SUMMARY STATEMENT

ITEM NO.: DRPA-14-091

SUBJECT: Vendor for Loss Control and Safety Services for the Authority’s Construction Projects

COMMITTEE: Operations & Maintenance

COMMITTEE MEETING DATE: July 9, 2014

BOARD ACTION DATE: July 16, 2014

PROPOSAL: That the Board authorizes staff to appoint Aon Risk Services Northeast (“Aon”) as the vendor for the Loss Control and Safety Services for the Authority’s construction projects.

PURPOSE: To appoint a vendor to provide Loss Control and Safety Services for the Authority’s construction projects and to create an agreement with a vendor that specializes in providing comprehensive and professional Loss Control and Safety Services. The vendor appointment will be validated upon the following: (1) the expiration of the New Jersey Governor’s Veto Period; and (2) a fully executed Vendor Agreement between the Delaware River Port Authority and Aon Risk Services Northeast.

BACKGROUND: On August 1, 2012, the Board approved DRPA-12-065 authorizing staff to appoint a vendor to provide Loss Control and Safety Services for the Authority’s construction projects. The Board further authorized staff to enter into an Agreement with Aon. The initial term of the Agreement was effective 8/16/2012-8/16/2014, unless terminated earlier by the Authority.

The Agreement provides an option for a third year, unilaterally exercisable by the DRPA at its sole discretion. The original Agreement provided for an annual bank of hours not-to-exceed 1,400, at a rate of $125 per hour. The annual fixed service fee was not to exceed $175,000 per year (payable in quarterly installments of $43,750 each). The Agreement also provides that all work product and deliverables developed by Aon shall become the sole property of the Authority.
During the Agreement term, Aon has conducted numerous site visits, reviewed safety plans, investigated incidents, attended pre-bid, pre-proposal, preconstruction, kick-off, progress meetings and safety meetings.

**Year #1 (8/16/2012-8/16/2013) Agreement Addendum**
Aon, DRPA Engineering and Risk Management agreed that it would be in the Authority’s best interest for Aon to attend progress and safety meetings on a regular basis, which consumed a significant number of hours. In addition, increased site inspection activity was required on various projects including, but not limited to, the WWB Redecking and Dehumidification Projects, ongoing BFB inspection repairs, and the PATCO Radio System Upgrade, among other projects. As a result, during the balance of the 8/16/2012-8/16/2013 Agreement term, it was necessary to increase the previously approved annual bank of 1,400 hours. Staff brought this development to the attention of the Operations & Maintenance Committee, and recommended an additional 370 hours be added to the existing annual bank of 1,400 hours. The O&M Committee accepted the recommendation, and the Board authorized staff to increase the number of hours in an amount not-to-exceed 370 hours, at an hourly rate of $125 for an additional $46,250. (See DRPA-13-059). The addendum to the Agreement brought the revised annual bank of hours to 1,770 for a revised annual fee not-to-exceed $221,250.

**Year #2 (8/16/2013-8/16/2014) Agreement Addendum**
Once again, in 2013, increased site inspection activity was required on various projects including, but not limited to, the BFB-21-E PATCO Track Rehabilitation and PATCO-48-2011 Escalator Replacement, among other projects. As a result, during the balance of the 8/16/2013-8/16/2014 Agreement term, staff recommended increasing the previously approved annual bank of 1,400 hours by an additional 400 hours. The Operations & Maintenance Committee approved this recommendation, and the Board authorized staff to increase the annual bank of 1,400 hours by an additional 400 hours, at an hourly rate of $125, for an additional amount not to exceed $50,000. (See DRPA-14-036). The addendum to the Agreement brought the revised annual bank of hours to 1,800 for a revised annual fee not-to-exceed $225,000.
Based on the above experience, staff has determined that the existing bank of hours (currently 1,400 annually) is not adequate to ensure that comprehensive and professional Loss Control and Safety Services are provided for the Authority’s capital improvement projects. Therefore, staff recommends that the annual bank of loss control and safety services hours be increased from 1,400 to no less than 2,080 hours. Staff further recommends that the successful vendor be required to assign two (2) full-time consultants to the Authority’s construction projects. Each full-time consultant would be expected to work no less than 2,080 hours annually. Staff proposes that one full-time consultant be assigned to DRPA projects, and the other full-time consultant be assigned to PATCO projects. Staff further recommends that an alternate consultant be cross-trained in their duties for both the DRPA bridge facilities and the PATCO facilities. The 2,080 hours may include safety oversight at night and on weekends, as necessary.

From time to time, either the full-time consultants or the alternate consultant may be directed by the Authority to perform loss control and safety services interchangeably on either DRPA or PATCO construction projects, based on operational needs.

Although the existing Agreement gives the Authority an option for a third year, unilaterally exercisable by the DRPA at its sole discretion, staff advised the O&M Committee that it intended to issue a formal Request for Proposal for a vendor to provide the Loss Control and Safety Services for the Authority. Staff encouraged the existing vendor, Aon, to submit a proposal for consideration.

The Authority publicly advertised its intent to retain a vendor to provide Loss Control and Safety Services and invited interested vendors to submit Technical and Cost Proposals. The RFP was advertised on DRPA’s website beginning on May 7, 2014. The Authority also publicly advertised the RFP in the Business Insurance Periodical (including a 30-day posting on the website) and the Engineering News-Record Periodical (including a 17-day posting on the website). Responses were due on May 30, 2014.
Each proposer submitted two (2) sealed and clearly marked envelopes: (1) Technical Proposal and (2) Cost Proposal. The review team did not have access to the sealed Cost Proposals during the Technical Proposal review process.

We received proposals from the following three (3) firms:

- **Aon Risk Services Northeast**  
  *Incumbent, based in Philadelphia*
- **McAfee Safety Analysis**  
  *Based in Guam and Richland, WA*
- **The Windsor Consulting Group Inc.**  
  *Based in South River, NJ*

The staff review committee consisted of:

- Toni P. Brown, Chief Administrative Officer;
- Michael P. Venuto, Chief Engineer;
- John D. Rink, PATCO General Manager;
- Marianne Staszewski, Director, Risk Management & Safety; and
- Vijay Pandya, Senior Engineer.

Pursuant to DRPA-10-044, members of the evaluation team were interviewed by the Office of the Inspector General and screened for potential conflicts. No conflicts were noted.

Howard M. Korsen, Manager, Contract Administration recused himself from reviewing any proposals. His role was limited to providing oversight of the review and evaluation process.

On June 20, 2014, the Review Committee met to discuss and evaluate the Technical proposals. Aon Risk Services Northeast was the highest overall ranked firm. The IG has confirmed that Aon agrees to comply with the Authority’s prohibition against fee-sharing, fee-splitting or receipts of any funds or consideration not earned by any Loss Control or Safety Consultant on behalf of the Authority. To ensure transparency of costs, the Authority will require the disclosure of all
payments made by or to any vendors as compensation for services provided under the terms of the Vendor Agreement. The Office of Inspector General will have the right to request, review and audit all records and documentation of the vendor for compliance.

Staff seeks authorization to negotiate an Agreement with Aon Risk Services Northeast for a two-year term from 8/16/2014-8/16/2016, for an annual fixed service fee of $390,000, payable in quarterly installments of $97,500. For this fee, Aon will be expected to provide two (2) full-time consultants and one (1) alternate consultant. Each full-time consultant will be expected to work no less than 2,080 hours annually. One full-time consultant will be assigned to DRPA projects, and the other full-time consultant will be assigned to PATCO projects. Aon will be expected to cross-train an alternate consultant to work on projects at the DRPA bridge facilities and PATCO facilities. Under the Agreement, at its sole discretion, the Authority will also have an option to extend the Agreement for an additional one (1) year term, for an annual fixed service fee of $390,000. However, in its Cost Proposal, Aon has requested the right to add to the Agreement, a 3% ($11,700) cost of living adjustment for the third year. The COLA allowance would be at the sole discretion of the DRPA.

**SUMMARY:**  
**Amount:**  
**Total:**  
Not to exceed $390,000 annually for the first two years (8/16/2014-8/16/2016), and, if we accept the one-year option for the third year, the professional service fee shall not exceed $401,700, assuming the DRPA consents to the 3% COLA.

**Source of Funds:**  
Revenue Fund and General Fund (PATCO portion)

**Capital Project #:**  
N/A

**Operating Budget:**  
DRPA Risk Mgt. C/E #8

**PATCO Admin. C/E Insurance & Claims**

**Master Plan Status:**  
N/A

**Other Fund Sources:**  
N/A
Duration of Contract: Two (2) year term (8/16/2014-8/16/2016), with an option to extend the Agreement for one (1) additional one-year term

Other Parties Involved: Aon Risk Services Northeast
RESOLUTION

RESOLVED: That the Board authorizes staff to appoint Aon Risk Services Northeast as the vendor for the Delaware River Port Authority’s Loss Control and Safety Services; and be it further

RESOLVED: That the Board authorizes staff to enter into an Agreement with Aon Risk Services Northeast for a two-year term from 8/16/2014-8/16/2016, for an annual fixed service fee of $390,000, payable in quarterly installments of $97,500; and be it further

RESOLVED: That for this professional fee, Aon will be expected to provide two (2) full-time consultants and one (1) alternate consultant. Each full-time consultant will be expected to work no less than 2,080 hours annually. One full-time consultant will be assigned to DRPA projects, and the other full-time consultant will be assigned to PATCO projects. Aon will be expected to cross-train an alternate consultant to work on projects at the DRPA bridge facilities and PATCO facilities; and be it further

RESOLVED: That under the Agreement, at its sole discretion, the Authority will also have an option to extend the Agreement for an additional one (1) year term, for an annual fixed service fee of $390,000. However, in its Cost Proposal, Aon has requested the right to add to the Agreement a 3% ($11,700) cost of living adjustment for the third year. The COLA allowance would be at the sole discretion of the DRPA, bringing the total fee not-to-exceed $401,700; and be it further

RESOLVED: That the Board authorizes that the appointment shall be validated upon the following: (1) the expiration of the New Jersey Governor’s Veto Period; and (2) a fully executed Agreement between the Delaware River Port Authority and Aon Risk Services Northeast; and be it further

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If
such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

**SUMMARY:**

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