

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	11/18/19	Open	Action	11/12/19

Subject: Approving the First Amendment to the Contract for Insurance Broker Services with Alliant Insurance Services, Inc.

## ISSUE

Whether to approve a Sole Source Procurement and the First Amendment to the Contract for Insurance Broker Services with Alliant Insurance Services, Inc.

## RECOMMENDED ACTION

Adopt Resolution No. 19-11-\_\_\_\_, Approving a Sole Source Procurement and the First Amendment to the Contract for Insurance Broker Services with Alliant Insurance Services, Inc.

## FISCAL IMPACT

Budgeted:	Yes	This FY20:	\$ 58,583.00
Budget Source:	Operating	Next FY21:	\$ 118,923.50
Funding Source:	Local	FY20:	\$ 60,340.50
Cost Cntr/GL Acct(s) or	CC 47	Total Amount:	\$ 237,847.00
Capital Project #:	GL 630005		
Total Budget:	\$ 237,847.00		
Original Contract:	\$287,208 Years 1, 2 & 3		
First Amendment:	<u>\$237,847</u> Years 4 & 5		
Total Contract:	\$525,055		

Note: The additional increase of \$17,575 for year 4 (\$99,591 – \$117,166) was not budgeted in FY 20, however there are currently enough savings from the first quarter results to cover this additional increase.

## DISCUSSION

On November 14, 2016, the Board awarded an insurance broker services contract to Alliant Insurance Services, Inc. (Alliant) for an amount not to exceed \$287,208 for a 3-year term, with an option to renew for years 4 and 5. The current contract was entered into on December 5, 2016, effective January 1, 2017. Alliant has done an excellent job as SacRT's broker and staff desires to continue its relationship with Alliant for an additional two years.

Alliant's initial accomplishments include restructuring SacRT's liability program to achieve its major goal of bifurcating the coverage limits applicable to its shared-use agreement with Union Pacific Railroad. Alliant was able to reduce SacRT's self-insured retention greatly reducing SacRT's risk while achieving premium savings of \$304,885 and again in 2018, when coverage was renewed with no increase in premium, which is a total savings of over \$600K in two years.

Approved:

Presented:

Final 11/13/19

General Manager/CEO

Sr. Attorney

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Alliant also negotiated significant improvements in SacRT’s property coverage, including reducing the deductible for buses, eliminating possible co-insurance penalties, and reducing the overall premium. Alliant made similar improvements to SacRT’s crime and fidelity coverages as well, increasing coverage and saving SacRT thousands of dollars per year.

Alliant assisted with additional services due to the Folsom and Elk Grove expansions, as well as compile analytics on other SacRT projects such as the streetcar project and the 2018 Yolo RFP response.

In 2016, Alliant proposed an annual brokerage fee of \$99,591 for option year 4 and \$101,583 for option year 5, however, Alliant has requested an increase in the annual fees to \$117,166 for year 4 and \$120,681 for year 5. Because of the increased fees, this amendment would not be considered an exercise of the option years.

Alliant’s request for increased compensation is based on the additional scope of work that was not anticipated when the initial contract was executed. Alliant will need to provide due diligence and financial forecasts for SacRT’s significant prospective increases in contracted service outside of its jurisdictional boundaries using non-SacRT owned assets and facilities, including, South County Transit and Fairfield / Suisun Transit, and will need to continue placing coverage that includes additional contracted service now operated by SacRT, such as the Elk Grove service, which was not reasonably foreseeable at the time the solicitation was conducted and the fixed annual fee was proposed.

The proposed increases in years four and five have been determined to be fair and reasonable. The increase in option year four is 20%. This 20% figure was based on an estimate in the additional time and resources that will be required to provide the expanded services discussed above. The increase in year five will be 2.5% which is the same percentage of increase contained in the underlying contract between years four and five. Staff recommends the Board approve the First Amendment to the Contract for Insurance Broker Services with Alliant Insurance Services, Inc. by which SacRT exercises its options to extend the Contract for years 4 and 5, commencing on January 1, 2020 and the total consideration is increased by \$237,847 from \$237,847 to \$525,055.

RESOLUTION NO. 19-11-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

November 18, 2019

**APPROVING A SOLE SOURCE PROCUREMENT AND THE FIRST AMENDMENT TO  
THE CONTRACT FOR INSURANCE BROKER SERVICES WITH ALLIANT  
INSURANCE SERVICES, INC.**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE  
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, under Section 1.405.B.2 of the SacRT Procurement Ordinance, sole source procurement for services is permitted upon a determination that is in the best interest of Sacramento Regional Transit District to solicit only one contractor; and

THAT, because of the existing relationship with Alliant Insurance Services, Inc. and the lack of time to do a new solicitation for insurance broker services prior to the December 4, 2019 expiration date of the current contract, it is in the best interest of Sacramento Regional Transit to extend the existing contract with Alliant for an additional two years with an increased annual fee above the option year pricing due to an increase in contract service scope of work; and

THAT, the First Amendment to the Contract between the Sacramento Regional Transit District, therein referred to as "SacRT," and Alliant Insurance Services, Inc., therein referred to as Consultant, whereby SacRT the term is extended two years, from December 4, 2019 to December 4, 2021 and the total consideration is increased by \$237,847 from \$287,208 to \$525,055, is hereby approved.

THAT, the Chair and General Manager are hereby authorized and directed to execute said First Amendment.

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PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary