



AGENDA MEMORANDUM

Future Item for the City Council Meeting of December 12, 2017
Action Item for the City Council Meeting of December 19, 2017

DATE: November 30, 2017

TO: Margie C. Rose, City Manager

FROM: Miles Risley, City Attorney
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Authorizing payment for existing insurance coverage package with TML Intergovernmental Risk Pool up to \$398,589 annually, and authorizing future coverage renewals after competitive quotes

CAPTION:

Motion authorizing the annual payment for an existing insurance coverage package with the TML Intergovernmental Risk Pool (TML Risk Pool) for the following insurance-type coverages for which the private markets have not provided a cost-effective alternative to the TML Risk Pool (Excess Aviation, Airport Liability, TB Clinic Automobile Liability, TB Clinic General Premises Liability, Animal Mortality for Police Dogs, Auto Physical Damage for High Value Vehicles, Auto Catastrophe, Crime Public Employee Dishonesty, Crime Forgery, Crime Theft, Crime Computer Fraud, Gas Utilities, and High Value Mobile Equipment) in a total amount not to exceed \$398,589, authorizing the City Manager or designee to execute the latest form TML Risk Pool agreements, authorizing the addition of FEMA-mandated coverages available from TML that are a condition of federal disaster reimbursement, and authorizing payments in future years to the extent they are (1) budgeted and (2) for which City staff and/or the City's broker of record have obtained competing quotes for the aforesaid coverages from the private market and determined that privately-obtained coverages are not cost-competitive to the TML Risk Pool quote for that year.

PURPOSE:

The TML Risk Pool insurance package is part of the total risk management insurance program which protects the City from liability and property risks to the extent they would constitute a serious degradation of financial performance of the City. Risk Management seeks authorization to pay the current outstanding TML Risk Pool invoices under the existing Interlocal agreement.

BACKGROUND AND FINDINGS:

The City of Corpus Christi requests authorization to pay the TML Risk Pool and other associated invoices for liability insurance contributions totaling an amount not to exceed \$398,589, with coverage effective through the upcoming fiscal year for a range of insurance coverages for which insurance markets have not effectively competed with the TML Risk Pool:

• TB clinic auto liability	\$519
• airport liability	\$24,677
• TB clinic general liability	\$892
• animal mortality (drug dogs)	\$5,700
• auto physical damage	\$217,228
• auto catastrophic coverage	\$13,500
• crime public employee dishonesty	\$7,019
• crime forgery	\$1,258
• crime theft	\$1,975
• crime computer	\$968
• mobile equipment	\$23,899
• excess aviation	\$32,924
• gas utilities	\$68,030

The TML Risk Pool is an interlocal government with more than 2,796 governmental entities as members. It is not insurance, but is instead a self-insurance program that pools assets and liabilities pursuant to Texas Government Code Chapter 2259. Payments made to the TML Risk Pool are deemed to be contributions under State law and are not subject to competitive procurement. The City has been a member of the TML Risk Pool for more than 20 years. As a participating member of the TML Risk Pool, the City can obtain and annually renew its required lines of coverage. Payment for regular coverages for the current period (indicated above) is now due. In addition, the City is currently negotiating with FEMA for some disaster reimbursements for flooded equipment that may require future disaster-related insurance coverages to be added thereto.

The TML Risk Pool currently only provides the aforementioned specialized lines of coverage to the City. In the past, the City has had more coverages with the TML Risk Pool than it has currently. However, at least since 2009, the City has only utilized the TML Risk Pool for those selected coverages for which the TML Risk Pool consistently provides better prices than the private insurance market. To minimize the City's expenditures for coverage, we recommend continuing this practice of utilizing the least expensive method of obtaining coverage.

The City's Broker of Record reviewed the market and has determined that none of the markets for these coverages are financially competitive with the TML Risk Pool's cost.

ALTERNATIVES:

The City could completely self-insure and terminate its coverages. However, this would expose the City to the risk of:

- uncompensated loss of its high value vehicles (over \$90,000)
- uncompensated loss of City vehicles in catastrophe with over \$250,000 total damage
- liability for airport operations
- uncompensated loss of police dogs
- uncompensated losses for employee dishonesty/crime
- uncompensated losses of listed high value mobile equipment (ex. road graders)
- liability for gas utility operations for claims over \$250,000

OTHER CONSIDERATIONS:

Not applicable.

CONFORMITY TO CITY POLICY:

This purchase conforms to the City's purchasing policies and procedures along with the State statutes regulating procurement.

EMERGENCY / NON-EMERGENCY:

N/A

DEPARTMENTAL CLEARANCES:

Risk Management

Purchasing Division, Financial Services Department

FINANCIAL IMPACT:

x Operating

☐ Revenue☐ Capital☐ Not applicable

Fiscal Year: 2017-2018	Current Year	Future Years	TOTALS
Line Item Budget	\$810,949	\$0	\$810,949
Encumbered / Expended Amount	\$291,763	\$0	\$291,763
This item	\$398,589	\$0	\$398,589
BALANCE	\$120,597	\$0	\$120,597

RECOMMENDATION:

Approval of this motion authorizing the existing coverage package and authorization of future renewals to the extent they are determined to be the most cost-effective coverage option.

LIST OF SUPPORTING DOCUMENTS:

Interlocal Agreement for execution (latest form agreement)