

AGENDA



Recommendation for Council Action (Purchasing)

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| Austin City Council | Item ID: | 24314 | Agenda Number | 47. |
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| Meeting Date: | May 23, 2013 |
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| Department: | Purchasing |
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Subject

Authorize award and execution of Amendment No.6 to a contract with AON RISK SERVICES SOUTHWEST, INC. dba AON, for administration services for ROCIP V for the Human Resources Department to extend the contract for one 12-month period in an amount not to exceed \$0, for a total estimated contract amount not to exceed \$15,300,000. This Amendment will extend the contract to December 31, 2015.

Amount and Source of Funding

Funding was approved through previous council action. No additional funding is requested for this amendment.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

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| Purchasing Language: | Contract Amendment |
| Prior Council Action: | December 17, 2009 - approved contract. |
| For More Information: | Jeff Dilbert, Purchasing Manager, 512-974-2021 |
| Boards and Commission Action: | |
| Related Items: | |
| MBE / WBE: | This contract was awarded in compliance with City Code Chapter 2-9D (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore no goals were established for this solicitation. |

Additional Backup Information

This Amendment will extend the current contract with Aon for administrative services of the ROCIP V program and also the insurance contracts in place with Liberty Mutual by one 12-month period in order to include the construction of the new Central Library in the program. This project was included on the list of projects originally identified for participation in this program, however the anticipated Library construction start and end dates have changed and the project is now expected to begin in June of 2013 and end in November of 2015. The project is best suited to be included in this phase of the ROCIP program due to the high excess liability limits of \$100 million purchased due to both this project and Water Treatment Plant # 4 being included in the same program.

The total cost awarded for this contract is not being changed by this amendment because the original contract award is sufficient to coverage the additional administrator fees of \$112,000 and the additional premium of \$113,200 to extend the insurance coverage by a year. This contract is comprised of two components: administrative services and the cost of insurance. The contract as amended and approved by Council on March 25, 2010 provides administrative services at a not to exceed fee of \$2,638,361 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 V program. The insurance contract with Liberty Mutual Insurance Group and Liberty Mutual Insurance Company were approved for a not-to exceed amount of \$12,661,639.

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 including assuring broad and uniform insurance protection and offering the economy of volume buying at reduced costs through a strong safety program. The City implemented the first ROCIP program in 1992.

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.
- ✓ Collection and reporting of program statistics, including payroll and claims data to determine final program costs.

The City originally identified 42 potential projects totaling approximately \$735 Million in construction values as initial candidates for inclusion in the program. The construction safety management services for the ROCIP were procured through a separate RFP solicitation.

| ACTION | DESCRIPTION | ACTION AMOUNT | BROKER/ INSURANCE AMOUNT |
|-----------------|--|---|--------------------------------|
| Contract Award | Original contract; one year with four one year extension options | \$1.6 mil Broker; \$13.7 mil Insurance | \$1,600,000/ \$13,700,000 |
| Amendment No. 1 | Section 1.5 Amended –correction of contract price as per approved RCA | \$0 | \$1,600,000/ \$13,700,000 |
| Amendment No. 2 | Section 1.5 Amended – moved \$1,038,361 from insurance to broker as Excess Liability had to be paid in full by broker. | \$0 | \$2,638,361/ \$12,661,639 |
| Amendment No. 3 | Section 1.5 Amended –clarification of which insurance carrier name. | \$0 | \$2,638,361/ \$12,661,639 |
| Amendment No. 4 | Change Contract Assignment to Aon Risk | \$0 | \$2,638,361/ \$12,661,639 |
| Amendment No. 5 | Administrative changes to restructure contract to a 5 year period instead of a one | \$0 | \$2,638,361/ \$12,661,639 |

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| | year with four option years. | | |
| Amendment No. 6 | Administrative changes to extend contract with Administrator for one year and to extend insurance policies for one year. | \$0 | \$2,638,361/ \$12,661,639 |
| Total Contract Amount | | | \$2,638,361/ \$12,661,639 |