



Agenda Report

June 16, 2025

TO: Honorable Mayor and City Council

FROM: City Manager's Office

SUBJECT: **ADOPT A RESOLUTION AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AGREEMENTS, AND ANY OTHER DOCUMENTS NECESSARY, FOR THE PROCUREMENT OF INSURANCE COVERAGE NECESSARY FOR CITY OPERATIONS**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed 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 negotiate and execute agreements, and any other documents necessary, for the procurement of insurance coverage necessary for City operations; and
3. Grant an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance, Pasadena Municipal code Chapter 4.08, pursuant to Section 4.08.049(B) contracts which the City's best interests are served. Insurance renewals are exempt from the competitive bidding process pursuant to the City Charter Section 1002 (F), contracts for professional or unique services.

BACKGROUND:

The City of Pasadena purchases insurance to protect the interests of the City against catastrophic loss. The City maintains insurance for a variety of risk exposures, including but not limited to, property, excess general liability, excess Workers' Compensation, pollution, automobile physical damage, medical malpractice, and cyber.

Insurance policies are renewed on a year-to-year basis for policy periods that run concurrent with the City's fiscal year. Alliant Insurance Services, the City's broker of record, works closely with City staff to secure the best available renewal options each fiscal year, strategically engaging incumbent and other viable carriers, as necessary, for the most favorable premiums and policy terms. The renewal process typically commences

in January of each year and concludes in late June, just before the policy renewals take effect on July 1. On occasion, it may be prudent to procure additional policies outside of the annual renewal cycle due to risk exposures presented by unique operations such as large-scale construction projects or special events.

Funding for insurance renewals is included annually in the Recommended Operating Budget based on not to exceed projections available as of January of each year when the following year's Recommended Operating Budget is established. The funding for insurance renewals is subsequently approved as part of the City Council's annual approval of the Operating Budget which typically occurs in early to mid-June of each year. For context, the FY 26 Recommended Operating Budget includes \$12,345,696 in anticipation of insurance increases. This figure is based on January 2025 not to exceed estimates and represents a 28.3% increase over the FY 25 costs of \$9,620,345. While the actual renewal figures may be lower than this projection, staff anticipates an increase of no less than 18%.

Historically, staff has sought City Council approval annually in late June of each year to procure insurance renewals for the following fiscal year. However, the nature of this process is such that it asks the City Council to make a hasty decision to approve the renewals as presented or reject some or all renewals and go without insurance until such time as a policy acceptable to the City Council can be identified.

The recommended action will result in a departure from the existing late June insurance renewal approval process in favor of a more streamlined process whereby authority to negotiate and execute insurance renewals is delegated to the City Manager on an ongoing basis. In recognition of this change, the City Manager's Office will report to the City Council annually on the status of insurance coverage and any significant changes affecting the City's risk management program. This report will provide the City Council with ample opportunity to review the City's insurance portfolio, understand risk exposures, cost drivers, anticipated renewal projections, and provide direction on the City's risk management strategy.

COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic planning goal to maintain fiscal responsibility and stability.

ENVIRONMENTAL ANALYSIS:

The proposed action has been determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061 (b)(3), the Common Sense Exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The proposed action will not result in any new development or physical changes.

FISCAL IMPACT:

There is no direct fiscal impact associated with this recommended action as funding for the City's insurance coverage is included annually in the Recommended Operating Budget.

Respectfully submitted,



ALEX SOUTO
Deputy City Manager

Approved by:



MIGUEL MÁRQUEZ
City Manager