



## Legislation Text

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### Report to Mayor and City Council

Tuesday, September 06, 2016

Discussion

#### **SUBJECT:**

**CONSIDER AMENDING CITY FACILITY RENTERS CONTRACTS AND PERMITS TO REQUIRE PROOF OF LIABILITY INSURANCE (CITY COUNCIL)**

#### **I. SUMMARY**

The current contracts and permits used to rent City facilities do not require that renters obtain liability insurance to protect the City against financial loss. As such, all liability for personal injuries and damage to private property puts the city in a vulnerable position as the city could be held financially responsible for any claim that could arise from an event or activity at any city facility even if the event or activity is not sponsored by the city. The insurance would also provide coverage to protect renters from third party claims.

#### **II. RECOMMENDATION**

TAKE the following action:

1. APPROVE amending the current contracts and permits to include the updated indemnity language and a requirement that renters of City facilities provide commercial general liability insurance in the amount of \$1,000,000.
2. APPROVE COUNCIL POLICY & PROCEDURE NUMBER 01.04.01, RENTERS OF CITY FACILITIES/REQUIREMENT FOR LIABILITY INSURANCE.

1.

#### **III. ALTERNATIVES**

1. TAKE another action the City Council deems appropriate.

#### **IV. BACKGROUND**

The city allows private individuals and businesses, non-profit and private organizations (Users) to rent city facilities for meetings and events. The City does not currently require that Users of City facilities obtain commercial general liability insurance ("general liability")

to protect the City against financial loss. The majority of the neighboring cities as well as other public entities require this insurance when renting their facilities (Exhibit 1). The \$1,000,000 general liability per occurrence/\$2,000,000 general aggregate insurance requirement would effectively transfer the risk of financial loss from the City to a separate insurance policy.

Liability Insurance Requirements for City Facility Rentals is referenced as Exhibit 2. The Park Facility Permit and Community Center Rules, Regulations and Conditions of Use are referenced as Exhibit 3. The City Attorney's Office recommends amending the indemnity language in the Parks Facility Permit and Community Center Rules, Regulations and Conditions of Use as follows:

"To the full extent permitted by law, Permittee agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("indemnified Parties" against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions, or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claims by any person, firm or entity arising out of or in connection with use and/or occupation (whether such use and/or occupation is authorized or not authorized by Permittee) of the facilities described in the permit by Permittee, its officers, employees, agents, subcontractors, invitees, guests, patrons or any individual or entity for which Permittee is legally liable ("indemnitors"), or arising from Permittee's or indemnitors' conduct, or arising from Permittee's or Indemnitors' negligent performance of or failure to perform any term, provision, covenant, or condition of this permit or applicable law except claims or liabilities occurring as a result of City's sole negligence or willful acts omissions. The indemnity obligation shall be binding on successors and assigns of Permittee and shall survive termination of this permit. Permittee shall pay, upon written demand from the City, for any and all damages to the property of the City, or for loss or theft of such property, arising out of or in connection with use and/or occupation (whether such use and/or occupation is authorized or not authorized by Permittee) by indemnitors of the facilities described in the permit. If the City and/or Permittee are/is required to initiate or defend or made a party to any action or proceeding in any way connected with this indemnity obligation, the prevailing party in such action or proceeding, in addition to any other relief to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees, whether or not the matter proceeds to judgement."

Staff is requesting that the City Council approve COUNCIL POLICY & PROCEDURE NUMBER 01.04.01, RENTERS OF CITY FACILITIES/REQUIREMENT FOR LIABILITY INSURANCE (Exhibit 4).

Otherwise, claims will be presented to the City for resolution. The City is self-insured for the first \$250,000.00. The City will provide a list of vendors to assist renters with purchasing the required general liability insurance if they need assistance.

Facilities that are rented by Users through a reservation or permit include picnic shelters, auditoriums, classrooms, multipurpose rooms, meeting rooms, basketball gyms, sports fields, park grounds, parking lots, etc. Without renter insurance, the City is responsible for the first \$250,000 in claims.

Typical events that facilities are reserved for include meetings, sports games and

tournaments, weddings, birthday parties, receptions, conferences, exhibitions, religious services, baby showers, special events, graduations, family reunions, etc. A complete list is provided as (Exhibit 5). Staff completed a survey of surrounding communities and renter insurance is required in five of seven cities, including the City of Long Beach.

The financial impact to the User who purchases insurance depends on the classification of the event, the attendance and frequency of the event. Potential cost to the User, as per the current rate sheet for the Southern California Municipal Athletic Federation program is as follows:

<u>EVENT</u>	<u>CLASS</u>	<u>ATTENDANCE</u>	<u>FREQUENCY</u>	<u>COST</u>
Birthday Party	1	51-100	one day	\$94.73
Wedding Reception	1	101-500	one day	\$128.17
Picnics	2	51-99	one day	\$94.73
Swim Party	3	51-100	one day	\$189.47

Commercial Businesses, Private and Non-Profit organizations typically carry their own insurance. These groups would be required to show proof and provide the proper endorsements. The sample rate sheet is available as (Exhibit 6)

It is important to note that the insurance policy will also protect the renter against third-party claims. For example, a person attending private event could file a small court claim or litigation against the renter for some issue stemming from the event.

## **V. FISCAL IMPACT**

None.

Potential claims from an event at a city facility with no insurance coverage could cost the city up to \$250,000 and could lead to higher premiums in the future.

## **VI. EXHIBITS**

1. May 17, 2016 Study of Neighboring Cities Insurance Requirement to rent facilities. (page 4)
2. Proposed Liability Insurance Language for Renting City Facilities (page 5)
3. Current Park and Community Center Contracts and Permits (pgs. 6 - 10)
4. COUNCIL POLICY & PROCEDURE - RENTERS OF CITY FACILITIES/REQUIREMENT FOR LIABILITY INSURANCE (pgs. 11 - 13)
5. Sample coverage, Event types and Classifications (pgs 14 - 18)
6. Rate sheet (pgs 19 - 21)

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