



City Council Staff Report

DATE: December 5, 2012 CONSENT CALENDAR

SUBJECT: APPROVAL OF AMENDMENT NO. 1 TO AGREEMENT NO. A5656
EXTENDING THE PROFESSIONAL INSURANCE BROKERAGE
SERVICES AGREEMENT WITH KEENAN & ASSOCIATES FOR AN
ADDITIONAL THREE (3) YEAR TERM

FROM: David H. Ready, City Manager

BY: Douglas Holland, City Attorney

SUMMARY

The City is self-insured and annually purchases various lines of insurance coverage to minimize the adverse effects of accidental losses and claims against the City. The City has an agreement with Keenan & Associates, a professional insurance brokerage firm, to assist in the management of the City's various insured and self-funded insurance programs, as well as to market and procure various lines of insurance. The City's current contract with Keenan & Associates for brokerage services will expire in the Spring of 2013, prior to the completion of the annual insurance renewal process that begins in January for the FY 13-14 coverage. Based upon the exemplary performance of Keenan & Associates over the previous five (5) years, staff is recommending that the City extend its agreement with Kennan & Associates for an additional three (3) years with no increase in the annual brokerage fee.

RECOMMENDATION:

1. Approve Amendment No. 1 to Agreement No. A5656 with Keenan & Associates for professional insurance brokerage services, extending the agreement for three (3) fiscal years (Fiscal Years 2013-14, 2014-15, and 2015-16) in an amount not-to-exceed \$60,000 per year.
2. Authorize the City Manager to execute the necessary documents.

STAFF ANALYSIS:

The City is self insured for major risk programs, such as general liability, auto liability and workers' compensation. The City purchases various lines of insurance, including general liability, automotive, property, and excess workers' compensation insurance to help protect the City from potential losses.

To assist in the marketing and purchase of various lines of insurance, the City has contracted with Keenan & Associates since 2008 (FY 08-09) as approved by City Council to serve as the City's broker of record at a flat fee of \$60,000 per year. Keenan is proposing to extend the term of the contract for an additional three years at the current contract fee of \$60,000 per year as well as continue to place all policies "net of commissions," which saves the City an estimated \$50,000 per year.

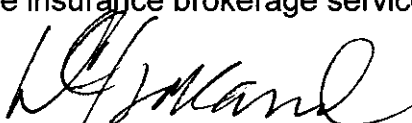
Keenan & Associates has worked almost exclusively with public agencies for over 40 years and understands the complexities involved in placing public insurance. The firm has represented over 700 public agencies, including local agencies such as Palm Springs USD, Desert Sands USD, Coachella Valley USD, and Desert CCD.

Over the course of the City's current five (5) year agreement with Keenan, staff estimates Keenan has saved the City approximately \$1.5 million in premiums, affordably restructured and expanded the City's DIC (earthquake) coverage in a hardened market, dramatically reduced the City's Workers Compensation premiums from a high of \$271K in FY 06-07 to \$86K today, and consolidated all policies onto one common expiration date improving efficiency and annual budgeting.


Keenan & Associates has proven to be a professional and reliable partner assisting the City with claims processing (such as the two wind storms and recent City Hall fire) and is a valuable extension of the city's Risk Management team. As such, Staff is recommending that the City Council approve the amendment to extend these services for an additional three years at the same flat fee of \$60,000 per year. All other terms and conditions of the original agreement remain unchanged.

FISCAL IMPACT:

The proposed cost of \$60,000 per year from Keenan & Associates for the next 3 fiscal years is the same as the rate that the City has been paying and funds will be appropriately budgeted each fiscal year within the Risk Management Fund to cover these insurance brokerage services.



Douglas Holland, City Attorney



David H. Ready, City Manager

**AMENDMENT NO. 1
TO
PROFESSIONAL SERVICES AGREEMENT
Insurance Brokerage Services
(Agreement No. 5656)**

THIS FIRST AMENDMENT to the Professional Services Agreement No. 5656 for Insurance Brokerage Services is made and entered into to be effective on the 1st day of January, 2013 by and between the City of Palm Springs, a California charter city and municipal corporation (hereinafter referred to as the City), and Keenan & Associates, a California corporation (hereinafter referred to as "") collectively, the "Parties".

RECITALS

A. City and Consultant previously entered into a professional services agreement for insurance brokerage services on June 3, 2008 (the "Agreement").

B. City and Consultant desire to amend the Agreement to extend the term of Agreement No. 5656 to June 30, 2016 on the same terms and conditions, including without limitation compensation.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

AGREEMENT

1. Amendment to Section 3.4 of the Agreement is amended in its entirety to read:

3.4 Term. Unless earlier terminated as provided elsewhere in this Agreement, this Agreement shall commence on the effective date of this Agreement and continue in full force and effect until June 30, 2016.

2. Full Force and Effect. This modifying Amendment is supplemental to the Agreement and is by reference made part of said Agreement. All of the terms, conditions, and provisions, thereof, unless specifically modified herein, shall continue in full force and effect. In the event of any conflict or inconsistency between the provisions of this Amendment and any provisions of the Agreement, the provisions of this Amendment shall in all respects govern and control.

3. Corporate Authority. The persons executing this Amendment on behalf of the Parties hereto warrant that (1) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Amendment on behalf of said party, (iii) by so executing this Amendment, such party is formally bound to the provisions of this Amendment, and (iv) the entering into this Amendment does not violate any provision of any other agreement to which said party is bound.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the dates stated below.

ATTEST:

**“CITY”
CITY OF PALM SPRINGS, CA.**

By _____
James Thompson, City Clerk

By _____
David H. Ready, City Manager

Date: _____

Date: _____

APPROVED AS TO FORM:

By _____
City Attorney

Date: _____

**“CONSULTANT”
Keenan & Associates**

Date: _____

By: _____

Date: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of _____ }
_____ }

On _____ before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature _____

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

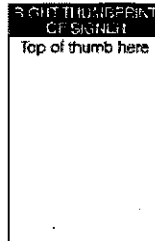
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

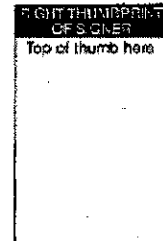
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____