

AGENDA



Thursday, November 20, 2008

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 50**

Subject: Authorize award, negotiation and execution of a 12-month requirements service contract with Fidelity National Insurance Company, Dallas, TX for flood insurance through the National Flood Insurance Program for the City of Austin in an estimated amount not to exceed \$70,704, with four 12-month extension options in estimated amounts not to exceed \$81,310 for the first extension option, \$93,506 for the second extension option, \$107,532 for the third extension option, and \$123,662 for the fourth extension option for a total estimated contract amount not to exceed \$476,714.

Amount and Source of Funding: Funding is included in the Fiscal Year 2008-2009 Operating Budget of the Human Resources Department. Funding for the extension options is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Rosemary Ledesma, Supervising Sr. Buyer/512-974-2011; Leslie Milvo, Risk Manager/512-974-3245.

Purchasing Language: Single Source.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This contract is for the purchase of flood insurance policies through the National Flood Insurance Program. The Federal Emergency Management Agency (FEMA) requires entities to carry adequate flood insurance on all property located within the 100 year flood plain in order to be eligible to receive assistance in the event of a disaster. The City's property insurance carrier, FM Global, provides \$40 Million in flood insurance coverage for the City of Austin. However, the City now has increased the number of properties from 11 to 17 that are located within the 100 year flood plain and the carrier has applied a \$500,000 flood deductible to each of these locations.

This is single source procurement since no other mainstream insurance carriers are offering coverage within the 100 year floodplain, and as FEMA establishes the rates to be charged by the few insurance firms that provide this coverage, it eliminates any opportunity for competition. The City will review this annually and should the opportunity for competition arise, the City will actively pursue competition.

In order to provide the first \$500,000 in flood coverage for these locations, the City purchases flood insurance policies for them through the National Flood Insurance Program (NFIP) as required by the recently updated FEMA flood maps within the Central Texas area.