

ORDINANCE No. 183823

Amend contract with Marsh USA Inc. for insurance brokerage services for Phase III of the Owner Controlled Insurance Program (Ordinance; amend Contract No. 36262)

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.
4. Because of the success of the OCIP-Phase I, BES decided to continue with the OCIP, rolling a majority of their capital improvement projects into the OCIP. This became OCIP-Phase II, which was approximately \$375,000,000 in construction work.
5. Based on OCIP Phase I and Phase II success, and based 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 Combined Sewer Overflow Project and other capital improvement projects resulting in approximately \$500,000,000 in construction work ending June 2011.
6. 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, and if necessary to assist with insurance transfer between brokers and carriers on OCIP Phase IV (July 2010).
7. Original contract term was for five (5) years ending June 30, 2010, with the option for a sixth (6) year. The contact scope of services are negotiated annually and amount to be renewable for each fiscal year.
8. Exercising year six (6) of the contract is necessary to provide brokerage services on open OCIP projects, for close-out of insurance policies on ESCSO and CIP's ending June 30, 2011 and the transition into OCIP Phase IV. The estimated cost is \$76, 600, which is the annual amount paid since contract inception. Compensation for year six will not exceed \$100,000.

9. The maximum cost is \$100,000.00 annually. Funds are available in the Sewer System Operating Fund, requested FY 2010-2011 Budget, Bureau of Environmental Services, Cost Center ESEN000020, WBS Element C.67. It is anticipated that funding will be available from this source for the term of the contact.
10. 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 one-year contact extension with Marsh USA Inc. in substantially the same form as the amendment attached to this ordinance, for the purpose described in Section 1, and in an amount not to exceed \$100,000.
- b. The Mayor and Auditor are hereby authorized to draw and deliver warrants chargeable to the Sewer System Operating Fund Budget when demand is presented and approved by the proper authority.

Passed by the Council, **MAY 26 2010**
Dan Saltzman
Commissioner of Public Affairs

Mike Reiner
4/15/10
[center code/acct. no/proj. #] – ord

LaVonne Griffin-Valade
Auditor of the City of Portland

By



Deputy

Agenda No.
ORDINANCE NO. 183823
Title

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<p>INTRODUCED BY Commissioner/Auditor: <i>Saltzman</i></p>	<p>CLERK USE: DATE FILED <u>MAY 14 2010</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration – Adams</p> <p>Position 1/Utilities – Fritz</p> <p>Position 2/Works – Fish</p> <p>Position 3/Affairs - Saltzman <i>Saltzman</i></p> <p>Position 4/Safety – Leonard</p>	<p>LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <i>[Signature]</i> Deputy</p>
<p>BUREAU APPROVAL</p> <p>Bureau: Environmental Services Bureau Head: <i>Dean Marriott</i></p> <p>Prepared by: Mike Reiner Date Prepared: March 28, 2010</p> <p>Financial Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> Not Required <input type="checkbox"/></p> <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Council Meeting Date May 12, 2010</p> <p>City Attorney Approval <i>D.H.</i></p>	<p>ACTION TAKEN:</p> <p>MAY 19 2010 PASSED TO SECOND READING MAY 26 2010 9:30 A.M.</p>

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

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	✓	