

## AGENDA



Thursday, March 11, 2010

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 24**

**Subject:** Authorize award, negotiation, and execution of a 12-month requirements service contract with FRANK CRYSTAL & CO. OF TEXAS, INC., Houston, TX, to provide Airport Liability Insurance for Austin-Bergstrom International Airport (ABIA), in an estimated amount not to exceed \$83,500, with four 12-month extension options in estimated amounts not to exceed \$91,850, \$101,035, \$111,138 and \$122,252 respectively, for a total estimated contract amount not to exceed \$509,775.

**Amount and Source of Funding:** Funding in the amount of \$83,500 is available in the 2009–2010 Operating Budget of the Aviation 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:** Steve Aden, Purchasing Manager/974-2021

**Purchasing Language:** Best evaluated proposal of six proposals received.

**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 will provide liability insurance at the Austin-Bergstrom International Airport. Airport Liability coverage is a specialty coverage not offered by all insurance companies. The policy will provide the City with \$100 million in protection against catastrophic claims arising from operations at the airport. The policy is written with a \$10,000 per claim deductible. The City's current policy for Airport Liability Insurance coverage will expire March 24, 2010.

While the Texas Tort Claims Act lists airport operations as one of the governmental functions which limit the liability of a municipality, the airport also has a unique set of regulations imposed by the FAA and other federal government agencies. If a lawsuit is filed under one of these federal statutes, the potential damage amounts may not be capped by the Tort Claims Act.

This RCA requests approval of \$83,500 for airport liability insurance for the original policy term. The renewal premiums are estimated for the extension option years to include a 10% per year rate increase. An evaluation panel consisting of personnel from the Human Resources Department, Risk Management Division, Aviation Department, and Law Department evaluated the proposals and recommended Frank Crystal & Co. of Texas, Inc. as the best proposer offering the lowest premium. The proposals were evaluated based on coverage and limits, carrier/producer qualifications, claims handling processes and expertise, and premium cost.

Frank Crystal & Co. of Texas, Inc. (Agent) has offered coverage through ACE USA (carrier) that has an A.M. Best Rating of AXV by the Best Key Rating Guide. This is considered a very good rating status. This company is licensed to do business in the state of Texas.

MBE/WBE solicited: 29/25

MBE/WBE: 0/0

#### PRICE ANALYSIS

- a. Adequate competition.
- b. Four hundred sixty-five notices were sent, including 29 MBEs and 25 WBEs. Six proposals were received, with no response from the MBE/WBEs.
- c. The pricing offered represents a 41% decrease from the previous contract award in March 2006. This decrease can be attributed to the softening of the market, where current premiums are lower than previous years.

#### APPROVAL JUSTIFICATION

- a. Best evaluated proposal received. Frank Crystal & Co. of Texas, Inc. is the current provider for this coverage.
- b. The Purchasing Office concurs with the Human Resources Department's recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.