# City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

## 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 Professional Services Agreement with Kroll, LLC, for property appraisal services for insurance purposes for Risk Management as set forth in the contract; providing for the expenditure of funds therefor; and providing an effective date (RFQ 8197 – Professional Services Agreement for appraisal services awarded to Kroll, 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 $114,000.00).

## STRATEGIC ALIGNMENT

This action supports Key Focus Area: Pursue Organizational Excellence and Collaborative and Respectful Leadership.

## INFORMATION/BACKGROUND

The City of Denton owns approximately 200 facilities to house and support its many operations and services. The City purchases commercial property insurance coverage to protect the City's buildings, machinery and equipment, and contents. The property insurance policy covers City buildings and facilities from standard exposures such as fire, windstorm, hail, and tornadoes.

When purchasing or renewing commercial property insurance, it's vital to ensure the property values stated in an insurance policy are current to provide adequate coverage for replacement costs at the current price if a major loss occurs. As replacement costs fluctuate based on market trends and broader inflationary pressures, it is critical to regularly reassess the current value of the buildings. Doing so can make all the difference in providing sufficient protection and preventing coinsurance penalties amid covered property losses.

Since the last comprehensive City-wide property appraisal in 2012, the City has experienced significant growth and changes in City facilities to adapt and meet the expanding needs of the City's rapidly growing community. Additionally, supply chain issues, materials shortages, price increases, and inflation have driven the price of construction and repairs up significantly.

The proposed contract with Kroll is for the performance of a comprehensive onsite appraisal of selected City-owned properties, including machinery and equipment, contents (estimates for furniture and office equipment), and land improvements where applicable. Based on business needs, staff determined the supplemental option of a multi-year contract with annual updating/trending will help to ensure the City's

property values are updated to account for market and inflationary fluctuations and assets are sufficiently insured. Additionally, the City previously engaged Kroll (f/k/a Duff and Phelps and American Appraisal) for the property appraisal in 2012 and the market rent survey for the Employee Health Center in 2022. Staff has been satisfied with the performance of the firm and the services provided.

| Project Description | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | 5 Year Total |
|---|---|---|---|---|---|---|
| Annual cost | $66,000 | $5,000 | $5,500 | $7,000 | $4,500 | $88,000 |
| Contingency for additional one-off appraisals, as needed (4 per year at $1,300 ea.) | $5,200 | $5,200 | $5,200 | $5,200 | $5,200 | $26,000 |
| **Total:** | $71,200 | $10,200 | $10,700 | $12,200 | $9,700 | **$114,000** |

Request for Qualifications (RFQ) for professional surveying services was sent to 1,025 prospective firms for these services, including 35 Denton firms. In addition, the RFQ was placed on the Procurement website for prospective respondents to download, and advertised in the local newspaper. Four (4) statements of qualifications (SOQ) were received. The SOQs were evaluated based on published criteria including responsiveness, plan and approach, and experience. Based upon this evaluation, the recommended award is to Kroll, LLC, and is determined to be the most qualified firm for the City.

| | |
|---|---|
| NIGP Code Used for Solicitation: | 918, 946, 953 |
| Notifications sent for Solicitation sent in IonWave: | 1,025 |
| Number of Suppliers that viewed Solicitation in IonWave: | 24 |
| HUB-Historically Underutilized Business Invitations sent out: | 115 |
| SBE-Small Business Enterprise Invitations sent out: | 385 |
| Responses from Solicitation: | 4 |

## RECOMMENDATION

Award a contract with Kroll, LLC, for property appraisal services for insurance purposes 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 $114,000.

## PRINCIPAL PLACE OF BUSINESS

Kroll, LLC
Austin, TX

## ESTIMATED SCHEDULE OF PROJECT

This is a 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. Requisition #159758 has been entered into the Purchasing software system in the amount of $71,200. The budgeted amount for this item is $114,000.

**EXHIBITS**

Exhibit 1: Agenda Information Sheet
Exhibit 2: Evaluation Sheet
Exhibit 3: LLC Members
Exhibit 4: Ordinance and Contract

Respectfully submitted:
Lori Hewell, 940-349-7100
Purchasing Manager

For information concerning this acquisition, contact: Deby Skawinski, 940-349-7810.

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