



City of San Antonio

Agenda Memorandum

File Number:16-1171

Agenda Item Number: 6.

Agenda Date: 2/18/2016

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott, CPA

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Extension of Property, Fine Arts and Inland Marine Insurance

SUMMARY:

This ordinance authorizes the City Manager or her designee to pay premiums to extend the City of San Antonio's property insurance, fine arts insurance and inland marine insurance for a period of 62 days, through 04/30/2016 for a total cost of \$272,398.00. This extension allows the opportunity to align the renewal dates for these policies with the City's remaining commercial insurance policies. A common renewal date will ensure operational and administrative efficiencies, as well as reductions in premium.

The property coverage is currently placed with FM Global for a 2-year term through 02/28/2016. The premiums for the first and second years were \$1,235,546.00 and \$1,241,786.00, respectively. The additional cost to extend this policy through 04/30/2016 is \$255,613.00.

The fine arts coverage is currently placed with AXA Art Insurance Company for a 1-year term through 02/28/2016 with an annual premium of \$40,884.00. The additional cost to extend this policy through 04/30/2016 is \$7,712.00.

The inland marine coverage is currently placed with XL Specialty Insurance Company for a 1-year term through 02/28/2016 with an annual premium of \$48,253.00. The additional cost to extend this policy through 04/30/16 is \$9,073.00.

BACKGROUND INFORMATION:

The City of San Antonio owns, furnishes and leases buildings to conduct City business. Covered property includes the buildings, the machinery used to heat and cool the buildings, contents, the electronic and data processing equipment, and the fleet of automobiles and trucks operated by the City. The total value of all covered property is \$3.12 billion.

The City also owns or borrows fine arts pieces for placement in various City facilities. Covered property includes paintings, statues, manuscripts, and historical artifacts. The total value of all covered property is \$18.9 million.

The City also owns and operates several public safety command vehicles utilized by the San Antonio Police Department and the San Antonio Fire Department for a variety of law enforcement activities. The total value of all covered assets is \$6.4 Million.

In December 2015, the Finance Department, Risk Management Division, in cooperation with the City's Broker of Record, SOGO Wealth and Risk Management/Wells Fargo (SOGO/WF), began the process of gathering the information necessary to support an effective and timely request for insurance for these important City assets.

SOGO/WF approached the three incumbent carriers, and requested quotes to extend these policies through 04/30/2016. The extension allows the opportunity to align the renewal dates for these policies with the City's remaining commercial insurance policies. A common renewal date will ensure operational and administrative efficiencies, as well as reductions in premium. Quotes for the policy extensions were submitted to SOGO/WF in January, 2016. SOGO/WF provided analysis and recommendations to the Risk Management Division for consideration.

The proposed coverage by FM Global, AXA Art Insurance Company, and XL Specialty Insurance Company, will continue the terms and conditions of the original policies through 04/30/2016, pro-rata, based on the current premiums.

ISSUE:

Approval of payment to FM Global, AXA Art Insurance Company and XL Specialty Insurance Company for the recommended premiums would continue the Council's policy of providing insurance protection for the City's buildings and contents, fine arts collection and public safety command vehicles. Protection from losses such as fire, theft, explosion, flood, earthquake, and even acts of terrorism would continue to be afforded through 04/30/2016, in conformance with Council's previous decisions.

The Small Business Economic Development Advocacy (SBEDA) Ordinance requirements were waived due to the lack of small, minority, and/or women businesses available to provide these goods and services.

The recommended award is an exception to the Local Preference Program and the Veteran-Owned Small Business Preference Program.

ALTERNATIVES:

Should this contract not be approved, insurance coverage for the City's business property and contents, fine arts collection and public safety command vehicles will expire on 02/28/2016. After this date, damage or losses due to fire, theft, water, earth movement or collapse would be entirely at the City's expense, until such time that new insurance coverage could be obtained.

FISCAL IMPACT:

Funding in the amount of \$255,613.00 for property coverage, \$7,712.00 for fine arts coverage, and \$9,073.00 for inland marine coverage is available in Fund 75001000, General Ledger 5402600 for the payment of premiums required by these insurance policies. The total expenditure for the three extensions is \$272,398.00.

RECOMMENDATION:

Staff recommends approval of these extensions with FM Global, AXA Art Insurance Company and XL Specialty Insurance Company to provide property, fine arts and inland marine coverage for the period 02/28/2016 to 04/30/2016. Contract Disclosure Forms and Disclosure of Interested Parties forms are attached.