

# ORDINANCE No. 187296

\*Authorize contract with Marsh USA Inc. for insurance brokerage services for Phase V of the Owner Controlled Insurance Program for an amount not to exceed \$625,000 (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 bidding ability 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 continued in September 2005 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 2010.
5. On January 7<sup>th</sup>, 2010 the State of Oregon and City Attorney's Office approved OCIP Phase IV under special legislation, Section 1, Chapter 336, Oregon Laws, 1995. OCIP Phase IV included approximately \$300 million of BES capital improvement work and approximately \$275 million of the Water Bureau's LT-2 Storage Program and system capital improvement work. On July 21, 2010, Council approved Ordinance #184007 awarding a 5-year contract for OCIP Phase IV insurance brokerage services.
6. Based on a financial feasibility analysis, BES and PWB have concluded to proceed with OCIP Phase V which is a continuation of OCIP Phase IV. Phase V will include approximately \$400 million of BES capital improvement work and approximately \$60 of PWB compliance and system improvement work at Washington Park. Phase V will run from September 1, 2015 to August 31, 2020,
7. Professional broker services are required to negotiate and procure insurance policies as necessary for OCIP Phase V projects. Consultant selection has been conducted in accordance with Chapter 5.68 of the Code of the City of Portland (RFP No. BES156). Marsh USA Inc. was selected to provide the required services. M/W/ESB participation is \$57,420 or 9.2% of the total contract amount.
8. The contract term is for five (5) years beginning September 1, 2015, and ending August 31, 2020, with the option to extend through August 31, 2021, if necessary, for project closeout.

9. The established cost is \$625,000. Level of confidence rating is high. Funds are available in the Bureau of Environmental Services Sewer System Operating Fund for FY 2015-16, and the Water Bureau's operating fund for FY 2015-16, and will be requested in subsequent fiscal years.
10. Insurance premiums and losses incurred under the OCIP will be charged directly to the projects.

NOW, THEREFORE, the Council directs:

- a. The Commissioner in Charge is authorized to execute a contract with Marsh USA Inc. for the purpose described in Section 1, in substantially the same form as the attached Exhibit A, in an amount not to exceed \$625,000.
- b. The Mayor and Auditor are hereby authorized to draw and deliver warrants chargeable to the Sewer System Operating Fund and Water System Operating Fund Budgets when demand is presented and approved by the proper authority.

Section 2. The Council declares that an emergency exists because services under this contract must begin by September 1, 2015. Delay of services beyond that date will have major insurance impacts on existing Phase IV construction project carried over into Phase V and scheduled construction projects identified for Phase V. Therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council,  
Commissioner Nick Fish

AUG 19 2015

[Mike Reiner]  
[July 23, 2015]

**Mary Hull Caballero**  
Auditor of the City of Portland

By



Deputy

Cost object – ord

Agenda No.  
**ORDINANCE NO. 187296**

Title

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*for an*

<p><b>INTRODUCED BY</b> Commissioner/Auditor: <b>Fish</b></p>	<p>CLERK USE: DATE FILED <u>AUG 14 2015</u></p>
<p><b>COMMISSIONER APPROVAL</b></p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish <i>[Signature]</i></p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick</p>	<p>Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <u><i>[Signature]</i></u> Deputy</p>
<p><b>BUREAU APPROVAL</b></p> <p>Bureau: Environmental Services Bureau Head: Michael Jordan <i>[Signature]</i></p> <p>Prepared by: Mike Reiner Date Prepared: July 23, 2015</p> <p>Financial Impact &amp; Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> <i>gm</i></p> <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p><b>City Auditor Office Approval:</b> required for Code Ordinances</p> <p><b>City Attorney Approval:</b> <i>[Signature]</i> required for contract, code, easement, franchise, comp plan, charter</p> <p>Council Meeting Date <b>08/19/2015</b></p>	
<p><b>ACTION TAKEN:</b></p>	

**AGENDA**

**TIME CERTAIN**   
Start time: \_\_\_\_\_

**Total amount of time needed:** \_\_\_\_\_  
(for presentation, testimony and discussion)

**CONSENT**  *Pulled*

**REGULAR**   
**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. Novick	4. Novick	✓	
Hales	Hales	✓	