



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: FEBRUARY 16, 2021**

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

**SUBJECT: PROFESSIONAL SERVICES AGREEMENT WITH KEENAN & ASSOCIATES TO PROVIDE INSURANCE BROKER AND RISK CONSULTING SERVICES FOR A FIVE-YEAR TERM IN THE AMOUNT OF \$256,745, WITH THE OPTION TO EXTEND FOR TWO ADDITIONAL ONE YEAR TERMS, AND AUTHORIZE A 10% CHANGE ORDER AUTHORITY IN THE AMOUNT OF \$25,674.50 FOR A TOTAL PROJECT COST OF \$282,419.50**

## **ISSUE:**

Approve a Professional Services Agreement with Keenan & Associates to provide insurance broker and consulting services for a five-year term in the amount of \$256,745, with the option to extend for two additional one-year terms and authorize a 10% change order authority in the amount of \$25,674.50 for a total project cost of \$282,419.50.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve a Professional Services Agreement with Keenan & Associates for insurance consulting and brokerage services, for a five-year term in the amount of \$256,745, with the option to extend for two additional one-year terms; and
2. Authorize a 10% change order authority in an amount up to \$25,674.50 for additional services in connection with property and casualty insurance services; and
3. Authorize the City Manager, or his designee, to execute the Professional Services Agreement with Keenan & Associates, Inc. including making minor and non-substantive changes.

## **BACKGROUND:**

The City purchases a wide range of insurance policies designed to protect assets and provide additional liability funds should a claim exceed the City's self-insured retention limits. The City cannot purchase insurance policies directly from commercial insurance carriers because the City does not have a Property and Casualty Brokerage License from the California Department of Insurance. As a result, the City enters into Professional Services Agreements with licensed insurance brokers to procure critical insurance policies. An insurance broker for procurement must

be secured as the industry prohibits individual public agencies from going directly to underwriters for insurance policies.

The City's Insurance Program is administered by the Risk Management Division of the Finance Department. Coverage is procured to protect the City and its operating companies against catastrophic loss and to comply with various bond covenants and agreements. The insurance broker will assist the City on a fixed-fee basis with assessing insurance markets, managing costs, and obtaining the broadest coverage.

### **DISCUSSION:**

On November 17, 2020, Request for Proposal (RFP) 2057 was issued seeking a qualified firm to provide insurance broker and consulting services on a fixed-fee basis. The intent of this solicitation was to select an insurance brokerage firm to provide ongoing insurance brokerage and risk consulting services to the City. The broker scope of work would include exploring strategies for traditional and alternative risk financing programs, in addition to making recommendations on creative alternatives to existing insurance programs, in effort to assist the City in reducing its total cost of risk. Services include:

- Conduct a comprehensive evaluation of the City's Insurance Program.
- Market the City's insurance policies to property and casualty carriers in effort to obtain competitive quotes.
- Assist City staff in determining appropriate insurance requirements and limits amounts for vendors.
- Provide the City with a market forecast for the upcoming renewal cycle as outlined in RFP 2057.

A total of seven proposals were received, three of which were deemed unresponsive, leaving the City with four responsive proposals to evaluate. The City subsequently released two Requests for Clarifications (RFC) in an effort to get additional insight as to the qualifications and abilities of each of the four responsive bidders. After the initial evaluations were completed, the City invited the top three rated proposals for an interview where the evaluation committee received additional clarification on each of the respective proposals. On January 20, 2021, the evaluation committee identified Kennan & Associates as the most successful proposal.

The Purchasing Manager concurs with the award recommendation and confirms that all actions are in compliance with Purchasing Resolution 23256.

### **FISCAL IMPACT:**

The total fiscal impact of the action is \$282,419.50 over a five-year agreement period of February 1, 2021 through June 30, 2026. Sufficient funds will be included the budget submission for the applicable fiscal years in the Liability Insurance Trust Fund account 2320000-421000.

Prepared by: Kristie Thomas, Assistant Chief Financial Officer  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Moises Lopez, Deputy City Manager  
Approved as to form: Kristie J. Smith, Interim City Attorney

Attachments:

1. RFP 2057 Insurance Broker and Risk Consulting Services
2. RFP 2057 Proposal and RFC Responses
3. Professional Services Agreement with Keenan & Associates