

CASCADE WATER ALLIANCE

Request For Qualification – Insurance Broker

Issue Date: May 3, 2010

Submittal Due Date: June 4, 2010

CASCADE CONTACT INFORMATION

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I. ANNOUNCEMENT OF REQUEST FOR QUALIFICATION

Cascade Water Alliance (Cascade) is requesting a Statement of Qualification and Fee Proposal for insurance brokerage and risk management services. Proposers must demonstrate experience and satisfactory performance with engagements of similar scope by key personnel assigned. The selected broker will have full authority to market and bind Cascade’s insurance coverages.

Cascade’s insurance brokerage and risk management services are provided currently by Driver Alliant. Driver Alliant was retained in 2006 following a Request for Qualification process. The current Request for Qualification process is being performed in accordance with Cascade’s procurement policy of periodically testing the market for all consultants and vendors to assure that Cascade is obtaining services in the most effective and efficient manner.

Advertised on May 7 and May 14, 2010 in the *Puget Sound Business Journal*.

A. Description of Cascade Water Alliance

Cascade Water Alliance (Cascade) is a nonprofit corporation organized under the authority of the Interlocal Cooperation Act, chapter 39.34 of the Revised Code of Washington to provide wholesale water supply to meet the current and future water supply needs of its Members. Cascade was established on April 1, 1999 as a public body and instrumentality of its Members that include the following:

- City of Bellevue
- City of Issaquah
- City of Kirkland
- City of Redmond
- City of Tukwila
- Covington Water District
- Sammamish Plateau Water and Sewer District
- Skyway Water and Sewer District

All of the eight Member organizations are located within King County in the state of Washington.

Any municipal water utility within the Central Puget Sound Region may be admitted to Cascade in the future, at the discretion of the Cascade Board of Directors, subject to certain restrictions.

Cascade is governed by an eight member Board of Directors represented by each of its eight Members. All Board Members are elected officials of their respective Member organization. Day-to-day management is provided by Chuck Clarke, Cascade’s Chief Executive Officer. Mr. Clarke has served in this position since January 2009. Additional Cascade staff includes the following:

- Director of Finance and Administration

- Director of Planning
- Capital Projects Director
- Intergovernmental and Communications Director
- Water Resources Manager
- Business Manager
- Operations Manager
- Management Assistant
- Executive Assistant

Cascade is provided legal representation by several law firms in the Seattle area.

Cascade's purposes are limited to those related to water resources, specifically to:

- a) provide a safe, reliable and high quality water supply to meet the current and projected demands of Cascade Members, and to carry out this task in a coordinated, cost-effective, and environmentally sensitive manner;
- b) develop, contract for, manage, acquire, own, maintain and operate Water Supply Assets;
- c) contract with other water purveyors e.g., Cities of Seattle and Tacoma, for water supply;
- d) purchase and provide water supply, transmission services, treatment facilities and other related services;
- e) provide water conservation programs to promote the wise and efficient use of resources;
- f) carry out emergency water supply and shortage management programs for its Members when demands exceed available supply;
- g) coordinate and plan cooperatively with other regional or local water utilities and other entities to maximize supply availability and to minimize system costs;
- h) develop and periodically update Water Supply and Watershed Management Plans to address the water supply needs of its Members;
- i) share costs and risks among Members commensurate with benefits received; and
- j) carry out, or to further other water supply purposes that the Members determine, consistent with Cascade's purposes.

Cascade currently utilizes a combination of local groundwater supplies owned and operated by its Members and regional water supplies purchased on a wholesale basis from the City of Seattle. Cascade has an agreement in place with the City of Tacoma allowing wholesale purchases of water. Cascade purchased the White River/Lake Tapps Reservoir Project from Puget Sound Energy in 2009. Cascade is currently working with the Washington State Department of Ecology to acquire water right permits for future use of the Lake Tapps Reservoir as a public water supply. The Project is currently operated to maintain environmental and recreational purposes.

Cascade's Capital Investment Program for the next six years is approximately \$2 million and consists primarily of improvements associated with the Lake Tapps Reservoir.

B. Summary of Services Requested

Insurance brokerage services are needed for the broad range of insurance and risk management needs. The successful respondent will perform one or more of the following on a contractual basis, as determined by Cascade:

1. Agent(s) of Record – Property and/or Casualty Coverage
2. Consulting Brokerage Services
3. Contract review and insurance support services for contracts, construction projects and other agreements
4. General risk management advice.

This RFQ does not authorize potential brokers to approach the insurance marketplace, pools or service agencies on behalf of Cascade. Cascade requests that no contact or solicitation of insurance markets, or market reservation, be made on behalf of Cascade.

II. GENERAL INFORMATION AND INSTRUCTIONS TO PROPOSERS

The purpose of this RFQ is to obtain qualifications and fee proposals from firms to market Cascade’s insurance and risk management needs. The selected broker will have full authority to market and renew and bind the policies.

From and after the date of this announcement, any broker that directly or indirectly contacts any Board member or employee of Cascade in connection with the selection process or the contract contemplated herein, other than for the purpose of obtaining a copy of the RFQ or requesting clarification, is subject to disqualification. All requests for clarification will be made by e-mail to Scott Hardin, Director of Finance and Administration at shardin@cascadewater.org.

A. Time and Place for Submittal

The Statement of Qualification and any additional materials must be submitted no later than **Noon local time on June 4, 2010**. All materials must be submitted by e-mail to Scott Hardin, Director of Finance and Administration (e-mail shardin@cascadewater.org). Qualifications submitted after the noon deadline will not be accepted.

B. Anticipated RFQ Schedule (Dates subject to change by Cascade)

| | |
|--|--------------------------------------|
| RFQ Released | May 3, 2010 |
| Submittal of Statement of Qualifications | June 4, 2010 |
| Interview of Selected Firm(s) | Weeks of July 5 and July 12, 2010 |
| Cascade Board Action | July 28, 2010 |

C. RFQ Addenda

Cascade reserves the right to amend the RFQ at any time. Any amendments to the RFQ shall be issued through written addenda. Cascade will provide copies of each addendum to all Proposers who, according to Cascade's records, received the RFQ. Addenda will be sent by e-mail to the e-mail address by the Proposer.

All addenda so issued shall become part of the RFQ. Each Proposer shall be responsible for determining that it has received all addenda issued, and failure of any Proposer to receive any addendum shall not relieve such Proposer from any obligation contained therein.

D. Binding Offer

A Proposer's submittal will be considered a binding offer to perform the required services assuming all terms are satisfactorily negotiated. The submission of a Statement of Qualification shall be taken as prima facie evidence that the Proposer has familiarized itself with the contents of the RFQ.

Any Statement of Qualification may be withdrawn by the Proposer or its duly authorized representative by e-mail notice received by Cascade prior to the Qualifications Due Date of June 4, 2010. No Statement of Qualification may be withdrawn for 120 days after the opening of qualifications.

E. Requests for Interpretation

No substantive interpretation of the RFQ will be made orally to any Proposer. Every request for interpretation must be by e-mail to Scott Hardin, Director of Finance and Administration (e-mail shardin@cascadewater.org).

To be given consideration, such requests should be received at least five (5) working days prior to the June 4, 2010 date fixed for the deadline for submittal of qualifications. All such interpretations and any supplemental instructions will be in the form of a written addendum which, if issued, will be e-mailed to all known parties who requested a RFQ.

F. Amending the Statement of Qualification

At any time prior to the submission deadline, a Proposer may submit an amendment to a Statement of Qualification previously submitted. Any such amendment must be submitted in writing in the same manner as the original Qualification. Cascade reserves the right to disregard any amendment submitted that does not indicate clearly and precisely the proposed modifications to the original Qualification.

G. Cost of Preparation

Cascade will not reimburse Proposers for any costs involved in the preparation and submittal of a response to this RFQ.

H. Statement of Qualification Modification, Clarification and Selection

This RFQ does not obligate Cascade to accept or contract for any expressed or implied services. Cascade reserves the right to reject any or all Statement of Qualification, to re-advertise this RFQ, to postpone or cancel this process, and to change or modify the RFQ schedule at any time. In addition, Cascade reserves the right to request any Proposer to clarify its submittal or to supply any additional material deemed necessary to assist in the evaluation of a qualification and to modify or alter any or all of the requirements herein.

I. Proprietary Information and Confidentiality

Cascade shall have no obligation to treat any information submitted in connection with a Statement of Qualification as proprietary or confidential. Cascade's obligations with respect to protection and disclosure of such information shall at all times be subject to applicable laws.

J. Contract and Term

The term of the proposed Contract between Cascade and the Proposer is intended to be two years, with Cascade's option of two additional one year renewals. Either party may terminate the proposed Contract without cause upon thirty (30) days written notice.

III. EVALUATION PROCESS

Cascade will select, if at all, a broker whose qualifications, in the sole judgment of Cascade, best meets the requirements set forth in this solicitation, is the most advantageous to Cascade based on the evaluation criteria set forth herein, and is in the best interest of Cascade.

A. Review Committee

In conjunction with the Qualification submittal deadline, the Cascade Chief Executive Officer will designate a Review Committee to review the qualifications received by the specified due date and time. Assessment of the qualifications will be made on the basis of criteria set forth below. Selection of a broker may be made solely on the basis of original submittals without oral interviews or negotiation.

B. Elimination of Non-Responsive Submittals

The first action of the Review Committee will be to review each Statement of Qualification for completeness. Grounds for rejecting Qualifications as non-responsive include late submittals, missing information or addenda, qualifications that do not meet the minimum requirements or do not address all areas identified by Cascade.

C. Evaluation of Qualifications

Statement of Qualification submitted in accordance with the requirements of this RFQ will be evaluated based on the criteria described below. In its evaluation, the Review Committee may consider all information contained in the Proposer's Statement of Qualification, and any other information obtained by the Review Committee.

D. Interviews

The Review Committee, after reviewing the qualifications, will determine whether Proposers will be invited to appear for one or more interviews. Interviews will be scheduled only with Proposers having a reasonable chance of being selected according to the evaluation criteria established herein. Proposers selected to appear for an interview will be notified of the time, place, duration and format of the interview.

E. Recommendation to the Cascade Water Alliance Board

The Cascade Chief Executive Officer, in consultation with the Review Committee will make a recommendation to the Cascade Board. Cascade Board action will be required to authorize the Chief Executive Officer to execute a contract with the successful broker.

IV. SCOPE OF WORK

Cascade seeks an insurance broker to participate in the competitive marketing of Cascade's insurance and to provide risk management services. The selection of a broker will be based on the responses to this RFQ. Once selected, the insurance broker will begin work to implement insurance policies.

A. Current Insurance

Cascade currently has the following insurance policies in place.

1. Package Policy

(Property, General Liability, Auto Liability, Inland Marine and Management Liability)

Annual Premium – Approximately \$31,000

Policy Period – May 9, 2009 through May 8, 2010

2. Excess Liability

Annual Premium – Approximately \$16,000

Policy Period – May 9, 2009 through May 8, 2010

Cascade anticipates obtaining new or extended coverage for the period immediately following May 8, 2010 and the scope of services under this RFP does not include services related to that coverage.

B. Services Requested

While the range and extent of services is subject to negotiation, the selected broker shall provide, as a minimum, professional services and dedicated personnel necessary to perform the following:

1. Develop a complete understanding of Cascade's areas of exposure and consult with Cascade's representatives about short and long-term exposures.
2. Evaluate existing insurance policies and claim histories and make recommendations for any changes, modifications, consolidations, and/or additions in the terms, conditions and coverage limits needed to yield a comprehensive risk management program to protect Cascade's interests.
3. Identify programs, products and insurers capable of meeting Cascade's insurance needs and prepare bid specifications and applications for markets.
4. Negotiate on Cascade's behalf the details of insurance contracts with selected carriers and review with Cascade's Chief Executive Officer the pricing, policy conditions, exclusions, and audit requirements, and any mandatory loss control recommendations for all coverage.
5. Obtain premium, coverage and service quotations *30 days prior to policy expiration* and present the information to Cascade's Director of Finance and Administration, in a clear, crisp, understandable format.
6. Provide verification of coverage as needed by Cascade to meet any and all requests for insurance certificates and provide recommendations regarding insurance requirements for various contracts on an as needed basis.
7. Provide answers to Cascade staff and obtain clarification from underwriters or claim adjusters on coverage or claim questions.
8. Provide general risk management advice on an as needed basis.

V. RESPONSE REQUIREMENTS

Proposers are advised to carefully follow the instructions listed below in order to be considered fully responsive to this RFQ. Proposers are further advised that lengthy or wordy submissions are not necessary. All firms are required to submit the information detailed below. The information shall be organized in the order listed below to assist Cascade in reviewing all proposals received.

- A. Please submit a cover letter of not more than four pages that summarizes your philosophy, approach and unique benefits that your firm presents. Describe your firm's marketing technique and strategies and how they have been successful. Address your firm's ability to obtain premium, coverage, and service quotations 30 days before policy expiration.
- B. Provide a one-page discussion on your assessment of the market conditions which will affect the insurance placement of Cascade's coverage over the next few years. List any innovative insurance and risk management solutions you see.
- C. Provide a brief description and history of your firm. Include the number of years it has been in business, any specialization(s), number of employees, and other applicable service it offers. List the experience and history of any subconsultants included in your statement.
- D. Designate the primary account executive along with key personnel, if any, who will be assigned to Cascade. Please describe the background, experience and qualifications of the primary account team and provide resumes. The individuals so identified must be current employees of the Proposer and must be assigned to perform the services required for this engagement if the Proposer is selected. No change in such key personnel will be allowed unless the Proposer reports to Cascade, in writing, the proposed change and Cascade approves the change in writing.
- E. Provide three (3) references that most closely resemble Cascade's needs (including contact and phone number), describe your successes with the firms and the lines of coverage involved. Cascade reserves the right to contact any person(s) or organization(s) who are familiar with the work of the Proposer to document the qualifications and successful experience of the Proposer.
- F. Provide a statement that a conflict of interest examination has been conducted and the results of such an examination, and a plan to deal with any conflicts that may exist or may arise at a later date.
- G. Identify any proposed subconsultants that are to be engaged to perform any portion of the services required for this engagement, a description of the services proposed to be subcontracted, and the Qualifications of the subconsultant to perform the services and three (3) references who may be contacted to verify the subconsultant's experience in providing similar services.

- H. Submit a Fee Proposal. A Fee Proposal may be an hourly rate, a lump sum, and/or a commission basis proposal. Whichever method is selected, the proposal should be inclusive of all costs, charges, overhead, and profit. The Proposer shall also furnish an estimate of the annual costs based upon Cascade’s current insurance program. The estimate should include an appropriate breakdown to show the basis for the estimate.

Hourly Basis – The proposal should include hourly billing rates and estimated level of effort by person. The hourly rate shall be inclusive of all costs, charges, overhead, and profit. No additional charges for mileage, copying, faxing, or postage will be allowed.

Lump Sum Basis – The proposal shall be inclusive of all costs, charges, overhead, and profit. No additional charges for mileage, copying, faxing, or postage will be allowed. Fees for additional services should also be listed. The basis of the fee calculation should be described.

Commission Basis – The proposal should describe the formulas to be used to calculate commissions for each type of coverage in Cascade’s current program.

- I. Add any other information that would assist Cascade in making a selection.

VI. EVALUATION CRITERIA

The Review Committee will use the following evaluation criteria to evaluate the submittals. The Review Committee will select those applicants it determines best meet the stated criteria taking into account both qualitative and quantitative factors such as depth of project team, amount of experience, presentation of information, and other relevant factors.

Business History – The Proposer should demonstrate that it has been in business as a professional entity independently practicing as an insurance brokerage. Extra credit will be given for entities that have practiced for at least 10 years.

Prior Similar Experience – The Review Committee will rate highly Proposers which have previously performed insurance brokerage services similar in scope and complexity to the scope of this engagement, utilizing the key personnel identified in the Qualification.

Past Performance – The Proposer should receive consistently positive references on similar previous engagements. References will be checked during the selection process. Cascade may contact other representatives of the Proposer’s clients, whether or not the Proposer has identified such representatives.

Cascade will rate highly Proposers which receive strongly positive references regarding achievement of client objectives, responsiveness to client directions, reliability of timely performance, soundness of judgment, carefulness and thoroughness in performing services (including documentation), and cost-effectiveness of recommendations and other services rendered.

Proposed Key Personnel – The experience of the Proposer’s Key Personnel will be considered, with higher ratings for more experience. Cascade will rate highly Proposers whose key personnel have extensive experience in successfully completing insurance brokerage engagements most similar in scope and complexity to the scope of this engagement.

Proposed Fees – Cascade will consider in its evaluation the reasonableness of the fees proposed by the Proposer. Cascade’s evaluation will include comparison of the fees proposed by each Proposer. Cascade seeks to obtain high quality services for a reasonable fee. The highest rating or ranking will not necessarily be given to the Proposer with the lowest proposed fees.

END OF RFQ INSTRUCTIONS