



Legislation Text

File #: 2021-326, **Version:** 1

Proposed Change Order No. 3

Contract No. GLWA-CS-006

Third Party Claims Administrator

CIP#:

Agenda of: September 1, 2021

Item No.: **2021-326**

Amount:	Original Contract	\$600,000.00
	Change Order No. 1	0.00
	Change Order No. 2	625,000.00
	Proposed Change Order No. 3	300,000.00
	Total Revised Contract	\$1,525,000.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: August 9, 2021

RE: Proposed Change Order No. 3
Contract No. GLWA-CS-006
Third Party Claims Administrator
Vendor: Broadspire Services, Inc.

MOTION

Upon recommendation of William M. 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. 3, "Third Party Claims Administrator" with Broadspire Services, Inc., with an increased cost not to exceed \$300,000.00 for a total cost not to exceed \$1,525,000.00 and no**

increase in time; 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 addition funds and extend the time for another three (3) years with a new expiration date of December 31, 2021.

JUSTIFICATION

This latest change order (Change Order No. 3) is to add funds to the current contract to pay claim changes through the end of this year (estimated at \$50,000 per month) for the six months ending December 31, 2021. There are at least five (5) pending invoices that have not been paid from June 2021 totaling \$58,927.93. The initial funding estimate fell short because of a rash of unanticipated lost-time claims which are more expensive than medical only claims.

The replacement contract for Third Party Claims Administrator, Contract No. 2101048, is currently out for Bid and the anticipated award date is prior to December 31, 2021.

PROJECT MANAGEMENT STATUS

Original Contract Time	36 months
Change Order No. 1	N/A
Change Order No. 2	36 months
Proposed Change Order No. 3	N/A
New Contract Time	72 months

PROJECT ESTIMATE

Original Contract Price	\$600,000.00
Change Order No. 1	0.00
Change Order No. 2	625,000.00
Proposed Change Order No. 3	300,000.00
New Contract Total	\$1,525,000.00

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	\$110,494.00
FY 2017 Budget	201,960.00
FY 2018 Budget	219,080.00
FY 2019 Budget	233,960.00
FY 2020 Budget	235,520.00
FY 2021 Budget	204,000.00
FY 2022 Budget	113,280.00
Financial Plan Forecast	\$1,318,294.00
Proposed Contract Amount	\$1,525,000.00
Variance (positive/ (negative))	(\$206,706.00)

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on August 11, 2021. The Operations and Resources Committee unanimously recommended that the GLWA Board adopt the resolution as presented, subject to receiving additional information regarding original contract period (two years or three) and information regarding amount requested in Change Order No. 2.

SHARED SERVICES IMPACT

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