

**CITY OF MIAMI BEACH
COMMISSION ITEM SUMMARY**



Condensed Title:

A Resolution Accepting the City Manager's Recommendation, Authorizing Negotiations, and Execution of Agreement with Arthur J. Gallagher and Co., for the Purpose of Obtaining Insurance Coverage, as Needed by the City for an Annual Amount of \$25,000.

Issue:

Shall the City Commission Adopt the Resolution?

Item Summary/Recommendation:

The Evaluation Committee unanimously agreed that Gallagher's proposal is excellent considering their wealth of experience and qualifications when compared to their proposed annual fee of \$25,000, which is **guaranteed for 4 years**. For comparison purposes, Aon's proposed fee was \$75,000, or 200% higher than Gallagher's proposed fee.

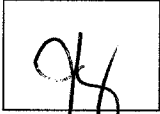
Gallagher has more hands-on experience (more than 26 years) with governmental insurance programs than any other broker in the country. Attached is a list of governmental clients including the total property values.

The City Administration recommends that the City Commission authorize the Administration to negotiate and award this contract to Arthur J. Gallagher and Co. for a three-year period effective January 26, 2004, with options to renew for an additional two years, for an annual amount not to exceed \$25,000.

ADOPT THE RESOLUTION.

Advisory Board Recommendation:

Financial Information:

Source of Funds:		Amount	Account	Approved
 Finance Dept.	1	\$25,000	Account Number 540.1790.000.312	
	2			
	3			
	4			
	Total			

City Clerk's Office Legislative Tracking:

Gus Lopez, ext. 6641 *gl*

Sign-Offs:

Department Director	Assistant City Manager	City Manager
CL: <i>[Signature]</i>	MDB: <i>Mayra P. Braccardi</i>	JMG: <i>Mayra P. Braccardi</i>

T:\AGENDA\2003\nov2503\consent\BrokerofRecordSummary.doc

Agenda Item C7V
Date 11-25-03

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.miamibeachfl.gov



COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: November 25, 2003

From: Jorge M. Gonzalez
City Manager

Mayra D. Buttacore, Sec.

Subject: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE CITY MANAGER'S RECOMMENDATION OF ARTHUR J. GALLAGHER AND CO., AS THE CITY'S BROKER OF RECORD FOR PROPERTY AND LIABILITY INSURANCE, AND AUTHORIZING THE ADMINISTRATION TO ENTER INTO NEGOTIATIONS WITH ARTHUR J. GALLAGHER AND CO., AND IF NEGOTIATIONS ARE SUCCESSFUL, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AN AGREEMENT WITH ARTHUR J. GALLAGHER, PURSUANT TO REQUEST FOR PROPOSALS (RFP) NO. 61-02/03, FOR THE PURPOSE OF OBTAINING INSURANCE COVERAGE, AS NEEDED BY THE CITY FOR AN ANNUAL AMOUNT NOT TO EXCEED \$25,000.**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

AMOUNT AND FUNDING

\$25,0000 Funds are available from the Account Number 540.1790.000.312.

ANALYSIS

The City of Miami Beach Risk Management Program consists of both self-insured and insured programs depending on the type of exposures. Automobile, General Liability, Police Liability, and Workers' Compensation exposures are self-insured. Damage to City Property and certain specialized exposures (crime, underground storage liability etc.) are insured. The City purchases insurance for the following:

1. Property Coverage /All Risk for Buildings and Contents
2. Property Coverage/ All Risk for Boiler and Machinery
3. Flood Coverage/Buildings and Contents
4. Property /Fine Arts-Bass Museum
5. Crime/Employee Dishonesty
6. Liability/Underground Storage Tanks
7. Liability/Special Events (Special program to assist the public in obtaining insurance for Special Events)

The City requires that the selected Broker/Agent provide, at a minimum, the following services:

1. Provide assistance to the City's Risk Manager in determining the City's commercial insurance needs.
2. Prepare reports informing the City's Risk Manager regarding insurance market conditions that may affect the City's policies and risk exposures prior to policy renewal.
3. Prepare bid specifications and underwriting data (subject to the approval of the City's Risk Manager) to submit to acceptable insurance markets for the purpose of obtaining quotations for insurance coverage.
4. Upon direction from the City, approach all acceptable insurance companies on behalf of the City, and obtain written, competitive quotes for insurance coverage. A complete list of the companies contacted, along with their response, must be submitted.
5. Present to the City all insurance coverage proposals obtained. This report must contain a comprehensive analysis by the broker of the proposals obtained with recommendations for the selection of one proposal for the particular risk to be covered.
6. Negotiate, on behalf of, and with direction from, the City with all insurance carriers to obtain the best prices, terms and conditions available.
7. Review all insurance policies and invoices received for policies purchased by the City to assure their accuracy and appropriateness.
8. Review and evaluate existing City policies to provide recommendations for possible improvement of price, terms, and conditions.
9. Service existing policies as necessary. This includes but is not limited to, issuing certificates of insurance to provide evidence of coverage, promptly making policy changes, and obtaining endorsements.
10. Report any claims to the insurance carrier and monitor the handling and disposition of the claim to assure the City's policy rights are protected.
11. Provide an annual report summarizing all insurance coverage in place, anticipated market conditions, recommendations and strategies.

A Request for Proposal was issued on August 12, 2003, with an opening date of October 15, 1999. Eleven (11) specifications were issued, resulting in the receipt of proposals from the following two (2) firms:

1. Arthur J. Gallagher and Co.; and
2. The Aon Group.

The Aon Group was deemed non-responsive for failure to provide their company's annual financial report and a list of insurance companies used for placement and premium volume for the past three years.

Letter to Commission (LTC) No. 233-2003, appointed the following individuals to serve as members of the Evaluation Committee for RFP No. 61-02/03 – Broker of Record (the "Committee"):

Cliff Leonard, Risk Manager
Georgina Echert, Assistant Director, Finance Department
Judy Weinstein, Assistant City Attorney
Joe Pallant, Resident and Insurance Professional
Ron Stone, Resident and Insurance Professional

The Committee convened on November 4, 2003, and discussed the following:

- Cone of Silence requirements and Government in the Sunshine Laws.
- Project overview (i.e., scope of services).
- Evaluation process and committee decision.

The Committee unanimously agreed that Gallagher's proposal is excellent considering their wealth of experience and qualifications when compared to their proposed annual fee of \$25,000, which is **guaranteed for 4 years**. For comparison purposes, Aon's proposed fee was \$75,000, or 200% higher than Gallagher's proposed fee.

Gallagher has more hands-on experience (more than 26 years) with governmental insurance programs than any other broker in the country. Attached is a list of governmental clients including the total property values.

The City Administration recommends that the City Commission authorize the Administration to negotiate and award this contract to Arthur J. Gallagher and Co. for a three-year period effective January 26, 2004, with options to renew for an additional two years, for an annual amount not to exceed \$25,000.

JMG:MDB:CL:GL

T:\AGENDA\2003\nov2503\consent\BrokerofRecord.doc

Minimum Requirements –

3. Governmental Client List including Total Property Values

3. The Proposer must provide the number of and total property values of Florida Government clients (minimum requirement – Government Clients-5, minimum total property values-excess of \$200,000,000)

Gallagher clearly has more Florida Public Entity property clients than any other broker in the state of Florida. The RFP requests a minimum of 5 clients with total property values exceeding \$200,000,000. As you can see by the partial client list demonstrated below, Arthur J. Gallagher & Co. – Miami clearly exceeds this requirement:

#	Client Name	Total Values
1.	City of Miami Beach	\$381,000,000
2.	Miami-Dade County BOCC	\$6,400,000,000
3.	Miami-Dade County School Board	\$4,650,000,000
4.	City of Hialeah	\$130,000,000
5.	City of Riviera Beach	\$90,000,000
6.	City of West Palm Beach	\$300,000,000
7.	City of Lauderdale	\$50,000,000
8.	Polk County BOCC	\$378,000,000
9.	Polk County Public Schools	\$1,000,000,000
10.	Lake County BOCC	\$150,000,000
11.	Clay County Public Schools	\$460,000,000
12.	Orange County BOCC	\$2,100,000,000
13.	Duval County School Board	\$1,900,000,000
14.	Northeast Florida Education Consortium	\$1,850,000,000,
15.	Hillsboro County School Board	\$1,295,000,000
16.	Florida Community Colleges	\$4,305,000,000

