



BOARD OF DIRECTORS REPORT

MEETING DATE: JUNE 16, 2026 **AGENDA ITEM #:** 10

TYPE: ACTION ITEM

PREPARED BY: SENIOR PURCHASING AGENT VALERIE WHITE

REVIEWED BY: GENERAL MANAGER JERRY ESTRADA

SUBJECT: PROPERTY/CASUALTY INSURANCE BROKER SERVICES

RECOMMENDATION:

Staff recommends that the Board of Directors authorize the General Manager to award and execute a Professional Services Agreement with USI Insurance Services LLC to serve as MTD's Insurance Broker of Record. The contract will be on a carrier-commission basis for a three-year base term beginning July 1, 2026, with a two-year extension option, for a total contract period of up to five years.

DISCUSSION:

EXECUTIVE SUMMARY: To protect MTD's assets, personnel, and public liability exposures, MTD requires specialized insurance brokerage and risk management consulting services. Following a formally advertised, competitive Request for Proposals (RFP) process, five proposals were received and scored by a multidisciplinary evaluation committee. Subsequent to technical shortlisting and in-person interviews, USI Insurance Services LLC emerged as the top-ranked proposer. USI demonstrated strong technical capabilities in public transit risk management, robust resources, and transparency and accountability regarding carrier commissions.

BACKGROUND: In recent years, MTD's risk profile has expanded dramatically due to intensive capital developments, multi-million-dollar infrastructure investments, and technologically advanced operational transformations. Specifically, MTD's risk portfolio now encompasses several complex, high-exposure focus areas that demand enhanced brokerage resources. Consider: The integration of sixteen (16) new Gillig 40' Battery-Electric Buses (BEBs) being placed into the active fleet in 2026; The Terminal 2 Recommissioning - Phase 2 Infrastructure Expansion with a new 13,000-square-foot operations and maintenance building, with the possibility for photovoltaic (PV) solar and facility-wide microgrid and resiliency systems; Microtransit with its flexible, on-demand curb-to-curb service; and The Calle Real Transit-Oriented Development (TOD) project. Recognizing that these major capital milestones each require deep technical resources, specialized risk control, and alternative risk structures (such as Owners Controlled Insurance Programs [OCIPs] or Self-Insured Retentions [SIRs]), Staff issued an RFP to thoroughly assess the broader commercial marketplace.

BOARD OF DIRECTORS REPORT

PROCUREMENT: Utilizing MTD's Procurement Policies for competitive proposals, Staff developed and publicly advertised a comprehensive Property/Casualty Insurance Broker Services RFP. Starting on the issuance date of April 7, 2026, the opportunity was published in the Ventura County Star, the Santa Barbara Independent and hosted publicly on the MTD website. To maximize competition, RFP packages were mailed directly to 36 regional and national commercial insurance brokerages.

By the formal deadline of May 5, 2026, at 10:00 AM, five firms submitted responsive proposals. The combined evaluations of the written technical submittals resulted in the ranking of the firms:

1. Arthur J. Gallagher Risk Management Services Inc.
2. USI Insurance Services LLC
3. Alliant Insurance Services Inc.
4. Brown & Brown Insurance Services Inc.
5. Founders Series, Lockton Companies LLC

The evaluations were performed by an Evaluation Committee comprised of four internal stakeholders, which included: Mary Gregg, Chief Operating Officer / Assistant General Manager; Nancy Tillie, Director of Finance and Administration; David Serrano, Human Resources and Risk Manager; and Zinnia Gonzalez, Human Resources Analyst. The committee had independently evaluated and ranked each written proposal based on the criteria established within the RFP guidelines:

- Firm Experience: Documented performance on public entity accounts of similar size, scope, and technical complexity.
- Personnel: Qualifications, industry designations, and transit-specific tenure of the dedicated account management team.
- Work Plan: The clarity, depth, and feasibility of the firm's strategic marketing plan, timeline adherence, and underwriter engagement.
- Resources & Ongoing Support: Tailored risk control tools, day-to-day certificate responsiveness, claims advocacy, and training capabilities.
- Price / Compensation Strategy: Cost-effectiveness and structured value within public entity pricing benchmarks.

From there, the committee established a competitive shortlist of the three highest-ranked proposers which advanced to oral interview sessions. Proposers were tested heavily on their transit agility, administrative backup capabilities, and specialized strategies for MTD's upcoming capital exposures.

- Alliant was commended for their deep institutional positioning across California transit authorities, specifically their oversight of the California Transit Indemnity Pool (CalTIP).
- Gallagher was recognized for an expansive public entity division representing more than 15,000 public sectors nationally, alongside a very strong consultative risk-modeling layout.
- USI delivered a superior "both-and-then-some" solution. USI combined highly specialized transit credentials (underwriting over 790 transportation clients nationally) with a robust regional construction and real estate practice aligning perfectly with MTD planned expansions.

Although the evaluation committee did not have a single unanimous choice, collectively, the clear logical selection is USI. They captured more than 50% of the first-place ranking from the committee members. In the interview, USI demonstrated its consultative capacity to support MTD in evaluating the most appropriate risk coverage levels and limits, making recommendations for overall insurance plans, reviewing vendor and partner contract language, and implementing

BOARD OF DIRECTORS REPORT

technical strategies to reduce third-party risk exposure across daily transit operations and upcoming capital projects.

Furthermore, USI's local team lead (Barbara Goodwin, Senior Vice President) brought stellar, verified reference credentials from major regional transit systems—including the Golden Gate Bridge Highway Transportation District and the Bay Area Metropolitan Transportation Commission (MTC)—confirming flawless timeline management for budget planning, strong claims advocacy and carrier competency, with an exceptional track record navigating \$400 million+ capital build-outs.

USI operates under California Department of Insurance License #0G11911 and is authorized to transact on behalf of 732 insurers. They are in good standing with the California Secretary of State, and there are no exclusions for federally funded contracts, as reviewed on SAM.gov.

PRICE ANALYSIS: In the property and casualty marketplace, brokerage remuneration is traditionally executed on a standard commission basis paid directly by insurance carriers, rather than a flat fee. For public entities, this carrier-funded commission market standard typically ranges between 10% and 15% of the gross written premium, depending on the complexity of the underlying coverage line (e.g., specialized excess placements vs. standard primary property packages). The London markets (which MTD's excess program must occasionally tap into) utilize distinct internal placement fees directly embedded within. USI has committed to keeping to these standard commission rates.

Notably, formal disclosure of historical commission structures were not something the District had previously received, reinforcing MTD's objective of establishing explicit, transparent broker compensation requirements moving forward. In selecting USI, there is a binding commitment to total commission transparency; USI will provide full annual ledger accounting to MTD Staff detailing every dollar collected from underlying placements. The commission structure from USI shall include providing MTD access to a comprehensive risk management suite that includes uncapped access to the USI Risk Management Center (RMC), specialized safety and loss control certifications, board education modules, and dedicated claims-intervention legal support to accelerate carrier payout cycles.

As all brokerage services are funded via carrier-paid commissions built directly into MTD's annual insurance premium, there is no direct budgetary expenditure impact on MTD's general ledger for the broker onboarding. By utilizing USI's marketing techniques and specialized risk containment frameworks, Staff anticipates long-term premium savings and a lower Total Cost of Risk (TCOR) across the following property/casualty programs:

- Business Auto
- Cyber Liability
- Directors and Officers Liability (D&O) & Employer Practices Liability Insurance (EPLI)
- Earthquake
- Equipment Breakdown
- ERISA Bond
- Fiduciary Liability
- Flood
- General Liability
- Property
- Workers' Compensation (CA)
- Workers' Compensation (VA)
(one employee located in Virginia)

ATTACHMENTS:

USI Technical Proposal and the interview presentation handout to be included in an awarded Master Agreement.