

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2007-100

Contract Amendment for Insurance Brokerage Services

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	9/20/07	Discussion/Possible Action	Brian McCartan, Executive Director David Grenier, Risk Manager	(206) 398-5100 (206) 398-5096

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	✓
Interlocal Agreement		Contingency Funds Required	
Purchase/Sale Agreement		Budget Amendment Required	

✓Applicable to proposed transaction.

PROJECT NAME

Insurance Brokerage Services

PROPOSED ACTION

Authorizes the chief executive officer to execute a contract amendment with Willis of Seattle, Inc. to provide insurance brokerage services in the amount of \$41,250, for a new total authorized contract amount not to exceed \$1,091,250.

KEY FEATURES OF PROPOSED ACTION

- The purpose of this action is to extend the contract with Willis of Seattle, Inc. (Willis) in order to maintain insurance marketing continuity with the various insurance companies while Sound Transit procures a consolidated brokerage services provider.
- The current insurance brokerage services contract with Willis of Seattle, Inc. expires on September 30, 2007. The proposed action would extend the current contract with Willis for an additional three months thru December 31, 2007, allowing the expiration date to be synchronized with the OCIP insurance brokerage services contract (also with Willis).
- An RFP has been issued for a new insurance brokerage and consulting services contract. This new contract would consolidate the insurance brokerage services currently provided under this contract with the OCIP insurance brokerage services contract and begin on January 1, 2008.

BUDGET IMPACT SUMMARY

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

BUDGET and FINANCIAL PLAN DISCUSSION

The proposed action is consistent with the current adopted budget and is affordable within the agency's long-term financial plan and subarea financial capacity. The action will have no new revenue impact on Sound Transit.

Expenditures for this contract will be charged to the Adopted 2007 Finance and Information Technology Staff Department budget for Consultant and Management expenses of \$1.3M, which includes the \$141K needed for this contract extension. This budget can be found on page 181 of the Adopted 2007 Budget book.

BUDGET TABLE

Summary for Board Action in (000s)

Action Item: Insurance Brokerage Services

	(A) Current Approved Contract Value	(B) Spent to Date (July 31st 2007)	(C) Proposed Action	(D) Proposed Total Contract Value
Contract Budget:				
OCIP Brokerage	1,050	995	41	1,091
Contingency				-
Total	1,050	995	41	1,091
Percent Contingency	0%		0.00%	0.00%

Direct Charge Budget:	2006 Staff Budget	Spent to Date (July 31st 2007)	Direct Charges to Projects	Total
Consulting Services	1,341	115		1,226
				-
				-
TOTAL CONTRACT CHARGES:	1,341	115	-	1,226

Notes

This budget can be found on page 181 of the Adopted 2007 Budget Book.

DBE – SMALL BUSINESS PARTICIPATION

Willis voluntarily submitted a plan for DBE or Small Business firms to participate on its team as subcontractors for on-call, as-needed services. On this contract to date, approximately 25% 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 woman-owned small business firm and has been awarded approximately \$263,196.40. 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 \$9,205.90.

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 chief executive officer to execute a three-year contract with two one-year options to extend with Willis of Seattle, Inc. for insurance brokerage services in the amount of \$600,000, which funded the first three years of the contract. In September 2005, the Finance Committee authorized execution of the first option; extending the contract through September 30, 2006. In September 2006, the Finance Committee authorized execution of the second option; extending the contract through September 30, 2007.

Willis will continue to represent Sound Transit in 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 the Agency's insurance program. Willis will use its best judgment in 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

Motion or Resolution Number/Date	Summary of Action
M2006-66 9/7/06	Authorized the Chief Executive Officer to execute a contract amendment with Willis of Seattle, Inc., in the amount of \$240,000, to provide continuing insurance brokerage services, for a new total authorized contract amount not to exceed \$1,050,000.
M2005-100 9/15/05	Authorized 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.
M2002-88 7/18/02	Authorized the Executive Director to execute a contract with Willis of Seattle, Inc., to provide Insurance Brokerage Services in the amount of \$200,000 a year for three years for a total authorized contract amount not to exceed \$600,000, plus merit bonuses tied to premium cost savings, and with options for two additional one-year terms exercised at Sound Transit's sole discretion upon authorization of the Finance Committee.

CONSEQUENCES OF DELAY

Sound Transit agency operations insurance policy renewals for December 1, 2007 and January 1, 2008, are currently in the process for renewal of coverage with our current insurance broker, Willis.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

Not applicable to this action.

LEGAL REVIEW

JW 9/12/07

SOUND TRANSIT

MOTION NO. M2007-100

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. to provide insurance brokerage services in the amount of \$41,250, for a new total authorized contract amount not to exceed \$1,091,250.

Background:

In October 2002, the Finance Committee authorized the chief executive officer to execute a three-year contract with two one-year options to extend with Willis of Seattle, Inc. for insurance brokerage services in the amount of \$600,000, which funded the first three years of the contract. In September 2005, the Finance Committee authorized execution of the first option; extending the contract through September 30, 2006. In September 2006, the Finance Committee authorized execution of the second option; extending the contract through September 30, 2007.


Willis will continue to represent Sound Transit in 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 the Agency's insurance program. Willis will use its best judgment in 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. to provide insurance brokerage services in the amount of \$41,250, for a new total authorized contract amount not to exceed \$1,091,250.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 20, 2007.



Fred Butler
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator