

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 2, 2015

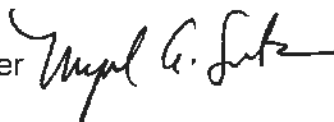
CAO File No. 0110-38000-0000

Council File No.

Council District:

To: The Mayor
The City Council

From: Miguel A. Santana, City Administrative Officer



Reference: Broker Services Agreement No. C-120779 with Willis Insurance Services of California

Subject: Property and Liability Insurance Program

SUMMARY

The City Risk Manager currently contracts with Willis Insurance Services of California, Inc. (Willis) for property and liability broker and administrator services for the City's Property and Liability Insurance Program through Agreement No. C-120779 (Agreement) for a three-year term from July 1, 2012 through June 30, 2015 with annual compensation not to exceed \$165,000. The City Risk Manager has now submitted a proposed Restated and Amended Broker Services Agreement No. C-120779 with Willis to extend the term for up to three additional years (one additional year through June 30, 2016 plus an option for up to two additional years). The annual fee paid to Willis is unchanged at \$165,000. Willis markets and administers the insurance program for MICLA-financed property and assists the City in managing claims, coordinating loss control services, collecting premiums and promptly forwarding payments to the insurer. The extension of this contract is needed as a result of the Da Vinci fire.

On December 8, 2014, the City's building located at 221 N. Figueroa Street experienced extensive damage from an adjacent fire that destroyed the Da Vinci apartment complex construction site. All occupants were displaced including over 430 City employees from six departments. All occupants have been relocated to temporary locations while recovery and restoration of the building continues. Restoration of the building is expected to last between nine to 12 months.

The City Risk Manager has continued to work with Willis and the City's insurance company, XL Insurance America, Inc. (XL Insurance), to manage on-site recovery work and tenant relocation with oversight from various City departments and the building's property manager, CBRE. During this process many complex building issues have arisen that necessitate discussion and negotiation of various policy coverages with XL Insurance. Willis is instrumental in advocating on the City's behalf to interpret policy language and assist with negotiations to ensure the City receives all benefits afforded under the policy. This cooperation is possible based on the

longstanding relationship Willis enjoys with XL as well as their expertise in addressing large loss claims. To allow the Agreement to expire effective June 30, 2015 and initiate the Request for Proposal process would serve as a disruption to the continuity of current efforts to restore the building and negotiate expenses. Adjustments to the claim are expected to continue beyond building restoration and reoccupation by tenants.

In accordance with Los Angeles Administrative Code Section 10.5(b)2, the Restated and Amended Broker Services Agreement No. C-120779 now requires City Council approval because the term is longer than three years, the compensation exceeds \$141,949, and no new competitive process has occurred. The Contractor has complied with all City contracting requirements, policies, and procedures.

RECOMMENDATION

That the City Council approve, and authorize the City Administrative Officer to execute, Restated and Amended Agreement C-120779 with Willis Insurance Services of California, Inc. for a new term from July 1, 2012 through June 30, 2016 with an option to extend for two additional years and annual compensation not to exceed \$165,000, for broker services for the City's Property and Liability Insurance Program, subject to the approval of the City Attorney.

FISCAL IMPACT STATEMENT

Funding in the amount of \$165,000 is available in the Insurance and Bonds Premium Fund for the 2015-16 fiscal year. This action complies with the Financial Policies in that budgeted funds are being used for a budgeted purpose, and there will be no additional impact to the General Fund.

Attachment

MAS:PAR:HS:11150057h