



SUPPLEMENTAL

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Mark Danaj

SUBJECT: SEE BELOW

DATE: September 26, 2007

Approved

Date

9/27/07

COUNCIL DISTRICT: N/A
SNI AREA: N/A

SUBJECT: APPROVAL OF A CONTRACT AMENDMENT WITH HENSEL PHELPS CONSTRUCTION COMPANY FOR THE DESIGN AND CONSTRUCTION OF THE AIRPORT TERMINAL AREA IMPROVEMENT PROGRAM, APPROVAL OF NEW ON-AIRPORT RENTAL CAR OPERATIONS AND LEASE AGREEMENTS, AND APPROVAL OF RENTAL CAR CUSTOMER FACILITIES AND TRANSPORTATION FEES AT THE AIRPORT [Transportation and Environment Committee referral 9/17/07 -Item (e)]

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL MEMORANDUM

This supplemental memorandum provides additional information related to the proposed contract amendment with Hansel Phelps and the OCIP (Owner Controlled Insurance Program) including Liability, Workers' Compensation and Builders' Risk.

RECOMMENDATION

Information purposes only.

ANALYSIS

On 10/17/06 under resolution number 73464 City Council provided the authority to the City Manager to procure the necessary insurance policies at the appropriate times for a total amount not to exceed \$19,500,000 subject to final audit based on final payrolls and final construction values for the TAIP and extension of the North Concourse insurance program.

To date, we have not exceeded this authority given the additions and deletions to the project; however, the additional estimated payroll cost for ConRAC, and any future changes, may affect the overall cost of OCIP (Commercial General Liability/Workers' Compensation) as well as any construction cost increases which would affect the Builders Risk policy (Fire.)

As the construction program proceeds, it may be anticipated that the insurance costs as well as the anticipated maximum losses will increase. Staff will be coming to City Council when appropriate to request an increase to the City Manager's Authority should we approach or exceed the original authorization.

EVALUATION AND FOLLOW-UP

The City Council will be informed as to anticipated additional insurance costs based on projected payrolls and constructions costs as they are determined.

COORDINATION

This memorandum has been coordinated with the Airport and Public Works Departments.


MARK DANAJ
Director, Human Resources