



## Legislation Text

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**File #: 0885-2015, Version: 1**

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**Background:** On December 14, 2014, the Department of Finance and Management, Real Estate Management Office, solicited a Request for Proposals (RFP) for Insurance Brokerage and Risk Engineering Services for Property Casualty, Boiler & Machinery, Aviation, General Liability and Excess Liability Insurance (SA005700). The Real Estate Management Office (REMO) sought to identify qualified insurance brokers, insurance agencies, or insurance agents to provide insurance brokerage services for the city's property casualty, boiler & machinery, aviation, general liability, and excess liability insurance programs. The RFP required the Responder to: demonstrate that it possesses the resources, flexibility, innovation, and commitment to service that will provide the city with the highest level of service and value; that it has the ability to negotiate equally with every insurance underwriter; and, that it is able to maintain strong, unbiased relationships with all underwriters. REMO conducted research to identify potential brokers of adequate size and experience for inclusion in the solicitation along with vendors currently registered with the city under commodity codes associated with insurance and brokerage services.

Responses to the RFP solicitation were due by 11:00 a.m. on January 29, 2015. The city received a total of six (6) responses with one proposal deemed non-compliant due to its delivery after the 11:00 a. m. deadline. Each proposal was evaluated based upon the following criteria: competency of the Responder to perform the required brokerage services; feasibility and quality of the Responder's proposal; ability of the Responder to perform the required brokerage services competently and expeditiously; Responder's past performance with projects of similar size and scope; and the Responder's proposed compensation and cost structure. After the preliminary scoring and discussion of the responder proposals on February 20<sup>th</sup>, due to the close range of the scores, the Proposal Evaluation Committee (comprised of five members) determined that it was in the city's best interest to interview the top three scoring Responders. Those Responders were Arthur J. Gallagher Risk Management Services, Inc., Wells Fargo Insurance Services USA, Inc., and Willis of Ohio, Inc. Interviews were conducted on March 5<sup>th</sup> and final scoring was completed on March 12<sup>th</sup>.

The Proposal Evaluation Committee determined that Wells Fargo Insurance Services USA, Inc. is the best qualified responder to provide insurance brokerage and risk management services to the City having scored the highest in total points and also achieving the highest score in the criteria categories of Competence, Ability of Responder to Perform, and Past Performance. The city desires to establish a five (5) year contractual relationship with Wells Fargo Insurance Services USA, Inc. as the city's insurance broker.

The insurance brokerage and risk engineering service fee for the initial one-year term and the four automatic renewal terms of the Contract will be \$38,000.00 per year based on the city's existing insurance program. The brokerage fee may be adjusted, as agreed upon by both parties, if the city significantly expands its existing program or adds new types of coverage. The total annual cost of the contract for each term shall include the brokerage fee plus the actual underwriting cost to bind the policies of insurance coverage selected by the city.

Wells Fargo Insurance Services USA, Inc. will solicit multiple underwriting quotes for each of the city's existing insurance programs for each policy term beginning with term effective August 1, 2015 through July 31, 2016.

This ordinance authorizes the Director of Finance and Management to execute those documents necessary to enter into a contract with Wells Fargo Insurance Services USA, Inc. for Insurance Brokerage and Risk Engineering Services for an initial one-year term and four automatic one-year renewals subject to City Council approval of funds and certification of funds availability by the City Auditor for an initial term commencing May 1, 2015 to April 30, 2016; to bind coverage for all city insurance programs for the term August 1, 2015 to July 31, 2016; and to expend up to \$395,000 from the

Department of Finance and Management 2015 boiler and property budget and to expend up to \$148,300 from the Department of Public Safety, 2015 general fund budget. This ordinance also authorizes the Director of Finance and Management to approve any necessary changes in the city's insurance program, such as additions of buildings, aircraft, vehicles, modify coverage limits, and additions to type or lines of coverage during the 2015-2016 policy term.

The Contract Compliance Number for Wells Fargo Insurance Services USA, Inc. is 56-1882208 and the expiration date is 03/23/2017.

**Fiscal Impact:** The funding for this contract and the cost of all insurance premiums is budgeted and the funds are available within the Department of Finance and Management 2015 boiler and property insurance budget and the Department of Public Safety 2015 general fund budget. This ordinance authorizes the expenditure of up to \$543,300.00 for premiums and brokerage fees associated with insurance coverage necessary to protect city assets.

**Emergency action** is requested to allow for uninterrupted insurance brokerage services and the binding of property, boiler and machinery, general and excess liability, and aviation insurance coverage for the insurance year 2015-2016 to protect the city's assets.

To authorize the Director of Finance and Management to execute those documents necessary to enter into an insurance brokerage and risk engineering services contract with Wells Fargo Insurance Services USA, Inc. for an initial term of one (1) year with four (4) automatic renewal terms each one (1) year in length; to bind the City's insurance for the term commencing August 1, 2015 and terminating July 31, 2016; to authorize the expenditure of up to \$543,300.00; and to declare an emergency. (\$543,300.00)

**WHEREAS**, the Department of Finance and Management has deemed it in the best interest of the City of Columbus to enter into a contract for insurance brokerage and risk engineering services with Wells Fargo Insurance Services USA, Inc.; and

**WHEREAS**, it is necessary to authorize the Director of Finance and Management to execute a contract with Wells Fargo Insurance Services USA, Inc. for insurance brokerage and risk engineering services for an initial term of one (1) year and four (4) automatic renewal terms, each one (1) year in length, with each renewal term being subject to agreement by both parties and the appropriation of necessary funds by the Columbus City Council and certification of availability of funds by the City Auditor; and

**WHEREAS**, it is necessary to authorize the expenditure of funds for insurance brokerage and risk engineering services contract with Wells Fargo Insurance Services USA, Inc. and for the cost of the city's selected insurance policies for the insurance year commencing August 1, 2015 and terminating July 31, 2016; and

**WHEREAS**, it may be necessary for the Director of Finance and Management to make changes in the city's insurance program to modify coverage limits, insure additional buildings, aircraft, vehicles, add types or lines of coverage that may result in additional premium costs during the 2015-2016 policy term; and

**WHEREAS**, an emergency exists in the usual daily operations of the Department of Finance and Management in that it is immediately necessary to authorize the expenditure of funds for insurance brokerage and risk engineering services contract for the city's insurance programs and the actual underwriting cost of the city's selected insurance policies to ensure that insurance coverage continues without interruption thereby preserving the public health, peace, property, safety and welfare; now, therefore:

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

**SECTION 1.** That the Director of Finance and Management be and is hereby authorized and directed to enter into

contract with Wells Fargo Insurance Services USA, Inc. for provision of insurance brokerage and risk engineering services for an initial term of one (1) year and four (4) automatic renewal terms for insurance brokerage and risk engineering services with an initial term of May 1, 2015 through April 30, 2016.

**SECTION 2.** That the term and conditions of the contract shall be in form approved by the City Attorney's Office and shall include the following:

- a) The insurance brokerage and risk engineering service fee for the initial one (1) year term and the four automatic one (1) year renewal terms of this contract shall be \$38,000.00 with each renewal term subject to agreement by both parties and the appropriation of necessary funds by the City Council and certification of availability of funds by the City Auditor and any additional brokerage fee, as agreed upon by both parties, if the City significantly expands its existing insurance program or adds new types of coverage.
- b) The total annual cost of the contract for each term shall include the brokerage fee plus the actual underwriting cost to bind the policies of insurance coverage selected by the City.
- c) Wells Fargo Insurance Services USA, Inc. will market and bind the City's insurance program on an annual basis. The insurance cost for each one (1) year term will be determined by the actual cost of the property, boiler & machinery, aviation, general liability and excess liability insurance or additional lines of insurance coverage selected by the City.
- d) Wells Fargo Insurance Services USA, Inc. shall provide fully bound insurance policies to the Real Estate Management Office, Department of Finance and Management, 90 W. Broad Street, Room 425, Columbus, Ohio, 43215 no later than July 31<sup>st</sup> of each year of the contract.
- e) Such other terms and conditions as agreed to and approved by the City Attorney.

**SECTION 3.** That the Director of Finance and Management be and is hereby authorized and directed to pay contract costs for the contract with Wells Fargo Insurance Services USA, Inc. for provision of insurance brokerage and risk engineering services, and for the cost of insurance premiums for property (casualty), boiler and machinery, general liability, excess liability, and aviation insurance policies, and to make any necessary changes in the City's insurance program required during the 2015-2016 term and pay the associated costs of any additional insurance premiums incurred.

**SECTION 4.** That the expenditure of \$543,300.00 or so much thereof that may be necessary in regard to the action authorized in Section 3, be and is hereby authorized and approved as follows:

Department/Division: 45-51  
Fund: 502  
OCA Code: 450052  
Object Level 1: 03  
Object Level 3: 3392  
Amount: \$395,000.00

Department/Division: 30-03  
Fund: 010  
OCA Code: 300707  
Object Level 1: 03  
Object Level 3: 3392  
Amount: \$148,300.00

**SECTION 5.** That the City Auditor is authorized to make any accounting changes necessary to ensure that this contract is properly accounted for and recorded accurately on the city's financial record. That the City Auditor is authorized to make any changes to revise the funding source for any contract or contract modification associated with this ordinance.

**SECTION 6.** That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.