NORTH MIAMI
FLORIDA
776 N.E. 125 Street, North Miami, Florida 33161

Council Report

To: The Honorable Mayor and City Council

From: Ruby Johnson, Purchasing Director

Date: September 24, 2013

RE: **A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE THE FOURTH OPTION TO RENEW PROFESSIONAL SERVICES AGREEMENT, IN SUBSTANTIALLY THE ATTACHED FORM, BETWEEN THE CITY OF NORTH MIAMI AND BROWN & BROWN OF FLORIDA, INC., d/b/a T.R. JONES & COMPANY, TO CONTINUE TO PROVIDE THE CITY WITH EXCESS WORKERS' COMPENSATION INSURANCE COVERAGE FOR ONE (1) ADDITIONAL YEAR, AT A COST NOT TO EXCEED ONE HUNDRED AND TWENTY FIVE THOUSAND SEVEN HUNDRED SEVENTY DOLLARS ($125,770.00); PROVIDING FOR AN EFFECTIVE DATE AND FOR ALL OTHER PURPOSES**

BACKGROUND

Since January 2005, the City has been insured for Excess Workers Compensation coverage through Preferred Governmental Insurance Trust (PGIT) with State National Insurance Company functioning as re-insurers. Third Party Administration services have been provided by Opta Comp, a subsidiary of Blue Cross Blue Shield. Prior to this, the City was fully self-insured for the period 1/1/03 through 12/30/04. The decision to self-insure was promulgated by hardened market conditions, leading to significant increases in premium and higher levels of retention. In July 2009 the City engaged in competitive bidding for Excess Workers' Compensation Insurance. Brown & Brown of Florida, Inc., d/b/a T.R. Jones & Company was awarded the bid since that proposal (offered through Florida Municipal Insurance Trust - FMIT) most closely met the City's needs.

Brown & Brown's contract provides an option to renew this line of coverage under the same conditions and terms for four (4) years on a year by year basis. The current renewal policy offered by PGIT is comparable to their expiring policy with limits as follows: Workers Compensation Part A – statutory coverage, Part B – Employers' Liability $1 million; however the expiring policy's Self Insured Retention (SIR) was $350,000 for Part A & B while the renewal has a $500,000 SIR as this yielded the most competitive outcome. The renewal premium proposed is $115,770.00 plus $10,000 brokerage fee. This represents an increased premium of approximately 35.80% over the expiring policy. The increase was fuelled by a "hard market" forcing carriers to hedge their losses by re-underwriting their books of business as well as offering higher rates of retention.

RECOMMENDATION

It is recommended that the City Council authorize the City Manager to exercise Option Year No. 4 of the RFP# 12-08-09 for Excess Workers' Compensation Insurance with PGIT, through its broker Brown & Brown of Florida, Inc., d/b/a T.R. Jones & Company located in Homestead, Florida for the period 10/1/13 to 10/1/14.

Staff is recommending that the Council authorize the issuance of a purchase order in the amount of $125,770.00 to exercise Option Year No. 4 of the renewal agreement.

Funding for this purchase is from the General Fund.

Attachments

Resolution
Option Year 2 Pricing

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE THE FOURTH OPTION TO RENEW PROFESSIONAL SERVICES AGREEMENT, IN SUBSTANTIALLY THE ATTACHED FORM, BETWEEN THE CITY OF NORTH MIAMI AND BROWN & BROWN OF FLORIDA, INC., D/B/A T.R. JONES & COMPANY, TO CONTINUE TO PROVIDE THE CITY WITH EXCESS WORKER'S COMPENSATION INSURANCE COVERAGE FOR ONE (1) ADDITIONAL YEAR, AT A COST NOT TO EXCEED ONE HUNDRED TWENTY FIVE THOUSAND SEVEN HUNDRED SEVENTY DOLLARS ($125,770.00); PROVIDING FOR AN EFFECTIVE DATE AND FOR ALL OTHER PURPOSES.

WHEREAS, on October 13, 2009, the Mayor and City Council of the City of North Miami ("City") approved the selection of Brown & Brown of Florida, Inc., d/b/a T.R. Jones & Company, ("Contractor") for the provision of Excess Worker's Compensation Insurance coverage ("Worker's Compensation Coverage"); and

WHEREAS, the City entered into an agreement with Contractor ("Agreement") for the purchase of Worker's Compensation Coverage, in accordance with the terms, conditions and specifications contained in the City's ***Request for Proposals # 12-08-09, Excess Worker's Compensation Insurance Coverage*** ("RFP"); and

WHEREAS, the initial term of the Agreement was for one (1) year, terminating on September 30, 2010; and

WHEREAS, upon completion of the initial term, the City was allowed to exercise four (4) options to renew the Agreement on a year-by-year basis, under the same terms and conditions of the Agreement; and

WHEREAS, the City subsequently exercised three (3) of its four (4) options to renew the Agreement in order to continue to provide Worker's Compensation Coverage at a competitive rate, without interruption of coverage; and

WHEREAS, the City administration desires to exercise the fourth and final option to renew the Agreement to maintain and extend, without interruption, the required Worker's Compensation Coverage to the City, for one (1) additional year; and

WHEREAS, the Mayor and City Council find that the execution of the Fourth Option to Renew Professional Services Agreement, in substantially the attached form, at a cost not to exceed One Hundred Twenty Five Thousand Seven Hundred Seventy Dollars ($125,770.00), is in the best interest of the City.

NOW THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA:

Section 1. **Authority of City Manager.** The Mayor and City Council of the City of North Miami, Florida, hereby the City Manager to execute the Fourth Option to Renew Professional Services Agreement, in substantially the attached form, between the City of North Miami and Brown & Brown of Florida, Inc., d/b/a T.R. Jones & Company, to continue to provide the City with Excess Worker's Compensation Insurance Coverage for one (1) additional year, at a cost not to exceed One Hundred Twenty Five Thousand Seven Hundred Seventy Dollars ($125,770.00).

Section 2. **Effective Date.** This Resolution shall be effective upon adoption.

PASSED AND ADOPTED by a _____ vote of the Mayor and City Council of the City of North Miami, Florida, this _____ day of _____, 2013.

_____
LUCIE M. TONDREAU
MAYOR

ATTEST:

_____
MICHAEL A. ETIENNE, ESQ.
CITY CLERK

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

_____
REGINE M. MONESTIME
CITY ATTORNEY

SPONSORED BY: CITY ADMINISTRATION

Moved by: _____

Seconded by: _____

Vote:

Mayor Lucie M. Tondreau	_____ (Yes)	_____ (No)
Vice Mayor Scott Galvin	_____ (Yes)	_____ (No)
Councilperson Carol Keys, Esq.	_____ (Yes)	_____ (No)
Councilperson Marie Erlande Steril	_____ (Yes)	_____ (No)
Councilperson Philippe Bien-Aime	_____ (Yes)	_____ (No)

CITY OF NORTH MIAMI
FOURTH OPTION TO RENEW
PROFESSIONAL SERVICES AGREEMENT
(RFP 12-08-09)

THIS FOURTH OPTION TO RENEW PROFESSIONAL SERVICES AGREEMENT ("Fourth Option Agreement") is made and entered into this _____ day of _____, 2013 by and between the **City of North Miami**, a Florida municipal corporation, located at 776 NE 125th Street, North Miami, FL ("City"), and **Brown & Brown of Florida, Inc., d/b/a T.R. Jones & Company**, a for-profit corporation organized and existing under the laws of the State of Florida, having its principal office at 220 S. Ridgewood Avenue, Daytona, FL 32114 ("Contractor"). The City and Contractor shall collectively be referred to as the "Parties".

RECITALS

WHEREAS, on October 13, 2009, the City of North Miami ("City") entered into an agreement with Contractor ("Agreement") for the purchase of Excess Worker's Compensation Insurance Coverage ("Worker's Compensation Insurance"), in accordance with the terms, conditions and specifications contained in the City's ***Request for Proposals # 12-08-09, Excess Worker's Compensation Insurance Coverage*** ("RFP"); and

WHEREAS, the initial term of the Agreement was for one (1) year, terminating on September 30, 2010; and

WHEREAS, upon completion of the initial term, the City is allowed up to four (4) options to renew on a year-by-year basis, under the same terms and conditions of the Agreement; and

WHEREAS, the Mayor and City Council have determined that it is in the City's best interest to exercise the fourth option to renew in accordance with the terms and conditions of the Agreement, in order to provide uninterrupted Worker's Compensation Insurance to qualified City employees.

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the Parties hereto agree as follows:

1. The City hereby exercises its fourth option to renew the Agreement for Worker's Compensation Insurance, during the period commencing October 1, 2013, through September 30, 2014.

2. The Contractor hereby accepts the City's fourth option to renew the Agreement for Worker's Compensation Insurance, during the period commencing October 1, 2013, through September 30, 2014.

3. The City shall have remaining no option to renew the Agreement.

4. The Contractor agrees to provide Worker's Compensation Insurance in accordance with the terms, conditions and specifications contained in the RFP.

5. The City agrees to pay Contractor a lump sum payment in the amount not to exceed One Hundred Twenty Five Thousand Seven Hundred Seventy Dollars ($125,770.00) for Worker's Compensation Insurance, including applicable agency services fees.

6. The Parties agree that this Fourth Option Agreement shall be made part of the Agreement previously executed by the Parties, attached hereto as Exhibit "A".

7. No modification or amendment hereto shall be valid unless in writing and executed by properly authorized representatives of the Parties.

8. This Fourth Option Agreement shall be binding upon the Parties hereto, their successors in interest, heirs, executors, assigns and personal representatives.

9. All other terms of the Agreement, which have not been modified by this Fourth Option Agreement, shall remain in full force and effect.

[*The remainder of this page is intentionally left blank.*]

IN WITNESS WHEREOF, the Parties have executed this Fourth Option Agreement by their respective proper officers duly authorized the day and year first written above.

ATTEST:

Corporate Secretary or Witness:

Brown & Brown of Florida, Inc., d/b/a T.R. Jones & Company, a Florida for-profit corporation:
"Contractor"

By: _____

Print Name: _____

Title: _____

Date: _____

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST:

City of North Miami, a Florida municipal Corporation: **"City"**

By: _____
Michael A. Etienne
City Clerk

By: _____
Stephen E. Johnson
City Manager

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

By: _____
Regine M. Monestime
City Attorney

Premium Summary

Policy Term: 10/01/2013 - 10/01/2014

	Expiring Premium	Renewal Premium $350,000 Self-Insured Retention	Renewal Premium Option #1 $500,000 Self-Insured Retention
Workers Compensation & Employers Liability Coverage including Expense Constant Fee	$74,335.00	$265,495.00	$115,770.00
GRAND TOTAL	$74,365.00	$265,495.00	$115,770.00

+ 10,000
125,770

Payment Terms

Premium is due on effective date. Premium can be paid as follows:

- Agency Bill, premium shown above does not include "Agency Service Fee"
- Agency Service Fee of $10,000 is billed separately and is payable up front

This proposal is provided as an overview of your policy. You must refer to the provisions found in your policy for the details of your coverage, terms, conditions and exclusions that apply.

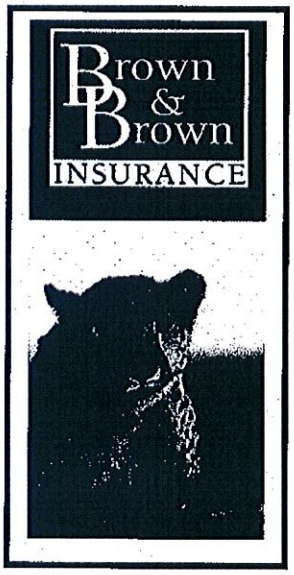
Proposal of Insurance

Prepared for

City of North Miami

Program Term:

10/01/2013 - 10/01/2014



Presented by
Thomas R. Jones, Jr.

T.R. Jones & Company
A Division of Brown & Brown of FL

1780 N. Krome Avenue
Homestead, FL 33030
305-247-5121 Phone
305-248-8543 Fax

www.trjones.com www.bbinsurance.com

This presentation is designed to give you an overview of the insurance coverages we are offering for your company. It is meant only as a general understanding of your insurance needs and should not be construed as a legal interpretation of the insurance policies that will be written for you. Please refer to your specific insurance contracts for details on coverages, conditions and exclusions.