


**CITY COUNCIL ACTION REQUEST**

<b>Department(s):</b> Finance	<b>CEQA:</b> Agreements/Contracts (New or Amended) resulting in no physical changes to the environment Public Project number PP17-003.	<b>Coordination:</b> City Attorney's Office, City Manager's Budget Office	<b>Dept. Approval:</b> /s/ Julia H. Cooper
<b>Council District(s):</b> Citywide			<b>CMO Approval:</b>  11/20/20

**SUBJECT: TENTH AMENDMENT TO AGREEMENT WITH ARTHUR J. GALLAGHER & CO.  
INSURANCE BROKERS OF CALIFORNIA, INC. FOR BROKERAGE SERVICES**

**RECOMMENDATION:**

Adopt a resolution authorizing the City Manager to negotiate and execute the Tenth Amendment to the Agreement with Arthur J. Gallagher and Co. Insurance Brokers of California, Inc. (Gallagher) for ongoing insurance brokerage and property loss and loss control services to increase the compensation from \$105,000 to \$113,000 for the term from July 1, 2020 through June 30, 2021, with a total maximum compensation not to exceed \$744,000, subject to the appropriation of funds.

Desired Outcome: Provide operational continuity of the existing insurance policies and upcoming annual policy renewals.

**BASIS FOR RECOMMENDATION:**

The City of San José transfers exposure for catastrophic property losses through the purchase of insurance and utilizes an insurance broker to obtain quotes and negotiate coverages. In June 2013, following a Request for Proposal (RFP) process, Council approved the execution of an agreement with Arthur J. Gallagher for insurance brokerage services for the period of July 1, 2013 through June 30, 2015, with authority to exercise up to three one-year options for extension through June 30, 2018. In June 2018, Council approved an amendment of the term by adding two twelve-month options to extend the term through June 30, 2020. In June 2020, the Council approved an additional amendment of the term to add one twelve-month option to extend the term through June 30, 2021, for a not-to-exceed amount of \$105,000 for the extended term, with a total maximum compensation not to exceed \$736,000, subject to the appropriation of funds.

Since the June 2020 Council authorization, the City completed its major insurance renewal process for a range of insurance products, necessitating an incremental \$8,000 in compensation to Gallagher, subject to the appropriation of funds.

Approval of the above recommendations will ensure continued quality insurance and loss control brokerage services at competitive rates for the City. Total compensation to Gallagher for the contract period from July 1, 2013 through June 30, 2021 will not exceed \$744,000.

Climate Smart San Jose: No proposed changes to service delivery, programs or staffing that has significant community/resource impacts, including any negative impact on Climate Smart San José energy, water and mobility goals.

Commission Recommendation/Input: There is no commission recommendation or input associated with this action.

This Council item is consistent with the City’s 2020-2021 Adopted Operating Budget City Areas Service Delivery Framework: “To effectively develop, manage, and safeguard the City’s fiscal, physical, technological, and human resources to enable and enhance the delivery of City Services and projects.”

**COST AND FUNDING SOURCE:**

Fund#	Appn. #	Appn. Name	Total Appn.	Amt. for Recommendation 2020-2021	2019-2020 Annual Report Page	Last Budget Action (Date, Ord. No)
001	2001	Insurance Premiums	\$1,280,000	\$53,247	IV-6	10/20/20 30494

FOR QUESTIONS CONTACT: Miguel Bernal, Risk Manager at 408-975-1438 or [Miguel.Bernal@sanjoseca.gov](mailto:Miguel.Bernal@sanjoseca.gov).