

COUNCIL ACTION FORM

SUBJECT: FY 2019/20 PROPERTY BROKERAGE AGREEMENT RENEWAL

BACKGROUND:

The City has contracted with Willis of Greater Kansas, Inc., to provide property insurance brokerage services for the City's property insurance program since 2011. After the initial three-year term, both parties agreed to extend the agreement for each of the optional one-year extensions. The cost for these brokerage services has been \$45,000 per year since 2011. Willis has agreed to extend this agreement for an additional one-year term ending June 30, 2020, but will do so at an increased cost of \$50,000.

Under Willis' guidance, the City's property program has been divided into a municipal property insurance program and a power property program. Last year City staff instructed Willis to take the City's property insurance to the marketplace. This strategy generated very competitive quotes from insurance carriers which ultimately saved the City more than \$90,000. Willis was also able to negotiate a guaranteed two-year rate for the Ames Power Plant coverage. The City seeks Willis' advice on a regular basis regarding risk mitigation efforts, insurance coverage strategies, and in completing claim documentation in the event of losses.

ALTERNATIVES:

1. Approve an extension of the property brokerage agreement with Willis of Greater Kansas, Inc. in the amount of \$50,000 for a period beginning July 1, 2019 and ending June 30, 2020.
2. Do not approve an extension of the property brokerage agreement and seek proposals from other companies.

CITY MANAGER'S RECOMMENDED ACTION:

The City utilizes the services of a property insurance broker to provide access to the property insurance market and to provide assistance in managing the property insurance portfolio. Without these services, a great deal of the administration of the City's property insurance program would revert to City staff. Willis has provided excellent service in brokering the City's property insurance policies.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving an extension of the property brokerage agreement with Willis of Greater Kansas, Inc. in the amount of \$50,000 for a one-year period beginning July 1, 2019 and ending June 30, 2020.