City of Dillingham Action Memorandum Agenda of: May 4, 2017

Action Memorandum No. 2017-05

Subject:

Authorize City Manager to enter into a contract with HUB International Northwest LLC for insurance coverages.

City Manager: Recommend Approval

Signature: _____

Fiscal Note: ☑ Yes ☐ No **Funds Available:** ☑ Yes ☐ No

Other Attachments:

RFP 2017-02 Insurance Coverage
RFP 2017-02 Notice of Intent to Award

Summary Statement:

The City's current insurance plan which provides coverages for property insurance, casualty insurance, workers' compensation and employer's liability as well as crime coverage expires on June 30, 2017. As the City is faced with a budget deficit, it was determined that we would go out to bid for insurance coverage. As such, RFP 2017-02 was issued on March 10, 2017. Bids closed at 3:00 PM on April 21, 2017.

Bidders of record include:
-Alaska Municipal League Joint Insurance Association
-Hale & Associates Inc.
-HUB International Northwest LLC
-Insurance Brokers of Alaska

Several staff members and management reviewed all applications and HUB International Northwest LLC was selected as the insurance carrier of choice for receiving the highest score after evaluating their experience and cost for providing coverages. The City will see a $50,000 reduction in cost compared to FY17. All firms received a Notice of Intent to Award to HUB on April 28, 2017.

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Summary Statement continued:

PASSED and APPROVED by a duly constituted quorum of the Dillingham City Council on 5/4/17.

Mayor

ATTEST: [SEAL]

Jamie Williams

City Clerk

Route to	Department Head	Date
X	Finance Director	
X	Planning Director	
X	City Clerk	

REQUEST FOR PROPOSALS
RFP 2017-02 Property Insurance, Casualty Insurance, Workers' Compensation & Employer's Liability, and Crime Coverage

The City of Dillingham is soliciting proposals for City insurance coverages for property, casualty, worker's compensation, employer liability and crime. The selected firm will be awarded a three-year contract beginning July 1, 2017.

Inquiries should be directed Finance Director, Navin Bissram at 907-842-5211 or via email at finance@dillinghamak.us
Proposals will be accepted until 4:00 PM on Friday, April 21, 2017

Proposals will be evaluated on Monday, April 24, 2017 and a Notice of Intent to Award will be given after the evaluation process is complete. A contract to award will be authorized at the May 4, 2017 regular meeting of the Dillingham City Council.

Background

Description of the City of Dillingham

The City of Dillingham (City) was incorporated in 1972 as a first-class city with a council-manager form of government. The City is not part of an organized borough and collects its own sales, real and personal property taxes.

Dillingham is a community of approximately 2,400 residents and is about 300 air miles from Anchorage. There is no road access. The economy is based on the fishing industry and some tourism related to the Tikchik-Wood State Park.

The City has approximately 55 employees and provides the following services: police, dispatch, jail, DMV, fire, water, sewer; public works including roads and streets, building and vehicle maintenance; planning, administrative services, landfill, library, senior center, dock, and harbor.

Substantially all employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska.

Scope of Work

The City of Dillingham is soliciting proposals for City insurance coverages for property, casualty, worker's compensation, employer liability and crime. The City has provided details regarding the insurance coverage it is seeking from proposers in Table 1 and Table 2.

The City has made every effort to provide complete salary and property information in this RFP. However, the proposer shall afford coverage without prejudice for those exposures that may have been inadvertently omitted.

Scope of Work continued

Only proposals that comply with the requirements stated, which are substantially similar to the specifications, will be considered. Proposer may deviate from the specifications if such deviation is considered by the proposer to be more advantageous to the City of Dillingham. All such deviations must be identified and explained.

The proposer will be required to meet with City management annually to review coverage needs and ensure the City maintains the appropriate levels of insurance.

In addition, the proposer is expected to Investigate and review submitted claims on a timely basis. Additional services offered by the proposer that become part of the signed agreement should also be disclosed and will be considered during the proposal evaluation process.

Required Proposal Content

To achieve a uniform review process and obtain the maximum degree of comparability, it is required that proposals are organized in the manner specified below:

A. Title Page: Show the Request for Proposal subject, the name of your firm, local address, telephone number, name of contact person and date.

B. Table of Contents: Clearly identify the material by section and page number.

C. Letter of Transmittal: Limit to not more than two printed pages. Briefly state your firm's understanding of the services to be provided. Include the names of persons who will be authorized to make representations for your firm, their titles, addresses and telephone numbers. This letter must be signed by an individual who has the authority to bind the firm.

D. Profile of the Insurance Provider:
   1. Firms submitting proposals must have an Alaska decision-making office.
   2. Indicate the individuals located within the Alaska office that will be the main contacts regarding insurance issues (e.g. claims, risk services, etc.).
   3. Provide a list of the Alaskan office's current clients (municipalities and school districts), insurance coverage provided, and the number of years served.
   4. Identify any disciplinary action against the firm.

E. Scope/Cost Section:
   1. Clearly describe the scope of the required services to be provided and related insurance premiums (sample policies and endorsements should be included). For each category of requested coverage, the proposer should provide details regarding all applicable limits and sublimits.

Proposal Evaluation and Selection Process

Proposals will be evaluated to ascertain which proposer meets the best overall needs of the City. A committee of administrative personnel will conduct the evaluation. The factors to be evaluated are as follows:

1. The firm's size and experience in providing comprehensive insurance coverage to municipalities in Alaska.
2. Premium cost and proposed coverage (including any additional services provided by the proposer as part of their agreement).

The selected firm will be awarded a three-year contract for the period beginning July 1, 2017.

Submittal Requirements and Information

To be considered, all proposals shall include **(1) original** and **(2) copies** which must be delivered to the address below, on or before the deadline no later than 4:00 p.m. on Friday, April 21, 2017.

No proposals shall be accepted after the above date and time. Proposals received after the time specified will be returned to the proposer unopened.

If it becomes necessary to revise any part of this RFP or otherwise provide additional information, an addendum will be issued by the City at least five (5) calendar days before proposals are due. All persons receiving this RFP shall designate a contact person, telephone number and fax number.

It is the responsibility of the proposer to ensure that their proposal and subsequent modifications, if any, are received prior to the time of the scheduled proposal opening.

Please mark the envelope to identify the project: **RFP 2017-02 Insurance Coverage**

Delivery instructions – mail or hand deliver in a sealed envelope to:

City Planner's Office
City of Dillingham
PO Box 889
Dillingham, AK 99576

ELECTRONIC AND FAXED PROPOSALS WILL NOT BE ACCEPTED

The City of Dillingham reserves the right to reject or accept any or all bids, to waive irregularities or informalities in the proposal, and to give particular attention to the qualifications of the proposer.

The City reserves the right to revise or clarify the RFP, respond to questions, and/or extend or shorten the due date of proposals.

The City retains the right to cancel the RFP process if it is in their best interest. Any cost incurred by proposers for the preparation and submittal of the proposal is the sole responsibility of the proposer.

A proposal may be corrected or withdrawn by a written request received prior to the deadline for receipt of proposals.

All proposals and other material submitted become City property and may be returned only at their option.

The City assumes no responsibility or liability for the transmission, delay, or delivery of proposals by either public or private carriers.

Any and all media announcements pertaining to this RFP require the City's prior written approval.

This RFP does not obligate the City or the selected proposer until a contract is signed and approved by all parties.

Proof of Insurance and Licensing

Responding bidders will be required to provide the following prior to "Notice of Award":

- Copy of 2017 City of Dillingham Business License
- Copy of current, valid State of Alaska Business License
- Current certificate of insurance with at least $1,000,000 of errors and omissions coverage.

Any and all insurances described above shall include an endorsement stating the following: sixty (60) days advance written notice of cancellation, non-renewal, reduction change, shall be sent to the City Manager, PO Box 889, Dillingham, AK 99576.

Table 1 - Coverages to be Provided in Proposal

PROPERTY COVERAGE

PROPERTY	
Limit each Occurrence	$ 200,000,000
Property Scheduled Values (Exhibit A)	$ 37,375,464
Mobile Equipment Scheduled Values (Exhibit B)	$ 5,333,529
Deductible	See Exhibit A & B
FLOOD	
Limit each Occurrence	$ 200,000,000
Deductible	$ 100,000
EARTHQUAKE	
Limit each Occurrence	$ 50,000,000
Deductible	$ 100,000
EQUIPMENT BREAKDOWN	
Limit each Occurrence	$ 200,000,000
Deductible	$ 10,000

WORKERS' COMPENSATION & EMPLOYER'S LIABILITY

WORKERS' COMPENSATION	
Limit Each Occurrence	Alaska Statutory Limits
Estimated Payroll (Exhibit C)	$ 3,098,226
Deductible	None
EMPLOYER'S LIABILITY	
Limit Each Occurrence	$ 2,500,000
Deductible	None

CRIME COVERAGE

PUBLIC EMPLOYEE DISHONESTY	
Limit each Occurrence	$ 100,000
Deductible	$ 1,000
FORGERY OR ALTERATION	
Limit each Occurrence	$ 100,000
Deductible	$ 1,000
THEFT, DISAPPEARANCE & DESTRUCTION	
Limit each Occurrence	$ 100,000
Deductible	$ 1,000

Table 2 - Coverages to be Provided in Proposal continued

CASUALTY COVERAGE		
GENERAL LIABILITY		
General Liability Limit Each Occurrence	$	10,250,000
Estimated Payroll	$	3,098,226
General Liability Deductible	$	5,000
POLICE PROFESSIONAL LIABILITY		
General Liability Limit Each Occurrence	$	10,250,000
Estimated Payroll	$	539,714
General Liability Deductible	$	5,000
PUBLIC OFFICIALS' E&O LIABILITY & EMPLOYEES' LIABILITY		
Limit each Occurrence	$	10,250,000
Deductible	$	5,000
WHARFINGER'S/SAFE BERTH/MARINA OPERATOR'S LEGAL LIABILITY		
Limit Each Occurrence	$	1,000,000
Deductible	$	5,000
AUTO LIABILITY		
Limit each Occurrence	$	10,250,000
Scheduled Values (Exhibit D)	$	1,505,352
Deductible	See Exhibit D	
Uninsured/Underinsured Motorist Property Damage Limit : Actual Cash Value up to $50,000 or Scheduled Value for Emergency Vehicles.		
Bodily Injury Limit	$	1,000,000
Deductible : Property Damage	$	500
Deductible : Bodily Injury Liability	None	
EMPLOYEE BENEFIT LIABILITY		
Limit each Occurrence	$	10,250,000
Deductible	$	5,000
MEDICAL PAYMENTS FOR VOLUNTEERS		
Limit each Occurrence	$	25,000