

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor’s Legislative team with questions

Date of Request: 6/15/18

Please mark one: Bill Request or Resolution Request

1. Type of Request:

- Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment
- Dedication/Vacation Appropriation/Supplemental DRMC Change
- Other:

2. Title: (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

A resolution request to approve expending an amount not to exceed \$8,638,566 over the course of 5 years (7/1/2018 – 7/1/2023) on a Rolling Owner Controlled Insurance Program (ROCIP) covering all construction contractors working on the National Western Center redevelopment project. Insurance will be procured through the City’s existing insurance broker, Arthur J. Gallagher.

3. Requesting Agency: DOF/Cash, Risk, and Capital Funding

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Ray Sibley	Name: Devron McMillin
Email: Raymond.Sibley@denvergov.org	Email: devron.mcmillin@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

The proposed resolution request authorizes the purchase of a Rolling Owner Controlled Insurance Program (ROCIP) to insure all construction contractors working on the National Western Center redevelopment project. Insurance will be procured through the City’s existing insurance broker, Arthur J. Gallagher. Total not to exceed premium over the course of 5 years is \$8,638,566.

6. City Attorney assigned to this request (if applicable): N/A

7. City Council District: All

8. **For all contracts, fill out and submit accompanying Key Contract Terms worksheet**

To be completed by Mayor’s Legislative Team:

Resolution/Bill Number: RR18 0707

Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): Professional Services

Vendor/Contractor Name: Arthur J. Gallagher

Contract control number: Arthur J. Gallagher – FINAN-201419401-01

Location: Citywide

Is this a new contract? Yes No **Is this an Amendment?** Yes No **If yes, how many?** _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates): Insurance term will be July 1, 2018 – July 1, 2023.

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>

Scope of work: The proposed resolution request authorizes the purchase of a Rolling Owner Controlled Insurance Program (ROCIP) to insure all construction contractors working on the National Western Center redevelopment project. Insurance will be procured through the City’s existing insurance broker, Arthur J. Gallagher. Total not to exceed premium over the course of 5 years is \$8,638,566.

Was this contractor selected by competitive process? Yes **If not, why not?** _____

Has this contractor provided these services to the City before? Yes No

Source of funds: General Fund – Cash, Risk and Capital Funding

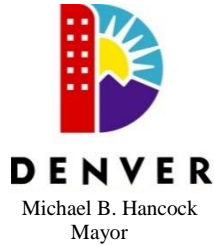
Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

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

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Date Entered: _____



DEPARTMENT OF FINANCE

BRENDAN J. HANLON
CHIEF FINANCIAL OFFICER

201 W. Colfax Avenue, Dept 1010
Denver, CO 80202
p: (720) 913-1514
f: (720) 913-5599
www.denvergov.org/finance

Resolution Request Executive Summary

Traditionally on city construction projects, the City required each individual contractor to carry insurance covering their exposures at the worksite. Required coverages were then passed down to subcontractors. The result is numerous insurance policies all separately covering individual contractors. In the construction insurance industry, it is more common for the owner of the project to purchase a Rolling Owner Controlled Insurance Program (ROCIP), which is a program insuring all parties working on the construction job site. With a ROCIP, all enrolled parties are covered by one insurance program, ensuring best available terms/conditions and higher limits for the entire project instead of multiple small policies with varying terms/conditions held by individual parties. Denver International Airport has been utilizing ROCIP's for their construction projects since 2013. The City and County of Denver's Risk Management Office is recommending a ROCIP be established for the National Western Center redevelopment project.

Benefits of a ROCIP include:

Insurance Coverage Control

- Guaranteed best coverage terms/conditions
- Higher limits than generally required (\$200M limit covering entire project vs. Contractors \$1M/\$2M)
- Consolidated claims management and legal defense– one policy eliminates finger pointing and determining responsible party, making the claims process quicker and less expensive

Small Business Involvement

- MBE/WBE/DBE may not be able to afford insurance generally required, or insurance may not be as broad, with numerous exclusions
- Owner purchased policy ensures all enrolled parties have guaranteed best terms/conditions and limits

Workplace Safety

- Owner establishes safety standards
- Consolidated loss control
- With concern over enough skilled trades workers, aging workforce, and inexperienced workers, safety is key to a successful program

Potential Cost Savings

- Stability of coverage – fixed price for 5+ years (hardening market will not affect rates during policy term)
- Economies of scale – premium discount for placing all risks under one program vs. multiple separate programs
- Eliminates duplicate coverage

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Revised 03/02/18

- Eliminates contractor markup on insurance costs

Coverage	Carrier	Premium	Limit	Deductible	Loss Fund Requirement	Payment Terms
Workers' Compensation & Employers Liability	Zurich	\$891,182	Statutory/ \$200,000,000	\$250,000 *	\$1,870,950	Paid in 16 quarterly installments (\$130k loss control fee paid annually)
Commercial General Liability	Zurich	\$1,207,127	\$2M per occurrence/ \$4M aggregate	\$250,000*	Included in the above	Paid in 16 quarterly installments
Primary Excess	XL	\$999,224	\$25,000,000	N/A	None	Paid at policy inception
Excess (2 nd Layer)	Ohio Casualty	\$240,040	\$50,000,000	N/A	None	Paid at policy inception
Excess (3 rd Layer)	Starr Indemnity/Great American	\$250,000	\$100,000,000	N/A	None	Paid at policy inception
Excess (4 th Layer)	Endurance/ Berkshire Hathaway/ North American Specialty/ Colony Specialty	\$340,000	\$200,000,000	N/A	None	Paid at policy inception
Builder's Risk	Starr Indemnity	\$952,917	\$465,405,000	\$25,000	None	Paid in annual installments
Contractor's Pollution	Ironshore	\$104,676	\$25,000,000	\$50,000	None	Paid at policy inception

* \$3,650,000 program aggregate

Insurance Policy Premium: \$4,858,565.55
Loss Fund: \$1,870,950
Total: \$6,859,515.55

Workers' Comp and General Liability deductible aggregate: \$3,650,000
Total premiums, loss fund, Workers' Comp and general liability deductible payments: \$8,638,565.55
(note, this does not include potential Builder's Risk or Contractor's Pollution deductible, which would be paid primarily by the responsible contractor)

Broker: Arthur J. Gallagher
Term: 2018 – 2023; 8 year completed operations (general liability, excess liability, contractor's pollution)

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Revised 03/02/18