

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2006-66

Contract Amendment for Insurance Brokerage Services

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	9/7/06	Discussion/Possible Action	Brian McCartan, Deputy Chief Financial Officer, Finance and Information Technology	(206) 398-5100

Contract/Agreement Type:	<input checked="" type="checkbox"/>	Requested Action:	<input checked="" type="checkbox"/>
Competitive Procurement	<input checked="" type="checkbox"/>	Execute New Contract/Agreement	<input type="checkbox"/>
Sole Source	<input type="checkbox"/>	Amend Existing Contract/Agreement	<input checked="" type="checkbox"/>
Agreement with Other Jurisdiction(s)	<input type="checkbox"/>	Budget Amendment	<input type="checkbox"/>
Real Estate	<input type="checkbox"/>	Property Acquisition	<input type="checkbox"/>

PROJECT NAME

Insurance Brokerage Services

PROPOSED ACTION

Authorizes the Chief Executive Officer to execute a contract amendment with Willis of Seattle, Inc. to provide insurance brokerage services in the amount of \$240,000, for a new total authorized contract amount not to exceed \$1,050,000; and to exercise the second of two options to extend the term of the contract to September 30, 2007.

KEY FEATURES of PROPOSED ACTION

- The purpose of this action is to extend the contract with Willis of Seattle Inc. (Willis) in order to maintain insurance marketing continuity with the various insurance companies and to continue providing Owner Controlled Insurance Program (OCIP) services through completion of the Central Link Light Rail Initial Segment project. Willis will not be bound to utilize a particular insurance company.
- The proposed action would allow Willis to continue to provide claims administration services, as Willis is familiar with Sound Transit's claim administration protocol with the various insurance companies.
- The proposed action permits Sound Transit to exercise the second of two options to extend the term of this contract for one year to September 30, 2007.

BUDGET IMPACT SUMMARY

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

BUDGET and FINANCIAL PLAN DISCUSSION

The proposed action is consistent with the current adopted budget and is affordable within the agency's long-term financial plan and subarea financial capacity. The action will have no new revenue impact on Sound Transit.

Expenditures for this contract are charged to the Finance Department's consulting services budget (page 192 of the Adopted 2006 Budget Book); the portion for 2007 budget will be addressed in the next year's budget.

BUDGET TABLE

Summary for Board Action in (000s)

Action Item: Insurance Brokerage Services

	(A) Current Approved Contract Value	(B) Spent to Date (October 2002 to June 2006)	(C) Proposed Action	(D) Proposed Total Contract Value
Contract Budget:				
OCIP Brokerage	810	757	240	1,050
Contingency				-
Total	810	757	240	1,050
Percent Contingency	0%		0.00%	0.00%

Direct Charge Budget:	2006 Staff Budget	Future 2007 Staff Budget	Direct Charges to Projects	Total
Consulting Services	53	188		240
				-
				-
TOTAL CONTRACT CHARGES:	53	188	-	240

Notes

This extension covers a period from October 2006 to September 2007.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Willis voluntarily submitted a plan for M/W/DBE or Small Business firms to participate on its team as subcontractors for on-call, as-needed services. On this contract to date, approximately 25% of the contract budget has been subcontracted to small businesses.

Willis has utilized the services of Protec Documentation Services, Inc. for seismographic study work for the Link Light Rail segments. Protec Documentation Services is a woman-owned small business firm and has been awarded approximately \$199,813. Willis has also subcontracted with Partners Claim Services for third party claims investigative services for Sound Transit's operational insurance policies. Partners Claim Services is a small business firm and has been awarded approximately \$6,932.

Additionally, Willis has a continuing commitment from Ogishima & Associates, a small minority-owned insurance brokerage firm, to work with Willis on any surety issues that Sound Transit might need.

EEO Commitment

Willis of Seattle, Inc.'s workforce demographics are 67.2% women and 3.1% persons of color.

Apprentice Utilization

Not applicable to this action.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

In October 2002, the Finance Committee authorized the Executive Director to execute a three-year contract with two, one-year options to extend with Willis of Seattle, Inc. for insurance brokerage services in the amount of \$600,000, which funded the first three years of the contract. In September 2005, the Finance Committee authorized execution of the first option; extending the contract through September 30, 2006.

Willis will continue to represent Sound Transit in the world insurance market with the objective of achieving insurance placement opportunities regarded by Sound Transit as optimal in cost, coverage, and continuity. Willis will inform Sound Transit of any special circumstances whereby it has authority to bind coverage on behalf of an insurance carrier. Otherwise, Willis does not have, nor will it seek, authority to make such binding commitments with respect to policies or endorsements.

Willis 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 the Agency's insurance program. Willis will use its best judgment 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 Willis' or other intermediaries not related to Willis.

Prior Board/Committee Actions on this Project

Motion/Resolution and Date	Summary of Action
M2005-100 9/15/05	Authorized the Chief Executive Officer to execute a contract amendment with Willis of Seattle, Inc., in the amount of \$210,000, to provide continuing insurance brokerage services, for a new total authorized contract amount not to exceed \$810,000.
M2002-88 7/18/02	Authorized the Executive Director to execute a contract with Willis of Seattle, Inc., to provide Insurance Brokerage Services in the amount of \$200,000 a year for three years for a total authorized contract amount not to exceed \$600,000, plus merit bonuses tied to premium cost savings, and with options for two additional one-year terms exercised at Sound Transit's sole discretion upon authorization of the Finance Committee.

CONSEQUENCES OF DELAY

The current insurance brokerage services contract with Willis of Seattle, Inc. expires September 30, 2006. Sound Transit would have to re-procure brokerage services to continue OCIP Agency operational representation in the insurance marketplace.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

Not applicable to this action.

LEGAL REVIEW

JW 8/23/06

SOUND TRANSIT

MOTION NO. M2006-66

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a contract amendment with Willis of Seattle, Inc. to provide insurance brokerage services in the amount of \$240,000, for a new total authorized contract amount not to exceed \$1,050,000; and to exercise the second of two options to extend the term of the contract to September 30, 2007.

Background:

In October 2002, the Finance Committee authorized the Executive Director to execute a three-year contract with two, one-year options to extend with Willis of Seattle, Inc. for insurance brokerage services in the amount of \$600,000, which funded the first three years of the contract. In September 2005, the Finance Committee authorized execution of the first option, extending the contract through September 30, 2006.

Willis will continue to represent Sound Transit in the world insurance market with the objective of achieving insurance placement opportunities regarded by Sound Transit as optimal in cost, coverage, and continuity. Willis will inform Sound Transit of any special circumstances whereby it has authority to bind coverage on behalf of an insurance carrier. Otherwise, Willis does not have, nor will it seek, authority to make such binding commitments with respect to policies or endorsements.

Willis 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 the Agency's insurance program. Willis will use its best judgment 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 Willis' or other intermediaries not related to Willis.

Motion:

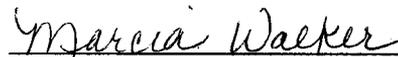
It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the Chief Executive Officer is authorized to execute a contract amendment with Willis of Seattle, Inc. to provide insurance brokerage services in the amount of \$240,000, for a new total authorized contract amount not to exceed \$1,050,000; and to exercise the second of two options to extend the term of the contract to September 30, 2007.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 7, 2006.



Fred Butler
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator