

City of Hesperia STAFF REPORT



DATE: April 1, 2025
TO: Mayor and Council Members
FROM: Rachel Molina, City Manager
BY: Casey Brooksher, Assistant City Manager
Rita Perez, Deputy Human Resources/Risk Management Director
SUBJECT: Risk Financing Study Contract Amendment

RECOMMENDED ACTION

It is recommended that the City Council authorize the City Manager to approve an amendment of \$1,410 to the existing contract with Risk-Albert Holdco LLC., DBA: Albert Risk Management Consultants (Albert Risk), for a revised not-to-exceed contract amount of \$63,410.

BACKGROUND

Due to increasing premiums and the need for additional administrative support, in July 2023, the City entered into an agreement with Albert Risk to explore risk pool (insurance) alternatives for its property, liability, and worker's compensation risks, including ancillary coverages such as cyber, crime, and others. The goal of this study was to analyze the City's current risk pool, Public Entity Risk Management Authority (PERMA), and assess its ability to meet the City's insurance, risk management, and administrative needs. Additionally, the consultant would analyze other carriers to enable the City to determine the best potential fit for its insurance needs.

On May 7, 2024, the City Council approved phase two of this study, which involved comparing the top-ranked firms and reviewing premium estimates. In November 2024, during Phase Two and based on the information and preliminary premium estimates provided by Albert Risk, the City determined that pursuing an alternative risk pool would not be financially feasible at this time and will be reviewed again in a few years. In addition, Albert Risk provided recommendations on specific risk management initiatives that will put the City in a better position next time they seek alternative risk pools.

ISSUES/ANALYSIS

The City executed a one-year agreement with Albert Risk in the amount not to exceed \$39,500 during Fiscal Year (FY) 2023-24. An amendment to the agreement was approved by the Council on May 7, 2024, to extend services for one additional year through FY 2024-25 and revise the not-to-exceed contract amount to \$62,000. While the existing fee schedule will be maintained, additional contract authority is needed for the completion and closure of this project.

CITY GOAL SUPPORTED BY THIS ITEM

Financial Health – Maintain a balanced budget and adequate reserves.
Organizational Health – Foster a high-performing organization that provides opportunities for professional growth.

FISCAL IMPACT

Funding is available within the FY 2024-25 adopted budget in Human Resources/Risk Management Division funds.

ALTERNATIVE(S)

1. Provide staff alternative[s]

ATTACHMENT(S)

None