



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
[www.cityofdenton.com](http://www.cityofdenton.com)

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Procurement  
**ACM:** Cassey Ogden  
**DATE:** June 6, 2023

### **SUBJECT**

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract with Texas Series of Lockton Companies, LLC, for property and casualty insurance brokerage services for Risk Management; providing for the expenditure of funds therefor; and providing an effective date (RFP 8203 – awarded to Texas Series of Lockton Companies, LLC, for three (3) years, with the option for two (2) additional one (1) year extensions, in the total five (5) year not-to-exceed amount of \$980,000.00).

### **INFORMATION/BACKGROUND**

The City of Denton purchases various lines of insurance coverage to ensure its insurable assets are adequately covered (e.g., property, auto, general liability, workers' compensation) and to provide an added layer of protection to our self-funded program for liabilities that do not fall under the protection of the Texas Tort Claims Act (TTCA) such as law enforcement, cyber, and employment practices liabilities, among others. The City engages the services of a Broker of Record to provide insurance brokerage services to market, secure various lines of insurance coverage on behalf of the City, and to partner in the review and development of alternative risk-financing options. Due to the limited nature of the municipal insurance market and the specialty lines of coverage required due to the City's risk profile as a full-service city, a broker must be uniquely positioned and qualified to represent the City in domestic and global markets to ensure the City receives the right coverages to protect against losses.

A professional services agreement for property and casualty insurance brokerage services was awarded to Texas Series of Lockton Companies, LLC (Lockton) on August 4, 2020, and expires on August 4, 2023. Staff has been pleased with the service provided by Lockton over the past three years.

- As the broker of record for the City for the past three years, Lockton has been instrumental in increasing the standing of the City with the insurance markets by working directly with underwriters and "telling our story" of the improvements that have been made within the Risk Management division. The ability to communicate and increase the confidence of the market in the City's claims and risk data has been significant in attracting carriers and controlling costs.
- Lockton has been a valuable, reliable partner by developing thorough reports, strategies, and forecasts and providing expert advisors to anticipate and evaluate insurance renewal processes in order for Risk Management staff to make informed decisions.
- In addition, Lockton has utilized its access to domestic and global markets to assist the City with controlling the overall costs of the City's risks through the management of the City's insurance portfolio.

- Lockton's team has also provided outstanding customer service and regularly made themselves available for day-to-day questions on various risk-related items, including readily speaking with City departments regarding how best to control the department's specific risk associated with their operations and third-party vendors.
- Furthermore, Lockton assists with claims management for high-dollar or complex claim issues when needed and provides risk and loss control consulting, including safety consulting, upon request. For example, Lockton provided valuable assistance with negotiations with the carrier on the property damage claim from Winter Storm Uri resulting in the City receiving \$521,430.

Since Lockton is the current Broker of Record, no implementation or transition time will be required to continue services, and Lockton will be able to immediately assist with analyzing and integrating new property value data from the impending City-wide property appraisal and begin conversations with the markets.

	<b>Year 1 2023-24</b>	<b>Year 2 2024-25</b>	<b>Year 3 2025-26</b>	<b>Year 4 2026-27</b>	<b>Year 5 2027-28</b>	<b>5 Year Total</b>
Annual Risk Management Fee	\$200,000	\$190,000	\$190,000	\$190,000	\$190,000	\$960,000
Additional consulting hours, as needed (20 hrs @\$200/hr)	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$20,000
<b>Total</b>	<b>\$204,000</b>	<b>\$194,000</b>	<b>\$194,000</b>	<b>\$194,000</b>	<b>\$194,000</b>	<b>\$980,000</b>

Request for Proposals was sent to 103 prospective suppliers, including three (3) Denton firms. In addition, specifications were placed on the Procurement website for prospective suppliers to download and advertised in the local newspaper. Six (6) proposals were received, references were checked, and proposals were evaluated based upon published criteria including responsiveness, general experience, and price. Best and Final Offers (BAFO) were requested from the top firm. Based upon this evaluation, Texas Series of Lockton Companies, LLC was ranked the highest and determined to be the best value for the City.

NIGP Code Used for Solicitation:	953 - (Service Only) - Insurance and Insurance Services, (All Types)
Notifications sent for Solicitation sent in IonWave:	103
Number of Suppliers that viewed Solicitation in IonWave:	19
HUB-Historically Underutilized Business Invitations sent out:	9
SBE-Small Business Enterprise Invitations sent out:	23
Responses from Solicitation:	6

## **RECOMMENDATION**

Award a contract with Texas Series of Lockton Companies, LLC, for property and casualty insurance brokerage services for Risk Management, in a three (3) year, with the option for two (2) additional one (1) year extensions, in the total five (5) year not-to-exceed amount of \$980,000.

## **PRINCIPAL PLACE OF BUSINESS**

Texas Series of Lockton Companies, LLC  
Dallas, TX

## **ESTIMATED SCHEDULE OF PROJECT**

This is an initial three (3) year contract with options to extend the contract for two (2) additional one (1) year periods, with all terms and conditions remaining the same.

## **FISCAL INFORMATION**

These services will be funded from the Risk Retention Fund account 860002.7879. Sufficient funds are available for this current fiscal year and are budgeted for FY23/24.

## **EXHIBITS**

Exhibit 1: Agenda Information Sheet

Exhibit 2: Pricing Evaluation

Exhibit 3: LLC Members

Exhibit 4: Ordinance and Contract

Respectfully submitted:  
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Purchasing Manager

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Legal point of contact: Marcella Lunn at 940-349-8333.