

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

61064

Agenda Number

63.

Meeting Date:

August 18, 2016

Department:

Purchasing

Subject

Authorize negotiation and execution of a 12-month contract with FACTORY MUTUAL INSURANCE COMPANY, or one of the other qualified offerors to Request For Proposals TVN0060, to provide all-risk property and boiler machinery insurance coverage and ancillary risk management services, in an amount not to exceed \$2,829,355, with six 12-month extension options in an amount not to exceed \$3,427,563 for the first option, \$4,035,193 for the second option, \$4,660,648 for the third option, \$5,460,043 for the fourth option, \$6,306,350 for the fifth option, and \$7,283,834 for the sixth option, for a total contract amount not to exceed \$34,002,986.

Amount and Source of Funding

Funding in the amount of \$2,829,355 is contingent upon approval of the proposed Fiscal Year 2016-2017 Operating Budgets of various City departments. Funding for the extensions options is contingent upon available funding in future budgets.

Fiscal Note

A fiscal note is not required.

Purchasing Language:

The Purchasing Office issued a Request for Proposals (RFP) TVN0060 for these services on April 11, 2016 and it closed on May 5, 2016 with four offers received. The recommended offer is the best evaluated offer submitted by a responsible offeror. Additional information on the solicitation is included below the line. The recommended offeror is not the current provider for these services.

Prior Council Action:



For More Information:

Terry V. Nicholson, Senior Buyer Supervisor, 512-322-6586

Boards and Commission Action:

August 10, 2016 - Recommended by the Water and Wastewater Commission on an 8-0 vote with Commissioner Ho off the dais and Commissioners Castleberry and Parker absent.
August 15, 2016 - To be reviewed by the Electric Utility Commission.

Related Items:

MBE / WBE:

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 an insufficient number of certified M/WBE's; therefore, no subcontracting goals were established.

Additional Backup Information

This property insurance contract is negotiated every six years. The City's current property values are \$5.38 billion. The proposer is offering enhanced coverage provisions at an 18% reduction in the current insurance rate per \$100 of values. The current rate is .065 per \$100; the new rate will be .052 per \$100.

The contract will provide property and 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 insurance company 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.

An evaluation team with expertise in this area evaluated the offers and scored Factory Mutual Insurance Company as the best to provide these services based on premiums and fees proposed, coverage provisions, limits and sublimits, deductibles and restrictions, ancillary risk management services and expertise, proposer qualifications, and claims handling processes and expertise.

This request allows for the development of a contract with a qualified offeror selected by Council. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that another qualified offeror may be selected, authorizing contract negotiations with the new provider.

The current insurance policy for this coverage expires on September 30, 2016. Without this contract, the City's property assets will be exposed to an unacceptable level of risk.

A complete solicitation package, including a response list, is on file in the City's Purchasing Office and is available on the City's Financial Services Austin Finance Online website. Link: [Solicitation Documents](#)

FACTORY MUTUAL INSURANCE COMPANY

	# months	Contract Amount	Contract Amendment	Revised Amount
Original Term	12	\$ 2,829,355	n/a	n/a
Extension Option 1	12	\$ 3,427,563	n/a	n/a
Extension Option 2	12	\$ 4,035,193	n/a	n/a
Extension Option 3	12	\$ 4,660,648	n/a	n/a
Extension Option 4	12	\$ 5,460,043	n/a	n/a
Extension Option 5	12	\$ 6,306,350	n/a	n/a
Extension Option 6	12	\$ 7,283,834	n/a	n/a
TOTAL	84	\$ 34,002,986	\$ -	\$ -