

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
MARCH 4, 2014 AGENDA**

Subject:	Type:	Submitted By:
INSURANCE SERVICE GROUP INTERLOCAL AGREEMENT	◆ RESOLUTION ORDINANCE RECEIVE/FILE	RITA M. RAMIREZ ASSISTANT CITY ADMINISTRATOR

SYNOPSIS

Resolution to approve an interlocal cooperation agreement between the cities of Hastings, Holdrege, Papillion and La Vista creating an insurance service group.

FISCAL IMPACT

Funding was included in the FY 2014 General Fund budget for insurance consultant fees to facilitate this process. La Vista's portion of the cost will be \$8,250.00.

RECOMMENDATION

Approval.

BACKGROUND

On September 3, 2013 the Council authorized that a notice of termination be given to the League Association of Risk Management (LARM), the insurance pool that currently provides the City's property, casualty, liability and workers compensation coverages. The City's commitment with LARM expires on September 30, 2014. Giving this notice was necessary to put the City in a position to explore other insurance coverage options.

An interlocal cooperation agreement between the cities of Hastings, Holdrege, Papillion and La Vista has been prepared and all four cities and their attorneys have had an opportunity to review and provide input. The agreement creates an Insurance Service Group and authorizes the cities to work collectively with an insurance consultant to jointly select an insurance broker who will market and manage insurance coverages for said cities. The goal is to create an opportunity to improve the product quality and cost efficiency of the insurance coverage for all parties.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA, APPROVING THE EXECUTION OF AN INTERLOCAL COOPERATION AGREEMENT BETWEEN THE CITIES OF HASTINGS, HOLDREGE, PAPILLION AND LA VISTA THAT WOULD CREATE AN INSURANCE SERVICE GROUP AND COMMIT SAID CITIES TO WORK COLLECTIVELY WITH AN INSURANCE CONSULTANT IN JOINTLY SELECTING AN INSURANCE BROKER TO MARKET AND MANAGE INSURANCE COVERAGES.

WHEREAS, each Party to the Insurance Service Group Interlocal Cooperation Agreement is authorized pursuant to the Interlocal Cooperation Act of the State of Nebraska to enter into such Agreement, found at 13-801 et. Seq. Neb. Rev. Stat., '43, Reissue 1991; and

WHEREAS, each Party contracts for various insurance coverages including but not limited to property, casualty, liability and workers compensation; and

WHEREAS, each Party desires to improve the product quality and cost efficiency of providing various insurance coverages; and

WHEREAS, the Parties will work with an insurance consultant to select an insurance broker that will be responsible for marketing, securing and managing insurance coverages for the Parties; and

WHEREAS, the insurance consultant fees are set out in the Interlocal Cooperation Agreement and are to be divided equally among the Parties; and

WHEREAS, by collectively pursuing insurance coverages the Parties will create a situation that encourages carriers to provide cost efficient quotes that would likely not otherwise be available to the Parties.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of La Vista, Nebraska, hereby approves the Insurance Service Group Interlocal Cooperation Agreement between the cities of Hastings, Holdrege, Papillion and La Vista subject to any modifications the City Administrator determines necessary or advisable, and authorizes the Mayor to execute said agreement.

PASSED AND APPROVED THIS 4TH DAY OF MARCH, 2014.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

INSURANCE SERVICE GROUP
INTERLOCAL COOPERATION AGREEMENT

THIS INTERLOCAL COOPERATION AGREEMENT (the "Agreement") is entered into this ____ day of _____ 2014 ("Effective Date"), by and between the City of Papillion ("Papillion"), the City of La Vista ("La Vista"), the City of Holdrege ("Holdrege") and the City of Hastings ("Hastings") (collectively, the "Parties") pursuant to the Interlocal Cooperation Act, Neb. Rev. Stat. §13-801, et. seq. as amended from time to time.

WHEREAS, the Parties desire to establish an Insurance Service Group to enable the Parties to cooperate on a basis of mutual advantage to obtain cost savings and effective and efficient insurance coverage, which may include, but is not limited to, workers' compensation, general liability, errors & omission, law enforcement liability, automobile liability, automobile physical damage and commercial property ("insurance coverage"), by hiring an Insurance Broker to obtain a comprehensive array of insurance coverages deemed to be in the Parties' best interest; and

WHEREAS, the Insurance Service Group will work with an Insurance Consultant to obtain proposals for the selection of an Insurance Broker who would be responsible for securing insurance coverage for the Parties; and

WHEREAS, it is the desire of the Parties to have such Insurance Broker provide for and/or obtain all of the necessary insurance coverage for the Parties, collectively or on an individual basis, and to manage the insurance coverage and programs for the Parties, to the extent provided for within a negotiated Insurance Broker's Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the Parties do hereby agree as follows:

**Section 1.
Purposes**

The purposes of this Agreement are as follows:

1. To make efficient use of the Parties' powers by enabling them to cooperate with each other on a basis of mutual advantage and thereby provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of the local communities; and
2. To establish an Insurance Service Group that will select an Insurance Broker who will secure insurance coverage and manage the insurance coverage and programs for the Parties; and
3. To provide the Insurance Service Group with access to quotes from multiple insurance carriers, which otherwise may not have been available to the Parties for individual

coverage, thereby increasing competition among the insurance carriers to provide the most cost efficient insurance coverage; and

4. To utilize the selected Insurance Broker to manage the insurance coverage and programs for the Parties.

Section 2.

Insurance Service Group and Insurance Broker

1. Insurance Service Group. The Parties shall form an Insurance Service Group, comprised of a designated representative from each of the Parties. The designated representatives of the Insurance Group will meet at least once annually to review the Insurance Broker's Agreement and to consider other insurance related matters. Each representative shall have one vote. Except as otherwise provided in this Agreement, a majority of votes shall be required to make a final selection for the recommended Insurance Broker and on all other matters to be decided by the Insurance Service Group.

Other cities may be allowed to join the Insurance Service Group upon the unanimous recommendation of the Insurance Service Group and approval and execution of an Amendment to this Agreement by all of the Parties' respective governing bodies.

2. Insurance Broker Selection. The Insurance Service group may work with an Insurance Consultant to select and contract with a qualified Insurance Broker. The Insurance Consultant shall solicit proposals from multiple Insurance Brokers on behalf of the Insurance Service Group. Upon receipt of such proposals, the Insurance Service Group shall review and analyze the proposals from all of the Insurance Broker candidates and select an Insurance Broker from such pool, unless no candidate meets the Insurance Service Group's criteria. The Insurance Service Group shall evaluate each Insurance Broker's submittal based upon pre-determined criteria and the overall and individual needs of the Parties. After the Insurance Service Group has selected and negotiated a proposed Insurance Broker's Agreement, the designated representative for each City shall present the Insurance Broker's Agreement to its governing body for final approval. The Insurance Broker's Agreement shall require approval of the governing bodies of all Parties.
3. Insurance Service Group Representative Responsibilities. The designated representative from each City shall work as the Insurance Broker's contact to help manage the respective Party's insurance coverage and programs as well as work with the Insurance Broker to reevaluate the insurance coverage and programs when deemed appropriate.
4. Insurance Consultant Fees. The fees for the Insurance Consultant, which shall be in an amount negotiated by the Insurance Services Group not to exceed \$33,000.00, shall be evenly split among the Parties.
5. Insurance Broker Fees and Premiums. The fees for the Insurance Broker shall be split among the Parties proportionally to each Party's determined premium liability for

insurance coverage. Each Party shall be responsible for paying all costs, including premiums, for the insurance coverage the Party obtains, as set forth in the insurance contracts approved and executed by the Party's governing body. Each Party shall be individually billed for its insurance coverage, as set forth in the Party's insurance contract, and the Party's portion of the Insurance Broker fees by the Insurance Broker. The specific billing procedures and process shall be set forth in the Insurance Broker's Agreement, which shall be negotiated by the Insurance Service Group and approved by each Party's governing body.

Section 3. Parties' Responsibilities

Each party to this Interlocal Agreement shall have the following responsibilities:

1. Each Party shall contract for such insurance coverage as provided in the insurance provider contracts approved and executed by the Party's governing body.
2. Subsequent to the execution of insurance provider contracts, each Party shall work directly with their respective insurance providers for processing all claims and related matters. Each Party shall be responsible for maintaining its own records of such claims and related matters.
3. Each of the Parties shall separately budget and be responsible for paying its share of costs as specified by this Agreement within their own jurisdictions as hereby defined, except as otherwise mutually agreed upon by all the Parties in respect to any other specific expenses.
4. This Agreement shall not relieve the Parties of any obligations or responsibility imposed upon it by law.

Section 4. Miscellaneous Provisions

1. This Agreement shall remain in full force and effect until the Parties mutually agree to terminate it, which agreement to terminate shall be in writing and executed by all Parties. If this Agreement is so terminated by mutual agreement, each Party shall remain responsible for its share of any fees or costs remaining to be paid under this Agreement. In the event any Party, before the Parties agree to terminate this Agreement, desires to withdraw from this Agreement, it may do so by written notice to the Parties at least six (6) months prior to the desired termination date. In the event of such a withdrawal by a Party, said Party shall remain responsible for its share of any fees or costs which are irrevocably obligated pursuant to this Agreement as of the date that notice of termination is given by the Party.
2. There is no separate legal or administrative entity created under this Agreement.

3. This Agreement may not be assigned by any of the Parties or any other entity without the specific written permission of all of the Parties to this Agreement.
4. This Agreement shall become effective upon its formal adoption by the Parties' governing bodies and execution.
5. In the performance of this contract, each Party agrees that it shall not discriminate against any parties or persons on account of race, national origin, sex, age, disability, political or religious affiliations or otherwise in violation of federal, state or local laws. This requirement shall apply to, and be deemed included in any agreement with, any party providing any products, services or work related to this Agreement
6. This Agreement constitutes the entire agreement and understanding of the Parties. Any amendment must be in writing and executed by all of the Parties.

IN WITNESS WHEREOF, the Parties have caused this Interlocal Cooperation Agreement to be executed by the duly authorized officers on the date and year first above written.

CITY OF PAPILLION,
A Municipal Corporation

Date: _____

David P. Black, Mayor

Attest:

Elizabeth Butler, City Clerk

CITY OF LA VISTA,
A Municipal Corporation

Date: _____

Douglas Kindig, Mayor

Attest:

Pamela A. Buethe, CMC
City Clerk

CITY OF HASTINGS,
A Municipal Corporation

Date: _____

Vern Powers, Mayor

Attest:

Connie Hartman, City Clerk

CITY OF HOLDREGE,
A Municipal Corporation

Date: _____

Rick Jeffery, Mayor

Attest:

Dane Jensen, City Clerk