

## AGENDA



Thursday, December 17, 2009

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION**

**Item No. 78**

**Subject:** Authorize award, negotiation, and execution of a contract with Allied North America Insurance Brokerage of Texas, LLC, Dallas, TX, to administer the Rolling Owner Controlled Insurance Program (ROCIP V) for an estimated amount of \$1,600,000. The contract also authorizes the administrator to negotiate and purchase workers' compensation, general liability, and excess liability insurance coverage for which the City would pay an estimated amount of \$13,700,000 to provide coverage for contractors participating in ROCIP V. The total cost of the contract is estimated to be \$15,300,000.

**Amount and Source of Funding:** Funding is available in the Fiscal Year 2009-2010 Capital Budgets of Austin Water Utility, Parks and Recreation Department, and the Library Department. Funding for the entire contract is contingent upon funding in future budgets. Funding is provided by specific CIP funds from participating projects.

**Fiscal Note:** There is no unanticipated fiscal impact; therefore, a fiscal note is not required.

**For More Information:** Malinda Horitski, Buyer II, 974-2651

**Purchasing Language:** Best evaluated proposal of six proposals received.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore no goals were established for this solicitation.

This contract is for:

1. Administrative services for a contract of up to \$735 Million in construction projects anticipated to be included in the Rolling Owner Controlled Insurance Program (ROCIP).
2. Procurement of the workers compensation, general liability, and excess liability for all contractors of all tiers participating in an anticipated \$735 Million in construction projects included in the ROCIP. The insurance contract term extends until the ROCIP V 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 first ROCIP began in 1992. ROCIP is a continuation of the City's efforts to utilize the benefits offered by these types of programs.

The administrative services provided under this contract 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 the ROCIP V insurance program. Allied North America specializes in the administration of these programs and has access to large insurance markets. Markets such as Zurich, AIG, Travelers, Liberty Mutual, Arch, ACE, Hartford, 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 42 potential projects totaling approximately \$735 Million in construction values as initial candidates for inclusion in the program. Water Treatment Plant #4 is included in this candidate list. The construction safety management services for the ROCIP are being procured through a separate solicitation.

The proposals were evaluated based on program concept, insurance coverage premium quotation estimates, experience, reasonable administrator fees, and reporting and computer capabilities. Allied North America has been in business 30 years and is the single largest brokerage firm in the United States to focus 100% on the construction industry. Allied has 16 offices across the United States, and all team members have extensive ROCIP experience in managing these programs. Allied has administered 14 public ROCIP programs in the state of Texas alone. 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 current coverage expires on August 31, 2010; the current expiring contract is with John L. Wortham. ROCIP V projects are scheduled to begin January 2010.

MBE/WBE solicited: 28/23      MBE/WBE bid: 0/0

#### PROPOSAL ANALYSIS

- a. Adequate competition.
- b. Three hundred three notices were issued, including 23 MBEs and 28 WBEs. Six proposals were received, with no response from the MBE/WBEs. One "No Offer" was received.

#### APPROVAL JUSTIFICATION

- a. Best evaluated proposal received. John L. Wortham is the current provider of this service.
- b. The Purchasing Office concurs with HRD/Risk Management's recommended award.
- c. Advertised in the Austin American Statesman and on the Internet.