

1 [Contract Amendments - Aon Risk Insurance Services West, Inc. - Excess Liability Insurance  
2 for the Central Subway Project - Not to Exceed \$25,094,436]

3 **Resolution retroactively approving Amendment No. 3 and Amendment No. 4 to**  
4 **Contract CS-163-1 OCIP Insurance Brokerage Services, to provide excess liability**  
5 **insurance for the Central Subway Project, with Aon Risk Insurance Services West, Inc.,**  
6 **to increase the contract amount by \$684,382 and \$6,321,304, respectively, for additional**  
7 **premium charges due to increased construction time and contract costs, for a total**  
8 **contract amount not to exceed \$25,094,436; and to extend the Contract for two years**  
9 **for a total term of February 7, 2012, through June 24, 2020.**

10  
11 WHEREAS, On February 7, 2012, the SFMTA Board of Directors approved Contract  
12 No. CS-163-1 (Aon Contract), Insurance Brokerage Services for an Owner’s Controlled  
13 Insurance Program (OCIP), between the SFMTA and Aon Risk Insurance Services West, Inc.  
14 (Aon), in an amount not to exceed \$9,808,750 and for a term of eight years, with actual  
15 insurance premium charges to be adjusted based on contract costs and construction period  
16 of the covered contract work; and

17 WHEREAS, The OCIP provides excess liability insurance coverage (OCIP) to cover  
18 catastrophic losses arising from the construction of the Central Subway Project, which is  
19 Phase 2 of the Third Street Light Rail Transit Project (Project) that exceed the Project  
20 contractors’ liability insurance policies; and

21 WHEREAS, Barnard Impregilo Healy (Barnard) is the contractor for the construction of  
22 the Project tunnels, under Contract No. 1252; the OCIP provides \$150 million in coverage  
23 over Barnard’s own \$350 million policies, for total coverage of \$500 million; and

24 WHEREAS, Tutor Perini Corporation (Tutor) is the contractor for the construction of the  
25 Project stations, trackway, and control system under Contract No. 1300; the OCIP

1 provides \$150 million in coverage over Tutor’s own \$50 million policy, for total coverage  
2 of \$200 million; and

3 WHEREAS, The SFMTA pays the premiums (charges) for the OCIP through Aon,  
4 which as the OCIP insurance broker, procures the insurance policies for the OCIP from 16  
5 underwriters; and

6 WHEREAS, The premiums for the OCIP are based on the value of the construction  
7 contracts and the period of active construction; the Aon Contract has been modified twice  
8 before, which has increased the total amount of the Aon Contract by \$8,280,000, for a total  
9 contract amount not to exceed \$18,088,750; Amendment Nos. 3 and 4 increase the contract  
10 amount by \$684,382 and \$6,321,304, respectively, for additional premium due and arising  
11 from increases to construction contract amounts and extension of construction time;  
12 Amendments Nos. 3 and 4 each require Board of Supervisors’ approval under Charter,  
13 Section 9.118(b) because each amendment exceeds \$500,000; and

14 WHEREAS, On August 3, 2012, the Director of Transportation approved Amendment  
15 No.1 to the Aon Contract to allow payment for premium and broker services to more than one  
16 division of the Aon organization; and

17 WHEREAS, On November 6, 2012, the SFMTA Board of Directors approved  
18 Amendment No. 2 to the Aon Contract to provide additional excess insurance coverage for  
19 the Central Subway Program under the OCIP, and to bind each layer of additional excess  
20 insurance coverage for a total amount not to exceed \$8,280,000; and

21 WHEREAS, On May 21, 2013, the SFMTA awarded Contract 1300 for the construction  
22 of stations, trackway and systems for the Central Subway to Tutor Perini Corporation in an  
23 amount not to exceed \$839,676,400, which amount increased the value of the contract work  
24 covered by the OCIP, and thereby triggered a net increase in the premium for the OCIP  
25

1 policies in the amount of \$684,382, paid through an increase of that amount to the Aon  
2 Contract; and

3 WHEREAS, Amendment No. 3 to the Contract requires approval by the Board of  
4 Supervisors under Charter, Section 9.118(b), as the original contract was subject to the Board  
5 of Supervisors approval and the value of the amendment exceeds \$500,000; and

6 WHEREAS, Due to staff misunderstanding of the Director of Transportation's authority  
7 to approve contracts, Amendment No. 3 was not timely presented to the SFMTA Board of  
8 Directors for approval, and was not timely presented to the Board of Supervisors for approval;  
9 and

10 WHEREAS, Amendment No. 4 to the Contract requires approval by the Board of  
11 Supervisors under Charter, Section 9.118(b), as the original contract was subject to the Board  
12 of Supervisors approval and the value of the amendment exceeds \$500,000; and

13 WHEREAS, The Central Subway Final Supplemental Environmental Impact  
14 Statement / Supplemental Environmental Impact Report (Central Subway SEIS/SEIR)  
15 evaluated the environmental impacts of the Central Subway project, including construction of  
16 the subway stations; on August 7, 2008, the Planning Commission certified the Final SEIR  
17 (Case No. 1996.281E); on August 19, 2008, the SFMTA Board of Directors approved  
18 Resolution 08-150 adopting Central Subway Project Alternative 3B as the Locally Preferred  
19 Alternative, the CEQA Findings, Statement of Overriding Considerations, and the Mitigation  
20 Monitoring and Reporting Plan; and

21 WHEREAS, Amendment No. 3 and Amendment No. 4, as described above, fall within  
22 the scope of the Final SEIS/SEIR; and

23 WHEREAS, The Central Subway SEIS/SEIR is on file with the SFMTA Board of  
24 Directors, may be found in the records of the Planning Department at 1650 Mission Street in  
25 San Francisco, and is incorporated herein by reference; and

1           WHEREAS, The SFMTA Board has reviewed and considered the Central Subway  
2 SEIS/SEIR and record as a whole, and finds that the Central Subway SEIS/SEIR is adequate  
3 for the Board’s use as the decision-making body for the actions taken herein relative to  
4 construction of the Project, and incorporates the CEQA findings by this reference as though  
5 set forth in this Resolution; now, therefore, be it

6           RESOLVED, The Board of Supervisors approve retroactively Amendment No. 3 and  
7 approve Amendment No. 4 to Contract CS-163-1 Insurance Brokerage Services for an  
8 Owner’s Controlled Insurance Program, to provide Excess Liability Insurance for the Central  
9 Subway Project, with Aon Risk Insurance Services West, Inc., to increase the contract amount  
10 by \$684,382 and \$6,321,304, respectively, for payment of additional premium due to  
11 increased construction time and contract costs, for a total amended contract amount not to  
12 exceed \$25,094,436; and, be it

13           FURTHER RESOLVED, That within 30 days of Amendment Nos. 3 and 4 to Contract  
14 CS-163-1 being fully executed by all parties, the final documents shall be provided to the  
15 Clerk of the Board for inclusion in the official file.