

**CITY OF LAREDO
SPECIAL CITY COUNCIL MEETING
M2007-SC-08
LAREDO PUBLIC LIBRARY
MULTI-PURPOSE ROOM
1120 E. CALTON ROAD
LAREDO, TEXAS 78041
SEPTEMBER 21, 2007
12:15 P.M.**

I. CALL TO ORDER

With a quorum present, Mayor Pro Tempore Belmares called the meeting to order.

II. PLEDGE OF ALLEGIANCE

Mayor Pro Tempore Belmares led in the Pledge of Allegiance.

III. ROLL CALL

In attendance:

Mike Garza,	Council Member, District I
Hector Garcia,	Council Member, District II
Michael Landeck,	Council Member, District III
Johnny Amaya,	Council Member, District IV
Johnny Rendon,	Council Member, District V
Gene Belmares,	Mayor Pro Tem, District VI
Juan Chavez,	Council Member, District VII
Juan Ramirez,	Council Member, District VIII
Gustavo Guevara Jr.,	City Secretary
Carlos Villarreal,	City Manager
Cynthia Collazo,	Deputy City Manager
Horacio De Leon,	Assistant City Manager
Jesus Olivares,	Assistant City Manager
Raul Casso,	City Attorney

Motion to excuse Mayor Raul G. Salinas.

Moved: Cm. Amaya

Second: Cm. Garza

For: 7

Against: 0

Abstain:

0

IV. FINAL READING

Motion to waive the Final Reading of Ordinance:

Moved: Cm. Garza
Second: Cm. Garcia
For: 7
0

Against: 0

Abstain:

1. 2007-O-181 Providing for the adoption of a tax rate of \$0.637000 per \$100 value with a

Maintenance and Operation Rate of \$0.511426 per \$100 value and a Interest and Sinking Fund Rate of \$0.125574 per \$100 value for the levy and the collection of General and Special Ad Valorem taxes for the City of Laredo for Tax Year 2007 and Fiscal Year 2007-2008.

Motion approving that the tax revenues be increased by the adoption of this ordinance and tax rate of 0.637000 per \$100 value.

Moved: Cm. Garza
Second: Cm. Amaya
For: 7

Against: 0

Abstain:

0

V. MOTION

1. Consideration to authorize the purchase of a chemistry and hematology analyzer from the sole bidder Infolab, Inc., Round Rock, Texas, in the amount of \$67,265.00 for the Health Department. The vendor was selected based on price, years of experience, and their ability to meet the City's requirements. Funding is available in Health Department's budget.

Motion to approve.

Moved: Cm. Garcia
Second: Cm. Amaya
For: 7

Against: 0

Abstain: 0

2. Authorizing the City Manager to enter into contract with Antares Development Corporation in the amount of \$160,000.00 to provide archiving/preservation services to the vital statistics program of the City of Laredo Health Department to allow for increased efficiency and enhanced customer service. Funding is available in the Health Department Budget.

Motion to approve.

Moved: Cm. Garcia
Second: Cm. Amaya
For: 7

Against: 0

Abstain: 0

VI. EXECUTIVE SESSION

VII. ADJOURNMENT

**M2007-S-10
SUPPLEMENTAL AGENDA**

I. MOTION

1. Consideration for approval of change order No. 2 to Rhino Builders Ltd., Laredo, Texas in the amount of \$194,210.00, approval of final payment in the total amount of \$1,312,188.75 and acceptance of project for the 24 inch diameter water line from Del Mar Boulevard and Loop 20 to the 2 million gallon TAMIU elevated storage tank. Funding is available in the 2004 Water Bond Issuance.

Motion to approve.

Moved: Cm. Garcia

Second: Cm. Garza

For: 7

Against: 0

Abstain:

0

II. STAFF REPORT

2. Discussion with possible action on the transferring of the airport traffic controllers to the Federal Aviation Administration.

Jose Flores, Airport Director, reported that he received the following letter:

“After further review of your concerns about transferring your Single Source contract into the national Contract and the fiscal aspects of the transfer, we have concluded that for the reasons discussed below, that including all Single Source contracts into the National Contract at this time is in the best interest of the government. Therefore, as we previously announced, effective October 1, 2007, Single Source contracts will be incorporated into the National Contracts. The contracts will be administered out of the Federal Aviation Administration (FAA) Headquarters in Washington, D. C.

The reasons for transferring yours, as well as other Single Source Contracts into the National Contracts is to bring uniformity to the FAA Contract Tower (FCT) Program. The Contract Tower Program Management Office is confident that by transferring your Single Source contract into the National Contract will gain the degree of oversight necessary to

ensure that safety, quality assurance, training, contingency planning and ATC procedural applications are being uniformly applied.

Should you elect not to enter into the National Contract, the airport authority may desire to become a Non-Federal Contract Tower. This latter option would mean that the airport authority would assume all financial responsibility for airport air traffic control services.

*Raul Trevino
Director of Terminal Safety and Operations Support”*

Gilbert M. Sanchez, Risk Manager, gave the following presentation:

Risk-air Traffic Control Tower Questions

The following is a summary of the issues presented:

Currently the Air Traffic Control Tower operation falls under the purview of the FAA as a “Single Source” contract and the FAA reimburses the City 80% of the Air Traffic Control Tower annual operational expenses including salaries of Air Traffic Controller’s who are considered City employees as the FAA has daily operational oversight of this City’s function. It is estimated that total Air Traffic Control Operating budget is approximately \$500,000 in which the Airport Department subsidizes approximately \$100,000.

FAA notified the City that all single Source Contracts would now fall under their National Contracts program in order to allow the FAA to gain an additional degree of oversight to ensure that safety, quality assurance, training, contingency planning and Air Traffic Control procedural application are consistent and uniform.

Current Air Traffic Control Tower Liability Insurance Program

The following details the City’s current Airport Liability Insurance program currently in effect until October 1, 2007:

FAA provides primary Air Traffic Control Tower Liability written by Berkley Insurance Group through March USA in the amount of \$10,000,000 per occurrence Policy number NYC-002430803. The City is the certificate holder and is added as an additional insured per the terms of the FAA contract at no charge to the City.

TML provides Airport Owner and Operational General Liability Policy Number 8235-06 with a \$20,000 per occurrence/\$20,000 aggregate limit which covers only premise and operations (not related to control tower) liability; however a \$10,000 per occurrence Control Tower excess sub-limit is endorsed to cover this expose. Expiring Premium is \$18,314.

Lloyd's of London provides umbrella coverage over the entire TML Airport Owner and Operational General Liability primary policy number JD DNX 9804506 in the limit of \$50,000,000 including Control tower Operations. Expiring Premium: \$21,250.

TML has placed the City on notice that Lloyd's will be not be renewing the \$50,000,000 excess layer for 2007-08 policy year and will require TML to procure coverage through an alternate market, ACE Corporation, however, at this time TML is unsure whether this carrier will include Control Tower Operations in its Airport Liability Excess coverage for next policy year starting October 1, 2007.

Total Insurance Protection for Air Traffic Control Tower Operations: \$70,000,000 total Premium, \$39,564.

Potential Risk and Insurance Implications

Risk Management is charged with providing insight regarding the impact of becoming a Non-Federal Contract Tower and City's ability to insure this exposure through its current carrier and locate other reinsurance markets that are able and willing to write this exposure on a very extraordinary short-time frame. The following is provided from a risk, insurance and liability perspective regarding the impact of the City not choosing to enter into the FAA's National Contract program.

The Control Tower \$10,000,000 liability primary insurance layer afforded through FAA would no longer be in place to protect the City. As previously mentioned this current coverage is provided by the FAA at no cost to the City.

TML, the City's current Airport Owner and General Operational Liability Carrier, has not indicated it will cover Air Traffic Control Tower Operations on a primary basis renewing on October 1, 2007 and would need to conduct a very detailed underwriting analysis to determine whether or not Control Tower Liability coverage could be provided by them. If TML determines it can write this exposure, it is anticipated the policy would be written at a lower limit and higher pricing.

Stand alone Control Tower Liability policies would be difficult to obtain due to the tightening capacity of this type of specialty insurance market and the fact that the City's Control Tower Operational would not fall under FAA oversight. This could possibly be a major rating factor in determining whether a carrier would entertain writing this risk and if so at what limits.

There could be a potential coverage gap in coverage for Air Traffic Control Operations should the city opt out of the National Contract Program as it could take approximately 60 to 120 days to underwrite this exposure once a broker with access to this type of specialty lines insurance market has been identified and located.

Summary

The transfer of Control Tower operations to FAA would be optimum and ideal as it appears the FAA and RVA would not have any contractual relationship with the

City. TML, however, would still be obligated to defend the City should it be brought into any litigation resulting from FAA's RVA's operation of the Control Tower.

Plainly put, if the City decides to in-house this operation, it may be doing so without any or inadequate risk transfer markets in place.

Dan Migura, Administrative Services, advised that he has met with each employee affected by the transfer and they have necessary time to retire with the Texas Municipal Retirement System.

Motion to transfer the control to the Federal Aviation.

Moved: Cm. Garza

Second: Cm. Landeck

For: 8
0

Against: 0

Abstain:

III. EXECUTIVE SESSION

IV. ADJOURNMENT

Motion to adjourn.

Moved: Cm. Garcia

Second: Cm. Garza

For: 7

Against: 0

Abstain: 0