

AGENDA



Recommendation for Council Action (Purchasing)

Austin City Council - Commissioner's Court Meeting	Item ID:	34741	Agenda Number	48.
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Meeting Date:	August 28, 2014
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Department:	Purchasing
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Subject

Authorize award and execution of a 12-month requirements contract with JOHN L. WORTHAM & SON, LP, DBA WORTHAM INSURANCE & RISK MANAGEMENT for property, boiler, and machinery insurance and loss prevention services, in an amount not to exceed \$3,150,000, with five 12-month extension options in amounts not to exceed \$3,622,500 for the first extension option, \$4,165,875 for the second extension, \$4,790,756 for the third extension, \$5,550,937 for the fourth extension, and \$6,383,578 for the fifth extension, for a total contract amount not to exceed \$27,663,646.

Amount and Source of Funding

Funding in the amount of \$3,150,000 is available in the Fiscal Year 2013-2014 Operating Budget of Austin Energy. Funding for the extension options is contingent upon available funding in future budgets.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	Sole proposal received.
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Prior Council Action:	
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For More Information:	Sai Xoomsai, Senior Buyer Specialist, 512-972-4016
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Boards and Commission Action:	August 18, 2014 - Recommended by the Electric Utility Commission on a 6-0-1 vote.
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Related Items:	
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MBE / WBE:	This contract will be awarded in compliance with City Code Chapter 2-9C (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.
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Additional Backup Information

This contract will provide necessary coverage to insure Austin Energy's property, boilers, and machinery, valued at \$2 billion. This coverage is comprehensive in nature and provides a \$500 million blanket risk protection which includes coverage for fire, flood, wind, hail, explosion, earthquake, and collapse.

Additional services include property inspection services, review of structural plans to ensure compliance with established fire codes and safety standards, and jurisdictional boiler inspections. The current coverage provided by John L. Wortham & Son, LP DBA Wortham Insurance & Risk Management through Lloyds of London expires on October 1, 2014.

The proposed premium for Austin Energy's property, boiler and machinery insurance reflects a net reduction of 13% in relation to the expiring insurance premium. Premiums are estimated for extension options years to include coverage for a projected 5% increase in property values and a 10% per year rate increase.

An evaluation team evaluated the proposals and unanimously chose this proposal as the best to provide these services. Evaluation criteria used to evaluate the proposals included coverage and limits, quoted premiums, carrier qualifications, claims services, and local business presence.

MBE/WBE solicited: 1/2

MBE/WBE proposed: 0/0

PRICE ANALYSIS

- a. Sole proposal received. Due to the specialized nature of the services the City is requesting, the Risk Management Division of the Human Resources Department was expecting one proposal. John L. Wortham & Son, LP, DBA Wortham Insurance & Risk Management has been the sole provider of these services since October 1, 2008.
- b. One hundred, twenty-seven notices were sent, including one MBE and two WBEs. One proposal was received with no response from the MBE and WBEs.

APPROVAL JUSTIFICATION

- a. Sole proposal. John L. Wortham & Son, LP, DBA Wortham Insurance & Risk Management is the current provider of these services.
- b. The Purchasing Office concurs with the Human Resource Department's recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.