collect, and review the required insurance and corresponding endorsements.

Although the task and responsibility of reviewing and approving Certificates of Insurance belongs to the Risk Management Division, Certificates of Insurance, especially if deemed non-compliant, effect the operations of all City Departments. Non-compliant Certificates of Insurance elongate the time it takes for contractors to schedule inspections, for Purchasing to issue Purchase Orders, and for special event hosts/organizations to receive their permits.

Challenges of the current Certificates of Insurance approval process also include:

1. The Current Certificate of Insurance approval process is reactive. An automated system does not currently exist to notify departments when a certificate expires and therefore, staff is required to manually check each certificate to determine validity. In some cases departments request certificates after they have expired and may have unknowingly dispatched vendors with expired insurance to complete work.

2. Manually checking each certificate has increased risk for the City of Riverside due to errors in approving non-compliant certificates which can potentially lead to the City being liable for injuries or damages.

3. The Risk Management Inbox is inundated with follow-up emails, piece mail, and questions which make it difficult for Risk Management staff to organize, manage and prioritize requests.

DISCUSSION:

The Risk Management Division received demonstrations from multiple certificate management providers. Options exist for either a full-service program, which includes a full-time service team or a more hands-on approach, which would require the City's Risk Management Staff to participate or assist in approving or waiving certain requirements.

All providers have a onetime implementation fee and use scale ladder to determine the annual cost. Some providers use the complexity of the insurance requirements to determine the annual cost of the software. With this model, the City will pay $25 to $35 per certificate depending upon the City's insurance requirements.

The option of a full service staffing team adds a major cost component to the service driving the base quotes above $50K. The majority of the City's correspondence is via e-mail and therefore the additional cost for a full service team could not be justified. Furthermore, a provider with a full service staffing team would not provide the City with an opportunity to participate in the approval process until all methods were exhausted. This could negatively impact the City's ability to provide high quality customer service especially in the event that an immediate request arises.

After careful consideration of the providers and their service approaches, the Risk Management Division recommends Origami Risk, LLC as the software program to assist in the pioneering of an efficiency initiative surrounding the insurance certificate approval process. Origami Risk will

allow the City's Risk Management Division to maintain control over the process by creating custom email templates to vendors according to specific deficiencies, expiration dates or other issues, dashboards to track upcoming certificate expirations, the ability to track outreach by vendor or by location, and automated reports for department use.

In addition to the highly customizable modules and the ability to address the challenges identified in the current process, Origami Risk's software is also connected with NIAC and AmBest data which adds an additional level of protection in ensuring that vendors are compliant with the City's financial rating requirements. One of Origami's star features is that all correspondence with a specific vendor will be recorded which will help the Risk Management staff to operate symbiotically.

For example, there are some cases where multiple departments use the same vendor. Using the current process, each department would be prompted to submit a separate approval request to Risk Management for the same insurance certificate. Origami Risk will issue a *warning* to the submitter advising that there is already an insurance certificate on file for the named insured. This feature will drastically reduce duplication of work for departments and the Risk Management Division.

Purchasing Resolution 23256, Section 602(n) states that "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required …when the Procurement is for the renewal of maintenance, license(s), support, or a similar need for existing technology systems, including hardware, and the items procured are from the owner/developer of the software/hardware of from a sole source provider, and the Manager is satisfied that the best price, terms and conditions have been negotiated."

The Purchasing Manager concurs that the recommended action complies with Purchasing Resolution No. 23256, Section 602(n).

FISCAL IMPACT:

The total fiscal impact of the action is $43,010.00. Sufficient funds are available in the Liability Insurance Trust Fund, Finance-Risk Management Software Purchase/Licensing Account 2320000-425700.

Prepared by: Marie Ricci, Assistant Chief Financial Officer
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Carlie Meyers, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachment: Addendum 1- to the Master Software Subscription Agreement with
                                  Origami Risk LLC