



September 13, 2020

PROJECT: Excess Workers' Compensation Insurance

Dear Prospective Submitter:

You are invited to submit a sealed price proposal for the above project. A copy of the Public Notice, and Request for Proposal are attached. Please make certain your Proposal is signed by an authorized representative of your company. Other items may be required to be included in your proposal so please read the documents thoroughly.

If you have questions please contact me at (423) 229-9315 or email brentmorelock@kingsporttn.gov . We look forward to receiving your proposal.

Regards,

A handwritten signature in blue ink that reads "Brent Morelock".

Brent Morelock, CPPO, CPPB
Procurement Manager

REQUEST FOR PROPOSAL

Sealed Proposals for the following will be received by the Procurement Manager until 4:00 P.M., Eastern Time, September 29, 2020, and at that time opened in the Procurement Department located at 625 West Industry Drive. Due to the COVID-19 emergency, neither the public nor vendors will be allowed to be physically present at the bid opening. However, you may dial 423-343-9958 to participate via conference call. If the sealed proposal is being delivered by a courier, it can be mailed to 225 W. Center Street, Kingsport, TN 37660. If the sealed proposal is being physically brought in by a vendor the day of the bid opening, please drop it off in the bin outside of the Purchasing Department door at 625 W. Industry Drive, Kingsport, TN 37660. All bids will be considered for award or rejection at a later date.

PROJECT: EXCESS WORKERS' COMPENSATION INSURANCE

Documents for the above referenced item is available online at <https://www.kingsporttn.gov/city-services/purchasing/> . Interested parties may also contact the Procurement Department at (423) 229-9419.

By submission of a signed proposal bid, the bidder certifies total compliance with Title VI and Title VII of the Civil Rights Act of 1964, as amended, and all regulations promulgated thereunder.

No submitted proposals may be withdrawn for a period of 120 days after the scheduled closing time of the receipt of proposals. All proposals shall be signed, sealed and addressed to the Procurement Manager, City of Kingsport, 225 W. Center St., Kingsport, TN 37660 and marked "Excess Workers' Compensation Insurance". The City by its governing regulations reserves the right to accept or reject any or all proposals received, to waive any informalities in bidding and to re-advertise.

PUB 1T: 09/13/20

Chris McCartt
City Manager

PROCUREMENT PROCESS

- A. Proposals will be received by the Procurement Manager until 4:00 P.M., Eastern Time on September 29, 2020 at which time it will be opened in the Procurement Department, 625 W. Industry Drive, Kingsport, Tennessee.
- B. The Sealed Proposal shall be signed by an authorized representative and the sealed envelope addressed as follows:
 - Procurement Manager
 - City of Kingsport
 - 225 W. Center Street
 - Kingsport, Tennessee 37660
 - Excess Workers' Compensation Insurance
- C. An original hard copy and three (3) additional hard copies of the Proposal are required.
- D. Proposals, modifications, or corrections received after the scheduled closing time of the receipt of Proposals will not be considered. The City of Kingsport is not responsible for delays in delivery by mail, courier, etc.
- E. No submitted Proposal may be withdrawn for a period of one hundred twenty (120) days after the scheduled closing time of the receipt of Proposals.
- F. No oral interpretation will be made to any Proposer as to the meaning of the Proposal Specifications or any part thereof. Each written request for clarification or interpretation shall be made in writing to the City.

NOTE – It is the intent of the City to issue one (1) addendum, if necessary. Written request for clarification and/or interpretation must be submitted via email to the Procurement Manager by the end of the business day, September 17, 2020, and addendum will be issued by 4:00 P.M., Eastern time, on September 23, 2020 and will be available online at <https://www.kingsporttn.gov/city-services/purchasing/>. Written requests for clarification shall be submitted to the Procurement Manager by email to brentmorelock@kingsporttn.gov.

It shall be the Proposer's responsibility to make inquiry as to the addenda issued. Any and all addenda shall become part of the specifications and all Proposers shall be bound by such addenda, whether or not received by Proposer.

General Terms and Conditions

- A. Taxes – The City is exempted from Federal Excise Taxes, State of Tennessee and local sales taxes and Proposer must quote prices which do not include such taxes, unless by law the taxes must be a part of the price. Exemption Certificates will be furnished upon request.
- B. Indemnification – The City of Kingsport, its officers, agents and employees shall be held harmless from liability from any claims, damages and actions of any nature arising from the use of any service and/or materials furnished by the Proposer, provided that such liability is not attributable to negligence on the part of the using agency or failure of the using agency to use the materials in the manner outlined by the Proposer in descriptive literature or specifications submitted with the Proposal. The City will not indemnify the successful Proposer.
- C. Patent Liability – The successful Proposer, at his own expense, will defend any suit which may be brought against the City to the extent that it is based on a claim that the goods furnished through a contract/agreement infringes a United States patent, and in any such suit will pay those costs and damages which are attributable to such claims and finally awarded against the City.

- D. Limitation of Remedies – Any remedies in the Proposer’s Proposal, to include Agreement, License Product Agreement, Terms and Conditions, Literature, etc., that may be considered in agreement to waive the legal rights of the citizens of the City of Kingsport may be considered cause for rejection.
- E. All agreements related to the purchase and sale of any product pursuant to this bid document will include the following conditions: "Notwithstanding anything in this section to the contrary, any provision of provisions of this Section will not apply to the extent they are (it is) finally determined by a court of competent jurisdiction, including Appellate review if pursued, to violate the laws or Constitution of the State of Tennessee."
- F. Insurance – During any work performed by the successful Proposer(s) on the premises of the City or otherwise, the successful Proposer(s) agrees to take such measures as to effectually prevent any accident to persons or property during or in connection with the work; and especially to indemnify and save harmless the City from all loss, costs, damages, expense and liability for property damage and for bodily injuries to, or death of, any persons, including without limitation, as to both property damage and bodily injury, and the Proposer and the City and their representative agents and employees, occasioned in any way by the acts or omissions of the Proposer, or the Proposer’s agents, employees, during or in connection with said work, excepting only property damage, bodily injury or death caused by the sole negligence of the City, its agents or employees.

The successful Proposer shall maintain such insurance as will protect it from claims under Workers’ Compensation Acts and from any claims for bodily injuries, including death, either to its employees or others, and from all claims on account of property damage, which may arise in connection from said work.

All Certificates of insurance and policies shall contain the following clause: "The insurance covered by this Certificate will not be canceled or materially altered, except after thirty (30) days written notice has been received by the City."

Insurance required with a minimum of One Million Dollars (\$1,000,000.00) limits are Comprehensive General Public and Professional Liability, Comprehensive Automobile Liability and Owner’s Liability. Malpractice Insurance is required with a minimum limit of One Million Dollars (\$1,000,000.00) per occurrence, Five Million Dollars (\$5,000,000.00) aggregate.

This requirement will be effective for the life of any contract/agreement entered into by the Proposer and the City.

- G. F.O.B. – All prices will be quoted F.O.B. Kingsport, Tennessee, delivery to City of Kingsport’s location shall be without additional charge.
- H. By submission of a signed Proposal, the Proposer certifies total compliance with Title VI and Title VII of the Civil Rights Act of 1964, as amended, and all regulations promulgated thereunder.
- I. Contracts and purchases will be made or entered into with the lowest, responsible, compliant Proposer meeting specifications for the particular grade or class of material, work or service desired in the best interest and advantage to the City of Kingsport. Responsible Proposer is defined as a Proposer whose reputation, past performance, and business and financial capabilities are such that he would be judged by the appropriate City authority to be capable of satisfying the City’s needs for a specific contract or purchase order.
- J. The City reserves the right to determine the low Proposer either on the basis of the individual items or on the basis of all items included in its Request for Proposal, unless otherwise

expressly provided in the Request for Proposal. The City reserves the right to accept any item or group of items of any kind and to modify or cancel in whole or in part, its Request for Proposal.

- K. All contracts or purchase orders issued for this award will be governed by the laws of the State of Tennessee. Arbitration is not permitted and if a dispute arises between the parties concerning any aspect of the contract or purchase order and it cannot be resolved by mutual agreement, any party may resort to resolution of the dispute by litigation in the state or federal courts for Kingsport, Sullivan County, Tennessee. The parties waive their right to a jury trial. Mandatory and exclusive venue and jurisdiction for any disputes shall be in state or federal courts for Kingsport, Sullivan County, Tennessee.
- L. The City, in accordance with its governing directives, reserves the right to reject any and all Proposals, to waive any informality or irregularities in Proposals and unless otherwise specified by the Proposer, to accept any item.
- M. All contracts, purchase orders, and any documents or material obtained by the City may be subject to disclosure in whole or in part pursuant to the Tennessee Open Records Act set out in T.C.A. 10-7-503 et seq. without regard to any provision contained in the document declaring information confidential.
- N. All contracts or purchase orders will include a provision that is not assignable by the Proposer without the written consent of the City.
- O. CONFLICT OF INTEREST:
 - 1. No Board Member or officer of the City of Kingsport or other person whose duty it is to vote for, let out, overlook or in any manner superintend any of the work for the City of Kingsport has a direct interest in the award of the vendor providing goods or services.
 - 2. No employee, officer or agent of the grantee or sub-grantee will participate in selection, or in the award or administration of an award supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when the employee, officer or agent, any member of their immediate family, his or her partner, or an organization, which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award.
 - 3. The grantee's or sub-grantees officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from vendors, potential vendors, or parties to sub-agreements.
 - 4. By submission of this form, the vendor is certifying that no conflicts of interest exist.
- P. DRUG FREE WORKPLACE REQUIREMENTS:
 - 1. Private employers with five or more employees desiring to contract for construction services attest that they have a drug free workplace program in effect in accordance with TCA 50-9-112.
- Q. ELIGIBILITY:
 - 1. The vendor is eligible for employment on public contracts because no convictions or guilty pleas or pleas of nolo contendere to violations of the Sherman Anti-Trust Act, mail fraud or state criminal violations with an award from the State of Tennessee or any political subdivision thereof have occurred.

R. GENERAL:

1. Vendor fully understands the preparation and contents of the attached offer and of all pertinent circumstances respecting such offer.
2. Such offer is genuine and is not a collusive or sham offer.

S. IRAN DIVESTMENT ACT:

1. Concerning the Iran Divestment Act (TCA 12-12-101 et seq.), by submission of this bid/quote/proposal, each vendor and each person signing on behalf of any vendor certifies, and in the case of a joint bid/quote/proposal, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each vendor is not on the list created pursuant to § 12-12-106.

T. NON-COLLUSION:

1. Neither the said vendor nor any of its officers, partners, owners, agents, representatives, employees or parties interest, including this affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly, with any other responder, firm, or person to submit a collusive or sham offer in connection with the award or agreement for which the attached offer has been submitted or to refrain from making an offer in connection with such award or agreement, or collusion or communication or conference with any other firm, or, to fix any overhead, profit, or cost element of the offer price or the offer price of any other firm, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against the City of Kingsport or any person interested in the proposed award or agreement.
2. The price or prices quoted in the attached offer are fair, proper and not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the firm or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

U. BACKGROUND CHECK REQUIREMENT FOR SCHOOL SYSTEM SUPPLIERS:

1. In submitting this bid/quote/proposal, you are certifying that you are aware of the requirements imposed by TCA § 49-5-413 (d) to conduct criminal background checks through the Tennessee Bureau of Investigation and the Federal Bureau of Investigation on yourself and any of your employees who may come in direct contact with students or who may come on or about school property anytime students are present. You are further certifying that at no time will you ever permit any individual who has committed a sexual offense or who is a registered sex offender to come in direct contact with children or to come on or about school property while students are present.

SCOPE OF THE EXCESS WORKERS' COMPENSATION INSURANCE FOR THE CITY OF KINGSPORT SELF FUNDED MANAGED WORKERS' COMPENSATION PROGRAM

It is the intent of the City of Kingsport to purchase Excess Workers' Compensation Insurance to assure not only a cost effective program for the City and its employees but a program that provides the best medical treatment for the injured worker.

CITY OF KINGSPORT MANAGED WORKERS' COMPENSATION PROGRAM OUTLINE

The City of Kingsport includes general government services and a K-12 school system. The governmental services include Police, Fire, Water Treatment Plant, Wastewater Treatment Plant, Water and Wastewater System Maintenance, Garbage Collection, Recycling Collection, Street Maintenance, Demolition Landfill, Fleet Maintenance, Building Maintenance and Custodial Services, Public Transportation, Traffic Maintenance, Engineering and general administrative departments. The school system is comprised of one high school, two middle schools, 10 elementary schools, education transportation services (school buses), building/grounds maintenance, early childhood learning centers, alternative school locations and central office locations. Each school has a cafeteria.

The government and schools employ approximately 2,100 full time, part time and seasonal/temporary employees. Beginning in 2020, the school system outsourced their substitute teachers, thereby removing them as employees eligible for the City's self-funded workers' compensation program.

The City of Kingsport contracts with Tri-State Claims Service of Kingsport, Tennessee for Third-Party Administrator (TPA) services of the program. The majority of interactions with employees, as well as determinations of eligibility for claims, is managed in-house with a dedicated employee of the city's Risk Management department. All state filings, large claim filings, and medical/indemnity checks are the responsibility of the TPA.

Panels of Physicians are compiled by the City of Kingsport with assistance as needed from the TPA. Settlements of claims are handled by the City of Kingsport.

LEVELS OF COVERAGE

The City of Kingsport currently carries specific excess risk workers' compensation coverage with a Self-Insured Retention of \$500,000. Coverage A is statutory; Coverage B is \$1,000,000. No aggregate coverage is purchased. We do not intend to "carve out" any job description or job code for an alternative SIR. We require at least this level of coverage, although alternative quotes, to the benefit of the City, will be evaluated on their specific merit.

ADDITIONAL SERVICES

Please provide detailed information on your additional services such as internet capabilities, specialized reports, loss control, etc. Please provide examples of included reporting available to clients and the frequency they are provided. Please provide examples of reports that would be

provided at additional cost. If available to you, provide information on aggregate coverage, including cost.

PLAN REIMBURSEMENTS AND PAYMENTS

Please provide detailed information on how claims are filed on the excess insurance policy, including:

- A. Your willingness and ability to work with our current TPA and potential other TPA organizations in the future
- B. At what point and in what manner you are notified of a potential claim
- C. The reporting you will require
- D. Frequency of reimbursement payments
- E. Manner in which ongoing stop-loss claims are handled (Direct pay? Reimbursement?)
- F. Manner in which, and degree to which, carrier is involved in approval of treatment for claimants on which stop-loss payments are being made

Please provide at least four references of clients, three of which must be current, including name and contact information.

SPECIAL CONDITIONS

- A. All proposals must include the name of the insurance company.
- B. All insurance companies must be licensed to do business in the state of Tennessee.
- C. Any agent or agency submitting a proposal must be licensed by the carrier stipulated therein at the time it is submitted.
- D. Proof of these qualifications must be provided with the proposal to be considered responsive to these specifications.
- E. Complete specimen copies of all policies, endorsements, dividend disclosure statements and other coverage documents must be included with proposal.
- F. The successful proposer shall maintain in full force and effect, agent/broker's errors and omission coverage to cover the servicing of the City's account with a minimum limit of \$1,000,000.00.
- G. Proposals must clearly show all amounts of insurance, annual premium, rate basis, rate, and premium payment terms.

Attachment A
FY 21 Budget

WC Code	# Employees	Average Salary
5506	48	\$33,517
6306	31	\$27,997
7380	64	\$22,643
7520	92	\$32,797
7580	15	\$52,962
7590	6	\$46,418
7704	122	\$52,176
7720	136	\$43,789
8380	25	\$39,513
8810	176	\$35,099
8820	5	\$66,331
8868	1127	\$41,327
9015	30	\$30,470
9101	181	\$19,227
9102	112	\$29,471
9402	5	\$43,412
9403	33	\$37,358
9410	54	\$44,681

Attachment C
Concentration of Employees

Work Location	Address	# Employees
Adams Elementary School	2727 Edinburgh Channel Road, 37664	79
Administrative Support Center	400 Clinchfield Street, Suite 200, 37660	49
Allandale Mansion	4444 West Stone Drive, 37660	2
Bays Mountain Park and Planetarium	853 Bays Mountain Park Road, 37660	16
Central Fire Station (#1)	130 Island Street, 37660	52
City Hall	225 West Center Street, 37660	40
Civic Auditorium	1550 Ft. Henry Drive, 37664	14
DB Excel	400 Clinchfield Street, Suite 200,37660	23
Dobyns-Bennett High School	1800 Legion Drive,37664	251
Education Maintenance	1000 Poplar Street,37660	23
Education Transportation	635 Industry Drive,37660	40
Fire Station #2	1804 Crescent Drive, 37664	12
Fire Station #3	3828 Memorial Boulevard, 37664	12
Fire Station #4	2105 West Stone Drive, 37660	9
Fire Station #5	1517 Lynn Garden Drive, 37665	9
Fire Station#6	4598 Fort Henry Drive, 37663	9
Fire Station #7	1440 Rock Springs Road, 37664	9
Fire Station #8	1205 New Beason Well Road, 37660	9
Fleet Maintenance	625 West Industry Drive, 37660	27
Improvement Building	201 West Market Street, 37660	24
Jackson Elementary School	600 Jackson Street, 37660	84
Jefferson Elementary School	2216 Westmoreland Avenue, 37664	59
Johnson Elementary	1001 Ormond Drive,37664	58
Justice Center	200 Shelby Street, 37660	162
Kennedy Elementary	1500 Woodland Street,37665	52
Kingsport Aquatic Center	1820 Meadowview Parkway, 37660	10
Kingsport Carousel	350 Clinchfield St., 37660	2
Landfill	1921 1/2 Brookside Lane, 37660	6
Library	400 Broad Street, 37660	24
Lincoln Elementary	1000 Summer Street,37664	67
Lynn View Community Center	250 Walker Street, 37665	2
Palmer Center	1690 Ft. Henry Drive,37664	31
Renaissance Center	1200 E. Center Street,37660	11
Robinson Middle School	1517 Jessee Street,37664	105
Roosevelt Elementary	1051 Lake Street,37660	66
Sevier Middle School	1200 Wateree Street,37660	99
Streets and Sanitation	609 Industry Drive, 37660	117
Transit Garage	629 Industry Drive, 37660	1
Transit Station	900 E. Main Street, 37660	27
Transportation/Traffic	1155 Konnarock Road, 37664	15
V.O. Dobbins SR. Complex	301 Louis Street, 37660	9
Washington Elementary	1100 Bellingham Drive,37660	91
Waste Water Treatment Plant	620 W. Industry Drive, 37660	25
Water Treatment Plant	2436 Sherwood Road, 37660	15
Water/Sewer Maintenance	1213 Konnarock Road, 37660	93

Attachment D

Workers' Compensation Claims paid/incurred that exceed \$50,000 for the past ten (10) years

Year	# Claims	Average Paid
2019	0	0
2018	2	\$95,000
2017	2	\$80,000
2016	1	\$59,000
2015	1	\$55,000
2014	2	\$52,000
2013	2	\$51,000
2012	1	\$54,000
2011	5	\$125,000
2010	3	\$144,000

Attachment E

Number of Claims for the Past Ten (10) Years

2019	153
2018	99
2017	95
2016	89
2015	85
2014	97
2013	91
2012	131
2011	138
2010	130