

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2005-100**

**Contract Amendment for Insurance Brokerage Services**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	9/15/05	Discussion/Possible Action	Hugh Simpson, Chief Financial Officer <b>Michael Bailey, Risk Manager, Finance and Information Technology Department</b>	(206) 398-5082  (206) 398-5096

<b>Contract/Agreement Type:</b>	<input checked="" type="checkbox"/>	<b>Requested Action:</b>	<input checked="" type="checkbox"/>
Competitive Procurement	<input checked="" type="checkbox"/>	Execute New Contract/Agreement	<input type="checkbox"/>
Sole Source	<input type="checkbox"/>	Amend Existing Contract/Agreement	<input checked="" type="checkbox"/>
Agreement with Other Jurisdiction(s)	<input type="checkbox"/>	Budget Amendment	<input type="checkbox"/>

**PROJECT NAME**

Insurance brokerage services

**PROPOSED ACTION**

Authorizes the Chief Executive Officer to execute a contract amendment with Willis of Seattle, Inc., in the amount of \$210,000, to provide continuing insurance brokerage services, for a new total authorized contract amount not to exceed \$810,000.

**KEY FEATURES of PROPOSED ACTION**

- Exercises the first of two options to extend the term of this contract for one year.
- The purpose of this action is to extend the contract to Willis of Seattle Inc. (Willis) in order to maintain insurance marketing continuity with the various insurance companies and to continue providing Owner Controlled Insurance Program (OCIP) services through completion of Link Light Rail Initial Segment. Willis will not be bound to utilize a particular insurance company.
- The proposed action would allow Willis to continue to provide claims administration services, as Willis is familiar with Sound Transit's claim administration protocol with the various insurance companies.

**BUDGET IMPACT SUMMARY**

Current Project Phase: Insurance Brokerage Services  
 Projected Completion Date: Not applicable

Action Outside of Adopted Budget:	✓	Comments on Checked Items
This Project		
This Phase		
This Task		
Budget Amendment Required		

Key Financial Indicators:	✓	Comments on Checked Items
Contingency Funds Required		
Funding required from other parties (other than what is in financial plan)		

Not checked = action is assumed in current Board-adopted budget. No budget action or adjustment to financial plan required.

**BUDGET and FINANCIAL PLAN DISCUSSION**

The costs for 2005 are included with in the Adopted 2005 Budget. Funds for future year costs will be requested in future proposed budgets.

**BUDGET TABLE**

Summary for Board Action

Action Item: Insurance Brokerage Services

	(A) Current Approved Contract Value	(B) Spent to Date (October 2002 to July 2005)	Balance	(C) Proposed Action	(D) Proposed Total Contract Value
Contract Budget:					
OCIP Brokerage	600,000	566,666	33,334	210,000	810,000
Contingency					-
<b>Total</b>	<b>600,000</b>	<b>566,666</b>	<b>33,334</b>	<b>210,000</b>	<b>810,000</b>
Percent Contingency	0%			0.00%	0.00%

Accounts to be charged:	2005 Staff Budget	Future Staff Budgets	Direct Charges to Projects	Total
Consulting Services	52,500	157,500		210,000
				-
				-
<b>TOTAL CONTRACT CHARGES:</b>	<b>52,500</b>	<b>157,500</b>	<b>-</b>	<b>210,000</b>

Budget Shortfall

Level	\$	Potential Revenues	Funding Source
NA	-	-	NA

Notes

This extension Covers a period from October 2005 to September 2006.  
 Total Payments for 2005 under this contract will be \$202,494

## **M/W/DBE – SMALL BUSINESS PARTICIPATION**

Willis voluntarily submitted a plan for M/W/DBE or Small Business firms to participate on its team as subcontractors for on-call, as-needed services. On this contract to date, 24.5% of the contract budget has been subcontracted to small businesses.

Willis has utilized the services of Protec Documentation Services, Inc. for seismographic study work for the Link Light Rail segments. Protec Documentation Services is a minority-owned small business firm and has been awarded approximately \$143,000. Willis has also subcontracted with Partners Claim Services for third party claims investigative services for Sound Transit's operational insurance policies. Partners Claim Services is a small business firm and has been awarded approximately \$3,200.

Additionally, Willis has a continuing commitment from Ogishima & Associates, a small minority-owned insurance brokerage firm, to work with Willis on any surety issues that Sound Transit might need.

### **EEO Commitment**

Willis of Seattle, Inc.'s workforce demographics are 67.2% women and 3.1% persons of color.

### **Apprentice Utilization**

Not applicable to this action.

## **PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

In October 2002, the Finance Committee authorized the Executive Director to execute a three-year contract with two, one-year options to extend the contract with Willis of Seattle, Inc. for insurance brokerage services for \$600,000, which funded the first three years of the contract.

Willis will continue to represent Sound Transit to the world insurance market with the objective of achieving insurance placement opportunities regarded by Sound Transit as optimal in cost, coverage, and continuity. Willis will inform Sound Transit of any special circumstances whereby it has authority to bind coverage on behalf of an insurance carrier. Otherwise, Willis does not have, nor will it seek, authority to make such binding commitments with respect to policies or endorsements.

Willis will negotiate on behalf of Sound Transit with insurance carriers and inform Sound Transit of significant developments in those negotiations, which are likely to have a bearing on Sound Transit's insurance program. Willis will use its best judgment in the use of intermediaries to assist in the marketing of Sound Transit's insurance needs. It is understood that such intermediaries may be affiliates of Willis' or other intermediaries not related to Willis.

**Prior Board/Committee Actions on this Project and Relevant Board Policies**

<b>Motion Number</b>	<b>Summary of Action</b>	<b>Date of Action</b>
M2002-88	Authorizing the Executive Director to enter into an agreement with Willis of Seattle, Inc. for insurance brokerage services.	7/18/02

**CONSEQUENCES OF DELAY**

The current insurance brokerage services contract with Willis of Seattle, Inc. expires September 30, 2005. Sound Transit would have to re-procure brokerage services to continue OCIP Agency operational representation in the insurance marketplace.

**PUBLIC INVOLVEMENT**

Not applicable to this action.

**LEGAL REVIEW**

JW 9/09/05

## SOUND TRANSIT

### MOTION NO. M2005-100

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a contract amendment with Willis of Seattle, Inc., in the amount of \$210,000, to provide continuing insurance brokerage services, for a new total authorized contract amount not to exceed \$810,000.

#### Background:

In October 2002, the Finance Committee authorized the Executive Director to execute a three-year contract with two, one-year options to extend the contract with Willis of Seattle, Inc. for insurance brokerage services for \$600,000, which funded the first three years of the contract.

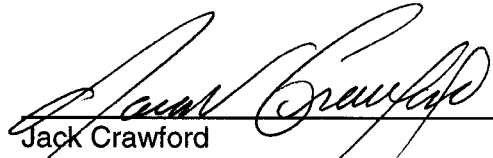
Willis will continue to represent Sound Transit to the world insurance market with the objective of achieving insurance placement opportunities regarded by Sound Transit as optimal in cost, coverage, and continuity. Willis will inform Sound Transit of any special circumstances whereby it has authority to bind coverage on behalf of an insurance carrier. Otherwise, Willis does not have, nor will it seek, authority to make such binding commitments with respect to policies or endorsements.

Willis will negotiate on behalf of Sound Transit with insurance carriers and inform Sound Transit of significant developments in those negotiations, which are likely to have a bearing on Sound Transit's insurance program. Willis will use its best judgment in the use of intermediaries to assist in the marketing of Sound Transit's insurance needs. It is understood that such intermediaries may be affiliates of Willis' or other intermediaries not related to Willis.

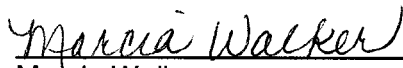
#### Motion:

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the Chief Executive Officer is authorized to execute a contract amendment with Willis of Seattle, Inc., in the amount of \$210,000, to provide continuing insurance brokerage services, for a new total authorized contract amount not to exceed \$810,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 15, 2005.

  
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Jack Crawford  
Finance Committee Chair

ATTEST:

  
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Marcia Walker  
Board Administrator