



CITY OF HOUSTON
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April 5, 2016

SUBJECT: Letter of Clarification No. 1

REFERENCE: RFP No. T-HBH-OCIP-2016-026 Owner-Controlled Insurance Program

TO: All Prospective Respondents:

This Letter of Clarification is issued for the following reasons: (Section I) to revise section 4.4.14; (Section II) to answer questions posed by prospective respondents.

I. Reference page 6, Section 4.2.1, is revised as follows:

It is especially important that the Contractor be qualified to review new or existing insurance coverage for HAS provided via the City of Houston's Risk Management Program and advise HAS as to how best to procure OCIP insurance coverage that does not duplicate new or existing HAS insurance coverage and fills coverage gaps arising from construction project activities. For background information purposes, the MLIT will be constructed in multiple phases, involving demolition of existing Terminal C North and Terminal D spaces and construction of new facilities as part of the MLIT while maintaining continuous operations in support of international air carriers.

Reference page 10, Section 4.4.14, is revised as follows:

"4.4.14 Contractor shall provide all coverage line reports to HAS, including, but not limited to:

4.4.14.1 Annual stewardship report, due by December 1st of each year, which will include a list of deliverables created, the completion date of those services, a status report on uncompleted services, as well as any other activities undertaken on HAS' behalf.

4.4.14.2 Quarterly loss reports (preferably electronic format) for all lines of coverage, complete with a status report of all open claims, litigation and/or subrogation status updates."

Council Members: Brenda Stardig Jerry Davis Ellen R. Cohen Dwight A. Boykins Dave Martin Steve Le Greg Travis Karla Cisneros Robert Gallegos
Mike Laster Larry V. Green Mike Knox David W. Robinson Michael Kubosh Amanda Edwards Jack Christie.
Controller: Chris Brown

Reference Attachment I, Sample Contract, pages 15 and 16, is revised as follows:

Any reference to “Excess Liability Coverage” in pages 15 and 16 of the sample contract is revised to say “Umbrella Coverage.”

II. The following are questions posed by prospective respondents and the HAS response:

Question No. 1: The City’s procurement site for HAS OCIP T-HBH-OCIP-2016-026 includes a bid document “OCIP RFP Sample Contract.pdf.” Please also provide this document as an editable MS Word file document.

Response: A Microsoft Word version of the OCIP RFP Sample Contract will be uploaded to the Strategic Procurement Division website.

Question No. 2: Regarding MWSBE Certification, can only firms certified by the City of Houston (as listed on the City’s website) be utilized, or can MWSBE firms be utilized if certified by other agencies (Examples: Federal HUB Zone, DOT (Federal or State), Texas Unified Certification Program, or other similar agencies)?

Response: The only certification that will be accepted is the City of Houston.

Question No. 3: Please confirm that the duration of the base contract is for eight (8) years plus one (1) two (2) year renewal as shown in Article 2.3.6. Article 2.2.4 that after contract award and mobilization, a construction schedule will be developed with anticipated mobilization of the CMAR before the end of calendar year 2016 with project anticipated completion in 2022-2023. This would essentially make the project a 6-7 year project. Why is there a requirement for the base contract to be eight (8) years?

Response: The duration of the base contract contained in Article 2.3.6 is confirmed, eight (8) years plus one (1) two (2) year renewal option. An eight (8) year contract term for the OCIP is specified in support of possible project schedule contingency. As stated in the opening sentence of 2.2.4, a firm construction schedule for the MLIT Project has not yet been developed. As discussed in 2.2.3, HAS *intends* to award one (1) contract for Architect Engineer Design Services, and one (1) contract for Construction Manager at Risk services. These contracts have not yet been awarded to support further design and/or construction schedule progress.

Question No. 4: Can a detailed breakout of Construction Values be identified and provided for each significant component of the CMAR?

Response: As discussed in 2.2.3 and 2.2.4, HAS intends to solicit and award one (1) Architect Engineer Design Services, and one (1) Construction Manager at Risk contract to support the MLIT project. These contracts have not yet been awarded to support further design and/or construction definition. As stated in 2.2.5, the estimated construction cost of the MLIT is not expected to exceed \$600,000,000.00.

Question No. 5: Information regarding the scope of the IAH Terminal Redevelopment Program was referenced at the Pre-Proposal Conference as the Program Definition Manual online at fly2houston.com, however the Program Definition Manual shown shows that it was updated as of December 2014. Is there a more up to date Program Definition Manual that reflects any changes in the scope and size of the project?

Response: No. The final Program Definition Manual for the MLIT is dated December 2014.

Question No. 6: With regard to Article 4.3.3, is there a requirement for dedicated on-site individuals? If all described functions can be performed off-site without dedicated on-site personnel, is this an acceptable approach?

Response: Dedicated, on-site, management staff is not required, provided the Contractor is utilizing a real-time OCIP web based management information system and the requirements for attendance at routine meetings with the program management team are met. However, some circumstances may require frequent on-site representation. For example, mobilizing/de-mobilizing construction contractors, facilitating/assisting contractors in completing insurance enrollment, ensuring that contractors are providing monthly payroll data to the Contractor are instances in which on-site representation will be required. There will also be instances where a contractor needs to be signed up immediately to address some critical role. Safety and Loss Control representatives must be located on-site and available to oversee the construction safety program.

Question No. 7: 4.3.5 states that the Contractor will be provided space for two (2) principal OCIP related positions within the Program Management Office on-site. Will this be provided at no additional cost to the Contractor and will this include access to network systems?

Response: Office space, typical furnishings, and network access will be provided at no cost to the Contractor by the Owner.

Question No. 8: Please clarify the project size/value, scope and schedule of the project, especially in reference to the main elements of the project, ITRP (Mickey Leland International Terminal, Enabling and Landside Utilities, Program Management Office and Aircraft Parking Hardstand). The original plan from 2015 indicated that the project would be around \$1.5B not the Construction Value is \$600M. This is a significant change in values.

Response: It is important to maintain consistency in use of terminology. The IAH Terminal Redevelopment Program (ITRP) is a collection of projects that collectively improve the condition and capacity of the northern portion of the central terminal area at IAH. The ITRP total cost is estimated to be approximately \$1.5 billion. The Mickey Leland International Terminal (MLIT) is one of the projects contained within the ITRP portfolio. The estimated total cost of the MLIT is less than \$900 million, and will have an estimated construction cost of less than \$600 million. As stated in 2.2.3, the OCIP will apply to the MLIT Project Construction-Manager-At-Risk (CMAR) Services. These cost values do not represent a significant change in previously provided information.

Question No. 9: Can a proposed construction timeline be provided listing project, start date and anticipated completion?

Response: Please see response provided to question 3 above and the MLIT Program Definition Manual (PDM), available via link at <http://fly2houston.com/0/3922838/0/0/>.

Question No. 10: Does the HAS anticipate construction be General Contractor/CM or will there be multiple primes?

Response: As discussed in 2.2.3, we anticipate awarding one (1) Construction Manager at Risk contract in support of the MLIT.

Question No. 11: Will HAS be accepting CCIP quotes as an alternative to the OCIP?

Response: No.

Question No. 12: Can a copy of the HAS Safety training program be provided which is referenced in section 5.1.4?

Response: The HAS Safety Program is under complete revision. The revised program is currently in draft form and not available for distribution at this time.

Question No. 13: Can a copy of HAS' Return-to-Work program be reviewed?

Response: Since the OCIP is applicable to the Construction Manager at Risk contract to be awarded at a later date in support of the MLIT, the HAS Return to Work policy as it applies to City staff does not appear to be relevant to the OCIP. If review is desired by the selected Contractor, the policy may be provided at a later date.

Question No. 14: Can a listing of HAS ITRP Management Team be provided in relation to the day-to-day contact for Administrative Services, Claims and Loss Control/Safety?

Response: As discussed during the pre-proposal conference, and as depicted on slide 20 of the presentation provided during the pre-proposal conference (available at <http://purchasing.houstontx.gov/bids/T-HBH-OCIP-2016-026/OCIP%20Pre-Proposal%20Conference%20Presentation%20FINAL.pdf>), the OCIP Contractor will interact with the Executive Program Manager, Manager of Program Controls.

Additional ITRP Program Management Team members may be identified as the mobilization in support of ITRP elements continues.

Question No. 15: Is it the preference that HAS have on-site contractor enrollment and management services as opposed to off-site capabilities?

Response: Please see response provided to question 6 above.

Question No. 16: Article 4.3.7 states that for the term of the contract, the Contractor shall review HAS' current operational all-risk property policy and make recommendations to take advantage of any enhancements to the coverage provided for the OCIP and therefore prevent coverage gaps. This is in addition to reviewing current risk management risk management corporate policies to ensure proper coverage for the OCIP. However the current corporate casualty and property policies may or may not be controlled by the OCIP broker and are potentially changed annually. Does this potentially cause a conflict with the OCIP broker who is not the broker of record for those corporate policies?

Response: No. The Contractor shall conduct independent assessments of new or existing HAS insurance coverage to identify coverage gaps to be filled under the OCIP program. Contractor shall also actively assist HAS with risk identification and risk transfer opportunities under the OCIP program.

Question No. 17: Will HAS look to the broker to manage the badging process, or will this be an activity that the General Contractor/CM would perform? If it is the broker's responsibility, can HAS list the requirements that will be needed to confirm a subcontractor is properly badged?

Response: The badging process, and related services, will be managed by others.

Question No. 18: Article 4.4.9 states that the Contractor shall coordinate employee medical/drug testing needs for pre-employment, random, post-accident and return to work requirements. Medical and/or drug testing costs are not reimbursed by HAS. This could be a significant cost and not necessarily an activity that is best managed by an OCIP Administrator. Is this an item that is better handled by the General Contractor?

Response: HAS recommends that proposing firms respond to the solicitation as specified as base proposal. An alternative to the Article 4.4.9 requirements may be submitted *in addition to* the base proposal.

Question No. 19: 4.4.11 is asking for the Contractor and/or contractor's vendor to agree that cases involving multiple claimants and/or catastrophic losses will not be considered grounds for Allocated Time and Expense Charges against HAS. It is unclear how this can be agreed to during the bidding process without access to, and agreement between a Contractor/Carrier/TPA. Please clarify the intent of this item.

Response: Section 4.4.11 is hereby removed from the Scope of Work. Any such issues may be negotiated with the successful respondent.

Question No. 20: Under the Safety and Loss Prevention Services requirements starting on Article 4.5.5 states that the Contractor and/or insurance carrier shall provide coordinated, efficient, and cost effective professional safety and loss prevention services which should include a basic safety program standard to include among others

- a. Safety training programs
- b. HAS safety orientation/job site specific orientation
- c. OSHA 10/OSHA 30
- d. Safety/Toolbox meetings.
- e. Second Language basics English/Spanish
- f. Job specific and target focused training

Would these type of services including drug testing referenced earlier be better coordinated by the GC. The OCIP broker or contractor would potentially duplicate efforts and add additional costs that are best covered by the GC in coordination with insurance carriers' loss control services. Would simple oversight be sufficient for the scope?

Response: Proposing firms should respond to the solicitation as specified as a base proposal. An alternative to the Article 4.5.5 requirements may be submitted *in addition to* the base proposal.

Question No. 21: Performance Penalties – Contractor shall be responsible for meeting OCIP insurance marketing and placement schedules, as established by HAS at the outset of the contract. Failure to meet marketing and placement schedules will result in a penalty or liquidated damages equaling 5% of the anticipated insurance policy premium(s) per failure.

- a. How is this penalty assessed if the Contractor is not in control of when information is received from either HAS or underwriter in a timely manner which may affect placement schedules.
- b. Is the 5% applied to a per Line of Business basis or an overall failure to meet placement schedules?
- c. Will HAS agree to address this issue by providing wording or agreement that provides a window if there are circumstances outside the control of the Contractor?

Response: Responses should indicate the proposer's assent or exception to the inclusion of performance penalties. The specifics regarding performance penalties, including the amount and manner in which penalties will be applied and assessed, will be negotiated with the successful respondent.

Question No. 22: Is Houston Airport Systems (HAS) requiring fulltime onsite administration for the proposed OCIP? If so, how many are required and is HAS open to alternative solutions?

Response: Please see response to Question 6 above.

Question No. 23: Given the OCIP will only apply to the MLIT, how many General Contractors or Construction Managers are anticipated for the project?

Response: As discussed in paragraph 2.2.3, HAS intends to award One (1) Construction Manager at Risk contract in support of the MLIT.

Question No. 24: Section 7.1.2 makes no reference of score for oral presentation. If oral presentations are required, what will the evaluation criteria be? How will the presentations factor into the overall score?

Response: Please see sections 6.1.4 through 6.1.6, which reads in part (emphasis added): "If oral interviews are held, the committee members shall convene and discuss their impressions immediately following each interview, if possible. The discussion shall focus on strengths, weakness, and any new observations the committee may have on the particular vendor as applied to the criteria set forth in the solicitation. After discussion, the committee members shall update their scores for each criterion and record their updated scores on the scoring matrix (even if any member does not change the score on any criteria, he or she shall enter the final score on the matrix) based on the firm's explanation regarding its qualification for the Project and responses to interview questions (both standard questions and questions specific to the submission/proposal, if any)."

Question No. 25: Once the General Contractor is selected for the project, how will the subcontracted work be bid?

Response: The Construction Manager at Risk will bid for construction services as per City requirements.

END OF QUESTIONS

When issued, Letter(s) of Clarification (LOC) shall automatically become part of the solicitation documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. LOC(s) will be incorporated into the Agreement as applicable. It is the responsibility of the respondent(s) to ensure that it has obtained all such letter(s). By submitting a Proposal on this project, Proposer(s) shall be deemed to have received all LOC(s) and to have incorporated them into this solicitation.

If further clarification is needed regarding this solicitation, please contact BJ Hubbard, Sr. Procurement Specialist, via email (preferred method) at benard.hubbard@houstontx.gov or via phone at 281.230.8014.



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