



Legislation Details (With Text)

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Title: One Year Extension of Marsh & McClennan Companies/Marsh USA, Inc as the City of Gainesville's Property and Casualty Broker/Agent and Risk Management Consultant (B)

This item involves a request for the City Commission to approve a one year extension of the Marsh & McClennan Companies/Marsh USA, Inc service contract to provide the City property and casualty broker/agent and risk management consultant services.

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Date	Ver.	Action By	Action	Result
8/20/2020	1	City Commission	Approved as Recommended	

One Year Extension of Marsh & McClennan Companies/Marsh USA, Inc as the City of Gainesville's Property and Casualty Broker/Agent and Risk Management Consultant (B)

This item involves a request for the City Commission to approve a one year extension of the Marsh & McClennan Companies/Marsh USA, Inc service contract to provide the City property and casualty broker/agent and risk management consultant services.

The City of Gainesville has used Marsh & McClennan Companies/Marsh USA, Inc. (Marsh) as its broker/agent for the placement of its property and casualty insurance programs since 2005 with great success. They were selected both initially and subsequently through a competitive process which included a written proposal, oral presentation and site visits to meet the power generation team. The site visits are critical to ensuring there is a good personal and professional relationship between the broker's loss control team and the community builders that operate and maintain our power generation capacity. Gainesville Regional Utilities property program is the largest insured risk we manage and insuring those assets against loss is a requirement of the bond covenants. The market conditions in the utility space can change annually. This is particularly true when you have the multiple fuel sources in your operating portfolio. The City's and Gainesville Regional Utilities property and casualty insurance purchase program is approximately \$4.5 million annually. Marsh brokers the entire program through multiple carrier sources that are not available through direct purchase. Marsh is the largest broker in the world and has access to the markets needed to fill our property panel.

Our plan was to run a competitive process once travel restrictions eased related to the pandemic. This year's loss control visit, which is normally an in-person site visit to all of our power plants, was cancelled due to company travel restrictions for carrier loss control teams. While we were able to pivot to a virtual visit, largely reviewing documents but no eyes on the assets component, it was not as thorough as the traditional visits. Our past two selections only resulted in two proposers. It did not seem likely that we could run a fair process and move the business with the lack of being able to actually bring the competitors in for onsite evaluation and

meetings. In light of this limitation, it is in the best interest of the City to continue for one year with Marsh.

The funds of \$220,000 are included in the Fiscal Year 2020-2021 General Insurance Fund budget and represent the fee associated with the Risk Management Consulting and Insurance Marketing and Placement services requested by the City.

The City Commission: 1) approve the one-year extension of the contract for services to Marsh USA, Inc. and 2) authorize the City Manager or his designee to execute a one-year amendment with Marsh USA, Inc. subject to approval of the City Attorney as to form and legality.