



Agenda Report

January 27, 2020

TO: Honorable Mayor and City Council
FROM: City Attorney/City Prosecutor's Department/Liability & Claims Division
SUBJECT: AUTHORIZATION TO ENTER INTO A MULTI-YEAR CONTRACT WITH DESIGNATED INSURANCE BROKER OF RECORD FOR PROPERTY AND CASUALTY INSURANCE COVERAGE

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Authorize the City Manager to enter into a contract, as the result of a competitive selection process pursuant to Pasadena Municipal Code section 4.08.047, with Alliant Insurance Services, Inc. for five years in an amount not to exceed \$389,000 with the option for two additional one-year terms in an amount not to exceed \$82,000 annually at the discretion of the City Manager, for a total of \$553,000 for seven years.

BACKGROUND:

The City of Pasadena ("City") purchases property and casualty insurance to protect against catastrophic loss and to comply with various bond agreements. The City's insurance broker assists the City with access to insurance markets, managing an insurance program for the City, and risk consulting services. The existing contract for insurance broker services is currently on an exemption purchase order to allow the department to complete the formal solicitation process. The Liability & Claims Division is seeking a qualified contractor to provide the City with insurance broker and risk consulting services.

On November 25, 2019 a Request for Proposals (RFP) was posted via Planet Bids for insurance broker and risk consulting services. On December 9, 2019 a pre-proposal

meeting was scheduled and three vendors joined the meeting—Alliant, Aon (by phone), and Arthur J. Gallagher. Proposals were due on December 19, 2019, at which time the City received four submissions from the following: Alliant, Aon, Arthur J. Gallagher, and Willis Towers Watson. There are no known local vendors who can provide the magnitude of such services for a city of similar size and scope.

Each proposal was evaluated, using the criteria outlined in the RFP, by two City staff members and a seasoned retired Risk Manager for a comparable southern California municipality. The score ranges can be found in Attachment A—Insurance Broker & Risk Consulting Services Vendor Scoring. After evaluation, the top two proposers were brought in for interviews and Alliant was selected.

It is recommended that the City Council authorize the City Manager to enter into a contract with Alliant Insurance Services, Inc. for five years in an amount not to exceed \$389,000 with the option for two additional one-year terms in an amount not to exceed \$82,000 annually at the discretion of the City Manager, for a total of \$553,000 for seven years.

COUNCIL POLICY CONSIDERATION:

The recommendation is consistent with the City's Council's strategic planning goals of maintaining fiscal responsibility and stability.

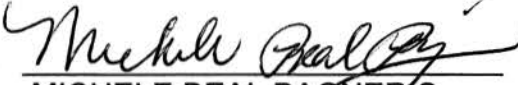
ENVIRONMENTAL IMPACT:

The action proposed herein is not subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378. The authorization to enter into a contact with Alliant Insurance Services, Inc. This action would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore the proposed action is not a "project" subject to CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

The maximum cost of this action will be approximately \$553,000 over a seven year period. The anticipated prorated cost for the period March 1, 2020 through June 30, 2020 is \$25,000, which will be absorbed in the existing Fiscal Year 2020 Adopted Operating Budget. All subsequent budgets and allocations to City departments will be administered through the budget process for the remaining term of the seven year contract.

Respectfully submitted,



MICHELE BEAL BAGNERIS
City Attorney/City Prosecutor

Prepared by:



ARLENE GALLARDO
Risk and Insurance Administrator

Concurred by:



for STEVE MERMELL
City Manager

Attachments: (2)

Attachment A – Insurance Broker & Risk Consulting Services Vendor Scoring

Attachment B – Taxpayer Protection Amendment