

## AGENDA REPORT

**Resolution** Authorization to Enter into a Professional Services Agreement for Safety Services for the Owner Controlled Insurance Program (“OCIP”) for a Three-Year Term and a Not to Exceed Amount of \$182,187, with the Option to Renew for another Two Years at a Not to Exceed Amount of \$121,458, and Related Actions.

### **Finance & Administration**

<b><u>MEETING DATE:</u></b>	6/8/2017
<b><u>AMOUNT:</u></b>	Not to Exceed \$303,645 (over 5 years) Capital Expenditure
<b><u>PARTIES INVOLVED:</u></b>	G&G Risk Management Consultants, Inc. Antioch, CA
<b><u>SUBMITTED BY:</u></b>	Sara Lee, Chief Financial Officer
<b><u>APPROVED BY:</u></b>	J. Christopher Lytle, Executive Director
<b><u>ACTION TYPE:</u></b>	Resolution

### **EXECUTIVE SUMMARY**

The Port of Oakland’s (“Port”) Owner Controlled Insurance Program (“OCIP”) provides insurance protection for the Port and enrolled contractors and sub-contractors involved in Port public works projects (“Construction Contractors”). As a complement to OCIP, Port staff seeks authorization to renew OCIP safety services for a three-year term with the option to renew for an additional two years, with G&G Risk Management Consultants, selected through a competitive and advertised formal proposal process as described in this Agenda Report.

### **BACKGROUND**

The Port of Oakland’s (“Port”) Owner Controlled Insurance Program (“OCIP”) provides workers’ compensation, general liability, and excess liability insurance protection for enrolled contractors and sub-contractors involved in Port public works projects (“Construction Contractors”). The Port has had an OCIP since 1999. Although project safety is the Construction Contractors’ responsibility, it is prudent for the Port to monitor and promote safety at its project sites to help mitigate claims. It is also a requirement of

the OCIP insurer that safety services be provided. Since 1999, the Port has received OCIP safety services either through the insurance broker, a sub-broker, or through direct contracting.

## **ANALYSIS**

Safety services are critical to an OCIP in order to mitigate claims. These services include, but are not limited to: frequent site surveys, assistance in accident investigations, safety training, and promoting safety at meetings. The amount of OCIP safety services needed varies on a monthly basis and depends on the construction activity at the Port and supplements the work of the Port Environmental Health and Safety Specialist.

The proposed contract allows for up to 1,917 hours of safety services over a three-year term, which averages to 639 hours per year (or 16 weeks). Annual hours, however, will vary, and hours will be distributed over the three-year term as construction activities require. While the cost of the safety services over the three-year term is similar to the prior OCIP safety services agreement, the proposed agreement represents a 32% increase in safety service hours. The Port's OCIP administrator has recommended an increase in safety service hours.

Port staff issued Request for Proposal (RFP) #16-17/16 in order to solicit proposals for OCIP safety services. The RFP was advertised in the local paper, placed on the Port's website, directly sent to 31 companies known to provide this type of service, and sent to 9 local Chamber of Commerce branches. 31 entities downloaded the RFP from the Port's website, and five submissions were received by the proposal due date. The five submissions were reviewed by three Port panelists, including staff from Risk Management, Safety, and Engineering. Of the five submissions, the top three firms were invited to a conference-call interview process conducted by these three Port panelists.

G&G Risk Management Consultants, Inc., was ranked number one and is the firm recommended by the panel. G&G Risk Management Consultants, Inc. has extensive OCIP safety services experience and is the only respondent whose core business is to provide safety related services. They have been in business for 15 years, and OCIP safety clients include among others, the Statewide Educational Wrap Program Joint Powers Authority and the California Department of Corrections (CDC). The workforce for the CDC projects reached 2,400 workers on site during peak operations.

The five firms were ranked as follows:

<u>Firm and Location</u>	<u>Port Certified</u>	<u>Rank</u>
G&G Risk Management Consultants, Inc. – Antioch, CA	Local Business Area	1
Alliant Insurance Services, Inc. – Los Angeles, CA		2
Merriwether & Williams Insurance Services – Oakland, CA	Local Impact Area, Small Business Enterprise	3
JLA Insurance Services – Alameda, CA	Local Impact Area, Very Small Business Enterprise	4
DU-All Safety, LLC – Fremont, CA		5

Port staff recommends entering into a professional services agreement with G&G Risk Management Consultants, Inc. for OCIP safety services, for an amount not to exceed \$182,187 for a three-year term, with the option to renew for two additional years for an amount not to exceed \$121,458, for a total not to exceed amount of \$303,645 over five years.

### **BUDGET & STAFFING**

OCIP safety service costs are included in the Port's Capital Budget, as part of project-specific budgets. There will be no impact on current staffing associated with this action.

### **MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)**

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

### **LIVING WAGE**

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply to this agreement as the service provider does not employ 21 or more employees working on Port-related work. However, the service provider will be required to certify that should living wage obligations become applicable, the service provider shall comply with the Living Wage Regulations.

## **ENVIRONMENTAL**

CEQA Determination: California Environmental Quality Act (CEQA) Guidelines Section 15378(2) states that “Project” means the whole of an action that has a potential for resulting in either direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The general rule in Section 15061(b)(3) of the Guidelines additionally states that CEQA applies only to activities that have a potential for causing a significant effect on the environment. Because it can be seen with certainty that renewing OCIP safety services will not result in a physical change in the environment, the action is not a “Project” under CEQA and is not subject to CEQA under the general rule exclusion.

## **GENERAL PLAN**

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

## **OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)**

This action is not subject to the Port’s Owner Controlled Insurance Program (OCIP) as it is not a capital improvement construction project.

## **OPTIONS**

Option 1 (Recommended Option): Authorize the Executive Director to enter into an agreement with G&G Risk Management Consultants, Inc. for safety services related to the Port’s Owner Controlled Insurance Program (“OCIP”) as outlined in this Agenda Report, for an amount not to exceed \$182,187 for a three-year term, with the option to renew for two additional years for up to \$121,458 for a total not to exceed amount of \$303,645, subject to approval of the Port Attorney, as to form and legality.

Option 2: Authorize the Executive Director to enter into an agreement with G&G Risk Management Consultants, Inc. for safety services related to the Port’s Owner Controlled Insurance Program (“OCIP”) as outlined in this Agenda Report, with adjustments as the Board may request, subject to acceptance by G&G Risk Management Consultants, Inc. and to approval of the Port Attorney, as to form and legality.

## **RECOMMENDATION**

Option 1: Authorize the Executive Director to enter into an agreement with G&G Risk Management Consultants, Inc. for safety services related to the Port’s Owner Controlled Insurance Program (“OCIP”) as outlined in this Agenda Report, for an amount not to exceed \$182,187 for a three-year term, with the option to renew for two additional years for up to \$121,458 for a total not to exceed amount of \$303,645, subject to approval of the Port Attorney, as to form and legality.