



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 22

Agenda Date: February 16, 2023

In Control: City Council A Session

DEPARTMENT: Office of Risk Management

DEPARTMENT HEAD: Debra Ojo

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Funding of Commercial Insurance for Vacant Properties

SUMMARY:

This ordinance ratifies insurance procurements for the City of San Antonio's Commercial Property Insurance policy and Terrorism and Sabotage coverage for the term 12/6/2022 – 12/5/2023 allowing the City Manager or his designee to procure premiums for two vacant buildings: former Wood Federal Courthouse at 655 Cesar Chavez and Spears Judicial Training Center at 643 Cesar Chavez Boulevard. The cost for this approval is \$111,291.86 in the amounts:

- o \$107,619.48 for Commercial Property and Equipment insurance from Landmark American Insurance which covers the City's facilities, boilers, and machinery.
- o \$3,672.38 for Terrorism and Sabotage insurance from Lloyds of London for protection of city property due to terrorism.

BACKGROUND INFORMATION:

In 2010, the City entered a real estate exchange contract with the Federal Government intended to facilitate the development of a new downtown Federal Courthouse and to support future

development within Hemisfair Park. The contract outlined a two-phase closing with the Federal Government first obtaining the former SAPD HQ site on Nueva St. on which it built the new Federal Courthouse. Upon completion of the new Federal Courthouse, the City acquired the 4.59-acre property that includes the Wood Federal Courthouse building and the adjacent Spears Training Center. The cash difference between the value of these properties was also paid to the City at the time of the first closing. The transaction was completed, and the City closed on the property located within Hemisfair Park on September 30, 2022.

October 7, 2022, the Office of Risk Management (ORM) received a request for insurance coverage from the department. The City's current commercial property and equipment and terrorism and sabotage insurance policies do not cover vacant buildings such as these properties. As such, ORM requested coverage through the City's Broker of Record, SOGO Wealth and Risk Management, for both commercial property and equipment and terrorism and sabotage insurance. In December 2022, SOGO provided market quotes, policy analysis, and recommendations for consideration. A total of six (6) property markets were approached and one (1) quote was received. Five (5) terrorism markets were approached, and one (1) quote was received. Procurement of both policies will continue providing insurance protection for City assets.

ISSUE:

Approval of payment \$111,291.86 for the recommended premium would continue the Council's policy of providing insurance protection for the City's assets and protection from losses such as fire, theft, flood, terrorism and catastrophic weather events.

ALTERNATIVES:

Should this contract not be approved, insurance coverage for the City's property and protection from potential liabilities such as damage, or losses due to fire, theft, water, and catastrophic weather events for these properties would be entirely at the City's expense, until such time that new insurance coverage could be obtained.

FISCAL IMPACT:

This ordinance authorizes the purchase of the Commercial Insurance policy for Property and Terrorism and Sabotage in an amount not to exceed \$111,291.86. Funding for this contract is available in the FY 2023 Adopted Facility Services Fund budget. Funding for subsequent years of this policy is subject to and contingent upon future City Council appropriations.

RECOMMENDATION:

Staff recommends approval of this ordinance for the commercial property insurance policy and the terrorism and sabotage insurance policy for the period of December 6, 2022 to December 5, 2023, at a cost of \$111,291.86.

