Purchasing Service Agreement CITY OF AUSTIN RECOMMENDATION FOR COUNCIL ACTION

AGENDA ITEM NO.: 19 AGENDA DATE: Thu 03/09/2006

PAGE: 1 of 2

SUBJECT: Authorize negotiation and execution of a 12-month service agreement with FRANK CRYSTAL & CO., OF TEXAS, INC., Houston, TX, to provide Airport Liability Insurance for Austin-Bergstrom International Airport through ACE USA, in an amount not to exceed \$141,779, with three 12month extension options in an amount not to exceed \$155,957 for the first extension option, \$171,553 for the second extension option, and \$188,708 for the third extension option, for a total agreement amount not to exceed \$657,997.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$141,779 is available in the Fiscal Year 2005-2006 Approved 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.

REQUESTING Purchasing

DIRECTOR'S

DEPARTMENT: for Human Resources; AUTHORIZATION: Vickie Schubert

FOR MORE INFORMATION CONTACT: Carol Vance, Risk Analyst/974-3264 or Rosemary Ledesma, Supervising Senior Buyer/974-2011

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: Approved by the Airport Advisory Commission

PURCHASING: Best evaluated proposal of four proposals received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 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 many insurance companies. The Airport Liability 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 claim/\$100,000 aggregate deductible per year. The City's current policy for airport liability insurance coverage expires March 24, 2006.

While the Texas Tort Claims Act, which limits the liability of a municipality, lists airport operations as one of the governmental functions, 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 \$141,779 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 HRD-Risk Management, Airport, and Law departments evaluated the proposals and recommended Frank Crystal & Co. of Texas, Inc. as the best proposer

RCA Serial#: 11062 Date: 03/09/06 Original: Yes Published:

Disposition:

Adjusted version published:

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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: 7/4

MBE/WBE bid: 0/0

PRICE ANALYSIS

a. Adequate competition.

- b. Seventy-five notices were sent including seven MBEs/four WBEs. Ten solicitations were issued including no MBEs/WBEs. Four proposals were received.
- c. The premium offered represents a 13% decrease from last year. The premium reduction reflects continuing industry recovery from 9/11. The previous annual premium was \$163,405.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal received.
- b. Risk Management Division, Human Resources Department, concurs with the recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.

RCA Scrial#: 11062 Date: 03/09/06 Original: Yes Published:

Disposition:

Adjusted version published:

AUSTIN AIRPORT ADVISORY COMMISSION Record of Action

DATE: February 21, 2006

AGENDA ITEM: 4c) - Approval of RCA - Authorize negotiation and execution of a 12-month service agreement with Frank Crystal & Co. of Texas, Inc., Houston, TX to provide Airport Liability Insurance for Austin-Bergstrom International Airport through ACE USA in an amount not to exceed \$141,779, with three 12-month extension options in an amount not to exceed \$155,957 for the first extension option, \$171,553 for the second extension option, and \$188,708 for the third extension option, for a total agreement amount not to exceed \$657,997.

MOTION BY: Scott Madole SECOND BY: Phil Hatfield

MOTION: To approve

MEMBER'S NAME	FOR	AGAINST	ABSTAIN	ABSENT
Richard Hatfield	х			х
Bradford Hughes				^
_	x			
Carolyn Lowe	x			
Scott Madole				
Hannah Riddering	X			x
Bettye J. Taylor				^
Michael Voticky	x			
Phil Williams		<u> </u>		
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TOTALS:	For: 5	Against: 0	Abstain: 0	Absent: 2

RECORDED BY: Hannah Riddering