



**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:		10/24/2011			
Department:		Purchasing			
Department Head		Diane Palmer-Boeck			
Agenda Coordinator (include phone #): <b>Aimee Storm Ext 7248</b>					
<b>CAPTION</b>					
To approve and authorize Contract Modification No.1 for the purchase of additional Risk management services in the amount of \$124,800 from Southern Specialized Risk Options, LLC. This modification will provide for the research, analysis, coordination, development and assistance with implementation of high priority risk management functions.					
<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>2011-12, 2012-13 &amp; 2013-14</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget		0	670,000	249,600	<b>919,600</b>
Encumbered/Expended Amount		0	0	0	<b>0</b>
This Item		0	-124,800	-249,600	<b>-374,400</b>
BALANCE		0	545,200	0	<b>545,200</b>
<b>FUND(s):    PROPERTY/LIABILITY LOSS</b>					
<p><b>COMMENTS:</b> Funding for this item is covered FY 2011-12 Budget. Risk Management believes a modification to an existing contract for additional services will allow for high priority functions to be better understood and addressed through city policies &amp; programs. This modification would allow for two contract renewals in future fiscal years.</p> <p><b>STRATEGIC PLAN GOAL:</b> Properly assessing and addressing potential risks relates to a Financially Strong City with Service Excellence</p>					
<b>SUMMARY OF ITEM</b>					
The Risk Management staff requests a modification to contract 2010-206-C for the research, analysis, coordination, development and assistance with implementation of high priority risk management functions such as occupational and environmental health, fleet safety, targeted inspections and assessments, and business continuity, in the amount of \$124,800, bringing the total contract to \$204,050.					
List of Supporting Documents:			Other Departments, Boards, Commissions or Agencies		
Memorandum					



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

## **MEMORANDUM**

**DATE:** 09/30/2011

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

**FROM:** Darrell Edwards, Risk Manager

**SUBJECT:** Contract 2010-206-C modification; Southern Specialized Risk Options, LLC Additional Services

The Division of Risk Management has been an excellent steward of City resources for the last two and a half years, and has made great strides in both changing spending patterns and adding tremendous value to the City of Plano. In the first full year that I was employed at the City (2009 – 2010), our expenditures were \$900,000 less than the prior fiscal year.

Currently, we have a contract with Southern Specialized Risk Options, LLC, to provide the City with annual facility inspection services. It has been largely through their efforts that we have been able to enhance and rely upon our property schedule and statement of values. The active contract we have with Southern Specialized Risk Options, LLC is 2010-206-C.

We are requesting to expand the services provided by Southern Specialized Risk Options, LLC, by contract modification. The financial impact of this modification is but a fraction of the dollars that have been saved in Risk Management during the short time that I have been employed at the City of Plano. I believe that adding the services that we are asking Southern Specialized Risk Options, LLC, to provide us will be an extension of the same philosophy of managing for efficiencies that was introduced to Risk Management in 2009.

Because there are so few resources in Risk Management, and we have identified many critical services that are imperative and must be accomplished, we are desirous of expanding Southern Specialized Risk Options, LLC's contribution to our efforts.

Some of the items that we need their assistance on are:

1. Assist with the development and implementation of city-wide risk management policies and procedures
2. Research, analyze, coordinate and develop specialized programs and procedures to support the five core areas of City risk management



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

## **MEMORANDUM**

3. Support activity based performance standards and program development
4. Research, analyze, coordinate, develop and assist with implementation of high priority risk management programs such as:
  - a. Occupational and Environmental Health
  - b. Accident Investigation
  - c. Insurance Management
  - d. Safety Program
  - e. Fleet Safety Program
  - f. Targeted Assessments and Inspections
  - g. Risk Management and Safety Committees
  - h. Written Risk Management Policies
  - i. Written Safety Policies
  - j. Industrial Hygiene
  - k. Emergency Management
  - l. Business Continuity Operations and Planning
5. RFP development
6. Specialized training program development and training delivery
7. Assist City departments with risk management needs, as directed
8. Conduct risk management assessments at various city work sites and facilities
9. Assist in enhancing risk management skills and understanding to designated City staff

Currently, I am the only City employee with a broad knowledge of each of the components of the field of risk management (i.e. loss prevention or control, risk financing, risk assessment, commercial insurance, claims management, safety and environmental compliance, etc.). In order to respond to City departments on daily operative functions such as contract review of appropriate language for insurance requirements, certificate of insurance compliance and a multitude of other issues, I have been reduced to performing operative level activities on a daily basis leaving no capacity for managerial functionality. This is exacerbated by the lack of formal risk management programmatic elements in place when I was hired in February, 2009, the level of development of existing Risk Management staff at that time, and the service needs of all City departments.

Shortly before I was hired, one risk analyst position and one senior risk analyst position were eliminated. The contract modification as requested with Southern Specialized Risk Options, LLC will give the Risk Management Division an additional resource with



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

## **MEMORANDUM**

broad, general knowledge of Risk Management, resulting in an increased capacity to provide departments with additional risk management support, while at the same time giving me the increased capacity to plan and initiate formalization of the City's risk management program. This staffing model or philosophy is no different than the way Purchasing, the City Attorney's Office, or Human Resources are staffed. Each of those departments have multiple employees with similar knowledge, skills and abilities (buyers, attorneys and HR generalists) that segment the City in each of their respective areas of expertise. Currently, for example, work from several buyers in Purchasing and attorneys in the City Attorney's Office flow to me alone for response.

The lack of capacity of the Risk Management Division is reaching a crisis state. In order to achieve the stated strategic goals of our department, we must, at a minimum, have the additional requested resource as identified in this memorandum.

The additional duties for Southern Specialized Risk Options, LLC will require a time commitment of approximately 1,248 hours. Our current contract with them states their rate for supplemental projects to be \$100 per hour, therefore the contract 2010-206-C should be adjusted by \$124,800.