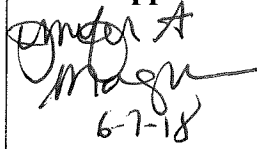


CITY COUNCIL ACTION REQUEST

Department(s): Finance	CEQA: Agreements/Contracts (New or Amended) resulting in no physical changes to the environment Public Project number PP17-003.	Coordination: City Manager's Office, Finance Department, City Attorney's Office, City Manager's Budget Office	Dept. Approval: /s/ Julia H. Cooper
Council District(s): Citywide			CMO Approval:  6-7-18

SUBJECT: SIXTH AMENDMENT TO THE AGREEMENT WITH ARTHUR J. GALLAGHER AND CO. INSURANCE BROKERS OF CALIFORNIA, INC. FOR BROKERAGE SERVICES

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to negotiate and execute the Sixth 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 amend the term by adding one twelve-month option to extend the term for July 1, 2018 through June 30, 2019, for a not to exceed amount of \$88,500, and one twelve-month option to extend the term for July 1, 2019 through June 30, 2020, at an amount to be negotiated, subject to appropriation of funds.

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

BASIS FOR RECOMMENDATION:

The City of San José transfers exposure for catastrophic property losses through the purchase of insurance.

In 2013, Council approved the execution of an agreement with Arthur J. Gallagher for insurance brokerage services following a Request for Proposal (RFP) process. Under the agreement, Gallagher goes to market on the City's behalf to procure property and casualty, environmental, fiduciary, crime, auto, secondary law enforcement, and customs bond insurance. In addition, Gallagher provides account management, administration, and claim services to include review of property insurance market trends, past losses, insured assets, industry trends, and trending costs for local property values.

Approval of the above recommendations will ensure continued quality insurance and loss control brokerage services at competitive rates for the City and allow staff time to prepare and complete a new RFP for brokerage services.

Commission Requirements: This item does not have input from a board or commission.

This Council item is consistent with the City's 2018-2019 Proposed Operating Budget Strategic Support City Service Areas Mission Statement; "To effectively develop, manage, and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance delivery of City services and projects."

COST AND FUNDING SOURCE:

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. for Recommendation on 2018-2019*	2018-2019 Proposed Operating Budget Page**	Last Budget Action (Date, Ord. No)
001	2001	Insurance Premiums	\$704,000	\$37,753	IX-20	N/A
523	0802	Non-Personal	\$43,497,540	\$23,037	V111-5	N/A
536	3405	Insurance Expenses	\$245,000	16,128	X-28	N/A
Fund #	Appn. #	Appn. Name	Total Appn.	Amt. for Recommendation on 2018-2019*	2018-2019 Proposed Operating Budget Page**	Last Budget Action (Date, Ord. No)
533	0512	Non-Personal (Department of Transportation)	\$7,946,496	\$3,705	X-44	N/A
513	0762	Non-Personal (Environmental Services Department)	\$28,440,251	\$6,903	X-81	N/A
515	0762	Non-Personal (Environmental Services Department)	\$36,202,244	\$402	X-94	N/A
423	0762	Non-Personal (Environmental Services Department)	\$2,627,092	\$342	X-53	N/A
346	0562	Non-Personal (Housing)	\$225,000	\$230	X-55	N/A

**The amount for recommendation per appropriation is subject to change as this is based on the insurance policy premiums. SARA is billed separately for its share of broker fees and is budgeted in the City general fund appropriation.*

***The 2018-2019 Proposed Operating Budget is scheduled to be approved by City Council on June 12, 2018 and adopted on June 19, 2018.*

FOR QUESTIONS, CONTACT: Jennifer Cheng, Deputy Director, Finance at 408-535-7052