



June 8, 2022

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Agreement for Insurance Brokerage Services

Overview

On February 24, 2022, the Orange County Transportation Authority issued a request for proposals for insurance brokerage services. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Approval is requested to execute an agreement for these services.

Recommendations

- A. Approve the selection of Marsh USA, Inc., as the firm to provide insurance brokerage services.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-2-2257 between the Orange County Transportation Authority and Marsh USA, Inc., in the amount of \$670,000, to provide insurance brokerage and insurance document tracking services for a five-year term effective July 1, 2022 through June 30, 2027.

Discussion

The Orange County Transportation Authority (OCTA) is self-insured for excess liability and excess workers' compensation losses. In addition, OCTA purchases additional insurance through an insurance broker of record to protect OCTA's real and business personal property from accidental loss.

Currently, Marsh USA, Inc. (Marsh) is the broker of record for OCTA. Marsh markets and procures excess workers' compensation, business travel accident, property, flood, earthquake, crime, security and privacy, as well as business interruption insurance. The contract with Marsh also includes insurance document tracking services that certify proof of contractor insurance coverage,

and provide a record of contractor compliance/non-compliance, as well as follow up with contractors to rectify non-compliance.

The current agreement with Marsh expires on June 30, 2022.

Procurement Approach

This procurement was handled in accordance with OCTA's Board of Directors (Board)-approved procedures for professional and technical services. In addition to cost, many other factors are considered in an award for professional and technical services. The award is recommended to the firm offering the most comprehensive overall proposal considering such factors as prior experience with similar projects, staffing, project organization, and work plan, as well as cost and price.

On February 24, 2022, Request for Proposals (RFP) 2-2257 was issued electronically on CAMM NET. The RFP included a separate scope of work and requested firms to provide the same service to the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency as part of a separate agreement. The project was advertised in a newspaper of general circulation on February 25 and March 4, 2022. A pre-proposal conference was held on March 2, 2022, with four attendees representing two firms. Three addendums were issued to provide a copy of the pre-proposal presentation and registration sheets, and to revise the scope of work and provide responses to questions received.

On March 21, 2022, two proposals were received. An evaluation committee consisting of OCTA staff from Contracts Administration and Materials Management and Risk Management departments, as well as external representatives from the County of Orange, City of Orange, and LOSSAN Agency met to review all proposals received. The proposals were evaluated based on the following evaluation criteria and weights:

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|-------------------------------------|------------|
| • Qualifications of the Firm | 30 percent |
| • Staffing and Project Organization | 25 percent |
| • Work Plan | 20 percent |
| • Cost and Price | 25 percent |

Several factors were considered in developing the evaluation criteria weights. Qualifications of the firm was considered of highest importance as the firm must demonstrate experience in recommending insurance coverage, successfully sourcing qualified insurance firms, and providing timely responses to inquiries to maintain adequate coverage and mitigate risk. Staffing and project organization

was assigned a 25 percent weighting as the project team needed to demonstrate experience in servicing similar-sized public transit agencies and have the availability to respond to inquiries from Risk Management staff and OCTA's Board with minimal notice. The work plan was assigned a 20 percent weighting as marketing, evaluating, and placing insurance is a standard scope of services provided by insurance brokerage firms. Cost and price was also assigned a 25 percent weighting to ensure that OCTA receives value for the services provided.

On March 29, 2022, the evaluation committee reviewed the proposals received from both firms based on the evaluation criteria. The firms are listed below in alphabetical order:

Firm and Location

Alliant Insurance Services, Inc. (Alliant)
Irvine, California

Marsh USA, Inc. (Marsh)
Irvine, California

On April 6, 2022, the evaluation committee interviewed both firms. The interviews consisted of a presentation allowing the teams to demonstrate the firms' understanding of OCTA's requirements for this project. The firms' project managers and key team members had an opportunity to present each team's qualifications and respond to the evaluation committee's questions. Questions were asked relative to the firm's ability to deliver cost-effective solutions given the current competitive market, insurance document tracking services, as well as quality assurance and control measures. Finally, each team was asked specific clarification questions related to their proposal.

At the conclusion of the interviews, a request for a best and final offer (BAFO) was sent to the firms to seek clarifications related to the insurance document tracking services and final pricing.

After considering the responses to the questions asked during the interviews and the information provided in the BAFOs, the evaluation committee reviewed the preliminary ranking for both firms. The ranking of the firms remained unchanged.

Based on the evaluation of the written proposals, the information obtained from the interviews and the BAFOs, the evaluation committee recommends Marsh for consideration of the award. The following is a summary of the proposal evaluation results.

Qualifications of the Firm

Both firms demonstrated experience recommending insurance coverage, successfully sourcing qualified insurance firms, and providing timely responses to inquiries in order to maintain adequate coverage and mitigate risk.

Marsh has been in business since 1871 and has 41,000 employees. The firm provides insurance brokerage services to agencies such as Denver Transit Operators, National Railroad Passenger Corporation, doing business as Amtrak, New Jersey Transit Authority, and Southern California Regional Rail Authority (Metrolink), as well as LOSSAN and OCTA. Marsh demonstrated a thorough understanding of OCTA and its various services and projects, such as the OC Streetcar and Interstate 405 Improvement Project. Marsh's proposal and interview demonstrated comprehensive knowledge of OCTA's existing and future anticipated liability exposures. References provided positive responses regarding Marsh's past performance.

Founded in 1925 and currently with over 8,700 employees, Alliant represents several large transit agencies including North County Transit District, Omnitrans, Riverside Transit Agency, and San Diego Metropolitan Transit System. Alliant is a full-service insurance brokerage and risk consulting firm with experience in commercial coverage and risk management consulting service for public transit agencies. Alliant received positive feedback and ratings from their project references.

Staffing and Project Organization

Both firms proposed project teams with varied experience providing similar insurance brokerage services to public agencies.

Marsh proposed to keep the majority of the current project team in place for the new contract. This project team will be assigned to continue to market, evaluate, negotiate, and place OCTA's insurance program. Marsh also included specialized team members to address emerging environmental, cyber, construction, and rail-related risks. Most of the proposed key personnel have 20 years of industry experience. The project manager has 34 years of experience and manages Southern California clients, such as County of Orange, LOSSAN, and Metrolink. During the interview, the firm provided clear responses to the evaluation committee questions that demonstrated a comprehensive understanding of OCTA's requirements. In addition, Marsh exhibited a strong understanding of potential challenges OCTA faces as a public transit agency, such as current insurance market trends and OCTA's current excess liability placement.

Alliant proposed co-project managers with transit-related risk experience of 16 and 17 years, respectively, working with Alliant. The rest of the project team are specialized in various areas of insurance brokerage services with transit-related experience. Additionally, the proposed service team to handle the majority of day-to-day operations for OCTA are based in California. The firm also proposed a group of customer service representatives available to OCTA upon request. However, during their interview, it was unclear as to who would assist OCTA with insurance document tracking services. In addition, the RFP called for the same firm to provide similar services to the LOSSAN Agency as part of a separate agreement; however, Alliant did not provide an allocation of responsibilities among the proposed staff to address how the project team would manage both OCTA and the LOSSAN Agency contracts.

Work Plan

Marsh presented an approach that demonstrated its anticipation of OCTA's future liabilities related to cyber exposures, OC Streetcar, and on-demand public transportation as required by the scope of work. Beyond marketing and placement of insurance, Marsh also proposed utilizing their national resources to provide source benchmarking data for analysis to assist OCTA's risk control program. In addition, their proposed insurance document tracking services would be provided at the highest service level tier, which includes a one-day turnaround for certified compliance review as well as procedural protocols for quality control purposes. Furthermore, Marsh will perform risk assessment evaluations and submit findings to OCTA management, as well as update OCTA and the Board on regulations and market changes in accordance with the requirements of the scope of work.

Alliant provided a work plan that focused on their unique insurance solutions, which consisted of four key elements: marketing, account support services, training, and annual reports. Their interview presentation largely focused on various alternative programs exclusive to Alliant, without clearly demonstrating how these programs would specifically remedy exposures unique to OCTA and its projects. In response to the BAFO, Alliant had the opportunity to expand on the firm's proposed document tracking services; however, the firm did not explain how it would assist OCTA in utilizing its proposed software solution. In addition, Alliant's work plan did not address their specific approach to the required services for the LOSSAN Agency.

Cost and Price

Pricing scores were based on a formula that assigned the higher score to the lower proposed firm-fixed total price and scored the other firm's price based on

its relation to the lower proposed price. Marsh proposed the higher firm-fixed price, which is higher than the current contract total firm-fixed price due to their increased level of service for the insurance document tracking services and the marketing challenges of the current insurance market's risk avoidance trend. Marsh's proposed fixed-firm price is less than the independent cost estimate and therefore deemed fair and reasonable.

Procurement Summary

Based on the evaluation of the written proposals, the firms' qualifications, the information obtained from the interviews and the BAFO, the evaluation committee recommends the selection of Marsh as the top-ranked firm to provide insurance brokerage and insurance document tracking services. Marsh demonstrated strong relevant experience and submitted a thorough and comprehensive proposal that was responsive to all requirements of the RFP.

Fiscal Impact

The Risk Management Department has requested sufficient funds in OCTA's proposed Fiscal Year 2022-23 Budget to adequately cover the encumbered five-year contract.

Summary

Staff is recommending the Board of Directors authorize the Chief Executive Officer to negotiate and execute Agreement No. C-2-2257 between the Orange County Transportation Authority and Marsh USA, Inc., in the amount of \$670,000, to provide insurance brokerage and insurance document tracking services for a five-year term.

Attachments

- A. Review of Proposals, RFP 2-2257 Insurance Brokerage Services
- B. Proposal Evaluation Criteria Matrix, RFP 2-2257 Insurance Brokerage Services
- C. Contract History for the Past Two Years, RFP 2-2257 Insurance Brokerage Services

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