



RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

May 25, 2006

TO: BOARD OF DIRECTORS

THRU:  Larry Rubio, Chief Executive Officer

FROM:  Vince Rouzaud, Director of Purchasing and Materials Management

SUBJECT: Authorization to Award Agreement No. 6-001 to Marsh Risk & Insurance Services (Marsh) for the Agency's Insurance Brokerage & Consulting Services

Summary: The Agency historically has contracted with an insurance brokerage/consulting firm to act as the Agency's insurance experts and assist in procuring the Agency's property, liability and casualty insurance needs. Our current contract with Marsh expires May 15, 2006.

In February 2006, staff issued a competitive Request for Proposals (RFP) for the Agency's insurance brokerage and related risk management consulting services. As is standard practice, the procurement was publicly advertised in a newspaper of general circulation, and a notice was posted on the Agency's website along with a copy of the RFP document. In response to the RFP, three proposals were received as follows:

Vendor	Base Period	Option Year 1	Option Year 2	Option Year 3	Grand Total
Marsh	\$90,000	\$50,000	\$50,000	\$55,000	\$245,000
AON	\$75,750	\$38,250	\$38,250	\$38,250	\$190,500
A.J. Gallagher	\$90,000	\$45,000	\$45,000	\$45,000	\$225,000

The three proposals were reviewed and rated by an evaluation committee representing staff from the Risk Management, Human Resources, and Purchasing departments. Ratings were based upon independent staff assessments for each of the evaluation criteria listed in the RFP, which included but was not limited to: qualifications of the firm, staffing and project organization, work plan/quality of service, experience, etc.

The proposal submittal from AON was ranked the lowest by the committee based upon the fact that their proposal contained half as many consulting hours as the other two proposals; 150 consulting hours annually as compared to 300. Staff did not believe the requirements of the RFP could be met with the number of hours as proposed by AON. The proposals submitted by both Marsh and A. J. Gallagher received higher technical scores. Both Marsh and A.J. Gallagher were invited in for interviews.

During the interview process, A. J. Gallagher stated that they only dealt with those firms who agree to disclose their commission fees. In contrast, Marsh deals with all insurance carriers whether or not they explicitly disclose commission fees. With this approach, Marsh is able to maximize the pool of available insurance carriers resulting in the most competitive rates possible for the Agency while ensuring the rates paid are less commission fees. Marsh shall obtain the Agency's approval of any commissions to be collected by Marsh. These commissions are either credited towards the Agency's annual fee, are directly refunded to the Agency, or are carried forward to be applied to the next year's annual fee.

Staff has been very satisfied with the services provided by Marsh to date.

Overall, the committee felt Marsh submitted the proposal with the most complete understanding of the Agency's needs, and that their proposed project team and work plan represented the best value to the Agency for its continuing insurance/risk management needs.

#### Fiscal Impact:

The total amount of the initial two-year contract to provide the Agency's insurance/risk management consulting services using Marsh is \$90,000. Assuming the Agency exercises all three option periods, the total amount for the five years is \$245,000

Funding for the first year of these services has been anticipated in the Agency's FY 2005/06 operating budget; funding for future years will be requested in future year budgets.

#### Committee Recommendation:

This item was presented at the Board Budget and Administration Committee meeting of May 3, 2006. Due to no quorum present, the Committee members agreed to forward this item to the full Board of Directors without a recommendation.

#### Recommendation:

Authorize staff to award a two-year contract with three one-year options to Marsh Risk & Insurance for a total not-to-exceed amount of \$245,000.