

**CITY OF SAN ANTONIO
DEPARTMENT OF HUMAN RESOURCES
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council

FROM: Sharon De La Garza, Director, Department of Human Resources

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

DATE: March 24, 2005

SUMMARY AND RECOMMENDATIONS

This ordinance authorizes the Interim City Manager or his 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 (1) year period beginning 12:01 a.m. March 31, 2005 through 12:01 a.m. March 31, 2006, at an annual cost of \$63,263.

Staff recommends the approval of this ordinance.

BACKGROUND INFORMATION

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 per occurrence 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 deductible 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 San Antonio Express News newspaper on Sunday, January 16, 2005 and on Sunday, January 23, 2005. The City's Broker of Record also began reviewing coverage needs and marketing this renewal during January and February 2005. Three quotations were received this year; i.e., ACE USA at \$63,263.00, Phoenix Aviation Managers, Inc. at \$85,576.00, and Texas Municipal League (TML) at \$78,998.74. Our Broker of Record sent insurance specifications to the following additional markets for quotes, which all declined: U.S. Specialty, XL

Specialty, U.S. AIG, Global Aerospace, W. Brown & Associates, and the American International Group.

The recommended proposal from ACE USA of \$63,263 is the lowest bid. ACE USA is our current carrier. The renewal quote is a decrease from the current policy term premium of 2%.

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. Department of Human Resources 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.

FISCAL IMPACT

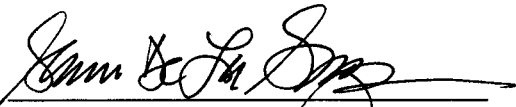
Funds are appropriated by fiscal year in the Liability Self-Insurance Fund for the purchase of insurance. This ordinance will authorize the encumbrance of \$63,263.00 in the FY 04-05 budget.

COORDINATION

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

SUPPLEMENTAL COMMENTS

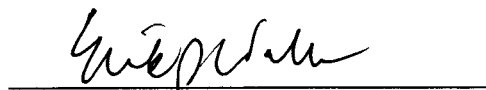
The Discretionary Contracts Disclosure Form is attached.



Sharon De La Garza
Director, Department of Human Resources



Frances A. Gonzalez
Assistant City Manager



J. Rolando Bono
Interim City Manager

Attachment

03-14-05 11:27am From:ACE USA

5043103610

T-713 P.02/04 F-369

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

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

Not Applicable

(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 USA - Insurance Companies as at January 17, 2005.

(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

03-14-05 11:28am From:ACE USA

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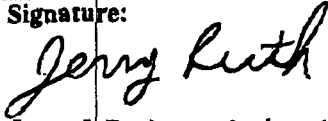
City of San Antonio
Discretionary Contracts Disclosure

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 J. Ruth Assistant Vice President – ACE USA

Date:

March 14, 2005