

APPROVED
by the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Laura E. Ruff
EXECUTIVE SECRETARY

January 20, 1994

To: Board of Directors (Legal & Claims Committee--Action)
(Organization & Personnel Committee--Action)
(Finance & Insurance Committee--Action)
From: General Manager (Engineering & Operations Committee--Information)
Subject: Authorize Contract for Broker/Administrator Owner-Controlled
Insurance Program (OCIP)

Report

In November 1993, the Board authorized the creation of an Owner-Controlled Insurance Program (OCIP) for the Domenigoni Reservoir Project and further authorized the issuance of a Request for Proposal (RFP) for broker/administrator services to support the program.

In general, the broker/administrator will market the insurance risk; facilitate preparation of manuals for insurance, safety, and claims; facilitate on-site safety and claims administration; and other agreed upon functions which will enhance the safety and increase the financial benefit of the project.

The District advertised in the major regional and local newspapers and sent the RFP to thirteen companies. Ten firms attended the bidders' conference and four firms (Attachment A) submitted proposals. The proposals were jointly evaluated by three consulting firms: Koon & Associates, Price Waterhouse, and Voller, Savage & Associates. The three firms evaluated a proposal based upon the substance of the proposal, the qualifications of staff, and related it to the proposed fee. The proposals were ranked in order and submitted to the District to conduct oral interviews.

On January 13, 1994, District representatives from the Legal Department, the Engineering and Environmental Compliance Divisions, the Risk Manager, and representatives of Voller, Savage & Associates interviewed the respondents.

Based upon the independent evaluations and the internal staff interviews, the joint venture proposal of Sedgwick James of California, Inc., McAllister & Associates,

Inc., and Dickerson Insurance Services (Sedgwick/McAllister/Dickerson) was determined to be the highest ranked of the firms evaluated. The estimated three-year fee of this firm was \$1,255,437 which was \$35,437 above the lowest estimated fee. Attachment A shows a summary of the evaluation and rating process.

In the course of reviewing proposals and conducting interviews for this program, a variety of innovative variations emanated from the respondents; some of which will be the subject of discussion in negotiating a final contract. It is recommended that the Board authorize a contract amount not to exceed \$1,380,000 in order to accommodate additional services or variations in the scope of services, as determined to be justified by the General Manager.

The proposed action is exempt from the provisions of the California Environmental Quality Act because there is no possibility that it would have a significant effect on the environment.

Board Committee Assignments

This letter is referred to:

The Legal and Claims Committee for action because of its authority to study, advise, and make recommendations with regard to public liability insurance matters, including self-insurance aspects, and matters pertaining to errors and omissions insurance, pursuant to the provisions of the District's Administrative Code section 2461, subdivision (c);

The Organization and Personnel Committee for action because of its authority to study, advise, and make recommendations with regard to the selection of management and personnel consultants and the determination of the scope of their assignments, pursuant to the provisions of the District's Administrative Code section 2470, subdivision (f);

The Finance and Insurance Committee for action because of its authority to study, advise, and make recommendations with regard to the financial aspects of the District's risk management program and questions pertaining to insurance coverage and self-insurance, pursuant to the District's Administrative Code section 2441, subdivisions (g) and (h); and

The Engineering and Operations Committee for information because of its authority to study, advise, and make recommendations with regard to the initiation, scheduling, contracting, and performance of construction programs, pursuant to the provisions of the District's Administrative Code section 2431, subdivision (b).

Recommendation

LEGAL AND CLAIMS, ORGANIZATION AND PERSONNEL, AND FINANCE AND INSURANCE COMMITTEES FOR ACTION.

It is recommended that the Board of Directors authorize the General Manager to negotiate with and to enter into a professional services contract for broker/administrator services in support of the OCIP with Sedgwick/McAllister/Dickerson, joint venture, in form approved by the General Counsel, in an amount not to exceed \$1,380,000 over a period of three years.


John R. Wodraska

LPG:gld/db/jb

Atch.
ocip.bdl

ATTACHMENT "A"

Metropolitan Water District of Southern California -- Evaluation of OCIP Broker/Administrators

<u>Scoring Category</u>	<u>Maximum Points</u>	<u>TOTAL RATINGS AVERAGE OF ALL RATERS</u>			
		<u>Sedgwick</u>	<u>Johnson & Higgins</u>	<u>Marsh McLennan</u>	<u>DVR</u>
Written Proposal:					
Response Format:	1.25	1.08	1.21	1.21	1.17
Proposed Work To Be Undertaken:	22.50	17.92	19.10	18.42	17.46
Firm and Individual Qualifications:	16.25	14.85	13.80	6.92	12.58
MBE/WBE Bonus Points:	5.00	5.00	5.00	0.00	5.00
Design of Insurance Program Proposed:	10.00	9.17	9.25	8.00	10.00
Service Fee:	<u>30.00</u>	<u>27.80</u>	<u>27.05</u>	<u>27.00</u>	<u>8.67</u>
Written Proposal Averaged Points:	85.00	75.82	75.41	61.55	54.88
Oral Interview:	<u>20.00</u>	<u>17.00</u>	<u>13.75</u>	<u>13.00</u>	<u>6.25</u>
Total Averaged Points:	105.00	92.82	89.16	74.55	61.13
Estimated Fee:		\$1.26 Million	\$1.29 Million	\$1.22 Million	\$2.79 Million