



**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:  |  | 11-28-2011                   |  |                     |                  |
| Department:  |  | Purchasing                   |  |                     |                  |
| Department Head  |  | Diane Palmer-Boeck           |  |                     |                  |
| Agenda Coordinator (include phone #): <b>Nancy Corwin 972-941-7137</b>   |  |                              |  |                     |                  |
| <b>CAPTION</b>   |  |                              |  |                     |                  |
| Award of RFP No. 2011-260-C for a one (1) year contract with four (4) City optional renewals for Risk Loss Control Services to Arthur J. Gallagher Risk Management Services, Inc. in the amount of \$127,400, to be utilized by Risk Management, establish an annual contract with renewals and authorizing the City Manager or his authorized designee to execute all necessary documents.  |  |                              |  |                     |                  |
| <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, 2013-14, 2014-15, &amp; 2015-16</b> | <b>Prior Year (CIP Only)</b> | <b>Current Year</b>                                | <b>Future Years</b> | <b>TOTALS</b>    |
| Budget   |  | 0                            | 1,095,810  | 509,600             | <b>1,605,410</b> |
| Encumbered/Expended Amount   |  | 0                            | -469,906   | 0                   | <b>-469,906</b>  |
| This Item  |  | 0                            | -127,400   | -509,600            | <b>-637,000</b>  |
| BALANCE  |  | 0                            | 498,504  | 0                   | <b>498,504</b>   |
| <b>FUND(S):    PROPERTY/LIABILITY LOSS FUND</b>  |  |                              |  |                     |                  |
| <p><b>COMMENTS:</b> This item approves price quotes. Expenditures will be made in the Risk Management Division based on need within the approved budget appropriations for each year of the contract. The estimated annual amount to be spent in FY 2011-12 is \$127,400. The estimated future annual amount is \$127,400, which will be made within approved budget appropriations. Remaining balance will be used for other Risk Management Professional Services.</p> <p><b>STRATEGIC PLAN GOAL:</b> Providing risk control services for the City's Risk Management Division relates to the City's goal of a Financially Strong City with Service Excellence.</p> |  |                              |  |                     |                  |
| <b>SUMMARY OF ITEM</b>   |  |                              |  |                     |                  |
| Staff recommends the Request for Proposal of Arthur J. Gallagher Risk Management Services, Inc. for the 2011-260-C, RFP for Risk Loss Control Services in the amount of \$127,400 be accepted as the best value proposal, establish an annual contract with four (4) City optional renewals for Risk Management, and conditioned upon timely execution of any necessary contract documents.  |  |                              |  |                     |                  |
| List of Supporting Documents:<br>Recommendation Memo, Bid Recap  |  |                              | Other Departments, Boards, Commissions or Agencies |                     |                  |



## *Memorandum*

Date: November 1, 2011

To: Diane Palmer-Boeck, Chief Purchasing Officer

From: Darrell Edwards, Risk Manager

CC: LaShon Ross, Deputy City Manager  
Jim Miller, Assistant Risk Manager

Subject: Recommendation for Risk Control Services / 2011-260-C

The committee assigned to evaluate vendor responses for the City of Plano Request for Proposal 2011-260-C, Risk Control Services, is recommending the City enter into a contract with Arthur J. Gallagher Risk Management Services, Inc. This vendor was the only respondent to the RFP.

This contract will succeed the expiring contract 2007-4-C, between the City of Plano and Arthur J. Gallagher Risk Management Services, Inc.

After reviewing the proposal, the committee has reached consensus that the submitting vendor has satisfactorily met the requirements as detailed in the RFP. There were two areas we requested proposals for: one was for in-house, contract and insurance review, and the other was for general occupational safety and risk control services. We have accepted the proposal for contract and insurance review in the amount of \$102,400, and also for general occupational safety and risk control services in the amount of \$25,000. The total accepted bid amount comes to \$127,400. The vendor did propose additional services that the committee has opted to reject.

The expenditure for services accepted will be \$127,400 for the first year, with four optional renewal years. Assuming each option year is exercised, the anticipated expenditure for this contract will be \$637,000.

In August 2009, an assessment of the Risk Management Program occurred. It was determined at that time that Risk Management was not involved in contract review. This is a large exposure for the City, as it is extremely important to identify what potential losses would be insurable and which ones would be uninsurable. For those insurable

potential losses, we should require the proposed vendor to maintain minimum industry acceptable commercial coverage and limits of insurance. If the potential losses are uninsurable, that needs to be recognized so that the proposed vendor could be required to evidence adequate financial ability to compensate the City for losses for which it may incur.

As a result of the assessment and subsequent correction, Risk Management now reviews a large number of contracts and provides recommendations on appropriate risk control techniques to mitigate these exposures. It can be a lengthy process requiring analysis, interviews, research, documenting and ultimately communicating those recommendations in time to be included with outgoing bid specifications.

At a time when significantly more contracts are being reviewed, if Risk Management were not able to replace the expiring contract with a similar one, the City would have to make a choice between two equally unsatisfactory scenarios: either the contract review process would take a much longer time than it does now, or it would not be nearly as thorough. Either of these two scenarios would be inadequate to meet the needs of the organization.

The contract we are seeking council approval to enter into will aid Risk Management in the aforementioned process of contract review.

The amount awarded in this contract would result in a reduction of fees in the amount of \$38,360 per year as compared to the contract it is replacing, or an overall savings of \$191,800 over the five year length of the contract.

# CITY OF PLANO

RFP No. 2011-260-C

## RFP FOR RISK LOSS CONTROL SERVICES

### RFP RECAP

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**RFP opening Date/Time:** October 18, 2011 @ 3:30 PM

**Number of Vendors Notified:** 1295

**Vendors Submitting "No Bids":** 0

**Number of Proposals Considered:** 1

Arthur J. Gallagher Risk Management Services, Inc.      \$124,700.00

**Proposals Received – Not Considered:** 0

**Recommended Vendor(s):**

Arthur J. Gallagher Risk Management Services, Inc.      \$124,700.00

*Nancy Corwin*

October 18, 2011

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Nancy Corwin, Buyer II

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Date