



**Recommendation for
Water & Wastewater Commission**

Commission Meeting Date:	August 10, 2016
Council Meeting Date:	August 18, 2016
Department:	Purchasing
SUBJECT	
<p>Authorize negotiation and execution of a 12-month contract with FACTORY MUTUAL INSURANCE COMPANY , or one of the other qualified offerors to Request For Proposals TVN0060, to provide all-risk property and boiler machinery insurance coverage and ancillary risk management services in an amount not to exceed \$2,829,355, with six 12-month extension options in an amount not to exceed \$3,427,563 for option 1, \$4,035,193 for option 2, \$4,660,648 for option 3, \$5,460,043 for option 4, \$6,306,350 for option 5, and \$7,283,834 for option 6, for a total contract amount not to exceed \$34,002,986. This is a multi-department contract. Austin Water's requested authorization is \$13,162,863.</p>	
AMOUNT AND SOURCE OF FUNDING	
<p>Funding in the amount of \$97,858 is available in the Fiscal Year 2015-2016 Operating Budgets of Austin Water. Funding for the remaining 10-months of the original contract period and extension options are contingent upon available funding in future budgets.</p>	
Purchasing Language:	<p>The Purchasing Office issued a Request for Proposals (RFP) TVN0060 for these services on 4/11/2016 and it closed on 5/24/2016 with 4 offers received. The recommended offer is the best evaluated offer submitted by a responsible offeror. Additional information on the solicitation is included below the line. The recommended offeror is not the current provider for these services.</p>
Prior Council Action:	N/A
For More Information:	Terry Nicholson, 512-322-6586
Boards and Commission Action:	August 10, 2016- To be reviewed by the Water and Wastewater Commission.
MBE/WBE:	<p>This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the services required for this solicitation, there were an insufficient number of certified M/WBE's; therefore, no subcontracting goals were established.</p>

The contract will provide property and boiler & machinery insurance coverage and ancillary risk management services for all City departments, with the exception of Austin Energy's power generating facilities. The City's current property values are approximately \$5.38 billion. The Contractor will provide special form coverage, to include replacement cost for fire, wind, hail, explosion, flood, earthquake, and collapse. Ancillary risk management services will include loss prevention inspections, jurisdictional boiler & machinery inspections, property valuation appraisals, and review of structural plans to ensure compliance with established fire codes and safety standards.

Premiums for the extension options include a 10% per year rate increase, a 5% per year value appreciation for existing facilities, and projections for future acquisitions and constructed locations being added to the policy, including \$496,000,000 of projected property construction at ABIA.

An evaluation team with expertise in this area evaluated the offers and scored Factory Mutual Insurance Company as the best to provide these services based on premiums & fees proposed, coverage provisions, limits and sub limits, deductibles & restrictions, ancillary risk management services & expertise, proposer qualifications, and claims handling processes & expertise.

This request allows for the development of a contract with a qualified offeror that Council selects. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so Council may select another qualified offeror and authorize contract negotiations with this provider.

The current insurance policy for this coverage expires on 9/30/2016. Without this contract, the City's property assets will be exposed to an unacceptable level of risk.

A complete solicitation package, including a response list, is on file in the City's Purchasing Office and is available on the City's Financial Services Austin Finance Online website. Link: [Solicitation Documents](#)

FACTORY MUTUAL INSURANCE COMPANY				
	# months	Contract Amount	Contract Amendment	Revised Amount
Original Term	12	\$2,829,355	n/a	n/a
Extension Option 1	12	\$3,427,563	n/a	n/a
Extension Option 2	12	\$4,035,193	n/a	n/a
Extension Option 3	12	\$4,660,648	n/a	n/a
Extension Option 4	12	\$5,460,043	n/a	n/a
Extension Option 5	12	\$6,306,350	n/a	n/a
Extension Option 6	12	\$7,283,834	n/a	n/a
TOTAL	84	\$34,002,986	n/a	n/a

EVALUATION FACTORS FOR: RFP TVN0060 – City of Austin Property Insurance

EVALUATION CRITERIA		Total Points	FM Global Plano, TX	Arthur Gallagher & Co. Austin, TX	McGriff, Seibels & Williams Addison, TX	Wortham Houston, TX
1	Coverage Provisions, Limits & Sublimits, Deductibles & Restrictions	25	21	17	16	
2	Ancillary Risk Management Services/Expertise	20	18	14	7	
3	Proposer Qualifications	15	13	12	10	
4	Claims Handling Processes/Expertise	10	9	8	7	
5	Premiums & Fees	30	30	26	21	
GRAND TOTAL SCORE		100	91	77	61	*

* Deemed Non-Responsive – Did not meet the specification requirements of the solicitation.

NOTE: As per Section 252.049 of the local government code, contents of a proposal shall remain confidential until a contract is awarded or as directed by the Texas Attorney General’s Office. Therefore, the matrix will include points awarded for price but exact pricing will not be disclosed.