

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. 180918-130

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

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

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

WHEREAS, Tutor Perini Corporation (Tutor) is the contractor for the construction of the Project stations, trackway, and control systems under Contract No. 1300. The OCIP provides \$150 million in coverage over Tutor's own \$50 million policy, for total coverage of \$200 million; and,

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

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

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

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

WHEREAS, On May 21, 2013, the SFMTA awarded Contract 1300 for the construction of stations, trackway and systems for the Central Subway to Tutor Perini Corporation in an amount not to exceed \$839,676,400, which amount increased the value of the contract work covered by the OCIP, and thereby triggered a net increase in the premium for the OCIP policies in the amount of \$684,382, paid through an increase of that amount to the Aon Contract; and,

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

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

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

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

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

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


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

RESOLVED, The SFMTA Board of Directors approves retroactively Amendment No. 3 to Contract CS-163-1 Insurance Brokerage Services for an Owner's Controlled Insurance Program, to provide Excess Liability Insurance for the Central Subway Project, with Aon Risk Insurance Services West, Inc., to increase the contract amount by \$684,382 for payment of additional premium due to additional covered construction contract value, for a total contract amount not to exceed \$18,773,132; and be it further

RESOLVED, The SFMTA Board of Directors approves Amendment No. 4 to Contract CS-163-1 Insurance Brokerage Services for an Owner's Controlled Insurance Program, to provide Excess Liability Insurance for the Central Subway Project, with Aon Risk Insurance Services West, Inc., to increase the contract amount by \$6,321,304 for payment of additional premium due to increased construction time and construction costs, for a total contract amount not to exceed \$25,094,436; and be it further

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

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 18, 2018.

  
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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency