



**SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY  
STAFF REPORT**

**Item No.  
10**

Meeting Date: **NOVEMBER 1, 2012**

**Subject:**

**Second Amendment to the Owner Controlled Insurance Program (OCIP)  
Insurance Broker Services Consulting Agreement with Marsh Risk and  
Insurance Services:**

**Recommendation:**

Adopt Resolution No 2012-0120, approving the second amendment to the OCIP Insurance Broker Services Consulting Agreement with Marsh Risk and Insurance Services to amend the scope of services to include insurance broker services associated with the Rental Car Center ("RCC") project, and to increase the amount payable under the agreement by \$138,888.00, for a new total not-to-exceed amount of \$1,341,397.93.

**Background/Justification:**

On December 1, 2007, Marsh Risk and Insurance Services ("Marsh") was awarded the OCIP Insurance Broker Services Consulting Agreement ("Agreement") for three (3) years beginning December 1, 2007, through November 30, 2010.

On October 10, 2010, the Board approved the First Amendment to the Agreement, which extended the term of the Agreement to August 1, 2013. This amendment exercised two one-year options and added eight additional months to align expiration of the Marsh Agreement, which provides OCIP insurance broker and administration services, with the expiration of the Authority's two OCIPs for the Green Build.

On September 6, 2012, The Rental Car Center ("RCC") Construction Manager-at-Risk Agreement was awarded to the Austin-Sundt Joint Venture. When the Marsh Agreement was first executed in 2007, the scope of work did not contemplate insurance broker services for an RCC project. To ensure the timely placement of an insurance program covering the RCC, staff is seeking approval to amend the scope of services provided by Marsh to encompass RCC efforts. Initial broker efforts will include obtaining insurance quotes for the various RCC insurance options to then enable the Authority's Risk Management staff to produce a cost-benefit analysis of those various insurance options.

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The requested increase to the not-to-exceed amount payable under the Agreement is \$138,888.00. This amount includes two components. First, it includes funds for broker services associated with the existing CIP program for continued CIP OCIP administration for the time period of 12/1/12 – 8/1/13, to align with the term of the Marsh Agreement rather than the term of the insurance program. Staff has reached agreement with Marsh for a continuation of the 2007 fee structure. Those fees remain at \$5,486.00/month for the eight month time period, for a total of \$43,888.00.

Second, the request is to approve funds for the expanded scope of broker services associated with initiation, placement, start-up and administration of the RCC insurance program. These efforts include conducting meetings with the project team and the Construction Manager-at-Risk prior to creating specifications; as well as marketing, underwriting meetings, quote comparisons, and other activities related to placement of the RCC insurance program. Once placed, the additional services will also include creation of the contractor's manual, insurer kick-off meetings, review and analysis of proposed safety programs, meetings with the contractor to determine the enrollment process and other start up activities, as well as contractor enrollments and certificate tracking. The fees associated with these activities are \$95,000.00.

The new not-to-exceed amount under the Agreement is calculated as follows:

Current not-to-exceed amount:	\$1,202,509.93
8 months of continued services for CIP OCIP:	\$ 43,888.00
New broker services for RCC insurance program:	<u>\$ 95,000.00</u>
<b>New Not-to-Exceed:</b>	<b><u>\$ 1,341,397.93</u></b>

Marsh has delivered a consistent standard of performance and exceptional customer service, particularly with its depth of knowledge of coverage analysis and claim expertise, which has leveraged the Authority's ability to negotiate and resolve claim issues with insurers.

### **Fiscal Impact:**

All costs associated with the Owner Controlled Insurance Programs have been included in the approved individual budgets for each Capital Improvement Project (which includes the RCC) and the Green Build.

### **Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy  
  Customer Strategy  
  Employee Strategy  
  Financial Strategy  
  Operations Strategy

**Environmental Review:**

- A. CEQA Review: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
  
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Equal Opportunity Program:**

Not Applicable.

**Prepared by:**

JEFFREY LINDEMAN,  
SENIOR DIRECTOR, ORGANIZATIONAL PERFORMANCE & DEVELOPMENT

RESOLUTION NO. 2012-0120

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE SECOND AMENDMENT TO THE OWNER CONTROLLED INSURANCE PROGRAM (OCIP) INSURANCE BROKER SERVICES CONSULTING AGREEMENT WITH MARSH RISK AND INSURANCE SERVICES, TO AMEND THE SCOPE OF SERVICES TO INCLUDE INSURANCE BROKER SERVICES ASSOCIATED WITH THE RENTAL CAR CENTER (RCC) PROJECT AND TO INCREASE THE AMOUNT PAYABLE BY \$138,888.00 FOR A NEW TOTAL NOT TO EXCEED AMOUNT OF \$1,341,397.93

WHEREAS, the Authority requires professional OCIP broker services to obtain appropriate OCIP insurance policies on a cost effective basis and to assist in administering a professional cost effective Risk Management program; and

WHEREAS, Marsh Risk and Insurance Services was awarded the OCIP Insurance Broker Services Consulting Agreement ("Agreement") which was executed on December 1, 2007; and

WHEREAS, the term stated in the executed Agreement was three (3) years beginning December 1, 2007 and expiring November 30, 2010; and

WHEREAS, the Board previously authorized two (2) one year extensions and extended the term of the Agreement through August 1, 2013 to align with the expiration of the Green Build OCIPs; and

WHEREAS, at the September 6, 2012 Board meeting, the Board awarded the Construction Manager-at-Risk agreement to Austin-Sundt for the Rental Car Center ("RCC"); and

WHEREAS, the prior OCIP insurance broker scope of services only included administration of the Capital Improvement Projects (CIP) OCIP, Green Build OCIP#1 and Green Build OCIP#2; and

WHEREAS, additional broker services are now required to ensure timely placement of an insurance program for the RCC project; and

WHEREAS, it is recommended that the Board authorize the Second Amendment to the Marsh Agreement to include RCC efforts and continued CIP OCIP services and to increase the not-to-exceed amount payable by \$138,888.00; and

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WHEREAS, the Board finds it in the best interest of the Authority to increase the current not-to-exceed amount payable by \$138,888.00 to a new not-to-exceed amount payable of \$1,341,397.93, upon the terms and conditions to be set forth in the amended Agreement, with such minor changes or modifications as the Authority's President/CEO (or designee) may deem to be in the best interest of the Authority and the public that it serves; and

NOW THEREFORE BE IT RESOLVED that the Board hereby AUTHORIZES the second amendment to the OCIP Insurance Broker Services Consulting Agreement with Marsh Risk and Insurance Services, to amend the scope of services to include insurance broker services associated with the Rental Car Center project, and to increase the amount payable by \$138,888.00 for a new total not-to-exceed amount of \$1,341,397.93.

BE IT FURTHER RESOLVED, that the Authority's President and Chief Executive Officer (or designee) hereby is AUTHORIZED to prepare, execute and deliver the second amendment to the Insurance Broker Services Consulting Agreement.

BE IT FURTHER RESOLVED that the Authority and its officers, employees and agents hereby are authorized, empowered and directed to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing resolution.

BE IT FURTHER RESOLVED, that the Board FINDS this action is not a "project" as defined by the California Environmental Quality Act (CEQA) Pub. Res. Code §21065; and is not a "development" as defined by the California Coastal Act Pub. Res. Code §30106.

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**PASSED, ADOPTED AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1<sup>st</sup> day of November, 2012, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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**TONY R. RUSSELL**  
**DIRECTOR, CORPORATE SERVICES/  
AUTHORITY CLERK**

**APPROVED AS TO FORM:**

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**BRETON LOBNER**  
**GENERAL COUNSEL**

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