



MEMORANDUM

Council Agenda
Item No. IX. CX
6/21/2022

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Joint Resolution with the Oklahoma City Municipal Facilities Authority approving the purchase and acquisition of streetcar insurance coverage for the benefit of the Central Oklahoma Transportation and Parking Authority, HERZOG (COTPA's Streetcar Operator) and The City, effective July 1, 2022; authorizing and directing the Chairman or in his absence, the Vice-Chairman of the Oklahoma City Municipal Facilities Authority to execute documents necessary to bind the recommended and approved insurance policies; and authorizing the transfer of funds from the Risk Management Internal Service Fund to the OCMFA - Risk Management - Property and Casualty Insurance Administration Fund, \$388,739, July 1, 2022 through June 30, 2023.

Background:

This item is related to the Property and Casualty Insurance Administration Agreement with the OCMFA for the day-to-day operation of the City's Property and Casualty Insurance Program. The agreement requires that prior to binding and purchasing insurance coverage for policies which costs exceed \$100,000, the recommended insurance policies shall be presented to the Trustees of OCMFA and to the City Council for consideration and approval.

On June 21, 2016, the OCMFA approved a five-year professional services agreement with Alliant Insurance Services (Alliant) to provide insurance brokerage services (Item No. MFA.F.). On June 16, 2020, Alliant agreed to an extension of the agreement to December 31, 2022 (Item No. MFA. H.). Alliant has identified and recommended liability and physical damage insurance policies for consideration for purchase and binding. The recommended policies are described below. Costs associated with each of these identified policies will exceed \$100,000 on an annual basis. The Finance Director and the Risk Manager have reviewed the liability and physical damage insurance policies marketed through Alliant and recommend that the City Council and Trustees of OCMFA approve the purchase of the policies and authorize the Chairman, or in his absence, the Vice-Chairman to execute the necessary documents to bind coverage under the insurance policies.

The following insurance policies are recommended for purchase:

A. Liability Insurance – Covers general liability for the streetcars

The City's Broker, Alliant, requested general liability quotes from three companies, and staff is recommending accepting Aspen's proposal. The premium is \$149,031 annually and has a \$100,000 deductible. The insurance covers the City in the event that a streetcar causes damage to a third party and the City-owned streetcar is at fault. An example would be damage to another vehicle caused by a streetcar's mechanical failure. Should it ultimately be determined the City's contractor is at fault, the City's contract allows for the City to be made whole. This insurance policy is for 12 months and will be funded through the MFA and the City's chargeback system.

Carrier: Aspen Specialty Insurance Company

Estimated Premium (Program Cost): \$149,031

B. Physical Damage Insurance – Covers damage to streetcars, substations, the overhead catenary wire system, and track

The City's Broker, Alliant, requested physical damage insurance quotes (analogous to private automobile insurance) from five companies, and staff is recommending accepting Houston's proposal. The premium is \$239,708 annually and has a \$100,000 deductible for most risks. Earthquake, Flood and Wind and Hail carry separate deductibles of \$250,000. The insurance protects against the risk of collision with an uninsured motorist, and other weather-related risks. This insurance also covers the substations, overhead catenary wire system, and the track itself. This insurance policy is for 12 months and will be funded through the MFA and the City's chargeback system. The streetcars are currently covered and will remain covered by the City's existing property insurance policy when they are not in operation and stored at the Maintenance Facility.

Carrier: Houston Casualty Company

Estimated Premium (Program Cost): \$239,708

Estimated Cost:

\$388,739

Term:

July 1, 2022 through June 30, 2023

Source of Funds:

OCMFA Services–Risk/Property & Liability–Risk Management MFA Property & Liability
(682–1452–2800750–52190001)

Review:

Risk Management

Recommendation: Joint Resolution be adopted.