



Legislation Text

File #: 19-1289, **Version:** 1

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: September 25, 2019

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services

EXECUTIVE: Elizabeth Reich

SUBJECT

Authorize Supplemental Agreement No. 3 **(1)** to exercise the first of two one-year renewal options to the contract **(a)** to provide broker of record services from October 1, 2019 to September 30, 2020 and the purchase of an insurance policy for commercial property/boiler and machinery from October 1, 2019 to September 30, 2020 at a guaranteed rate of \$0.037886 in the amount of \$1,908,836.00, from \$4,099,290.00 to \$6,008,126.00; **(b)** extend the contract for one year for the purchase of aviation, crime, fine arts, flood, media professional liability, and general liability insurance policies from October 1, 2019 to October 1, 2020 in the amount of \$151,242.15, from \$403,861.40 to \$555,103.55; and **(c)** exercise the first of two one-year renewal options for risk management consulting services from January 8, 2020 to January 7, 2021 in an amount of \$72,000.00, from \$216,000.00 to \$288,000.00 with USI Insurance Services, LLC fka USI Insurance Services National, Inc.; and **(2)** to extend the contract with McGriff, Seibels & Williams, Inc. for brokerage fees and the purchase of cyber liability and privacy insurance from October 1, 2019 to October 1, 2020 in the amount of \$308,751.00, from \$735,675.00 to \$1,044,426.00 - Total not to exceed \$2,440,829.15, from \$5,454,826.40 to \$7,895,655.55 - Financing: Risk Management Fund (subject to appropriations)

BACKGROUND

The insurance policies secured by USI Insurance Services provide commercial property insurance (e.g. buildings, contents, business interruption, terrorism, extra expense, and debris removal) for the following types of coverage:

- Aviation - police helicopters
- Crime - employee dishonesty, forgery, and fraud
- Fine arts - works of art owned by the City
- Flood - damage to property caused by flood
- Media professional liability - broadcasting operations at WRR
- General liability - liability exposures specific to Southern Skates as well as the Jack Evans Police Headquarters parking garage as required by the contract

The current policies will expire on September 30, 2019. The new property policy rate is guaranteed for one year. The City's property values total approximately \$4.2 billion. The vendor will provide brokerage services to secure a blanket property loss limit of \$1 billion per occurrence insuring all risk of direct physical loss. Property claims are to be paid at replacement cost with a deductible of \$750,000.00 per occurrence and the hail damage deductible will be 5 percent of the values of affected facilities at the time of loss.

Commercial property insurance as well as broker services will include:

- Outlining a property structure
- Providing strategies and rationale for property program
- Providing engineering inspections
- Placing the City's commercial property, boiler & machinery, fine arts, crime, aviation, general liability, media professional liability and flood insurance policies

Consulting and technical assistance will encompass all phases of risk management services for the City's operations. The services include the review of coverage for:

- Property insurance program
- Excess workers' compensation insurance;
- Excess liability insurance
- Risk transfer consulting
- TPA, Medical Cost Containment, and drug testing audits
- Market assistance with insurance requirements for contractors
- Reviews of insurance companies' financial stability

The cyber liability policy, secured by McGriff, Seibels & Williams of Texas, Inc. includes coverage for:

- Network breach events to include computer forensics, crises management and public relations expenses, consumer notification, forensic and legal expenses, credit monitoring services, etc.
- Systems failure business interruption
- Security and privacy liability to include coverage for legal defense costs and damages for financial loss suffered by others due to failure of computer security
- Payment Card Industry-Data Security Standard fines and penalties
- Regulatory proceedings
- Cyber extortion

On November 10, 2015, the City Council authorized a living wage policy that requires contractors to pay their employees a "living wage" rate as established annually by the Massachusetts Institute of Technology Living Wage Calculator for Dallas County by Resolution No. 15-2141. The current calculated living wage during the solicitation process of this contract is \$11.15; the selected vendors meet this requirement.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On September 14, 2016, City Council authorized a three-year contract, with two one-year renewal options, for broker of record and the purchase of an insurance policy for commercial property/boiler and machinery insurance with Wells Fargo Insurance Services, USA from October 1, 2016 through September 30, 2019 at a guaranteed rate of 0.03064; and risk management consulting services from January 8, 2017 through January 7, 2020; a one-year contract, with two one-year renewal options, for the purchase of aviation, crime, fine arts, flood, media and professional liability, and general liability insurance policies with Wells Fargo Insurance Services, USA, Inc. from October 1, 2016 through September 30, 2017; and a one-year contract, with two one-year renewal options for brokerage fees and the purchase of cyber liability and privacy insurance with McGriff, Seibels & Williams of Texas, Inc. from October 1, 2016 through September 30, 2017, by Resolution No. 16-1429.

The Government Performance and Financial Management Committee was briefed by memorandum regarding this matter on September 18, 2017.

On September 27, 2017, City Council authorized Supplemental Agreement No. 1 to exercise the first of two one-year renewal options to the contract with Wells Fargo Insurance Services USA, Inc. for the purchase of aviation, crime, fine arts, flood, media, professional liability, and general liability insurance policies from October 1, 2017 through September 30, 2018, and Supplemental Agreement No. 1 to exercise the first of two one-year renewal options to the contract with McGriff, Seibels & Williams of Texas, Inc. for brokerage fees and the purchase of cyber liability and privacy insurance from October 1, 2017 through September 30, 2018, by Resolution No. 17-1530.

The Government Performance and Financial Management Committee was briefed by memorandum regarding this matter on September 4, 2018.

On September 12, 2018, City Council authorized Supplement Agreement No. 2 to exercise the second of two one-year renewal options to the contract with USI Insurance Services National, Inc. for the purchase of aviation, crime, fine arts, flood, media, professional liability, and general liability insurance policies from October 1, 2018 through September 30, 2019; and Supplemental Agreement No. 2 to exercise the second of two, one-year renewal options to the contract with McGriff, Seibels & Williams, Inc. for brokerage fees and the purchase of cyber liability and privacy insurance from October 1, 2018 through September 30, 2019, by Resolution No. 18-1269.

FISCAL INFORMATION

Risk Management Fund - \$2,440,829.15 (subject to appropriations)

M/WBE INFORMATION

In accordance with the City's Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

Contract Amount	Category	M/WBE Goal	M/WBE %	M/WBE \$
\$2,440,829.15	Other Services	23.80%	2.12%	\$51,797.00
• This contract does not meet the M/WBE goal, but complies with good faith efforts.				
• Supplemental Agreement No. 3 - 0.66% Overall M/WBE participation				

OWNERS

USI Insurance Services, LLC

John Collado, President
Ernest J. Newborn, II, Secretary
John Collado, Treasurer

McGriff, Seibels & Williams, Inc.

Tommy Ebner, President
Doug Hodo, Vice President