

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
19	10/22/12	Open	Action	10/17/12

Subject: Delegating Authority to the General Manager/CEO to Negotiate and Execute a Contract for Brokerage Services for an Owner Controlled Insurance Program (OCIP) for the South Sacramento Corridor Phase 2 (SSCP2) Construction Project

## ISSUE

Whether to Delegate Authority to the General Manager/CEO to Negotiate and Execute a Contract for Brokerage Services for an Owner Controlled Insurance Program (OCIP) for the South Sacramento Corridor Phase 2 (SSCP) Project.

## RECOMMENDED ACTION

Adopt Resolution No. 12-10 \_\_\_\_\_ Delegating Authority to the General Manager/CEO to Negotiate and Execute a Contract for Brokerage Services for an Owner Controlled Insurance Program for the South Sacramento Corridor Phase 2 Construction Project.

## FISCAL IMPACT

Budgeted:	Partially	This FY:	\$	* 85,800
Budget Source:	Fed/State/Local	Next FY:	\$	114,400
Funding Source:	Capital	Annualized:	\$	114,400
Cost Cntr/GL Acct(s) or Capital Project #:	SSCP 2 WBS 410.04.07.01	Total Amount:	\$	343,201
Total Budget:	\$ 343,201			

\* 2012 Calendar year expenditures will not exceed \$40,000

## DISCUSSION

### Use of an OCIP

Owner Controlled Insurance Programs (OCIPs) are a tool to potentially control project-related insurance costs by shifting risk to the owner of a construction project. Under an OCIP, a project owner consolidates certain insurance coverages under a policy held by the project owner for the benefit of all contract participants working on the project. The Board directed RT staff to evaluate whether an OCIP would be beneficial to RT for the SSCP2 project, both as a means to reduce project insurance costs, as well as a way to assist RT in expanding contracting opportunities to small-business contractors that might not otherwise bid on the SSCP2 project because of the insurance requirements.

Under Phase 1 of this contract, an insurance broker will market the Blue Line Civil, Track, Stations, and Systems project to insurance carriers that offer OCIP policies and obtain actual OCIP cost proposals from carriers so that RT can assess whether an OCIP is in RT's best interest

Approved:

Presented:

Final 10/17/12

General Manager/CEO

Chief Administrative Officer

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for its SSCP2 project. RT staff will then bring OCIP policy recommendations to the Board. If the RT Board authorizes adoption of an OCIP, the selected insurance broker will be given Notice to Proceed with the Phase 2 work of implementing the OCIP.

The Procurement

On May 14, 2012, the Board delegated authority to the General Manager/CEO to release an RFP for OCIP Insurance Broker Services for the South Sacramento Corridor Phase 2 Construction Project.

The RFP was released on August 29, 2012 and publicly advertised in publications of general circulation and posted on RT’s website under General Contracting Opportunities. There were 19 firms on the planholder list. Pursuant to RT’s Small Business Program, a 25% SBE participation goal was set for this project.

On September 24, 2012, five responsive proposals were received: Alliant, Aon, Kaercher Campbell, Merriwether & Williams, and Willis Insurance. All of the firms met the SBE participation goal.

The selection committee consisted of Alan Beltramo, Claims Analyst II; Brent Bernegger, Director, Finance; Darla Modjeski, Risk Administrator; Dan Bailey, CAO; Greg Gamble, Director, Construction Management; Olga Sanchez-Ochoa, Senior Attorney; and RoseMary Covington, AGM of Planning & Transit Systems Development. Catherine Wells of Bickmore Risk served as an advisor to the selection committee. Catherine and Darla Modjeski both reviewed the proposals and determined that all five firms met the minimum qualifications posted in the RFP.

The qualifying criteria in the RFP included Firm’s Qualifications, Experience and Depth of Resources (30%); Key Staff’s Qualifications and Experience (20%); Project Understanding, Experience in working with a public agency (10%); Proposal Quality, Market Approach, Recommendations, Thoroughness and Appropriate Level of Detail (20%); and Reasonableness of Price (20%). Proposals were scored based on a maximum of 100 points, using a scoring range of 1 to 10, and weighted in the four categories above. Using the evaluator’s weighted scores, each firm was given a rank score by each evaluator from 1 to 5, with 1 being the highest rank. The rank scores for each firm were then totaled and divided by the number of evaluators to achieve a Total Average Rank score for each firm. The Selection Committee reviewed and scored the written proposals as follows:

Firm	Total Weighted Score	Total Average Rank
Merriwether & Williams	491.35	1.7
Aon Risk Services	464.45	2.3
Willis Insurance	430.95	3.4
Alliant	414.1	3.6
Kaercher Campbell	416.8	3.7

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The selection committee determined that all five firms should be brought in for oral presentations, which were held on October 9 and 10, 2012. Darla Modjeski was unable to attend the presentations. The same qualifying criteria were used to evaluate the oral presentations. The Selection Committee scored the oral presentation as follows:

Firm	Total Weighted Score	Total Average Rank
Alliant	461	1.2
Merriwether & Williams	436	2.3
Aon Risk Services	407	3.5
Kaercher Campbell	393	3.7
Willis Insurance	362	3.8

After oral presentations, the Selection Committee established the competitive range, comprised of the most highly rated proposals. The evaluation committee determined that two firms (Alliant and Merriwether & Williams) remain in the competitive range. As indicated by the final scoring, both firms made the strongest showing in their presentations in addressing the qualifying criteria set out in the RFP. Their presentations reflected strong OCIP experience as a firm and as a team, and project understanding and market approach by suggesting money saving ideas directly tailored to RT's project. Staff will commence contract negotiations with both firms to make a determination as to which firm will provide the most advantageous Final Offer to RT, for the purpose of finalizing a recommendation of contract award to the General Manager/CEO. The determination of which Final Offer is the most advantageous to RT will be the result of an evaluation made using the qualifying criteria set out in the RFP: Firm's Qualifications, Experience and Depth of Resources (30%); Key Staff's Qualifications and Experience (20%); Project Understanding, Experience in working with a public agency (10%); Proposal Quality, Market Approach, Recommendations, Thoroughness and Appropriate Level of Detail (20%); and Reasonableness of Price (20%).

RESOLUTION NO. 12-10-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

October 22, 2012

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO NEGOTIATE  
AND EXECUTE A CONTRACT FOR BROKERAGE SERVICES FOR AN OWNER  
CONTROLLED INSURANCE PROGRAM FOR THE SOUTH SACRAMENTO  
CORRIDOR PHASE 2 CONSTRUCTION PROJECT**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE  
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the General Manager/CEO is hereby authorized to Negotiate and Execute a  
Contract for Brokerage Services for an Owner Controlled Insurance Program (OCIP) for  
the South Sacramento Corridor Phase 2 (SSCP) Construction Project.

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BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary