



Legislation Text

File #: 18-0707, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 6-26-18

Requesting Agency: Finance
Division:

Subject Matter Expert Name:

Name:	Devron McMillin
Email:	devron.mcmillin@denvergov.org

Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A resolution approving the proposed purchase of a Rolling Owner Controlled Insurance Program (ROCIP) covering contractors working on the National Western Center redevelopment project through Arthur J. Gallagher in an amount not to exceed \$8,638,566.

Approves a five-year up to \$8,638,566 expenditure for a Rolling Owner Controlled Insurance Program covering all construction contractors working on the National Western Center redevelopment project and procured through the City's existing insurance broker Arthur J. Gallagher (FINAN-201419401-01). The last regularly scheduled Council meeting within the 30-day review period is on 8-6-18. The Committee approved filing this item at its meeting on 7-3-18.

Affected Council District(s) or citywide? Citywide

Contract Control Number: FINAN-201419401-01

Vendor/Contractor Name (including any "DBA"): Arthur J. Gallagher

Type and Scope of services to be performed:

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

Location (if applicable):

WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts):

Are WBE/MBE/DBE goals met (if applicable)?

Is the contract new/a renewal/extension or amendment?

Was this contractor selected by competitive process or sole source?

For New contracts

Term of initial contract: Five years

Options for Renewal:

How many renewals (i.e. up to 2 renewals)?

Term of any renewals (i.e. 1 year each):

Cost of initial contract term: \$8,638,566

Cost of any renewals:

Total contract value council is approving if all renewals exercised:

For Amendments/Renewals Extensions:

Is this a change to cost/pricing; length of term; terms unrelated to time or price (List all that apply)?

If length changing

What was the length of the term of the original contract?

What is the length of the extension/renewal?

What is the revised total term of the contract?

If cost changing

What was the original value of the entire contract prior to this proposed change?

What is the value of the proposed change?

What is the new/revised total value including change?

If terms changing

Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.)