



HISTORIC  
FRANKLIN  
TENNESSEE


ITEM #21  
BOMA  
04/24/2012

## MEMORANDUM

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April 9, 2012

**TO:** Board of Mayor and Aldermen

**FROM:** Eric S. Stuckey, City Administrator   
Russell Truell, Assistant City Administrator / CFO  
Shirley Harmon, Human Resources Director  
Brian Wilcox, Purchasing Manager

**SUBJECT:** Consideration of contract awards for liability, property and workers' compensation insurance products and services for a one-year term commencing July 1, 2012, with two (2) one-year options to extend beyond the first year for the Risk Management Division of the Human Resources Department (Purchasing Office Procurement Solicitation No. 2012-023)

### Purpose

The purpose of this procurement is to purchase liability, property and workers' compensation insurance products and services for a one-year term commencing July 1, 2012, with two (2) one-year options to extend beyond the first year.

### Background

The City published on December 15, 2011 a Notice to Proposers in the *Williamson Herald* for liability, property and workers' compensation insurance products and services. In addition, solicitation documents were sent on or about the same date directly to 29 potential proposers known or thought to be interested in this solicitation. Proposals from three (3) vendors were publicly opened at the submittal opening held on March 1, 2012. A proposal evaluation team, consisting of the following members of staff, evaluated and scored each proposal according to the evaluation criteria listed in the Request for Proposals:

- Shirley Harmon, Human Resources Director
- Rodney Escobar, Risk Manager
- Sara Sylvis, Risk Analyst
- Russ Truell, Assistant City Administrator / CFO
- David Parker, City Engineer
- Paul Holzen, Interim Director of Engineering

A tabulation of the proposals received for this solicitation is attached.

### Financial Impact

In the table below, for each broad line of coverage, the total quoted annual premium, plus any retention or stop loss and administrative fees, net of any rebate for FY2013 for the proposal ranked highest by the proposal evaluation team is compared with the total current annual premium, plus any retention or stop loss and administrative fees, net of any rebate for FY2012. Note that the limits of coverage and deductibles are not necessarily comparable.



Broad Line of Coverage	Total current annual premium, plus any retention or stop loss and administrative fees, net of any rebate for FY2012	Total quoted annual premium, plus any retention or stop loss and administrative fees, net of any rebate for FY2013
Liability	\$638,037 (Tennessee Municipal League Risk Management Pool; before member dividend credit)	\$626,249 (Tennessee Risk Management Partners, LLC, option 2)
Property	\$119,136 (Tennessee Municipal League Risk Management Pool; net of \$7,814 member dividend credit)	\$187,332 (Tennessee Municipal League Risk Management Pool, option 1)
		\$253,036 (Tennessee Risk Management Partners, LLC)
Workers' Compensation	\$542,467 (Tennessee Municipal League Risk Management Pool; premium of \$42,467 net of \$134,151 member dividend credit; CoF has paid \$45,374 to date in claims; CoF self-insured retention annual aggregate is \$500,000)	\$384,989 (Tennessee Risk Management Partners, LLC, option 1)
Total	\$1,299,640	\$1,264,274

**Options**

Staff has identified the following options available to the City:

- First, although the Request for Proposals expressed the City's intent "to award the entire package policy to one proposer for all coverage requested," the RFP nevertheless also reserved "the right to accept any one or more proposals." Staff is therefore of the opinion that the Board of Mayor and Aldermen has the option to split the award by broad line of coverage. In the event the Board of Mayor and Aldermen chooses to do so, then staff would recommend the following awards:

Broad Line of Coverage	Split Award Recommended Proposal
Liability	Tennessee Risk Management Partners, LLC Option 2 (higher deductibles)
Property	Tennessee Municipal League Risk Management Pool Option 1 (\$25,000 deductible with \$1,000 mobile equipment deductible)
Workers' Compensation	Tennessee Risk Management Partners, LLC Option 1 (fully insured, \$100,000 stop loss)



- For each line of coverage, each proposer offered multiple options as summarized on the tabulation of proposals.
- In accordance with the solicitation documents, the City reserves also the right to reject any or all proposals.

**Recommendation**

On the basis of the scoring of the proposals by the proposal evaluation team, utilizing the evaluation criteria listed in the Request for Proposals, and assuming the Board of Mayor and Aldermen chooses to make a single award for all three (3) broad lines of coverage, staff recommends that the City accept the options listed below from Tennessee Risk Management Partners, LLC for each of the following broad lines of coverage:

<b>Broad Line of Coverage</b>	<b>Single Award Recommended Proposal</b>
Liability	Tennessee Risk Management Partners, LLC Option 2 (higher deductibles)
Property	Tennessee Risk Management Partners, LLC
Workers' Compensation	Tennessee Risk Management Partners, LLC Option 1 (fully insured, \$100,000 stop loss)

Purchasing Manager Brian Wilcox is of the opinion that the prepared solicitation documents as distributed allowed for competition among multiple vendors, and that the staff recommendation appears to be made in a fair and impartial manner based upon the proposals received.

**Tabulation of Proposals\***

<b>Purchasing Office Solicitation No.:</b>	2012-023 Liability, property and workers' compensation insurance products and services						
<b>Notice to Proposers published in the Williamson Herald on:</b>	12/15/11						
<b>Number of vendors that were notified of / that responded to this request for proposals:</b>	29 / 3						
<b>Date and time proposals due and publicly opened:</b>	03/01/12 at 2:00 PM						
<b>Present at opening of proposals:</b>	Anthony Roman, Jon Calvin, Randy Williams and Dawn Crawford of Tennessee Municipal League Risk Management Pool; Laura Jungmichel of Tennessee Risk Management Partners; Shirley Harmon and Rodney Escobar of the City of Franklin HR Department; and Tiffany Wilkins and Brian Wilcox of the City of Franklin Purchasing Office						
<b>Target meeting of BOMA at which recommendation is scheduled to be considered:</b>	4/24/12						
<b>Proposals received from:</b>	<b>Proposal No.:</b>	<b>Description of proposal:</b>	<b>Does the proposer take any exceptions to the City's procurement solicitation?</b>	<b>Total quoted annual premium, plus any retention or stop loss and administrative fees, net of any rebate:</b>	<b>Points (out of a possible 100) allocated by the Proposal Evaluation Team:</b>	<b>Payment terms:</b>	<b>Proposal and associated pricing is valid through:</b>
Brown & Brown of Tennessee 565 Marriott Drive, Suite 500 P.O. Box 291029 Nashville, TN 37214 Liz Hartzog, Chief Operating Officer 615/385-8262 ehartzog@bbtennessee.com	1 of 1	not applicable	not indicated	"Due to the time frame, the markets that we approached were unable to produce a premium indication without further information."	not evaluated	not applicable	not applicable
Tennessee Municipal League Risk Management Pool 5100 Maryland Way Brentwood, TN 37027 Jon Calvin, Director of Underwriting 615/371-0049 jcalvin@thepool-tn.org	2012-023A 1 of 4	Liability: \$1M per occurrence E&O limit of	Limitations and exclusions noted	\$560,190.00	55.0	net 30 days	05/31/12
	2012-023A 2 of 4	Liability: \$2M per occurrence E&O limit of		\$593,864.00	62.8		
	2012-023A 3 of 4	Liability: \$3M per occurrence E&O limit of		\$646,009.00	69.0		
	2012-023A 4 of 4	Liability: \$5M per occurrence E&O limit of		\$741,170.00	74.1		
	2012-023B 1 of 4	Property: \$25K deductible with \$1K mobile equip. deductible		\$187,332.00	91.0		
	2012-023B 2 of 4	Property: \$25K deductible with \$250 mobile equip. deductible		\$189,255.00	90.7		
	2012-023B 3 of 4	Property: \$50K deductible with \$250 mobile equip. deductible		\$172,350.00	80.9		
	2012-023B 4 of 4	Property: \$50K deductible with \$250 mobile equip. deductible					
	2012-023C 1 of 4	WC: Fully insured, no deductible		\$661,186.00	81.8		
	2012-023C 2 of 4	WC: Self-insured retention with \$500K annual aggregate retention factor					
	2012-023C 3 of 4			\$611,569.00	83.4		
	2012-023C 4 of 4						
	Total points, weighted by total quoted annual premium (net of any rebate), allocated for highest scored options for all three lines of coverage:			79.8			

\*Shaded proposal is the proposal scored highest by the proposal evaluation team using the evaluation criteria included in the RFP

**City of Franklin, Tennessee**  
**Tabulation of Proposals**\*

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<b>Proposals received from:</b>		<b>Proposal No.:</b>	<b>Description of proposal:</b>	<b>Does the proposer take any exceptions to the City's procurement solicitation?</b>	<b>Total quoted annual premium, plus any retention or stop loss and administrative fees, net of any rebate:</b>	<b>Points (out of a possible 100) allocated by the Proposal Evaluation Team:</b>	<b>Payment terms:</b>	<b>Proposal and associated pricing is valid through:</b>
Tennessee Risk Management Partners, LLC 205 Powell Place Brentwood, TN 37027 Laura Jungmichel, Managing Partner and Agent 615/369-0646 laura@tnrmp.com		2012-023A 1 of 2	Liability: Lower deductibles	Limitations and exclusions noted	\$745,298.00	89.0	net 30 days	05/31/12
		2012-023A 2 of 2	Liability: Higher deductibles		\$626,249.00	90.0		
		2012-023B 1 of 2	Property: \$25K deductible		\$253,036.00	88.9		
		2012-023B 2 of 2	Property: \$25K deductible		\$384,989.00	96.0		
		2012-023C 1 of 2	WC: Fully insured, \$100K stop loss		\$546,989.00	90.6		
		2012-023C 2 of 2	WC: Fully insured, \$250K stop loss					
		Average points, weighted by total quoted annual premium (net of any rebate), allocated for highest scored options for all three lines of coverage:						

\*Shaded proposal is the proposal scored highest by the proposal evaluation team using the evaluation criteria included in the RFP