


**Metro**

MARCH 23, 2004

TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE  
CHIEF EXECUTIVE OFFICER FROM: GREG KILDARE   
EXECUTIVE OFFICER OF RISK MANAGEMENT

SUBJECT: NON-CONSTRUCTION BROKERAGE SERVICES CONTRACT

ISSUE

Contract No. PS-5310-0655 with Aon Risk Services for Non-Construction Brokerage Services expired on January 31, 2004. Due to the urgency of placing the agency's Property, Boiler and Machinery Insurance program prior to the expiration date of May 10, 2004, Aon has continued providing services under the expired contract.

BACKGROUND OR DISCUSSION

Contract No. PS-5310-0655 was awarded to Aon Risk Services to provide Non-Construction Brokerage Services involving marketing, evaluating, negotiating and placing the operations insurance program as well as supporting Metro in the administration of the insurance programs. The contract was for a period of three years, from September 1, 2000 to August 31, 2003.

The contract modification (Modification No. 1) was approved at the May 23, 2003 Board meeting, for costs incurred in providing temporary workers' compensation technical/professional personnel to meet statutory and contractual reporting requirements during the period of January 2003 through March 2003.

RFP No. PS-5310-1355 was released on May 1, 2003, to allow sufficient time for a new contract to be awarded by August 31, 2003. However, at the time proposals were due, Aon Risk Services submitted the only responsive proposal. Due to audit findings from Management Audit Services, it was determined by Risk Management that it would be in the agency's best interests to cancel the solicitation and re-bid a revised Statement of Work that reflected the changes required by the Risk Management Department. In order to allow for sufficient time for Procurement to reissue a revised Statement of Work for the insurance brokerage services, Modification No. 2 was necessary to extend the period of performance for Aon Risk Services to January 31, 2004.

In January, staff considered the alternative of issuing a solicitation where Metro would purchase its own insurance without the use of a broker and allowed the broker contract to lapse. Self-brokering is infeasible, however, because of the complexity and types of insurance carriers solicited for Metro's program. The expertise and market access of a professional broker is essential to structure the most competitive and cost effective program.

#### NEXT STEPS

Risk Management will request a ratification and amendment to the Non-Construction Brokerage Services contract at the April 15, 2004, Finance and Budget Committee meeting. A solicitation for Brokerage Services will be re-issued in July or August with a new contract in place by end of December 2004.