

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**.

****All fields must be completed.****

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: 3/26/2013

Please mark one: Bill Request or Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes No

If yes, please explain:

2. Title: *(Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)*

The existing contract (201100685) with Arthur J GaUagher for the Owner ControUed Insurance Program (OCIP) Insurance Broker and Administration Services will be expanded by this amendment to include the marketing and administration of the Rolling Owner Controlled Insurance Program (ROCIP) for selected CIP Projects between 2013-2015 plus three years.

3. Requesting Agency: Department of Aviation

4. Contact Person: *(With actual knowledge of proposed ordinance/resolution.)*

- **Name:** Amy Raaz
- **Phone:** (303) 342-2201
- **Email:** Amy.Raaz@flydenver.com

5. Contact Person: *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor Council and who will be available for first and second reading, if necessary.)*

- **Name:** Patrick Heck
- **Phone:** 303-342-2207
- **Email:** Patrick.Heck@flydenver.com

6. General description of proposed ordinance including contract scope of work if applicable:

This amendment will expand the current scope of work to include the marketing and administration of the Rolling Owner Controlled Insurance Program (ROCIP) for selected CIP Projects between 2013-2015 plus three years.

An OCIP is a technique for consolidating the insurance coverage for participants in a large construction project. DIA purchases the insurance coverage and then recovers from the contractors the amount each would have spent on insurance absent the OCIP. There is one insurer and one insurance broker instead of a patchwork program of coverage, indemnities, policies, brokers and insurers. A ROCIP incorporates several individual projects under one insurance program for all participants

Timeline

- March, 2013, Feasibility Study conducted.
- May, 2013, Coverage bound for all projects
- May- June, 2013, Projects are enrolled and work begins

Contract Summary

- Maximum Contract Value: \$11.2 million
- Broker Fee is \$425,803 (based on .132% of CV \$322,577 ,000)
- Estimated Insurance premiums: \$10.8 million (WC, GLand BR)
- Contract Period: June 2011 -May 2016

Amendment Summary

- Amendment Value: \$8,054,610
- Broker Fee is \$363,000 (based on .132% of CV \$274,937,212)
- Estimated Insurance Premiums: \$7,421,610 (WC, GL, BR, Contractors Pollution and OPPI)
- Contract Period: The original contract will be extended 1.5 years through 12/31/2018

To be completed by Mayor's Legislative Team:

SIRE Tracking Number: _____

Date: _____

Benefits

- Feasibility Study conducted by Bickmore and Associates estimated overall savings to be in the \$3,000,000 range.
- Facilitates the use of disadvantaged businesses by removing insurance barriers for small and emerging contractors (SBE, MBF/ WBE, DBE).
- Certainty of better insurance coverage along with higher liability limits providing appropriate protection to all parties.
- Consolidation of coverage for STRP will generate premium savings upfront through economy of scale.
- A single program reduces cross suits and litigation expense because there is only one Insurer and one Broker. All parties' interests are aligned financially and legally.
- Owner control of the entire process through a proactive safety and claims management effort can accrue further savings.

Arthur J Gallagher

- Local Denver office administration and oversight
- San Francisco office marketing and executive oversight
- Market leverage with carriers who specialize in OCIPs for public risks
- Knowledge of, and experience in, designing, marketing and administering OCIP's
- OCIPs for public sector entities and large private projects
 - Significant Wrap Up volume with all major markets having placed OCIPs and CCIPs on over \$15 Billion in project values over the last 10 years.
 - Gallagher's proposed OCIP Team currently manages two large public entity OCIPs including marketing, administration, claims and safety consulting services. The San Jose Airport OCIP is the TAIP North Concourse Terminal and will be completed in 2011 with values in excess of \$600 Million. The Phase I OCIP was the North Concourse project with values of \$175 Million and completed in 2008. The Santa Clara DIA Valley Medical Center OCIP is in excess of \$351 Million and will be completed in 2012. It involves multiple projects. They also managed two additional airport projects. The Ft. Lauderdale-Hollywood International Airport Expansion was \$100 Million and the Midfield Terminal Expansion (Ft. Myers Airport) was \$351 Million.

****Please complete the following fields:** (Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)

- a. **Contract Control Number:** 201100685
- b. **Duration:** 06/21/2011 – 12/31/2018
- c. **Location:** DIA
- d. **Affected Council District:** 11
- e. **Benefits:** Our continuing objectives with the ROCIP include the ability to facilitate the use of disadvantaged businesses, to promote safety and to provide savings to the Department of Aviation.
- f. **Costs:** Broker fee is \$363,000 plus \$7.4 million for estimated premiums equaling the amendment value of \$8,054,610

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)
11,282,332	8,054,610	19,336,942

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
6/21/2011 – 6/21/2017	1.5 Years	12/31/2018

- g. **Date Goals Assigned:** N/A
- h. **Goals:** Contract Scope of Services does not fall under the Definition of Division of Small Business Opportunity CEI (Construction Empowerment Initiative) Ordinance. Professional Services for design, construction or reconstruction are subject to the goals ordinance. Anything outside of these services, including professional services not related to construction are reviewed on a case-by-case basis. Professional Services not related to construction usually do not have assigned goals

7. **Is there any controversy surrounding this ordinance?** (Groups or individuals who may have concerns about it?) **Please explain.** None that we are aware of at this time.

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Key Contract Terms

Vendor/Contractor Name: Arthur J Gallagher

Contract control number: 201100685

City's contract manager: Kate Tremblay

Was this contractor selected by competitive process? Was it the low bid? Yes, the contractor was selected by competitive process from six submissions for the original contract.

Term/Duration of contract/project: With amendment: 6/21/2011 - 12/31/2018

Renewal terms: Term increased 1.5 years and \$8,054,610 added to the Compensation and Payment.

Purpose: The existing contract (201100685) with Arthur J Gallagher for the Owner Controlled Insurance Program (OCIP) Insurance Broker and Administration Services will be expanded by this amendment to include the marketing and administration of the Rolling Owner Controlled Insurance Program (ROCIP) for selected CIP Projects between 2013-2015 plus three years.

Scope of services to be provided with performance bench marks: N/A

Cost/value: The amendment adds \$8,054,610 to the existing contract.

Source of funds: 2013 2015 CIP Funding

Benefit:

- Feasibility Study conducted by Bickmore and Associates estimated overall savings to be in the \$3,000,000 range.
- Facilitates the use of disadvantaged businesses by removing insurance barriers for small and emerging contractors (SBE, MBE/WBE, DBE).
- Certainty of better insurance coverage along with higher liability limits providing appropriate protection to all parties.
- Consolidation of coverage for STRP will generate premium savings upfront through economy of scale.
- A single program reduces cross suits and litigation expense because there is only one Insurer and one Broker. All parties' interests are aligned financially and legally.
- Owner control of the entire process through a proactive safety and claims management effort can accrue further savings

Termination provision for City and for contractor: The City has the right to terminate this Agreement without cause on thirty (30) days written notice to the Consultant, and with cause on ten (10) days written notice to the Consultant.

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Date: _____

WBE/MBE/DBE commitments (construction, design, Airport concession contracts):

The Contract's Scope of Services does not fall under the Definition of Department of Small Business Opportunity's CEI (Construction Empowerment Initiative) Ordinance. Professional Services for design, construction or reconstruction are subject to the goals ordinance. Anything outside of these services, including professional services not related to construction are reviewed on a case-by-case basis. Professional Services not related to construction usually do not have assigned goals.

Who are the subcontractors to the contract? N/A

Location: Denver International Airport

Affected Council District: Council District 11

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