



CITY OF SACRAMENTO

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CITY MANAGER'S OFFICE
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DEPARTMENT OF GENERAL SERVICES

Risk Management & Insurance Division

800 - 10th Street Sacramento, California 95814
Suite 4 Telephone (916) 449-5556

October 7, 1981

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: BROKER OF RECORD

SUMMARY

APPROVED
BY THE CITY COUNCIL

OCT 13 1981

OFFICE OF THE
CITY CLERK

AG 81060

The attached report was presented to the Budget and Finance Committee for review and consideration at its meeting of October 6, 1981.

BACKGROUND

On a vote of 2 to 1, with Councilman Hoerber dissenting and Chairman Connelly absent, the Committee rejected Staff's recommendation of award to Kindler & Laucci Insurance Brokers and recommended that the City's current broker, Corroon and Black/James Burpo be retained.

Staff's recommendation of the Kindler & Laucci Insurance Brokers was based on the firm's: 1) significant breadth in the public entity area (see Exhibit I); 2) demonstrated ability and capacity to provide service; 3) in-depth knowledge of insurance contracts, including specialty policies and endorsement forms; and 4) adequacy of program offered.

CONCLUSION

Staff supports the recommendation of the attached report.

Respectfully submitted,

William R. Redmond
Senior Management Analyst

FOR TRANSMITTAL TO CITY COUNCIL:

Walter J. Slipe
City Manager

Attachments
RM:81355:WR/ml

October 13, 1981
All Districts



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OCT 7 1981

DEPARTMENT OF GENERAL SERVICES

Risk Management & Insurance Division

800 - 10th Street Sacramento, California 95814
Suite 4 Telephone (916) 449-5556

September 30, 1981

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: BROKER OF RECORD AGREEMENT

SUMMARY

This report recommends the award of a three (3) year contract to Kindler & Laucci to provide the City of Sacramento with Broker of Record service.

BACKGROUND

The subject Broker of Record agreement between the City of Sacramento and Corroon & Black/James Burpo Insurance Co. will terminate November 3, 1981.

Although the City has been served well by our current Broker of Record for the past six years, it is the City Council's policy to test the market and go out to bid every three years.

On July 21, 1981, the City Council approved specifications for the Broker of Record proposal and timetable for selecting the subject Broker of Record.

Request for Proposals were mailed out to nine insurance brokers July 24, 1981, and advertisements were placed in the Sacramento Bee and the Recorder.

On September 4, 1981, six qualified written proposals responsive to the bid request were received by the City. These proposals were reviewed by the Risk Management Committee and the City's Insurance Consultant, Warren, McVeigh & Griffin, and four of the firms were selected for interview.

<u>Qualified Proposals Received</u>	<u>Firms Selected for Interview</u>
Corroon & Black/James Burpo	X
Arthur J. Gallagher Co.	X
Fred S. James Co.	
Kaine & McAuliffe	
Kindler & Laucci	X
Marsh & McLennon PLNC	X

All of the firms interviewed were undoubtedly capable and qualified to perform the necessary services and making the decision was quite difficult. In the final analysis, exclusive of cost, Kindler and Laucci presented the best all

around program and was the unanimous first choice of the Risk Management Committee and the City's Insurance Consultant. The three year cost as proposed by Kindler and Laucci was less than 2% more than the lowest proposal submitted.

FINANCIAL DATA

Kindler & Laucci's proposed cost to the City of Sacramento for insurance brokerage, including information development, coverage negotiations, preparation of marketing package, presentations of quotations, placement and service, is as follows:

Annual fee:	First Year	\$17,200
	Second Year	\$14,300
	Third Year	\$14,300

Funding has been provided in the FY 1981-82 budget for the subject coverage.

RECOMMENDATION

It is the recommendation of the City's Insurance Consultant and the Risk Management Committee that the City Council adopt the attached resolution awarding a contract to Kindler and Laucci for a period not less than three (3) years, subject to annual review.

Respectfully submitted,



William Redmond
Senior Management Analyst

Recommendation Approved:



Walter J. Slipe
City Manager

All Districts
October 13, 1981

RM:81347:WR/ml

REPRESENTATIVE PUBLIC ENTITY CLIENT LIST

Bakersfield, City of	Excess Liability	Mr. W. D. Higginbotham Finance Operations, Manager (805) 861-2757
Gardena, City of	Excess Liability Property	Mr. Kenneth W. Landau Assistant Administrative Officer (213) 327-0220
Fresno, City of	Excess Liability & Workers' Compensation Property & Bonds	Mr. Bruce Coddling Risk Manager (408) 222-3950
Palo Alto, City of	Excess Liability, Workers' Compensation Property and Bonds, Employee Benefits	Mr. Jay Rounds Personel Director (415) 329-2311
Pasadena, City of	Excess Liability, Property and Workers' Compensation	Mr. David Jacobs Risk Manager (213) 577-4377
Redwood City	Risk Management Services	Mr. Rahn Becker Assistant Finance Director (415) 369-6251
Salinas, City of	Excess Liability Compensation	Mr. James Andrews Administrative Assistant (408) 758-7212
Stanislaus County	Excess Liability	Mr. Richard McElligott Risk Manager (209) 526-6333
Vallejo, City of	Excess Liability	Mr. Mike Lynch Finance Director (707) 553-4275

JOINT POWER AUTHORITIES

PUBLIC ENTITY CLIENT LIST

CENTRAL COAST INSURANCE FUND--EXCESS LIABILITY AND WORKERS' COMPENSATION

-Arroyo Grande	-Morro Bay
-Atascadero	-Pismo Beach
-El Paso Robles	-San Luis Obispo
-Grover City	-Santa Paula

FEATHER RIVER CITIES--EXCESS WORKERS' COMPENSATION

-Marysville	-Yuba City
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SAN MATEO COUNTY CITIES JOINT POWERS AUTHORITY--EXCESS LIABILITY

-Belmont	-Pacifica
-Brisbane	-San Bruno
-Burlingame	-San Carlos
-Foster City	-South San Francisco
-Half Moon Bay	-Woodside
-Menlo Park	

NORTHERN CALIFORNIA CITIES INSURANCE FUND--EXCESS WORKERS' COMPENSATION

-Anderson	-Jackson
-Corning	-Placerville
-Folsom	-Rio Vista
-Galt	-Willows

RESOLUTION NO. 81-754

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

OCT 13 1981

RESOLUTION APPROVING AWARD OF BROKER OF RECORD
CONTRACT

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That the City Manager is hereby authorized and directed to contract with Corroon & Black/James Burpo Insurance for a period of not less than three (3) years, November 4, 1981 through November 3, 1984, subject to annual review, for services as the City of Sacramento's Broker of Record.

First year annual fee	\$15,000
Second year annual fee	\$15,000
Third year annual fee	\$15,000

2. That the Department of Finance is authorized and directed to pay annual fee for said coverage from the Risk Management and Insurance Program Budget 4-21-1450.

PHILLIP L. ISENBERG

MAYOR

ATTEST:

LORRAINE MAGANA

CITY CLERK