

**CITY OF SAN ANTONIO**  
**OFFICE OF MANAGEMENT & BUDGET**  
**INTERDEPARTMENTAL MEMORANDUM**

**TO:** Mayor and City Council

**FROM:** Louis A. Lendman, Director of Management & Budget

**THROUGH:** Terry M. Brechtel, City Manager

**COPIES:** Milo Nitschke, Director of Finance; Christopher J. Brady, Assistant City Manager; Michael Rich, Risk Manager; File

**SUBJECT:** Ordinance Requesting the Purchase of Aircraft Hull and Liability Insurance (Police Helicopters)

**DATE:** March 27, 2003

**SUMMARY AND RECOMMENDATIONS**

This Ordinance authorizes the City Manager or her designee to purchase Aircraft Hull and Liability Insurance for the City of San Antonio with ACE USA Group (Westchester Fire Insurance Company) through McGriff, Seibels & Williams of Texas, Inc., the City's Broker of Record. The policy is for a one-year period beginning 12:01 AM March 31, 2003 through 12:01AM March 31, 2004, at a cost of \$150,442.00.

The Office of Management & Budget recommends approval of this Ordinance.

**BACKGROUND**

The Aircraft Hull and Liability insurance policy provides property damage coverage for the City-owned helicopters operated by the San Antonio Police Department. Liability coverage arising from the operation of the four helicopters (all Model 333 Schweizer aircraft) resulting in third party bodily injury or property damage is included in the policy with a single limit of \$10,000,000.00 per occurrence. A sublimit of \$5,000.00 per person per seat in each aircraft is provided for Medical Payments to passengers and crew members. Additional coverages beneficial to the City of San Antonio are included in the ACE proposal, such as cargo legal liability up to \$50,000, coverage for spare parts, and extra expense. Non-owned Aircraft Liability coverage, subject to specific terms and conditions, is also included. The "FLIR" Equipment (Forward Looking Infra Red System) is insured up to a sublimit of \$250,000.00 as "Additional Equipment" with a \$500.00 per-occurrence deductible.

Deductibles: The hull per-occurrence deductible amounts vary depending on the activity of the aircraft at the time of the occurrence. The deductible for each hull is \$500.00 if the rotors are not in motion. If the rotors are in motion, including in flight, the hull per-occurrence deductible equates to five (5) percent of the coverage amount for each aircraft, which amount is an agreed value by both the City and the insurance underwriters.

Request for Proposals Process: A Request For Proposals advertisement was published in the local newspaper on Sunday, January 19, 2003 and on Sunday, January 26, 2003. The City's Broker of Record also began reviewing coverage needs and marketing for this policy renewal during January 2003. Only two quotations were received this year. A third market, American International Group, declined to quote with no reason given. ACE USA Group (Westchester Fire Insurance Company)'s quote totaled \$150,442.00, but only contingent upon the City's acceptance of their Airport Owners and Operators Liability proposal. The second quote was from Old Republic Insurance Company, presented by Alamo Insurance Group, in the amount of \$158,270.00.

### **POLICY ANALYSIS**

In accordance with the above background, the City's Broker of Record recommends placing the Aircraft Hull and Liability insurance coverage with ACE USA Group (Westchester Fire Insurance Company). After a review of both quotes and a comparison of the combined premium by ACE and Old Republic for both policies, the Risk Management Division of the Office of Management & Budget concurs with this recommendation.

It is for the benefit of the City of San Antonio that we continue to insure physical damage exposure to our four helicopters and the extra expense coverage included in this proposal. This extra expense coverage reimburses the City if it becomes necessary as a result of an insured loss to expedite replacement parts or acquire the temporary use of a replacement aircraft.

The City Council has previously authorized the purchase of aircraft hull and liability insurance for many years. Last year, the purchase of coverage cost the City \$163,000. This year's premium reflects a reduction of 8% from last year.

### **FINANCIAL IMPACT**


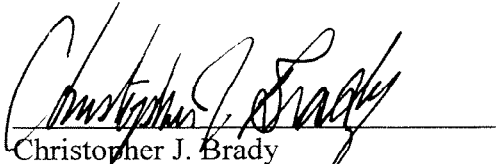
Funds are appropriated by fiscal year in the Liability Self-Insurance Fund for the purchase of insurance. This Ordinance will authorize the encumbrance of \$150,442.00. in the FY 02-03 budget.

## COORDINATION

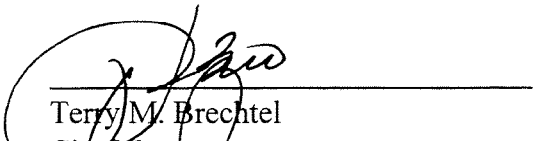
The Office of Management & Budget has coordinated this item with the Finance Department, the Police Department, and the City Attorney's Office.

## **SUPPLEMENTAL COMMENTS:**

The Ethics Disclosure form required by this Ordinance is attached.

  
Louis A. Lendman  
Director of Management & Budget  
Christopher J. Brady  
Assistant City Manager

APPROVED:

  
Terry M. Brechtel  
City Manager

Attachment

**City of San Antonio****Discretionary Contracts Disclosure\***

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&amp;2

Attach additional sheets if space provided is not sufficient.

State "Not Applicable" for questions that do not apply.

\* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

**Disclosure of Parties, Owners, and Closely Related Persons**

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract:

None

(2) the identity of any business entity<sup>1</sup> that would be a party to the discretionary contract:

ACE Property and Casualty Insurance Company; Westchester Fire Insurance Company and the name of:

(A) any individual or business entity that would be a subcontractor on the discretionary contract;

NONE

(B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract;

Please see the attached list of ACE Group World-Wide Insurance Companies as at September 2002.

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None

<sup>1</sup> A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

03-10-09 04:51pm From:ACE USA

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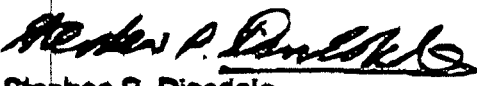
**Political Contributions**

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current or former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
None		

**Disclosures in Proposals**

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question<sup>2</sup> as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Not Applicable		
<b>Signature:</b>  Stephen P. Dinsdale	<b>Title:</b> Senior Vice President  <b>Company:</b> ACE Property and Casualty Insurance Company; Westchester Fire Insurance Company	<b>Date:</b>  March 10, 2003

<sup>2</sup> For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require refusal or require careful consideration of whether or not refusal is required.