

MOTION NO. M2015-08

Contract for Insurance Brokerage and Consulting Services

| MEETING: | DATE: | TYPE OF ACTION: | STAFF CONTACT: |
|----------|------------|-----------------|---|
| Board | 01/22/2015 | Final Action | Brian McCartan, FIT Executive Director David Grenier, Director of Risk Management |

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 the Rail Operations Insurance Program for a total authorized contract amount not to exceed \$1,230,000.

KEY FEATURES SUMMARY

- The contract scope includes insurance brokerage and consulting services for Sound Transit's Rail Operations Insurance Program (ROIP), which includes the overall marketing, negotiation, placement of new and renewal insurance coverages, loss control services, and claims administration support services for Sounder Commuter (Heavy) Rail and Central and Tacoma Link (Light) Rail.
- The proposed action would authorize execution of a three-year contract with two one-year options to extend at Sound Transit's sole discretion. The requested dollar amount of \$1,230,000 would cover all five years.
- Aon Risk Services will be compensated on a fixed fee compensation structure.

BACKGROUND

Under this proposed contract, Aon Risk Services will provide ROIP insurance brokerage and consulting services, which includes the overall marketing, negotiation, placement of new and renewal insurance coverages, loss control services, and claims administration support services for Sounder Commuter (Heavy) Rail and Central and Tacoma Link (Light) Rail.

The previous contract for insurance brokerage and consulting services for Sound Transit's Rail Operation Insurance Program expired on December 31, 2014.

On August 29, 2014, Sound Transit advertised a Request for Proposals for ROIP Insurance Brokerage and Consulting Services. Two firms submitted proposals, and Aon Risk Services was selected as the most qualified firm.

Aon Risk Services' original proposed price was higher than the contract amount being recommended for approval by this Board Action. The proposing firms were asked to provide clarification on certain services and associated revised pricing. Aon Risk Services reduced its proposed price to \$1,230,000 which resulted in an additional cost savings of almost 30% off of the original proposed price and provided Sound Transit with the best value for this contract.

The Rail Operation Insurance Program (ROIP) includes Primary Liability, Excess Liability, Property – Rolling Stock, Excess Property – Rolling Stock and Railroad Protective Liability coverage for Sound Transit's Sounder Commuter (Heavy) Rail and Central and Tacoma Link (Light) Rail systems.

FISCAL INFORMATION

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.

The contract total for this action is \$1,230,000 to be used to pay for ROIP services over a five year period. For 2015 \$225,000 is budgeted for this use and that aligns with the spending plan as proposed in the agreement.

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

| Current Year Budget | Adopted 2015 Budget | Spent to date in 2015 | 2015 Contract Expenditures | Remaining 2015 Budget |
|------------------------|---------------------|-----------------------|----------------------------|-----------------------|
| Miscellaneous Services | 548 | - | 225 | 323 |
| Total Services | 41,806 | - | 225 | 41,581 |

| Contract Spending Plan | Prior Year(s) Spending | 2015 Budget | Future Expenditures | Total |
|------------------------|------------------------|-------------|---------------------|--------------|
| Service Delivery | - | 225 | 1,005 | 1,230 |
| Total | - | 225 | 1,005 | 1,230 |

| Contract Budget | Current Approved Contract Value | | Proposed Action | Proposed Total Contract Value |
|----------------------------|---------------------------------|--|-----------------|-------------------------------|
| AON Risk Services, Inc., | - | | 1,230 | 1,230 |
| Contingency | - | | - | - |
| Total | - | | 1,230 | 1,230 |
| Percent Contingency | - | | 0% | 0% |

Notes:

Budget authority for this item is located on page 31 of the 2015 Budget in Service Delivery under the miscellaneous services line item. Year to date spending reflects expenses thru January 7, 2015.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). Small Business and DBE goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of Small Businesses/DBEs available to perform such subcontracting work.

Because of the specialized nature of the services sought in this procurement, Sound Transit determined that Small Business and DBE subcontracting opportunities are infeasible or improbable, so Small Business/DBE goals were not established or required.

PUBLIC INVOLVEMENT

Not applicable to this action

TIME CONSTRAINTS

The existing contract for Insurance Brokerage and Consulting Services for Sound Transit's ROIP expired December 31, 2014. Therefore, this contract needs to be executed as soon as possible.

PRIOR BOARD/COMMITTEE ACTIONS

None

ENVIRONMENTAL REVIEW

JI 12/19/2014

LEGAL REVIEW

JW 1/12/2015

MOTION NO. M2015-08

A motion of the Board 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 the Rail Operations Insurance Program for a total authorized contract amount not to exceed \$1,230,000.

BACKGROUND:

Under this proposed contract, Aon Risk Services will provide ROIP insurance brokerage and consulting services, which includes the overall marketing, negotiation, placement of new and renewal insurance coverages, loss control services, and claims administration support services for Sounder Commuter (Heavy) Rail and Central and Tacoma Link (Light) Rail.

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MOTION:

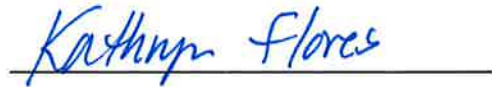
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a three-year contract with two one-year options with Aon Risk Services to provide insurance brokerage and consulting services for the Rail Operations Insurance Program for a total authorized contract amount not to exceed \$1,230,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on January 22, 2015.



Dow Constantine
Board Chair

ATTEST:



Kathryn Flores
Acting Board Administrator