

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 10/13/2021

Staff Report No. 18-162b

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: Exercise Contract Option with Alliant Insurance Services

ACTION ITEM

RECOMMENDED ACTION(S):

Consider authorizing the General Manager to exercise Option 1 (Year 4) to extend the District's contract with Alliant Insurance Services for the period beginning February 10, 2022 through February 9, 2023, for Insurance Broker Services.

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

The District's insurance broker serves as an exclusive intermediary between the District and commercial insurance providers, working in the best interest of the District to place its Transit Operations Insurance Program with highly rated insurance providers at the best available premium rates. The District's insurance broker also provides impartial guidance, consulting, and services in the areas of insurance, risk management, and contractual insurance provisions.

BUDGETARY/FISCAL IMPACT:

The cost of Option 1 (Year 4) is \$84,000, set by the contract terms, and is included in the operating budget.

BACKGROUND/RATIONALE:

The District currently manages its risk through a program of self-insured retentions, planned deductibles, and insurance. The District's insurance coverage portfolio includes Automobile and General Excess Liability; Cyber Liability; Excess Workers Compensation; Commercial Property; Auto Physical Damage & Boiler Machinery; Fiduciary; and Travel Accident coverages. The District contracts with licensed commercial insurance brokers to solicit and build insurance program options for review and approval by the Board.

The District's current Insurance Broker Services Contract No. 2018-1445 will expire on February 9, 2022. The contract term is for a three-year base period with three (3) one (1) year priced options.

Alliant's Option 1 (Year 4) contract extension represents only a 5 percent increase over their 2018 broker fee. The current market for Insurance Broker Services has been adversely impacted by the pandemic and inflation

which would likely result in significantly increased costs over Alliant's contract extension rate if the District were to re-solicit for these services at this time.

Therefore, staff recommends exercising the Option 1 (Year 4) Insurance Broker Services contract extension with Alliant Insurance Services.

ADVANTAGES/DISADVANTAGES:

The exercise of Option 1 (Year 4) will allow the District to retain its current level of Insurance Broker Services for a nominal increase in broker fees. Additionally, the exercising of this Option 1 (Year 4) will allow the District additional time to monitor developing insurance market trends and determine the optimum scope of services when staff re-solicits for Insurance Broker Services in the future.

Other than the effort to exercise the option and the necessity of making the transition as seamless as possible, staff cannot identify any disadvantage to this proposed option.

ALTERNATIVES ANALYSIS:

The District could choose to re-solicit for Insurance Broker Services. This course of action is not recommended for the reasons stated above. Staff would still recommend the exercise of Option 1 (Year 4) with Alliant.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Staff Report 18-162 - Authorization to Release the Request for Proposals for Insurance Broker Services.
Staff Report 18-162a - Award of Contract for Insurance Broker Services Contract to Alliant Insurance Services.

ATTACHMENTS:

None.

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