



**Purchasing Service Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 23
AGENDA DATE: Thu 08/25/2005
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SUBJECT: Authorize negotiation and execution of a 12-month service agreement with JOHN L. WORTHAM L.L.P., Houston, TX for administration services of the Rolling Owner Controlled Insurance Program (ROCIP IV) to assist in assuring availability of insurance for small contractors, in an amount not to exceed \$119,153, with four 12-month extension options in an amounts not to exceed \$125,891 for the first extension option, \$112,269 for the second extension option, \$112,335 for the third extension option, and \$114,352 for the fourth extension option, for a total agreement amount not to exceed \$584,000.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$119,153 is included in the various Proposed Capital Budgets of the Austin Water Utility, Parks and Recreation Department, Public Work Department, and Library Department. Funding for the extension options is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing	DIRECTOR'S
DEPARTMENT: for Library; Parks and Recreation; Austin Water Utility; Public Works;	AUTHORIZATION: <u>Vickie Schubert</u>

FOR MORE INFORMATION CONTACT: Rosemary Ledesma, Supervising Sr. Buyer/974-2011.

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Only proposal received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 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 administrative services for \$250 million in construction projects anticipated to be included in the Rolling Owner Controlled Insurance Program (ROCIP IV). The ROCIP will assure availability of insurance for small contractors and provide construction cost reductions through the volume purchasing of insurance. The City has implemented OCIP/ROCIP programs since 1990 beginning with the Convention Center OCIP. Our first ROCIP began in 1992. ROCIP IV 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 compilation of payroll and claims data to determine final program costs. The Administrator will also be responsible for marketing the insurance coverage for the program. The insurance program will be completed under a separate request for proposal (RFP) solicitation.

In a ROCIP program, the City purchases the project liability and workers' compensation insurance instead of requiring the individual contractors to provide coverage. This program offers several advantages. It



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assures broad and uniform insurance protection of the projects and offers the economy of volume buying at reduced costs through a strong safety program while avoiding the contingency/profit mark-up normally added by contractors. Construction values are anticipated at \$250 million, and the program is projected to generate \$1.1 Million in net cost savings (cost avoidance) for the City at an expected loss ratio of 32%.

The City has identified 55 potential projects totaling approximately \$250 million in construction values as initial candidates for inclusion in the program. It is mandatory that any construction project eligible for inclusion in this program (by meeting certain defined program parameters) be included in the program. The construction safety management services for the ROCIP are being procured through a separate RFP solicitation.

The proposal was evaluated based on program concept and program proposed, experience, reasonable fees, and reporting and computer capabilities. John L. Wortham L.L.P is the existing ROCIP Administrator. City staff has been satisfied with the previous services provided by John L. Wortham L.L.P.

MBE/WBE solicited: 10/3

MBE/WBE bid: 0/0

PROPOSAL ANALYSIS
(RFP #RL05300045)

- a. Only proposal.
- b. One Hundred Thirteen notices were sent including 10 MBEs/3 WBEs. Nineteen solicitations were issued including one MBE/one WBE. One proposal was received. Two "no offer" responses were received.
- c. The pricing offered represents an 11% increase from the contract awarded May 2002. The price reflects costs for an increase in anticipated construction values of 25 million.

APPROVAL JUSTIFICATION

- a. Only proposal received.
- b. Risk Management Division, Human Resources Department, concurs with the recommended award.
- c. Advertised in the Austin American-Statesman and Internet.