

1 [Contract Amendment - Aon Risk Insurance Services West, Inc. - Excess Liability Insurance -
2 Central Subway Project - Not to Exceed \$26,778,986]

3 **Resolution approving Amendment No. 5 to Contract CS-163-1 OCIP Insurance Brokerage**
4 **Services, to provide excess liability insurance for the Central Subway Project, with Aon**
5 **Risk Insurance Services West, Inc., to increase the contract amount by \$1,684,550 for**
6 **additional premium charges due to increased construction time and contract costs, for a**
7 **total contract amount not to exceed \$26,778,986 and to extend the term for two years for a**
8 **total term of February 7, 2012, through July 1, 2022.**

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10 WHEREAS, The Central Subway Project extends subway service from south of Market
11 Street to Chinatown 1.6 miles, constructing four stations and dual trackway as Phase 2 of the
12 Third Street Light Rail Transit Project; and

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

20 WHEREAS, The OCIP provides excess liability insurance coverage (OCIP) to cover
21 catastrophic losses arising from the construction of the Central Subway Project that exceed
22 the Project contractors' liability insurance policies; and

23 WHEREAS, Tutor Perini Corporation (Tutor) is the contractor for the construction of the
24 Project stations, trackway, and control system under Contract No. 1300; the OCIP provides
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1 \$150 million in coverage over Tutor's own \$50 million policy, for total coverage of \$200 million;
2 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 previously was modified four
8 times, principally in 2013 when the SFMTA awarded Contract 1300 to Tutor Perini
9 Corporation to construct the Central Subway Project stations, trackway and systems, and as
10 construction costs have increased and construction time has been extended, all of which has
11 increased the total amount of the Aon Contract by \$15,285,456.23 for a total contract amount
12 not to exceed \$25,094,436; and

13 WHEREAS, Amendment No. 5 increases the contract amount by \$1,684,550 for
14 additional premium due and arising from increases to construction contract amounts and
15 extension of construction time; and

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

19 WHEREAS, The Central Subway Final Supplemental Environmental Impact Statement/
20 Supplemental Environmental Impact Report (Central Subway SEIS/SEIR) evaluated the
21 environmental impacts of the Central Subway project, including construction of the subway
22 stations; on August 7, 2008, the Planning Commission certified the Final SEIR (Case No.
23 1996.281E); on August 19, 2008, the SFMTA Board of Directors approved Resolution 08-150
24 adopting Central Subway Project Alternative 3B as the Locally Preferred Alternative, the
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1 CEQA Findings, Statement of Overriding Considerations, and the Mitigation Monitoring and
2 Reporting Plan; and

3 WHEREAS, Amendment No. 5, as described above, falls within the scope of the Final
4 SEIS/SEIR; and

5 WHEREAS, The Central Subway SEIS/SEIR is on file with the SFMTA Board of
6 Directors, may be found in the records of the Planning Department at 49 South Van Ness
7 Avenue in San Francisco, and is incorporated herein by reference; and

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

13 RESOLVED, The Board of Supervisors approve Amendment No. 5 to Contract CS-
14 163-1 Insurance Brokerage Services for an Owner's Controlled Insurance Program, to provide
15 Excess Liability Insurance for the Central Subway Project, with Aon Risk Insurance Services
16 West, Inc., to increase the contract amount by \$1,684,550 for payment of additional premium
17 due to increased construction time and contract costs, for a total amended contract amount
18 not to exceed \$26,778,986; and, be it

19 FURTHER RESOLVED, That no later than February 1, 2021, the SFMTA shall prepare
20 a report regarding the revised budget for the Central Subway project and include the report in
21 the legislative file; and, be it

22 FURTHER RESOLVED, That within 30 days of Amendment No. 5 to Contract CS-163-
23 1 being fully executed by all parties, the final documents shall be provided to the Clerk of the
24 Board for inclusion in the official file.