

SOUND TRANSIT

MOTION NO. M2004-11

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to amend the sole source contract with Willis of Seattle, Inc., to provide Owner Controlled Insurance Program insurance brokerage services for Sound Transit through December 31, 2006, in the amount of \$206,250 for a new total authorized contract amount not to exceed \$300,000.

Background:

In 1999, the Sound Transit Board authorized the agency to establish an OCIP for Sound Transit managed capital projects. Under the program, Sound Transit provides a comprehensive liability program for its design and construction contractors. OCIP ensures a high-quality level of insurance for all Sound Transit managed projects and improves the accessibility to major construction contracts for small businesses.

Brokerage Services

The current insurance underwriter is AIG. In addition Sound Transit has retained an insurance broker Willis of Seattle, Inc. to provide assistance with OCIP claims administration; risk control and loss prevention resources; consultation and support in the development and maintenance of risk financing plans; insurance/contract/agreement/policy audit; negotiation assistance with the current underwriter (AIG) and other insurance underwriters for additional coverages.

Contract History

OCIP brokerage services were originally provided by Marsh USA, Inc. The services were provided under a comprehensive contract under which Marsh USA, Inc. provided both OCIP services and brokerage services for all of Sound Transit's non-OCIP programs.

In the summer of 2002, Sound Transit executed an RFP for bids for broker services for a new three-year contract, effective September 2002. This contract did not include broker services for OCIP, as it was originally planned to have Marsh USA, Inc. continue its OCIP broker services through 2006. Willis of Seattle, Inc. was awarded the three-year broker services contract (excluding OCIP), with two one-year extensions, in the amount of \$600,000 (\$200,000 per year).

Subsequently, Marsh USA, Inc. advised Sound Transit that it did not desire to continue servicing OCIP. Sound Transit awarded Willis of Seattle, Inc. a one-year sole source contract in the amount of \$75,000 for OCIP brokerage services effective December 31, 2002, to December 31, 2003.

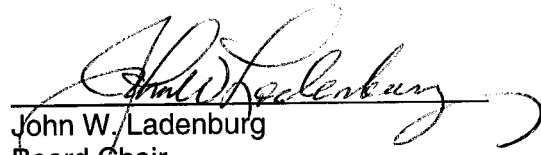
There were only two brokers in the Northwestern United States with the capabilities and local staff to administer major, long term OCIP projects; Marsh USA, Inc. and Willis of Seattle, Inc. Marsh USA, Inc. chose not to participate after losing the agency broker services contract to Willis of Seattle, Inc. and Marsh USA, Inc.'s contract was terminated concurrent with the appointment of Willis of Seattle, Inc. to continue providing needed OCIP brokerage services.

On January 1, 2004, the Willis of Seattle, Inc. contract was extended for three-months through March 31, 2004, and \$18,750, was added bringing the new total contract amount to \$93,750.

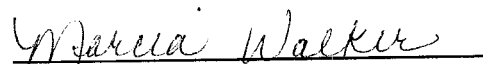
Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that Chief Executive Officer to amend the sole source contract with Willis of Seattle, Inc., to provide Owner Controlled Insurance Program insurance brokerage services for Sound Transit through December 31, 2006, in the amount of \$206,250 for a new total authorized contract amount not to exceed \$300,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on March 11, 2004.


John W. Ladenburg
Board Chair

ATTEST:


Marcia Walker
Board Administrator