

ADMINISTRATIVE EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to the Port of Los Angeles (POLA) agreement with Alliant Insurance Services, LLC, to assist in procuring commercial property and casualty insurance.

Recommendations for Council action:

1. ADOPT the determination by the Board of Harbor Commissioners that the proposed action is administratively exempt under the California Environmental Quality Act (CEQA) in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.
2. APPROVE the Port Resolution No. 18-8258 authorizing proposed Agreement No. 18-3568 between the POLA and Alliant Insurance Services, LLC, to assist in procuring commercial property and casualty insurance to support operational needs and assist risk management staff in administering the POLA's insurance and risk management program, for a term of five years and for an amount not to exceed \$28,000,000.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that this action will not impact the General Fund. Approval of the proposed agreement between the POLA and Alliant Insurance Services, Inc., authorizes the POLA to expend up to \$28 million for insurance brokerage and risk management services over a five-year period. Funds will be requested under the current and future annual budget adoption process, subject to the approval of the Board of Harbor Commissioners. A funding out clause has been included in the agreement. The POLA is financially responsible for the costs incurred under the proposed agreement.

Community Impact Statement: None submitted.

TIME LIMIT FILE – JULY 10, 2018

(LAST DAY FOR COUNCIL ACTION – JULY 3, 2018)

SUMMARY

In a report to the Mayor dated May 9, 2018, the CAO states that POLA requests approval of an agreement with Alliant Insurance Services, Inc., for insurance brokerage and risk management services. Alliant will assist POLA staff administer the Department's insurance and risk management program and on-going procurement of commercial property and casualty insurance in support of POLA's operational needs.

According to the CAO, POLA's insurance and risk management staff is not licensed to procure the various types of insurance products needed to maintain and manage the Department's operations because of the capacity and complexity of insurance coverages required to protect the Department against its maritime, private, and public exposures. Insurance brokers like Alliant assist POLA procure various types and levels of insurance coverage at competitive prices to offset the potential financial impact of losses resulting from Department operations. These insurance coverages will include the financial means to accomplish the following: repair, rebuild or purchase damaged or destroyed assets; cover incidental costs incurred in resuming business operations; and, if needed, pay obligated amounts included in the insurance policy terms; and,

minimize and mitigate POLA's operational risks.

The CAO reports that Alliant is POLA's current insurance broker and has met expectations. However, Alliant's current three-year agreement expired in April, 2018. Alliant was selected to continue its service following a new competitive bid process. Approval of the proposed agreement will authorize POLA to expend up to \$28 million over a five-year period that will cover broker fees and insurance expenses. Compensation includes \$413,917 in broker fees and \$211,083 in fees for as-needed specialized risk management consulting services, for a total of \$625,000 over the five-year term. The balance of the agreement includes direct compensation for POLA-related insurance expenses in a total amount not to exceed \$27,375,000.

On March 15, 2018, the Board of Harbor Commissioners approved POLA's request. The CAO concurs with this action.

At its meeting held May 15, 2018, the Trade, Travel, and Tourism Committee recommended that Council approve the POLA contract with Alliant, as recommended by the Board of Harbor Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BUSCAINO:	YES
BONIN:	ABSENT
RODRIGUEZ:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-