PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

3z-/

AGENDA ITEM SUMMARY

Meeting Date:	April 1, 2008	[X]	Consent Ordinance	[]	Regular Public Hearing			
Department:								
Submitted By: Risk Management								
Submitted For: Facilities Development & Operations								

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: Purchase of an endorsement, covering the West County Detention Facility project, to the three-year Master Builders Risk Insurance Program ("MBRIP") approved on February 26, 2008 as Agenda Item 7C-2, through the County's contracted broker, Arthur J. Gallagher & Co., under Contract No. 05-102/LJ, for a total not-to-exceed cost of \$1,200,000.

Summary: Typically, contractors are required to purchase builder's risk insurance as part of the contract price and therefore ultimately paid for by the County through project funds. The construction manager responsible for the Jail Expansion Program 2 projects estimated a price of \$2,000,000+ to furnish builder's risk coverage for the West County Detention Facility portion of the project. By adding this project to the recently purchased Master Builders Risk Insurance Program the County will realize a savings of approximately \$800,000. Payments are based on the construction timetable for commencement of work on the various phases of this project. Sufficient funds are budgeted in FY 2008 for this coverage. (Capital Improvements Division) District 6 (JM)

Background and Policy Issues: The County currently requires that the contractor provide a builder's risk insurance policy covering damage to the building being constructed/renovated. Since the contractor is financially responsible for damages under the deductible and the County pays for the cost of insurance as part of the contract cost, contractors have a built-in incentive to purchase coverage with the lowest available deductible and without concern for the cost of the insurance. Insurance cost and/or availability problems have also occurred due to such issues as:

- Construction commencing either just prior to or during hurricane season
- Construction delayed due to permitting, weather or other reasons
- Construction delayed beyond the expiration date of insurance

Purchasing its own builders risk insurance provides the County greater control of costs and availability of builder's risk insurance while allowing for the carving out of specific projects where it is determined to be more cost effective to have the contractor purchase the insurance.

Attachments:

Recommended by: Nany & Bolton	3/18/08
P epartment Director	Date
Approved By: Bullum County Administrator	3/24/08 Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fi	scal Impact:				
Fiscal Years Capital Expenditures Operating Costs External Revenues Program Income (County) In Kind Match (County)	2008 \$210,000	2009 \$930,000 	2010 \$60,000	2011	2012
NET FISCAL IMPACT	\$210,000	<u>\$930,000</u>	<u>\$60,000</u>		
# ADDITIONAL FTE POSITIONS (Cumulative)	0	0	O		
Is Item Included In Current I	Budget? Yes_	<u>X</u> No			
Budget Account No.: Fund		gencyategory	Org. <u>B36</u>	2 Objec	et6502
B. Recommended Source	es of Funds/Su	mmary of Fiscal	Impact:		
Budget availability sta	tement attache	ed ,	01		
C. Departmental Fiscal Review	w: <u>Co</u>	- Kor	<u> </u>		
	III. <u>R</u>	EVIEW COMM	<u>IENTS</u>		
A. OFMB Fiscal and/or (Contract Admi	nistration Com	nents:		
B. Legal Sufficiency: Assistant County Attorn	P1 3/24	18 3/	Contract Adi	ministration	1 2004 3121101
C. Other Department Rev	riew:				
Department Di	rector				

BUDGET AVAILABILITY STATEMENT

REQUEST DATE: 3/18/08 REQUESTED BY DICK	Conen
PROJECT TITLE: Jail Expansion	PROJECT NO.:
ORIGINAL CONTRACT/ANNUAL AMOUNT: 1,200,	000
CSA/LOA CHANGE ORDER AMOUNT:	••
CSA/LOA CHANGE ORDER NUMBER:	
CONTRACTOR/CONSULTANT NAME: Arthur J Ga	llagher & Co.
PROVIDE A BRIEF STATEMENT OF THE SCOPE BY THE CONSULTANT/CONTRACTOR: Builder	
WILL THIS AMENDMENT CHANGE THE ESTIMATE IF YES, PROVIDE ESTIMATES OF THE NEW	
CONSTRUCTION ARCHITECTURE/ENGINEER	1,200,000
STAFF COSTS	
EQUIPMENT/OTHER	
BUDGET ACCOUNT NUMBER (IF KNOWN)	· ·
FUND: 3804 DEPT: 411 UNIT: B362 OBJ	:6502
SUPPLEMENTAL AGREEMENT TO BE APPROVED BY	Y:
ANTICIPATED DATE OF APPROVAL: 4/1/2008	
BAS APPROVED BY:	DATE: 3-1808
ENCUMBRANCE NUMBER:	