



Recommendation for Action

File #: 23-1506, Agenda Item #: 17.

4/13/2023

Posting Language

Authorize negotiation and execution of a contract for broker services for Austin Energy with Alliant Insurance Services, Inc. d/b/a Alliant Insurance Services, for up to five years for a total contract amount not to exceed \$55,000,000.

[Note: 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 no subcontracting opportunities; therefore, no subcontracting goals were established].

Lead Department

Financial Services Department.

Client Department(s)

Human Resources Department.

Fiscal Note

Funding in the amount of \$4,190,068 is available in the Fiscal Year 2022-2023 Operating Budget of Austin Energy. Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

The Financial Services Department issued a Request for Proposals (RFP)5800 BYS3025 for these services. The solicitation was issued on November 14, 2022, and closed on December 20, 2022. Of the five offers received, the recommended contractor submitted the best evaluated responsive offer. A complete solicitation package, including a log of offers received, is available for viewing on the City's Financial Services website, Austin Finance Online. Link: [Solicitation Documents](https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=137591)
<https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=137591>.

For More Information:

Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized Contact Person: Brenita Wilkison, at 512-974-3164 or brenita.selement@austintexas.gov
<<mailto:brenita.selement@austintexas.gov>>.

Council Committee, Boards and Commission Action:

March 20, 2023 - Recommended by the Electric Utility Commission on a 6-0 vote, with Commissioners Bowen, Ferchill, Hadden, and Jonker absent and one vacancy.

Additional Backup Information:

The contract is for the establishment of a broker of record for the placement of Austin Energy (AE) insurance policies and professional risk management services. The scope of work provides various risk management services including but not limited to: loss control and prevention inspection, property valuations, construction plan review services, risk modeling and forecasting including natural hazard catastrophe and mechanical

breakdown modeling (Maximum Foreseeable Loss and Probable Maximum Loss), and benchmarking analyses.

The advantage of this contract is to consolidate the services with one broker which enhances AE's risk profile and marketability within the insurance industry. It also increases the efficiencies in the procurement process. The compensation for the proposed contract is a flat annual administration fee plus insurance premiums which is recognized as the appropriate means of compensating an insurance broker for insurance policy placement and supporting services.

This replaces three separate insurance and risk management contracts for property (expiring September 30, 2025), excess liability (expiring December 31, 2023), and cyber insurance coverages (expired April 12, 2023). The requested authorization amount is based on historical spend and departmental estimates of future needs. The recommended contractor is not the current provider for these services.

If a contract is not secured, AE will have an interruption in property, liability, and cyber insurance coverage. The contract also provides additional risk management professional services that will support AE's strategic goals, and the consolidated contract provides cost savings.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	3 yrs.	\$29,032,860
Optional Extension 1	1 yr.	\$12,196,798
Optional Extension 2	1 yr.	\$13,770,342
TOTAL	5 yrs.	\$55,000,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.

Strategic Outcome(s):

Government that Works for All.