

ORDINANCE No. 184007

Authorize contract with Marsh USA Inc. for insurance brokerage services for Phase IV of the Owner Controlled Insurance Program (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The Bureau of Environmental Services (BES) established an Owner Controlled Insurance Program (OCIP) in July 1995, per Chapter 336 of the Oregon Revised Statutes, which authorized BES to implement an OCIP for construction work being performed within the sewage system infrastructure.
2. As a result of the City owning the insurance, the City reduces insurance costs by purchasing broader coverage, improving/controlling job site safety, minimizing liability and claims, and improving the bidability of M/W/ESB firms.
3. In 1996 BES identified approximate \$144,000,000 in capital improvement work that would be included in the OCIP. This became OCIP-Phase I. The OCIP continued on the Westside CSO Tunnel Project and other Capital Improvement Projects, which became OCIP Phase II
4. Based on OCIP Phase I and Phase II success, and a financial feasibility analysis and pro-forma, BES entered into a contract with Marsh USA Inc on September 2005 under contract #36262 to continue with OCIP-Phase III, which included the Eastside Combines Sewer Overflow Project and other capital improvement projects resulting in approximately \$500,000,000 in construction work ending June 2011. On May 19, 2010 Council approved Ordinance #183823 to extend contract #36262 for Marsh to closeout OCIP Phase III.
5. On January 7th, 2010 the State of Oregon and City Attorney's Office approved OCIP Phase IV under special legislation, Section 1, Chapter 336, Oregon Laws, 1995. The approval of OCIP Phase IV will include approximate \$300 million of BES capital improvement work and approximate \$275 the Water Bureau's LT-2 Storage Program and system capital improvement work.
6. On March, 22, 2010 RFP No. BES 105 was issued to provide Insurance and Brokerage Services for OCIP Phase IV. Six proposers responded to the RFP and a five-member selection committee reviewed and evaluated the proposals. The selection committee unanimously recommended Marsh to provide insurance and brokerage services, and on May 10, 2010 an Intent to Award was issued to Marsh.
7. M/W/ESB subconsultant participation is estimated at 20% of the total contract amount subject to the terms and conditions of the subcontract between the parties.

8. Professional broker services are required to continue to negotiate and procure the OCIP insurance policies as necessary, including but not limited to workers' compensation and employers liability, commercial general liability, builders risk, pollution liability, excess liability, railroad protective coverage and program reconciliation/close-out.
9. The contract term is for five (5) years beginning July 1, 2010 and ending June 30, 2015, with the option for a sixth (6th) year. The scope of services and program budget will be reviewed and adjusted, if necessary, on an annual basis.
10. The maximum five year OCIP brokerage services cost is \$600,000. Funds are available in the Bureau of Environmental Sewer System Operating Fund FY 2009-10 and FY 2010-11 Budgets WBS E08138 and Portland Water Bureau's FY 2010-11 operating fund, and will be requested in subsequent fiscal years
11. Insurance premiums and losses incurred under the OCIP will be charged directly to the projects.

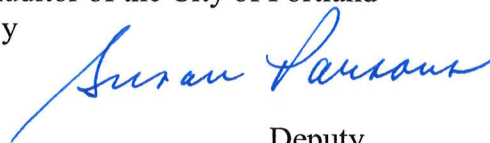
NOW, THEREFORE, the council directs:

- a. The Commissioner of Public Affairs is authorized to execute a contract with Marsh USA Inc. as described in Section 1, in substantially the same form as the attached Exhibit A, in an amount not to exceed \$600,000.
- b. If the option for a sixth year is exercised, the Chief Procurement Officer is authorized to execute an amendment to this contract extending the term for an additional year and increasing the contract amount by an amount not to exceed \$100,000.
- c. The Mayor and Auditor are hereby authorized to draw and deliver warrants chargeable to the Sewer System Operating Fund and Water System Operating Fund Budget when demand is presented and approved by the proper authority.

Passed by the Council, JUL 21 2010
Dan Saltzman
Commissioner of Public Affairs

[Mike Reiner]
[June 21, 2010]

LaVonne Griffin-Valade
Auditor of the City of Portland
By



Deputy

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✓140

Agenda No.
ORDINANCE NO. 184007
Title

✓ Authorize contract with Marsh USA Inc. for insurance brokerage services for Phase IV of the Owner Controlled Insurance Program (Ordinance)

INTRODUCED BY Commissioner/Auditor: <u>Dan Saltzman</u>	CLERK USE: DATE FILED <u>JUL 09 2010</u>
COMMISSIONER APPROVAL	LaVonne Griffin-Valade Auditor of the City of Portland
Mayor—Finance and Administration – Adams	
Position 1/Utilities – Fritz	
Position 2/Works – Fish	By: <u>[Signature]</u>
Position 3/Affairs - Saltzman <u>[Signature]</u>	Deputy
Position 4/Safety – Leonard	
BUREAU APPROVAL	ACTION TAKEN:
Bureau: Environmental Services	JUL 14 2010 PASSED TO SECOND READING JUL 21 2010 9:30 A.M.
Bureau Head: Dean Marriott <u>[Signature]</u>	
Prepared by: Mike Reiner	
Date Prepared: March 28, 2010	
Financial Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> Not Required <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input type="checkbox"/>	
Council Meeting Date <u>July 14, 2010</u>	
✓ City Attorney Approval <u>[Signature]</u>	

AGENDA
TIME CERTAIN <input type="checkbox"/> Start time: _____
Total amount of time needed: _____ (for presentation, testimony and discussion)
CONSENT <input checked="" type="checkbox"/>
REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Leonard	4. Leonard	✓	
Adams	Adams	✓	