



## CITY OF WASILLA

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COUNCIL MEMORANDUM NO. 91-01

FROM: Deputy Administrator

DATE: December 28, 1990

RE: Engineer Consultant Selection for GVC/Peck Street  
Paving L.I.D.

The Engineer Selection Committee of Councilmen Erickson, Carson and McCarthy reviewed the three proposals received. They interviewed and selected Alaska Rim Engineering for the engineering work. During the process of contract negotiations it was discovered that Alaska Rim Engineering did not have errors and omission (E & O) insurance. In past practice, the City Administration has required E & O insurance as protection for the City.

We have found that in the past few years that E & O insurance has become very expensive and most small engineering firms do not purchase it. In response to the situation, most municipalities apparently no longer routinely require E & O insurance. Each contract is evaluated for the nature of the work, the firm's reputation, and the cost of the project to determine if, and in what amount, E & O is required. The schedule of the Borough's current policy is attached.

Quite properly, the recommendation of our insurance broker and the City Attorney represents a conservative approach and suggests that E & O be required. The estimated annual cost for a small engineering firm can range from \$10,000 to \$15,000 for \$250,000 of E & O insurance.

Councilmen Carson and Erickson have indicated that in their estimation, the engineering risks of the project are minimal and that the savings of several thousand dollars in engineering fees warrants acceptance of the risk. The committee's apparent recommendation to the City Council is to award the engineering contract for the GVC/Peck Street paving to Alaska Rim Engineering and to not require E & O insurance.

Robert E. Harris  
Deputy Administrator

Approved 1/14/91

Professional Services Agreement  
Appendix "A", Standard Provisions

to date by line item budget categories (Personal Services, Travel, Contractual, Commodities and Equipment). Documentation of expenditures shall be submitted with all billings. Payment applications are to be made to the Borough no more frequently than once per month.

B. Payment will be reimbursable and shall be made as enumerated in Appendix "B", Scope of Services, if applicable. No payment will be disbursed until the previous month's billing has been approved by the Public Works Director. Such billings shall reflect the total work performed and approved, to date. The billing shall be itemized by category of expense claimed which itemization shall reflect total costs incurred for that particular task but not to exceed the total amount enumerated in this Agreement.

C. It is expressly understood and agreed that in no event shall the total compensation due the Consultant exceed the amount set forth in this Agreement.

Section 5. Consultant Insurance.

A. The Consultant will provide the Borough with a certificate of errors and omissions insurance insuring the Consultant's defense and indemnification of the Borough from the Consultant's insurance company establishing insurance amounts as follows:

	<u>Anticipated Construction Cost</u>	<u>Insurance Required</u>
Civil Projects:	Under \$1,000,000	None Required
	Over \$1,000,000	\$250,000
Building Projects:	Under \$50,000	None Required
	\$50,000 - \$1,000,000	\$100,000
	\$1,000,000 - \$5,000,000	\$250,000
	\$5,000,000 - \$10,000,000	\$500,000
	Over \$10,000,000	\$1,000,000

The Certificate of Errors and Omissions Insurance shall assure defense and indemnification of parties, including the Borough, damaged due to any act of the Consultant including errors and/or omissions by the Consultant, which insurance shall remain in force throughout the term of the agreement.

B. The Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, his agents, representatives, employees or subcontractors. The cost of such insurance shall be included in the Consultant's bid.

C. Minimum Scope of Insurance:

Coverage shall be at least as broad as:

- (1) Insurance Services Office form number GL 0002 (Ed. 1/73) covering Comprehensive General Liability and Insurance Services Office form number GL 0404 covering Liability or Insurance