



## Legislation Text

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File #: 2022-098, Version: 1

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**Proposed Change Order No. 4**  
**Contract No. GLWA-CS-006**  
**Third Party Claims Administrator**  
**O&M**

Agenda of: March 23, 2022

Item No.: **2022-098**

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
	Proposed Change Order No. 4	250,000.00
	Total Revised Contract	\$1,775,000.00

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

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

**DATE:** March 1, 2022

**RE: Proposed Change Order No. 4**  
**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 Interim Chief Executive Officer (ICEO) to **enter into Contract No. GLWA-CS-006, Proposed Change Order No. 4, "Third Party Claims Administrator" with Broadspire Services, Inc., with an increased cost of \$250,000.00 for a total cost not to exceed \$1,775,000.00 and an increased duration of one (1) year for a total duration of seven (7) years;** and authorizes the ICEO 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 Change Order No. 3 adding \$300,000 to the contract with no increase in time. This Change Order, No. 4, adds \$250,000 to the contract for a new total cost not to exceed \$1,775,000.00 and adds one year 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. 4 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	N/A
Change Order No. 2	36 months (01/01/2019 - 12/31/2021)
Change Order No. 3	N/A
Proposed Change Order No. 4	12 months (01/01/2022 - 12/31/2022)
New Contract Time	84 Months (01/01/2016 - 12/31/2022)

### **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
Proposed Change Order No. 4	250,000.00
New Contract Total	\$1,775,000.00

### **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.

<b><u>Fiscal Year</u></b>	<b><u>Amount</u></b>
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	319,986.00
FY 2023 Financial Plan (Prorated)	0.00
Financial Plan Forecast	\$1,525,000.00
Proposed Contract Amount	\$1,775,000.00
Variance (positive/ (negative))	(\$250,000.00)

### **COMMITTEE REVIEW**

This item is being presented directly to the full Board of Directors.

**SHARED SERVICES IMPACT**

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