

## City Council Agenda Report

Meeting Date: March 5, 2024  
From: Jessica Alcaraz, Financial Services Administrator  
Department: Finance  
Submitted by: Javier Valdez, Business and Account Supervisor

### Subject

Services Agreement with Aon Risk Insurance West, Inc. for Professional Property/Casualty Insurance Broker of Record

### Recommendation

A. Find that it is commercially unreasonable to rebid the proposed service agreement for a professional property/casualty insurance broker of record every three years pursuant to Vernon Municipal Code Section (VMC) 3.32.220 (B); and

B. Approve and authorize the City Administrator to execute a Services Agreement with Aon Risk Insurance Services West, Inc., in substantially the same form as submitted, for professional property/casualty insurance broker of record, for a total amount not-to-exceed \$462,500, for a five-year term effective July 1, 2024 through June 30, 2029, with an option to extend for an additional two years after the expiration of the initial term.

### Background

On November 15, 2023, Staff issued a Request for Proposals (RFP) for Professional Property/Casualty Insurance Broker of Record services with a submission deadline of December 7, 2023, in accordance with VMC Section 3.32.080 regarding competitive selection. The RFP package was advertised on Planet Bids and eleven prospective insurance broker firms were directly notified. As a result of the outreach effort, three responses were received from Alliant Insurance Services (Alliant), Aon Insurance Services (Aon), and Willis Tower Watson (WTW). A panel of five, including staff from Vernon Public Utilities and Finance, and the Human Resources / Risk Manager from the City of Baldwin Park, evaluated each proposal using the criteria outlined in the RFP. The three firms were invited for interviews and the same interview questions were posed to each brokerage firm to gauge their understanding of the City's needs, the expertise of those who would work on the City's account, and their overall knowledge of insurance coverage and deductibles.

Aon was deemed to be the best option to provide the desired services for the City. Therefore, Staff recommends that Council approve the proposed Services Agreement with Aon for a five-year term.

Pursuant to VMC Section 3.32.220(B), it is commercially unreasonable to rebid the proposed service agreement for a professional property/casualty insurance broker of record every three years due to the unique and significant and acute understating of the City's strategic objectives, challenges, and the complex placement structure for MGS and Vernon Public Utilities. It is common practice for cities and counties to move insurance brokers or record RFPs to a minimum initial requirement of 5 years to avoid brokers getting worn out by the frequency of the process, thereby reducing responses and limiting competition. Council approval of the proposed agreement is required pursuant to VMC Section 3.32.030(A) as the total value over the lifetime of the agreement exceeds \$100,000.

The Services Agreement with Aon has been reviewed and approved as to form by the City Attorney's Office.

**Fiscal Impact**

The fiscal impact is \$92,500 per year, with a total not-to-exceed amount of \$462,500 for the duration of the five-year term of the services agreement. Sufficient funds are available in the General Fund, Finance Department, Insurance – Property/Crime Account No. 011-010-130-520035 for the current fiscal year and will be budgeted in subsequent years.

**Attachments**

1. Aon Risk Insurance Services West, Inc. Services Agreement