

AGENDA



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	24325	Agenda Number	23.
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Meeting Date:	May 9, 2013
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Department:	Purchasing
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Subject

Authorize award, negotiation, and execution of a 60-month services requirements contract with MARSH USA, Inc., for the administration services of the Rolling Owner Controlled Insurance Program (ROCIP VI) in an amount not to exceed \$875,000; and to authorize the administrator to negotiate and purchase workers' compensation, general liability, and excess liability insurance coverage for contractors that participate in construction projects included in ROCIP VI in an amount not to exceed \$6,455,000 for a total contract not to exceed \$7,330,000.

Amount and Source of Funding

Funding is provided in Fiscal Year 2012-2013 Capital Budgets of the Austin Water Utility, Aviation Department and the Public Works Department. Funding for the entire contract is contingent upon funding in future budgets.

Fiscal Note

Funding is provided by specific CIP funds from participating projects.

Purchasing Language:	Best evaluated proposal received.
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Prior Council Action:	
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For More Information:	Jeff Dilbert, Purchasing Manager, 512-974-2021
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Boards and Commission Action:	April 9, 2013 - Approved by the Austin Airport Advisory Commission on a vote of 4-0. April 10, 2013 - Approved by the Water and Wastewater Commission on a vote of 5-0.
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Related Items:	
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MBE / WBE:	This contract will be awarded in compliance with City Code Chapter 2-9C (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore no goals were established for this solicitation.
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Additional Backup Information

The total cost of the contract is comprised of two components, Administrative Services and the cost of insurance. Administrative services are at a not to exceed fee of \$875,000 and includes procurement and administration of the workers' compensation, general liability, and excess liability for all contractors of all tiers participating in construction projects included in the ROCIP VI program. The insurance contract is estimated to cost up to \$6,455,000 and the term extends until the ROCIP VI contract is considered closed by the insurance carrier including all claims, administration services, and insurance.

The purpose of the ROCIP is to assure the availability of insurance for small contractors and provide construction cost reductions through the volume purchasing of insurance. In a ROCIP program, the City purchases the insurance instead of requiring the individual contractors to provide insurance coverage. The program offers several advantages. It assures broad and uniform insurance protection and offers the economy of volume buying at reduced costs through a strong safety program. The City implemented the first ROCIP program in 1992; this is a continuation of the City's efforts to utilize the benefits offered by these types of programs.

The administrative services provided include:

- ✓ enrollment of all tiers of contractors into the program,
- ✓ issuance and tracking of all insurance policies for all tiers of contractors participating in the program, and
- ✓ Collection and reporting of program statistics, including payroll and claims data to determine final program costs.

The Administrator will also be responsible for marketing the insurance coverage for the program through a competitive process from major insurance companies who specialize in writing ROCIP insurance programs.

Marsh specializes in the administration of these programs and has access to large insurance markets. Markets such as AIG, Liberty Mutual, Zurich, ACE, Old Republic and others will be approached in order to ensure competitive quotes are received. The administrator will analyze the proposals for insurance coverage along with a team of City of Austin personnel. The proposals will be evaluated and the most advantageous, competitive proposal will be selected and the insurance coverage procured.

The City has identified 78 potential projects totaling approximately \$450 Million in construction values as initial candidates for inclusion in the program. The construction safety management services for the ROCIP are being procured through a separate RFP solicitation.

The proposals were evaluated based on program concept, insurance coverage premium quotation estimates, experience, reasonable administrator fees and reporting and computer capabilities. Marsh has been in business 75 years and is a large brokerage firm with offices located throughout the United States. All team members have extensive experience in managing these programs. In the past 5 years, Marsh has administered 23 ROCIP programs throughout the country. The responsibilities of the administrator continue until all losses and claims incurred under the program are closed and a final contract adjustment is negotiated with the insurance carrier.

The selected firm represents the lowest total contract cost for fees and insurance. The other two vendors have proposed total costs that are \$625,600 higher and \$2,532,925 higher than that of the selected firm. The current ROCIP V coverage expires on February 22, 2015; the current expiring contract is with Aon. ROCIP VI projects are scheduled to begin June 1, 2013.

This request allows for the development of an agreement with a qualified offeror that Council selects. If the City is unsuccessful in negotiating a satisfactory agreement with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that Council may select another qualified offeror and authorize contract negotiations with this provider.

MBE/WBE solicited: 3/8

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition
- b. 137 notices were sent including 3 MBEs and 8 WBEs. No MBE/WBEs responded.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal
- b. The Purchasing Office concurs with the Human Resource Department's Risk Management recommended award.
- c. Advertised in the Austin American Statesman and on the Internet.