



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

17

2. Council Meeting Date:
June 9, 2011

TO: MAYOR & COUNCIL

3. Date Prepared: May 24, 2011

THROUGH: CITY MANAGER

4. Requesting Department:
Management Services

5. SUBJECT: Approve renewal of commercial insurance and services for FY 2011-12 in an amount not to exceed \$852,805.

6. RECOMMENDATION: Approve renewal of commercial insurance and services to protect the City against financial loss for \$852,805.

7. HISTORICAL BACKGROUND/DISCUSSION:

The City self-insures and carries excess coverage in the areas and at the levels indicated below. The total premium cost of recommended coverage through commercial carriers for FY 2011-12 is \$852,805, compared to \$843,095 in FY 2010-11.

Excess liability coverage is carried at two levels:

\$10 million excess of \$2 million Self-Insured Retention – Insurance is carried through Starr Indemnity & Liability Premium for 2011-2012 is \$283,198. Premium last fiscal year was \$285,600.

\$20 million excess of \$12 million – Insurance is through St. Paul Surplus Lines.

Premium for 2011-2012 is \$105,968. Premium for last fiscal year was \$150,000.

Property Insurance is carried through Travelers Indemnity which provides broad coverage for buildings, contents, equipment, vehicles (valued in excess of \$50,000), as well as boilers and machinery. This policy has various deductibles including \$50,000 per occurrence for most losses, \$100,000 for earth movement, and \$50,000 for flood. High value vehicles have a \$25,000 deductible.

Premium for 2011-2012 is \$295,286. Premium for last fiscal year was \$272,644.

Excess Workers' Compensation insurance is carried through Safety National. The City is self-insured for the first \$500,000 of loss for workers' compensation. Excess of the \$500,000 retention, the City purchases coverage to protect against catastrophic loss.

Premium for 2011-2012 is \$128,018. Premium for last fiscal year was \$91,680.

Storage Tank Liability insurance is carried through Illinois Union. Policy limits remain at \$1,000,000 per tank, with a \$25,000 per incident deductible. Coverage complies with the financial responsibility mandates of the Environmental Protection Agency.

Premium for 2011-2012 is \$24,233. Premium for last fiscal year was \$23,037.

Crime Insurance is carried through Chartis – National Union Fire Insurance Co of Pittsburgh, PA. Coverage included state required bonds for Management Services Director and Accounting Manager. Further, this policy provides coverage for members of the City's boards and commissions.

Premium for 2011-2012 is \$4,630. Premium for last fiscal year was \$4,633.

Airport Liability insurance is carried through ACE Property & Casualty. Airport Owners and Operators Liability policy provides \$50,000,000 in coverage per occurrence.
 Premium for 2011-2012 is \$11,471. Premium for last fiscal year was \$15,500.

8. EVALUATION PROCESS: The City has an existing contract with Willis of Arizona which acts as an Insurance Broker of Record for the City's casualty/liability, property, and automobile insurance coverage. Willis of Arizona advises and coordinates with the City's Risk Manager/designee to obtain bids from insurers and negotiates the best terms and coverage for the various exposure areas.

9. FINANCIAL IMPLICATIONS: Funds for premiums are budgeted for payment from the following accounts:

Acct No.	Fund Name:	Program Name:	CIP Funded:	Funds:
736.1260.0000.5620	Workers' Compensation	Excess Insurance	n/a	\$ 128,018
737.1260.0000.5610	Insured Liability	Fire Insurance	n/a	\$ 295,286
737.1260.0000.5614	Insured Liability	Public Liability	n/a	\$ 389,166
737.1260.0000.5618	Insured Liability	Other Insurance	n/a	\$ 28,864
635.4100.0000.5614	Airport Operating	Public Liability	n/a	\$ 11,471

10. PROPOSED MOTION: Move to approve renewal of commercial insurance and services to protect the City against financial loss for \$852,805.

APPROVALS

11. Requesting Department

Claudia M Rohrs

Claudia Rohrs, Senior Risk Claims Examiner

12. Department Head

Dennis Strachota

Dennis Strachota, Management Services Director

13. Procurement Officer

Kristy Garcia

Kristy Garcia, CPPB

14. City Manager

Rich Dlugas

Rich Dlugas