

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: December 13, 2018

Item Number: **027**

Purchasing Office

Authorize negotiation and execution of a multi-term contract with Marsh Wortham, a division of Marsh USA, Inc., to provide excess liability insurance services, for up to five years for a total contract amount not to exceed \$9,000,000. (Note: 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 no subcontracting opportunities; therefore, no subcontracting goals were established).

Lead Department	Purchasing Office.
Fiscal Note	Funding in the amount of \$1,322,206 is available in the Fiscal Year 2018-2019 Operating Budget of Austin Energy. Funding for the remaining contract term is contingent upon available funding in future budgets.
Purchasing Language	The Purchasing Office issued Request for Proposals (RFP) 5800 MHJ3006 for these services. The solicitation issued on August 13, 2018 and it closed on September 6, 2018. The recommended contractor submitted the only responsive offer. A complete solicitation package, including a log of offer received, is available for viewing on the City’s Financial Services website, Austin Finance Online. Link: <u>Solicitation Documents</u> < https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=126900 >.
For More Information	Inquiries should be directed to the City Manager’s Agenda Office, at 512-974-2991 or AgendaOffice@austintexas.gov < mailto:AgendaOffice@austintexas.gov > NOTE: Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation’s Authorized

	Contact Person: Ricardo Zavala, at 512-974-2298 or Ricardo.Zavala@austintexas.gov <mailto:Ricardo.Zavala@austintexas.gov>.
Council Committee, Boards and Commission Action	November 19, 2018 - Recommended unanimously by the Electric Utility Commission on an 8-0 vote, with Commissioners Osborne and Wray absent, and one vacancy.
Client Department(s)	Austin Energy; Human Resources Department.

Additional Backup Information:

The contract will provide \$50,000,000 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 through the insurance carrier Associated Electric and Gas Insurance Services Limited. This type of insurance coverage is carried by utilities nationwide and is required by Austin Energy as operations are proprietary and Austin Energy liability is not limited by the Texas Tort Claims Act. This contract is necessary to provide continued insurance protection to Austin Energy. Without this contract, Austin Energy will be subject to unacceptable risk and financial exposure.

The recommended contractor is the current provider of this service. The current contract expires December 31, 2018.

An evaluation team with expertise in this area evaluated the offers and recommended Marsh Wortham, a division of Marsh USA, Inc. to provide these services based on coverage and limits, premiums quoted, carrier qualifications, claims handling processes and expertise, local business presence, and service-disabled veteran business enterprise program.

Contract Detail:

Contract Term	Length	Contract of Term Authorization
Initial Term	1 yr.	\$1,322,206
Optional Extension 1	1 yr.	\$1,520,536
Optional Extension 2	1 yr.	\$1,748,616
Optional Extension 3	1 yr.	\$2,010,909

Optional Extension 4	1 yr.	\$2,397,733
TOTAL	5 yrs.	\$9,000,000

Note:Contract Authorization amounts are based on the City's estimated annual usage.