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| Subject: Risk Allocation Policy for City Contracts | Number: 2-1 |
| | Date Issued/Revised: December 15, 2004 |
| Responsible Department: DAS—Risk Management | Approved: |

Policy

The Risk Management Division is charged with the responsibility of safeguarding the City's financial interest and minimizing the adverse effects of accidental losses through the inclusion of the City's standard indemnification and insurance provisions to all contracts to which the City is a party. Deviations from the standardized language must be approved by Risk Management prior to the execution of any contract with a third party. Should the Department and Risk Management disagree as to the insurance and/or indemnification requirements, the dispute shall be mediated by the City Manager or his/her designee.

Procedures

1. The lead department shall include, within each of its draft contracts for standard projects, the standard indemnification and insurance requirements approved by the Risk Manager specifically for those standard projects.
2. Prior to submitting a draft contract for a non-standard project or a draft contract without standard indemnification or insurance requirements to the City Attorney's Office for review, the lead department must submit the contract to the Risk/Safety Manager for his/her review and written approval, or determination of indemnification and insurance requirements. Should the lead department and Risk Management disagree as to insurance and/or indemnification requirements, the draft contract must be submitted with supportive comments from both the user and Risk Management, to the City Manager.
3. Prior to placement of contract approval on the Council agenda, or before presenting it to the person authorized to approve and sign the contract on behalf of the City, the lead department must submit the contract, signed by the other party, along with all insurance certificates and endorsements required by the contract, to Risk Management for written approval. Following approval by Risk Management, the contract shall be submitted to the City Attorney's Office for review and approval as to form. This process must be completed prior to the City's execution of the contract.
4. The lead department is directed to consult with Risk Management staff and obtain written approval hereunder prior to the advertising/distribution of any Request for Proposal (RFP) or Bid Invitation for a non-standard project or one that does not contain, or deviates from, the standard insurance and indemnification requirements. Failure of the lead department to obtain prior Risk Management approval may necessitate a rejection of all bids/proposals and a re-bid of the project. Prior to awarding, or recommending award of, a contract based upon a proposal in response to an RFP that takes any exception to the insurance or indemnification requirements approved by Risk Management, the lead department must submit the RFP and proposal to Risk Management for review and prior approval.