



Legislation Text

File #: 2024-176, Version: 1

Proposed Change Order No. 5
Contract No. GLWA-CS-006
Third Party Claims Administrator
O&M

Agenda of: May 22, 2024

Item No.: **2024-176**

Amount:	Original Contract	\$600,000.00
	Change Order No. 1	0.00
	Change Order No. 2	625,000.00
	Change Order No. 3	300,000.00
	Change Order No. 4	250,000.00
	Proposed Change Order No. 5	118,000.00
	New Contract Total	\$1,893,000.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: April 29, 2024

RE: Proposed Change Order No. 5
Contract No. GLWA-CS-006
Third Party Claims Administrator
Vendor: Broadspire Services, Inc.

MOTION

Upon recommendation of William Wolfson, Chief Administrative and Compliance Officer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) to **enter into Contract No. GLWA-CS-006, Proposed Change Order No. 5, "Third Party Claims Administration" with Broadspire Services, Inc., with an increased cost of \$118,000.00 for a total cost not to exceed \$1,893,000.00 and an increased duration of three (3) years for a total duration of ten (10) years**; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA-CS-006 was initiated on January 1, 2016, for a period of three (3) years expiring December 31, 2018. A Third-Party Claims Administrator (TPA) performs all services required to supervise and administer a self-insured workers' compensation program for GLWA, and to act as GLWA's representative in matters relating to GLWA's obligations under the workers' compensation laws of the State of Michigan. The initial contract was later amended with Change Order No. 1 to include the administration of GLWA's general liability and automobile claims. At the end of the initial three (3) year period, a change order (Change Order No. 2) was approved to add additional funds and extend the time for another three (3) years with a new expiration date of December 31, 2021. In September 2021, the Board authorized Amendment No. 3 adding \$300,000.00 to the contract with no increase in time and Amendment, No. 4, January 2022, adding \$250,000.00 to the contract. This Amendment No. 5 would add an additional \$118,000.00 for a new total cost not to exceed \$2,093,000.00 and adding three (3) years to the contract term for the purpose of handling remaining legacy matters which have not yet been resolved.

JUSTIFICATION

At the time the Board acted on Change Order No. 3, the replacement contract for GLWA's Third Party Claims Administrator, Contract No. 2101048, was out for bid. That contract was subsequently awarded to PMA Management Corporation and approved by the Board on November 18, 2021.

Under the terms of CS-006, the Third-Party Claims Administrator is responsible for handling legacy claims through resolution. At the time that Change Order No. 3 to this CS-006 was presented and approved, it was anticipated that the time and additional dollars added to the contract would be sufficient to dispose of the legacy claims. This has not proven to be the case. The purpose of the current Change Order No. 5 is solely to pay the legacy claims upon their resolution and to supply time to complete the process.

PROJECT MANAGEMENT STATUS

Original Contract Time	36 months (01/01/2016 - 12/31/2018)
Change Order No. 1	0 months
Change Order No. 2	36 months (01/01/2019 - 12/31/2021)
Change Order No. 3	0 months
Change Order No. 4	12 months (01/01/2022 - 12/31/2022)
Proposed Change Order No. 5	36 months (01/01/2023 - 12/31/2025)
New Contract Time	120 months (01/01/2016 - 12/31/2025)

PROJECT ESTIMATE

Original Contract Price	\$600,000.00
Change Order No. 1	0.00
Change Order No. 2	625,000.00
Change Order No. 3	300,000.00
Change Order No. 4	250,000.00
Proposed Change Order No. 5	118,000.00
New Contract Total	\$1,893,000.00

FINANCIAL PLAN IMPACT

Summary: The value of the contract exceeds the current financial plan in total. A budget Amendment will be processed to move budget from either the unallocated reserves account or other accounts with a positive budget variance.

Funding Source: Operations & Maintenance (O&M) Budget

Cost Center(s): Employee Benefits (603102)

Expense Type(s): Employers Workers Compensation (5910-603102.000-603300)

Estimated Cost by Year and Related Estimating Variance: See table below.

<u>Fiscal Year</u>	<u>Amount</u>
FY 2016 Budget	\$ 5,200.00
FY 2017 Budget	214,800.00
FY 2018 Budget	196,000.00
FY 2019 Budget	259,600.00
FY 2020 Budget	256,600.00
FY 2021 Budget	249,900.00
FY 2022 Budget	349,100.00
FY 2023 Budget	203,300.00
FY 2024 Budget	69,500.00
FY 2025 Financial Plan	69,500.00

FY 2026 Financial Plan (Prorated)	20,000.00
Financial Plan Forecast	\$1,893,000.00
Proposed Contract Amount	\$1,893,000.00

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on May 8, 2024. The Operations and Resources Committee unanimously recommended that the GLWA Board adopt the resolution as presented.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.