

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2001-102

**Amendment to Contract No. RTA/FA 14-97 with Marsh USA, Inc.
for Insurance Brokerage Services**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	10/4/01	Discussion/Possible Action	Mike Bailey, Risk Manager	(206) 398-5096

OBJECTIVE OF ACTION

- To authorize the Executive Director to execute a one-year extension of the contract with Marsh USA, Inc. for insurance brokerage services.

ACTION

- The proposed action would authorize a contract amendment to Contract No. RTA/FA 14-97 with Marsh USA, Inc. to provide continuing insurance brokerage services until September 30, 2002, in the amount of \$230,000, for a new total authorized contract amount not to exceed \$1,465,000.

KEY FEATURES

Highlights of Action:

- Authorizes the Executive Director to execute a contract amendment to Contract No. RTA/FA 14-97 with Marsh USA, Inc. to provide continuing insurance brokerage services until September 30, 2002, in the amount of \$230,000, for a new total authorized contract amount not to exceed \$1,465,000.
- The proposed action would exercise the final option to extend the contract. An RFP process will begin in the first quarter of 2002, for a new contract.
- The budget for this contract amendment is within the 2001 Adopted Budget.

BUDGET

Column A	Column B	Column C	Column D	Column E	Column F
Current Contract Amount (A)	Obligated to Date (B)	Shortfall* or Surplus (A-B)	Total Amount Requested (D)	Budget Available (E)	Shortfall* or Surplus (E-[C+D])
\$1,235,000	\$1,227,984	\$7,015	\$230,000	\$350,000	\$112,985

*Amount of Shortfall	Potential Revenues	Funding Sources
N/A	N/A	N/A

FINANCIAL IMPACTS

The budget for this item is accounted for within the budget for Finance and Administration under other services, as indicated on page 287 of the 2001 Adopted Budget.

HISTORY OF PROJECT

In September 1997, the Executive and Finance Committees passed Motion No. 41 for Insurance Brokerage Services that authorized executing a contract with Marsh USA, Inc. for \$565,000. In March 1998, the original contract increased by \$40,000 for the addition of Surety Insurance. In September 2000, the original contract was amended by increasing the contract amount by \$630,000 to include additional scope of work for the development, placement, and oversight of an Owner Controlled Insurance Program (OCIP) for all Sound Transit construction projects and to extend the contract to September 30, 2001. This proposed action would extend the contract until September 30, 2002, and would exercise the final option to renew this contract.

Marsh USA, Inc. (Consultant) is to represent Sound Transit to the world insurance market with the objective of achieving insurance placement opportunities regarded by Sound Transit as optimal in cost, coverage, and continuity. The Consultant will not be bound to utilize a particular insurance company. The Consultant will inform Sound Transit of any special circumstances whereby the Consultant has authority to bind coverage on behalf of an insurance carrier. Otherwise, the Consultant does not have, nor will it seek, authority to make such binding commitments with respect to policies or endorsements. The Consultant will negotiate on behalf of Sound Transit with insurance carriers and inform Sound Transit of significant developments in those negotiations, which are likely to have a bearing on Sound Transit's insurance program. The Consultant will use its best judgement in the use of intermediaries to assist in the marketing of Sound Transit's insurance needs. It is understood that such intermediaries may be affiliates of the Consultant's or other intermediaries not related to the Consultant.

With this action, the Consultant has and will continue to provide services in the areas of Risk Assessment, Risk Management Policy Development, Risk Control, Risk Financing, Marketing, Policy Language, Loss Management, Annual Report, Loss Development, and services relating to OCIP.

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
Motion No. 41	Adopted by Finance Committee	September 1997
	Adopted by Executive Committee	September 1997
Motion No. M2001-59	Adopted by Finance Committee	September 2000

CONSEQUENCES OF DELAY

The current insurance market is one in which broad terms of coverage and favorable pricing are available and achievable. The status and capabilities of insurance markets are subject to significant change over relatively short periods of time. Such changes could make procuring insurance coverage difficult and much more expensive.

REGIONAL PARTNERSHIP AND COOPERATION

N/A

PUBLIC INVOLVEMENT

N/A

LEGAL REVIEW

JDW 9/26/01

SOUND TRANSIT

MOTION NO. M2001-102

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute a contract amendment to Contract No. RTA/FA 14-97 with Marsh USA, Inc. to provide insurance brokerage services until September 30, 2002, in the amount of \$230,000, for a new total authorized contract amount not to exceed \$1,465,000.

Background:

In September 1997, the Executive and Finance Committees passed Motion No. 41 for Insurance Brokerage Services that authorized executing a contract with Marsh USA, Inc. for \$565,000. In March 1998, the original contract increased by \$40,000 for the addition of Surety Insurance. In September 2000, the original contract was amended by increasing the contract amount by \$630,000 to include additional scope of work for the development, placement, and oversight of an Owner Controlled Insurance Program (OCIP) for all Sound Transit construction projects and to extend the contract to September 30, 2001. This proposed action would extend the contract until September 30, 2002, and would exercise the final option to renew this contract. An RFP process will begin in the first quarter of 2002 for a new contract.

With this action, the Marsh USA, Inc. has and will continue to provide services in the areas of Risk Assessment, Risk Management Policy Development, Risk Control, Risk Financing, Marketing, Policy Language, Loss Management, Annual Report, Loss Development, and services relating to OCIP.

Motion:

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized to execute a contract amendment to Contract No. RTA/FA 14-97 with Marsh USA, Inc. to provide insurance brokerage services until September 30, 2002, in the amount of \$230,000, for a new total authorized contract amount not to exceed \$1,465,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 4th day of October, 2001.


Rob McKenna
Finance Committee Vice Chair

ATTEST:



Marcia Walker
Board Administrator