

BILL/ RESOLUTION REQUEST

1. Title: Amends the contract with Arthur J Gallagher for the Owner Controlled Insurance Program (OCIP) Insurance Broker and Administration Services to include the marketing and administration of the Rolling Owner Controlled Insurance Program (ROCIP) for selected CIP Projects between 2013-2015 plus three years (201100685).

2. Requesting Agency: DIA

3. Contact Person *with actual knowledge of proposed ordinance*

Name:Patrick Heck

Phone:303-342-2207

Email:Patrick.Heck@flydenver.com

4. Contact Person *with actual knowledge of proposed ordinance who will present the item at Mayor Council and who will be available for first and second reading, if necessary*

Name:Amy Raaz

Phone:(303) 342-2201

Email:Amy.Raaz@flydenver.com

5. Describe the proposed ordinance, including what the proposed ordinance is intended to accomplish, who's involved

a. Scope of Work

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, GL and 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

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.

b. Duration

06/21/2011 – 12/31/2018

c. Location

DIA

d. Affected Council District

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e. Benefits

Broker fee is \$363,000 plus \$7.4 million for estimated premiums equaling the amendment value of \$8,054,610

Current Contract Amount

(A) Additional Funds

(B) Total Contract Amount

(A+B)

11,282,332	8,054,610	19,336,942
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Current Contract Term

6/21/2011 – 6/21/2017

Added Time

1.5 Years

New Ending Date

12/31/2018

f. Costs

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.

6. Is there any controversy surrounding this ordinance, groups or individuals who may have concerns about it? Please explain.

No,

Bill Request Number: BR13-0209

Date: 3/26/2013