

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council		Item ID:	65076	Agenda Number	33.
Meeting Date:		December 1, 2016			
Department:		Purchasing			
Subject					
Authorize negotiation and execution of a 12-month contract with JOHN L. WORTHAM & SON, L.P. DBA WORTHAM INSURANCE AND RISK MANAGEMENT, to provide excess liability insurance broker services and coverage, in an amount not to exceed \$976,198, with six 12-month extension options in an amount not to exceed \$1,025,008 for the first extension option, \$1,055,758 for the second extension option, \$1,087,431 for the third extension option, \$1,120,054 for the fourth extension option, \$1,153,656 for the fifth extension option and \$1,188,266 for the sixth extension option, for a total contract amount not to exceed \$7,606,371.					
Amount and Source of Funding					
Funding in the amount of \$976,198 is available in the Fiscal Year 2016-2017 Operating Budget of Austin Energy. Funding for the remaining three months of the original contract period and the extension options is contingent upon available funding in future budgets.					
Fiscal Note					
A fiscal note is not required.					
Purchasing Language:	The Purchasing Office issued Request for Proposals (RFP) TLF0303 for these services on August 15, 2016 and it closed on September 29, 2016 with one offer received. The recommended offer is the sole offer submitted by a responsible offeror. Additional information on the solicitation is included below. The recommended offeror is the current provider for these services.				
Prior Council Action:					
For More Information:	Tracy Franklin, Senior Buyer Specialist, 512-974-2034				
Boards and Commission Action:	November 14, 2016 - Recommended by the Electric Utility Commission on a 9-0 vote with Commissioner Mahmood absent and one vacancy.				
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 insufficient subcontracting opportunities; therefore, no subcontracting goals were established.

Additional Backup Information

The contract will provide \$35,000,000 in excess liability insurance coverage over a \$2,000,000 self-insured retention for general liability, automobile liability, pollution liability, wildfire liability, failure to supply liability, and employers' liability exposures emanating from the operations of Austin Energy (AE). John L. Wortham & Son, L.P. will serve as a broker to provide the coverage through the insurance carrier Associated Electric & Gas Insurance Services Limited (AEGIS). AEGIS was established over 40 years ago to meet the insurance needs of the public utility industry. It writes insurance for many large electric utilities in the U.S.

This type of coverage is carried by utilities nationwide and is required by AE since its operations are proprietary and its liability is not limited by the Texas Tort Claims Act.

An evaluation team with expertise in this area evaluated the offer from John L. Wortham & Son, L.P. and scored it as capable to provide these insurance broker services based on qualifications, coverage and limits, claims handling, and local business presence.

The current contract expires December 31, 2016. The premium for the first year of the new contract reflects a 9% increase. This increase is due to overall losses nationwide stemming from wildfires associated with power lines.

This contract is necessary to provide continued insurance protection to AE. Without this contract, AE will be subject to unacceptable risk and financial exposure.

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](#)

JOHN L. WORTHAM & SON, L.P. dba WORTHAM INSURANCE AND RISK MANAGEMENT

	# months	Contract Amount	Contract Amendment	Revised Amount
Original Term	12	\$ 976,198	n/a	n/a
Extension Option 1	12	\$ 1,025,008	n/a	n/a
Extension Option 2	12	\$ 1,055,758	n/a	n/a
Extension Option 3	12	\$ 1,087,431	n/a	n/a
Extension Option 4	12	\$ 1,120,054	n/a	n/a
Extension Option 5	12	\$ 1,153,656	n/a	n/a
Extension Option 6	12	\$ 1,188,266	n/a	n/a
TOTAL	84	\$ 7,606,371	\$ -	\$ -