

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2009-104

Contract for Insurance Brokerage and Consulting Services

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	12/3/09	Discussion/Possible Action	Brian McCartan, FIT 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	
Agreement with Other Jurisdiction(s)		Budget Amendment	
Real Estate		Property Acquisition	

✓ *Applicable to proposed transaction.*

PROJECT NAME

Insurance Brokerage and Consulting Services for Rail Operations Insurance Program

PROPOSED ACTION

Authorizes the chief executive officer to execute a three-year contract with two one-year options with Aon Risk Services to provide insurance brokerage and consulting services for a total authorized contract amount not to exceed \$1,025,000.

KEY FEATURES OF PROPOSED ACTION

- The contract scope includes insurance brokerage and consulting services for Sound Transit's Rail Operations Insurance Program (ROIP), which includes heavy rail commuter train operations and light rail operations (Sounder, Tacoma Link, and Central Link). The services also include the overall marketing, placement, negotiation and completion of new and renewal insurance policies, risk control services, and claims administration support services.
- The proposed action would authorize execution of a three year contract with options for two additional one year periods at Sound Transit's sole discretion. The requested dollar amount would cover all five years.
- Aon Risk Services will be compensated on a fixed fee compensation structure, in lieu of commissions. The contract scope of work and specific duties and responsibilities to be performed are defined by a brokerage service agreement. The combination of a fixed fee compensation structure with a brokerage service agreement will provide Sound Transit with the best value for insurance brokerage and consulting services for Sound Transit's ROIP.

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 would execute a contract with Aon Risk Services to provide insurance brokerage and consulting services for Sound Transit's ROIP.

This action would be funded from Sounder Commuter Rail, Central Link Light Rail and Tacoma Link Light Rail Program insurance budgets. In 2010, the proposed budget for Sounder is \$1,261,000, for Central Link is \$750,000 and for Tacoma Link is \$272,210.

2010 estimated cost for Sounder is \$108,000, for Central Link is \$64,000 and for Tacoma Link is \$23,000. Approval of this action would leave a balance of \$1,153,000 for Sounder, \$686,000 for Central Link and \$249,210 for Tacoma Link.

Budgets for remaining years of this contract will be requested in future years.

The budget impact from this action is illustrated below:

BUDGET TABLE

Summary for Board Action (X \$1,000)

Action Item: Execute a contract with Aon Risk Services to provide insurance brokerage and consulting services.

	Proposed 2010 Budget (1)	Spent to date in 2010	Contract Expenditures 2010	Remaining 2010 Budget
Current Year Budget				
Sounder Rail Program Insurance	\$ 1,261	\$ -	\$ 108	\$ 1,153
Sounder Other Insurance	\$ 505			\$ 505
Total Sounder Insurance budget	\$ 1,766	\$ -	\$ 108	\$ 1,658
Central Link Rail Program Insurance	\$ 750	\$ -	\$ 64	\$ 686
Central Link Other Insurance	\$ 750	\$ -	\$ -	\$ 750
Total Central Link Insurance budget	\$ 1,500	\$ -	\$ 64	\$ 1,436
Tacoma Link Rail Program Insurance	\$ 272	\$ -	\$ 23	\$ 249
Tacoma link Other Insurance	\$ 158	\$ -	\$ -	\$ 158
Total Tacoma link Insurance budget	\$ 430	\$ -	\$ 23	\$ 407
Total	\$ 3,696	\$ -	\$ 195	\$ 3,501

Contract Spending Plan	Prior Year(s) Spending	2010 Spending	Future Expenditures	Total
Aon Risk Services	\$ -	\$ 195	\$ 830	\$ 1,025
Others	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 195	\$ 830	\$ 1,025

	Current Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Contract Budget				
Aon Risk Services	\$ -	\$ -	\$ 1,025	\$ 1,025
Contingency	\$ -	\$ -	\$ -	\$ -
Total Contract	\$ -	\$ -	\$ 1,025	\$ 1,025
Percent Contingency	-	-	0%	0%

1 Insurance budget for Sounder Commuter Rail, Central Link Light Rail and Tacoma Link Light Rail can be found on page 25, 22, and 20 of 2010 Proposed Budget Book, respectively.

SMALL BUSINESS PARTICIPATION

Aon Risk Services is the prime consultant on this contract. There are limited subcontracting opportunities due to the special nature of this work and therefore there are no small business goals.

Equal Employment Workforce Profile (% Women/People of Color)

Aon Risk Service's workforce demographics are 20.1% minorities and 57.1% women.

PROJECT DESCRIPTION AND BACKGROUND FOR PROPOSED ACTION

On August 31, 2009 Sound Transit advertised a solicitation for Insurance Brokerage and Consulting Services for the Rail Operations Insurance Program in order to bring on a qualified insurance brokerage firm to provide railroad operations insurance brokerage services for three base years with two additional one-year options to extend.

Aon Risk Services was selected through a standard Sound Transit Request for Proposals process. Four consultants submitted proposals and Aon Risk Services was selected as the most qualified of the four insurance brokerage firms.

CONSEQUENCES of DELAY

The existing contract for Insurance Brokerage and Consulting Services for the Sound Transit ROIP expires December 31, 2009. A new contract for Insurance Brokerage and Consulting Services needs to be executed by January 1, 2010.

PRIOR BOARD/COMMITTEE ACTIONS

None

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

SSK 11-19-09

LEGAL REVIEW

JW 11/23/09

SOUND TRANSIT

MOTION NO. M2009-104

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a three-year contract with two one-year options with Aon Risk Services to provide insurance brokerage and consulting services for a total authorized contract amount not to exceed \$1,025,000.

Background:

On August 31, 2009 Sound Transit advertised a solicitation for Insurance Brokerage and Consulting Services for the Rail Operations Insurance Program in order to bring on a qualified insurance brokerage firm to provide railroad operations insurance brokerage services for three base years with two additional one-year options to extend.

Aon Risk Services was selected through a standard Sound Transit Request for Proposals process. Four consultants submitted proposals and Aon Risk Services was selected as the most qualified of the four insurance brokerage firms.

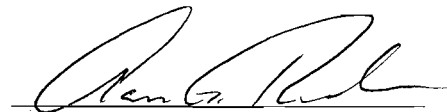
The contract scope includes insurance brokerage and consulting services for Sound Transit's Rail Operations Insurance Program (ROIP), which includes heavy rail commuter train operations and light rail operations (Sounder, Tacoma Link, and Central Link). The services also include the overall marketing, placement, negotiation and completion of new and renewal insurance policies, risk control services, and claims administration support services.

Aon Risk Services will be compensated on a fixed fee compensation structure, in lieu of commissions. The contract scope of work and specific duties and responsibilities to be performed are defined by a brokerage service agreement. The combination of a fixed fee compensation structure with a brokerage service agreement will provide Sound Transit with the best value for insurance brokerage and consulting services for Sound Transit's ROIP.

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 three-year contract with two one-year options with Aon Risk Services to provide insurance brokerage and consulting services for a total authorized contract amount not to exceed \$1,025,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 3, 2009.



Aaron Reardon
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator