

AGENDA



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	26343	Agenda Number	79.
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Meeting Date:	August 22, 2013
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Department:	Purchasing
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Subject

Authorize award of Amendment No. 1 to a contract with MARSH USA, Inc., for administration services of the Rolling Owner Controlled Insurance Program (ROCIP VI) allowing the City to make insurance premium and loss payments directly to the selected insurance carrier, Liberty Mutual Insurance Group in an amount not to exceed \$5,750,000, for a total contract amount not to exceed \$7,330,000.

Amount and Source of Funding

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Fiscal Note

There is no unanticipated fiscal impact; therefore, a fiscal note is not required.

Purchasing Language:	Contract Amendment.
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Prior Council Action:	May 9, 2013 - Approved original contract.
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For More Information:	Rosemary Ledesma, Purchasing Manager, 512-322-6155
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Boards and Commission Action:	
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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 contract.
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Additional Backup Information

On May 9, 2013, Council approved a contract to Marsh USA, Inc. for administration of the Rolling Owner Controlled Insurance Program (ROCIP VI), and also authorized the firm to negotiate and purchase workers' compensation, general liability, and excess liability insurance coverages for contractors who participate in construction projects under the program.

This proposed Amendment No. 1 is at no additional cost as originally approved by the Council in May for these services. This action is necessary to allow the City to process insurance premium and loss payments directly to the selected insurance carrier, Liberty Mutual Insurance Group, Philadelphia, PA, and to authorize execution of necessary formal insurance agreements.

The total contract amount of \$7,330,000 is the same amount as originally approved by Council, which includes \$875,000 in fees to Marsh, USA to administer the program, and \$6,455,000 in insurance premiums to the selected carrier(s) for insurance coverages. This action will allow Marsh to be paid fees of \$875,000 and pay the excess premiums of \$705,000 on behalf of the City, and allow the City to pay Liberty Mutual Insurance Group directly up to a total of \$5,750,000.

This will create a more transparent financial arrangement between the City and the selected carrier, reduce payment processing timeframes, and allow the City to sign important financial security documents the carrier requires in establishing these types of programs with clients.

Contract Summary

Action	Description	Amount
Original Contract approved 04/25/2013	Council approved original 60-month contract	\$7,330,000.00
Amendment No. 1	Approve premium and loss payments directly to Liberty Mutual Insurance Group	\$ 0.00
Total Estimated Contract Amount		\$7,330,000.00