



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6e

**ACTION ITEM**

**Date of Meeting** May 8, 2018

**DATE:** April 30, 2018  
**TO:** Stephen Metruck, Executive Director  
**FROM:** Manette Moses, Director Health & Safety  
Jeff Hollingsworth, Sr. Manager Risk Management  
**SUBJECT:** Risk, Health and Safety System Contract Renewal

**Amount of this request:** \$600,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute contract documents for the purpose of renewing the Port’s Risk Insurance and Management System, Origami Risk, through May 31, 2023, at an estimated cost of \$600,000.

**EXECUTIVE SUMMARY**

Approval of this request will allow the Port to continue using the Origami Risk system to administer all aspects of our risk, safety, and industrial insurance programs; track leading safety performance indicators; manage injury, damage, vehicle and bus, or lost and stolen property claims; submit regulated data to Labor and Industries, and the Centers for Medicare and Medicaid; and track recoveries from liable third parties.

The Origami Risk system, competitively procured in 2012, is a critical tool used by the Risk Management and the Health & Safety organizations to manage their day-to-day operations. For Health & Safety, the system must be used to comply with Industrial Insurance laws and regulations, meet federal and state reporting requirements, and capture important hazard and safety events critical for the development of safety improvements port-wide. For Risk Management, the system is used to capture and track all information associated with claim events, losses, litigation expense, and recoveries. The Origami system provides an online portal for self-reporting which streamlines the intake process and increases the reporting rate.

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Procured a new Risk Management system.

Cost Implications: The annual cost of a new system would depend on the system selected via a competitive procurement. Implementation costs are estimated at \$300,000.

Meeting Date: May 8, 2018

Pros:

- (1) While Origami Risk is the top risk management system as rated by several industry studies, a competitive procurement could offer required features at a lower recurring cost. System conversion costs and data loss risks from migration would need to be included in the overall assessment.

Cons:

- (1) The schedule for the procurement and implementation of a new system is estimated at 18-24 months and would require significant resources from Risk Management, Health & Safety, Information & Communication Technologies, and the Central Procurement Office. Resources would be unavailable for other important programs and operations.

This is not the recommended alternative.

**Alternative 2** – Do not renew contract and drop the Port’s self-insurance programs. The Port will be unable to maintain our self-insurance programs without system support.

Cost Implications: \$2,400,000 per year

Pros:

- (1) None

Cons:

- (1) This alternative is significantly more expensive than the recommended alternative due to an increase in insurance premiums and the cost for an insurance company or third-party administrator to process the estimated number of annual claims.
- (2) Electronic reporting and internal monitoring of claims has improved safety performance resulting in a 31% reduction in the Occupational Injury Rate between 2014 and 2017. Reverting to a third-party administrator will reduce or eliminate the gains from the past few years.

This is not the recommended alternative.

**Alternative 3** – Renew the Origami Risk contract for the next five years.

Cost Implications: \$600,000 (5 Year Cost)

Pros:

- (1) Risk Management and Health & Safety have developed automated processes and robust reporting for the efficient management of our claim processing and safety programs using the Origami Risk system. With this recommended alternative, the Port will be able to continue to self-insure and self-administer our worker’s compensation and high-deductible insurance programs.

Meeting Date: May 8, 2018

- (2) Data from electronic reporting and internal monitoring of events and claims help identify loss and injury trends and areas for safety improvements resulting in the reduction of future injury and loss. This work directly supports the Port’s Long Range Plan.

Cons:

- (1) While Origami Risk is the top risk management system as rated by several industry studies, a competitive procurement could offer required features at a lower recurring cost. System conversion costs and data loss risks from migration would need to be included in the overall assessment.

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

<b><i>Cost Estimate/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total</b>
<b>COST ESTIMATE</b>			
Original estimate	\$0	\$600,000	\$600,000
<b>AUTHORIZATION</b>			
Previous authorizations	0	0	0
Current request for authorization	0	\$600,000	\$600,000
Total authorizations, including this request	0	\$600,000	\$600,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

The annual cost of the license agreement is budgeted 50 percent in the Risk Management expense budget and 50 percent in the Health & Safety expense budget.

***Financial Analysis and Summary***

Project cost for analysis	\$600,000
Business Unit (BU)	Corporate
Effect on business performance (NOI after depreciation)	n/a
IRR/NPV (if relevant)	n/a
CPE Impact	n/a

**ATTACHMENTS TO THIS REQUEST**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None