



Recommendation for Action

File #: 23-2743, **Agenda Item #:** 29.

9/21/2023

Posting Language

Authorize negotiation and execution of a contract to provide City property, boiler, and machinery insurance coverage with Alliant Insurance Services, Inc., for up to five years for a total contract amount not to exceed \$70,971,967.

[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 \$740,042 is available in the Fiscal Year 2022-2023 Operating Budget of the Human Resources Department. 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 BJT3009 for these services. The solicitation was issued on February 20, 2023, and closed on April 4, 2023. The recommended contractor submitted the only responsive offer. A complete solicitation package, including a log of offer 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=138398>](https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=138398).

For More Information:

Direct questions regarding this Recommendation for Council Action to the Financial Services Department - Central Procurement at: FSDCentralProcurementRCAs@austintexas.gov or 512-974-2500. Respondents to the solicitation and their Agents should direct all questions to the Authorized Contact Person identified in the solicitation.

Additional Backup Information:

The contract will provide a broker of record to provide property, boiler, and 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 currently covered property values are approximately \$7.7 billion. The insurance 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 and machinery inspections, property valuation appraisals, and review of structural construction plans to ensure

compliance with established fire codes and safety standards. The City previously had a direct placement contract with a single insurance carrier. The broker of record structure will allow the contractor to fully market the City's property insurance coverage to ensure the best pricing, terms, and conditions are achieved every renewal. The compensation for the proposed contract is a flat annual administration fee plus insurance premiums.

An evaluation team with expertise in this area evaluated the offers and scored Alliant Insurance Services, Inc. as the best to provide these services based on price, ancillary risk managements services, coverage terms and conditions, local preference, proposer experience, contract form compliance, and service-disabled veteran business enterprise.

This contract replaces the current contract which expires on September 30, 2023. The recommended contractor is not the current provider for these services. The requested authorization amount for this contract was determined using departmental estimates, historical expenditures, and anticipated construction and property value growth.

If a contract is not secured, the City will have an interruption in property insurance coverage and its assets will be exposed to an unacceptable level of risk of loss.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	3 yrs.	\$42,583,179
Optional Extension 1	1 yr.	\$14,194,394
Optional Extension 2	1 yr.	\$14,194,394
TOTAL	5 yrs.	\$70,971,967

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