

CONSENT AGENDA
ITEM NO. 24

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

TO: Mayor and City Council

FROM: Peter Zaroni, Acting Director of Management and Budget

THROUGH: Terry M. Brechtel, City Manager

COPIES: Milo Nitschke, Director of Finance; Erik J. Walsh, Assistant to the City Manager; Michael Rich, Risk Manager; Kevin Dolliole, Director of Aviation; File

SUBJECT: Ordinance Requesting the Purchase of Airport Owners and Operators Liability Insurance

DATE: March 25, 2004

SUMMARY AND RECOMMENDATIONS

This Ordinance authorizes the City Manager or her designee to purchase Airport Owners and Operators General Liability insurance coverage for the City of San Antonio from ACE USA Group 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, 2004 through 12:01AM March 31, 2005, at an annual cost of \$64,554.

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

BACKGROUND

The above-referenced insurance policy protects the City from large catastrophic claims that may occur at the San Antonio International Airport and Stinson Municipal Airport. The policy pays for those sums that the City may become legally obligated to pay as damages because of bodily injury or property damage arising out of the operations at these two airports. The policy covers all claims that exceed \$10,000.00 up to a maximum limit of \$10,000,000.00 each occurrence. Additional coverages included as part of the current and renewal policy are Products-Completed Operations, Malpractice, Personal/Advertising Injury, Blanket Written Contractual Liability, and Hangarkeepers Legal Liability with each having a limit of \$10,000,000.00 per occurrence. These additional coverages broaden the basic policy and therefore are of benefit to the City of San Antonio.

Deductibles: The deductible for each loss occurrence is \$10,000.00. The annual aggregate that the City would pay in a one year period is \$100,000.00.

Request for Proposals Process: A Request for Proposals advertisement was published in the local newspaper on Sunday, January 18, 2004 and on Sunday, January 25, 2004. The City's Broker of Record also began reviewing coverage needs and marketing this renewal during January and February 2004. Only one quotation was received this year. Our Broker of Record made numerous verbal inquiries in its early stages of marketing. The primary markets which could be approached directly were AIG Aviation and Lloyds of London. Other markets contacted through a wholesale agency were Phoenix Aviation Managers, Global Aviation, and Market Finders. Requests for applications were not entertained by any of the markets the wholesaler approached. The insurers quoted or declined to quote based upon their writing both the Airport Owners and Operators Liability and the Aircraft Hull and Liability policies. When one of the Police helicopters suffered a total loss, many potential markets lost interest and declined to quote on the City of San Antonio business. ACE, our current carrier, did provide a bid of \$64,554, which is 3.5% greater than the current annual premium of \$62,370.

POLICY ANALYSIS

In accordance with the above, the City's Broker of Record recommends placing the Airport Owners and Operators Liability insurance coverage with ACE USA Group. The Office of Management and Budget concurs with this recommendation.

It is to the benefit of the City of San Antonio that we continue to insure potential legal liability risks inherent in airport operations at the San Antonio International Airport and Stinson Municipal Airport. Purchasing liability insurance for the airports reflects a continuation of past policy.

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 \$64,554.00 in the FY 03-04 budget.

COORDINATION

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

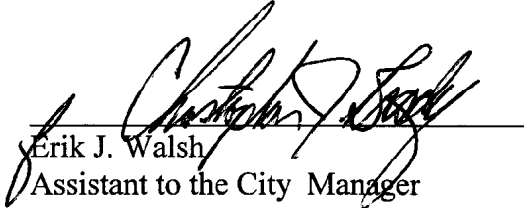
SUPPLEMENTAL COMMENTS

The Discretionary Contracts Disclosure Form is attached.



Peter Zanon

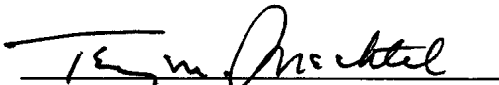
Acting Director of Management and Budget



Erik J. Walsh

Assistant to the 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, Section 1&2

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 that would be a party to the discretionary contract and the name of:

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

ACE PROPERTY AND CASUALTY INSURANCE COMPANY;
WESTCHESTER FIRE INSURANCE COMPANY

(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;

NOT APPLICABLE

(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

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 member of 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 entity include, but are not limited to, contributions made through the officers, owners, or registered lobbyists of the entity.

NONE

City of San Antonio
Discretionary Contracts Disclosure
For use of this form, see City of San Antonio Ethics Code, Part D, Section 1&2

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood², raise a question as to whether any city official would violate Section 1 of Part B by participating in official action relating to the discretionary contract.

NOT APPLICABLE

Signature:

JERRY RUTH

ACE USA

Date:

Jerry Ruth

ASSISTANT V.P.

3/15/04