



THE CITY OF KEY WEST  
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### **EXECUTIVE SUMMARY**

Date: April 5, 2022

To: City Commission

CC: Patti McLauchlin, City Manager  
Shawn D. Smith, City Attorney  
Amanda Brady, Licensing Official  
Ryan Stachurski, Multimodal Transportation Coordinator

From: Nathalia A. Mellies, Assistant City Attorney

Re: Amendment to City of Key West Code of Ordinances,  
18-387 – Insurance Requirements for Recreational Rental  
Vehicles

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### **BACKGROUND:**

On July 20, 2021, the City Commission approved Ordinance 21-12 which resulted in various changes to Chapter 18--Recreational Rental Vehicles. One of those changes was the insurance requirements for the businesses operating recreational rental vehicles (RRV).

The current ordinance requires the following insurances:

- (1) Commercial general liability with limits of \$1,000,000.00 per occurrence, \$5,000,000.00 policy aggregate affording coverage for claims resulting from bodily injury (including death) and property damage.
- (2) Automobile/motorcycle liability affording coverage on all motorized recreational rental vehicles used in connection with the operations or activities contemplated under this article. The operator should furnish the city with a policy affording coverage on all motorized recreational rental vehicles utilized by the business as rentals, including coverage for hired and non-owned auto exposures, with a combined single limit for bodily injury (including death) and property damage of \$1,000,000.00 per accident.

Various business owners subsequent to the passing of the ordinance reached out to City staff to explain that the insurance required by the ordinance was cost-prohibitive.

Based on input from various business owners, and in consultation with the City's insurance consultants, it is recommended that the insurance be adjusted to amounts that are less cost-prohibitive for the business owners while still protecting the City's interests and the safety and welfare of the general public.

The recommended new insurance limits are as follows:

- (1) Commercial general liability in an amount not less than \$300,000.00 per occurrence or the maximum exposure under F.S. 768.28, whichever is higher, affording coverage for claims resulting from bodily injury (including death) and property damage.
- (2) Automobile/motorcycle liability affording coverage on all motorized recreational rental vehicles used in connection with the operations or activities contemplated under this article. The operator should furnish the city with a policy affording coverage on all motorized recreational rental vehicles utilized by the business as rentals, including coverage for hired and non-owned auto exposures, with a combined single limit for bodily injury (including death) and property damage of \$300,000.00, or the maximum exposure under F.S. 768.28, whichever is higher, per accident.

**OPTIONS:**

1. The City Commission may approve the ordinance amendment. This would allow the City to keep protections in place for the welfare and best interests of the general public while still allowing the business owners to operate their businesses at a reasonable cost.
2. The City Commission could not approve the ordinance amendment or request additional/amended terms and conditions.

**RECOMMENDATION:**

The legal department recommends the City Commission select Option 1; approve the attached ordinance amendment.