



**CITY OF PLANO  
COUNCIL AGENDA ITEM**

<b>CITY SECRETARY'S USE ONLY</b>					
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory					
Council Meeting Date:		10-08-2012			
Department:		Risk Mangement			
Department Head		Darrell Edwards			
Agenda Coordinator (include phone #): <b>Nancy Corwin x7137</b>					
<b>CAPTION</b>					
Approval of an estimated annual expenditure in the amount of \$541,776 for City insurance premuims to be paid to the Broker of Record, Arthur J. Gallagher Risk Management Services, Inc. to be utilized by Risk Management.					
<b>FINANCIAL SUMMARY</b>					
<input type="checkbox"/> NOT APPLICABLE <input checked="" type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP					
FISCAL YEAR:	<b>2012-13 thru 2016-17</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget		0	665,000	2,167,104	<b>2,832,104</b>
Encumbered/Expended Amount		0	0	0	<b>0</b>
This Item		0	-541,776	-2,167,104	<b>-2,708,880</b>
BALANCE		0	123,224	0	<b>123,224</b>
<b>FUND(s):    PROPERTY/LIABILITY LOSS</b>					
<p><b>COMMENTS:</b> This item approves price quotes. Expenditures will be made in the Risk Management Department based on need within the approved budget appropriations for each year of the contract. The estimated annual amount to be spent in FY 2012-13 is \$541,776. The estimated future amount, if all renewal years are exercised is \$2,167,104 which will be made within approved budget appropriations. Remaining balance will be used for other Risk Management services.</p> <p><b>STRATEGIC PLAN GOAL:</b> Providing Risk Management with Broker Services to Purchase Insurance Policies relates to the City's Goal of a Financially Strong City with Service Excellence.</p>					
<b>SUMMARY OF ITEM</b>					
<p>Staff recommends approval of expenditure in the estimated amount of \$541,755.88 to Arthur J. Gallagher Risk Management Services, Inc. to correct an administrative error in the initial award for Broker of Record. The Broker of Record is responsible for paying annual insurance premiums on behalf of the City of Plano. The insurance premiums for the current year are \$541,775.88 to be paid to Arthur J. Gallagher Risk Management Services, Inc. for Risk Management. This is an annual contract with four (4) City optional renewals. (2011-257-C-R)</p>					
List of Supporting Documents: Department Memo			Other Departments, Boards, Commissions or Agencies		



Division of Risk Management  
7501-A Independence Parkway  
Plano, TX 75025  
972.208.8250

## **MEMORANDUM**

**DATE:** 10/2/2012

**TO:** Diane Palmer-Boeck, Chief Purchasing Officer

**FROM:** Darrell Edwards, Risk Manager

**CC:** LaShon Ross, Deputy City Manager – Community Services  
Jim Parrish, Director of Human Resources  
Jim Miller, Assistant Risk Manager

**SUBJECT:** Broker of Record and Supplemental Services Contract Award, RFP No. 2011-257-C

On 3-6-2012 Arthur J. Gallagher Risk Management Services, Inc. was awarded a contract to act as the City of Plano's Broker of Record.

The primary function that a broker of record performs for their client is to purchase insurance policies on behalf of the client. They negotiate with insurance carriers to secure appropriate coverage at the best possible rates.

When the contract for Broker of Record and Supplemental Services was awarded to Arthur J. Gallagher Risk Management Services, Inc. the only dollar amount that was included in the contract was the actual fee for the broker of record services. Through an administrative error, the anticipated expenditure needed to purchase the actual policies was omitted.

Risk Management is requesting that an annual expenditure of \$541,776 be approved for Broker of Record and Supplemental Services. The funding for this expenditure has already been approved by council in the current budget.

We are asking for Council's approval to expend previously approved budget dollars for the purchase of the City's insurance coverage. If we do not gain that approval, the City's insurance policies will be cancelled by the respective carriers.