



CITY COUNCIL AGENDA REPORT

MEETING DATE: June 18, 2013

ITEM NUMBER: CC-11

SUBJECT: INSURANCE BROKER SERVICES

DATE: June 5, 2013

FROM: CEO DEPARTMENT/HUMAN RESOURCES DIVISION

PRESENTATION BY: LANCE NAKAMOTO, HUMAN RESOURCES MANAGER

FOR FURTHER INFORMATION CONTACT: LANCE NAKAMOTO, HUMAN RESOURCES MANAGER, (714) 754-5172

RECOMMENDATION:

Staff recommends that the City Council authorize the City Chief Executive Officer to reject all proposals and issue a new Request for Proposal for Insurance Broker Services that better meets the needs of the City.

BACKGROUND:

The City of Costa Mesa contracts with a licensed insurance brokerage to purchase the necessary coverage to protect the City from a variety of losses. Since 1990, the City has had a broker of record letter in file with Alliant Insurance Services, Inc and more recently added a broker of record letter with Wigmore Insurance Agency for the City's Excess Workers Compensation policy in 2012.

In keeping with the City's philosophy of providing services efficiently and cost effectively, the Human Resources Division, at the direction of the City CEO, released an RFP for Insurance Broker Services with the following schedule:

- Release of RFP August 17, 2012
- Deadline for Written Questions September 7, 2012
- Responses to Questions Posted on Web September 14, 2012
- Proposals Due September 26, 2012

ANALYSIS:

In response to the City's RFP, the following proposals were received from two (2) insurance broker firms:

- Alliant Insurance Services
- Arthur J. Gallagher Risk Management Services

Proposals were reviewed by an Evaluation Committee consisting of City staff, a City consultant as well as an outside agency staff member. The proposals were reviewed using the following criteria:

- Qualifications of the entity and key personnel;
- Approach to providing the requested services;
- Price proposal; and
- Innovative and/or creative approaches.

The Evaluation Committee met on October 25, 2012, to review both proposals. References were checked to verify the quality of services provided to agencies serviced by respective firms. Based on the review of each committee member ranking as well as references and financial information, both firms were selected for further consideration and the interview process.

Interviews were held on November 13, 2012, with both firms to provide further clarification on their proposals and determine how they would serve the City of Costa Mesa for the following scope of services:

- Excess General Liability, including employment practices
- Property, including Cyber coverage
- Automobile
- Boiler and Machinery
- Excess Workers' Compensation
- Earthquake and Flood
- Crime
- Environmental
- Special Event Insurance Program; Includes Tenant/User event, Instructor/Recreation event, Nominee event, Concessionaire and additional insured.
- Any other coverage requested by the City of Costa Mesa or recommended by the broker

The RFP requested a three (3) year contract with a single brokerage firm for a flat fee per policy year. The City only received two proposals for this RFP. In order to evaluate and find the best firm for the City, we would like to expand our distribution of the RFP. Per City Municipal Code Section 2-166.d – Rejection of Bids, which states that with discretion, the purchasing officer may recommend to the City Manager (CEO) the rejection of any and all bids and re-advertise bids.

FISCAL REVIEW:

There is no fiscal impact as a result of this recommendation.

ALTERNATIVES CONSIDERED:

Continue to retain the current insurance brokers, Alliant Services and Wigmore Insurance Agency, based upon the current broker letters of record on file with the City.

LEGAL REVIEW:

The City Attorney has reviewed this issue and found no legal concerns.

CONCLUSION:

The Human Resources Division, at the direction of the City CEO, released an RFP for insurance broker services. Following established procedures for procuring vendor proposals, including formation of an evaluation committee and development of a detailed scope of services, a total of two (2) firms submitted proposals for insurance broker services.

Staff recommends that the City Council authorize the City Chief Executive Officer to reject all proposals and issue a new Request for Proposal for Insurance Broker Services that better meets the needs of the City.

Tamara S. Letourneau

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Assistant Chief Executive Officer
City Attorney
Finance & I.T. Director
City Clerk
Human Resources Manager

ATTACHMENTS: 1 [Insurance Broker Services RFP Determination Book on CD](#)