

**CITY OF MIRAMAR
PROPOSED CITY COMMISSION AGENDA ITEM**

Meeting Date: March 3, 2021

Presenter's Name and Title: Randy Cross, Human Resources Director

Prepared By: Sheron Harding, Human Resources Manager

Temp. Reso. Number: 7330

Item Description: Temp. Reso. #R7330, AUTHORIZING THE RENEWAL OF VARIOUS INSURANCE COVERAGES THROUGH ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC. FOR THE CITY'S PROPERTY AND CASUALTY INSURANCE PROGRAM AS PART OF THE CITY'S COMPREHENSIVE RISK MANAGEMENT PROGRAM, EFFECTIVE APRIL 1, 2021 THROUGH MARCH 31, 2022 ("INSURANCE RENEWALS"); APPROVING A PROJECTED PREMIUM COST OF \$2,918,848 NOT-TO-EXCEED \$2,930,000 INCLUDING TAXES AND FEES; DECLARING BY FOUR-FIFTHS AFFIRMATIVE VOTE THAT APPLYING THE CITY'S COMPETITIVE PROCUREMENT PROCEDURES TO THE INSURANCE RENEWALS IS NOT IN THE CITY'S BEST INTEREST, THEREBY EXEMPTING THE INSURANCE RENEWALS FROM THE CITY'S COMPETITIVE PROCUREMENT REQUIREMENTS; AUTHORIZING THE HUMAN RESOURCES DIRECTOR TO NEGOTIATE LOWER PREMIUM AMOUNTS DUE UNDER THE INSURANCE RENEWALS; AUTHORIZING THE CITY MANAGER TO EXECUTE THE INSURANCE RENEWAL AGREEMENTS. (Director of Human Resources Randy Cross)

Consent ☐ Resolution ☒ Ordinance ☐ Quasi-Judicial ☐ Public Hearing ☐

Instructions for the Office of the City Clerk: None

Public Notice – As required by the Sec. ____ of the City Code and/or Sec. ____, Florida Statutes, public notice for this item was provided as follows: on _____ in a _____ ad in the _____; by the posting the property on _____ and/or by sending mailed notice to property owners within _____ feet of the property on _____ (fill in all that apply)

Special Voting Requirement – As required by Sec. _____, of the City Code and/or Sec. _____, Florida Statutes, approval of this item requires a _____ (unanimous, 4/5ths etc.) vote by the City Commission.

Fiscal Impact: Yes ☒ No ☐

REMARKS: The FY21 budget has sufficient funds to cover six month's (April-September) cost of the projected premium (\$1,465,000), and the remaining six months (October-March) of projected premium (\$1,465,000) will be funded in the FY22 budget. Funds will be disbursed utilizing the Risk Management/Human Resources, GL Account No. 502-90-000-590-000-604501, "Surety Bonds Premium".


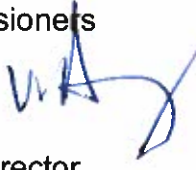
Content:

- **Agenda Item Memo from the City Manager to City Commission**
- **Resolution TR 7330**
 - **Exhibit A: Premiums for Policies Effective April 1, 2020 and Off Cycle Policies.**



**CITY OF MIRAMAR
INTEROFFICE MEMORANDUM**

TO: Mayor, Vice Mayor, & City Commissioners

FROM:  Vernon E. Hargray, City Manager 

BY: Randy Cross, Human Resources Director

DATE: February 18, 2021

RE: Temp. Reso. No. 7330, Property and Casualty Insurance Program Renewals

RECOMMENDATION: The City Manager recommends approval of Temp. Reso. No. 7330, authorizing the renewal of various property and casualty insurance coverages (the "Insurance Renewals") through Arthur J. Gallagher Risk Management Services, Inc. ("Arthur J. Gallagher"), required for the City's Comprehensive Risk Management Program for the 12-month period from April 1, 2021 to March 31, 2022.

ISSUE: The City's property and casualty insurance coverages under the Comprehensive Risk Management Program are due for renewal on April 1, 2021. The proposed coverages are necessary to protect the City's physical assets and other potential liabilities. City Commission approval is required for the insurance renewals.

Pursuant to City Code, approval of the City Commission is required for the purchase of goods or services by a single department in excess of \$75,000 from the same person or entity in a fiscal year and also for procurements that are exempt from the competitive process in the Best Interest of the City.

BACKGROUND: The City's Insurance Broker, Arthur J. Gallagher, in consultation with staff conducted an extensive strategic review of the City's insurance position regarding categories of coverage; especially categories that had the potential for high increase in premium. After the review, Arthur J. Gallagher negotiated with various insurance carriers and in consultation with staff selected the best cost-effective coverage for the City.

The City's high loss ratio and exposures, which includes, payroll, number of employees, number of vehicles and population, have all grown. These were key factors that influenced the insurance renewal underwriting process.

For insurance policy year April 1, 2021 to March 31, 2022, there is a 13.7% increase in projected premium for property and casualty insurance coverage compared to the 2020/2021 actual premium and a decrease of .009% based on the 2020/2021 projected premium. This is as a result of the actual premium for 2020/2021 being less than what was projected and we expect that the same will happen for 2021/2022.

The program being recommended balances cost against risk. Exhibit "A" Premiums for Policies Effective April 1, 2021 and Off-Cycle Policies, attached to the Resolution, shows a comparison of the 2020/2021 and the proposed 2021/2022 insurance premiums for coverage items. Overall, the City's property and casualty insurance coverages are provided through 15 different insurance policies including excess coverages.

DISCUSSION: The City purchases property and casualty insurance coverage annually. This annual procurement of insurance coverage is dictated by the Insurance Industry which provides insurance coverage for certain services only on an annual basis. With the City's existing insurance policy expiring on March 31, 2021, the City's Insurance Broker, Arthur J. Gallagher, in consultation with staff conducted an extensive strategic review of the City's insurance position regarding categories of coverage; especially categories that had the potential for high increase in premium. After the review, Arthur J. Gallagher negotiated with various insurance carriers and in consultation with staff selected the best cost-effective coverage for the City.

ANALYSIS: The proposed coverages are necessary to protect the City's physical assets and other potential liabilities. The FY21 budget has sufficient funds to cover six month's (April-September) cost of the projected premium (\$1,465,000), and the remaining six months (October-March) of projected premium (\$1,465,000) will be funded in the FY22 budget. Funds will be disbursed utilizing the Risk Management/Human Resources, GL Account No. 502-90-000-590-000-604501, "Surety Bonds Premium".

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**CITY OF MIRAMAR
MIRAMAR, FLORIDA**

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF MIRAMAR, FLORIDA, AUTHORIZING THE RENEWAL OF VARIOUS INSURANCE COVERAGES THROUGH ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC. FOR THE CITY'S PROPERTY AND CASUALTY INSURANCE PROGRAM AS PART OF THE CITY'S COMPREHENSIVE RISK MANAGEMENT PROGRAM, EFFECTIVE APRIL 1, 2021 THROUGH MARCH 31, 2022 ("INSURANCE RENEWALS"); APPROVING A PROJECTED PREMIUM COST OF \$2,918,848 NOT-TO-EXCEED \$2,930,000 INCLUDING TAXES AND FEES; DECLARING BY FOUR-FIFTHS AFFIRMATIVE VOTE THAT APPLYING THE CITY'S COMPETITIVE PROCUREMENT PROCEDURES TO THE INSURANCE RENEWALS IS NOT IN THE CITY'S BEST INTEREST, THEREBY EXEMPTING THE INSURANCE RENEWALS FROM THE CITY'S COMPETITIVE PROCUREMENT REQUIREMENTS; AUTHORIZING THE HUMAN RESOURCES DIRECTOR TO NEGOTIATE LOWER PREMIUM AMOUNTS DUE UNDER THE INSURANCE RENEWALS; AUTHORIZING THE CITY MANAGER TO EXECUTE THE INSURANCE RENEWAL AGREEMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City has retained insurance broker Arthur J. Gallagher Risk Management Services, Inc. ('Arthur J. Gallagher') to negotiate with multiple insurance carriers and to recommend to the City insurance coverage for the City's Property and Casualty Insurance Program; and

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WHEREAS, the selection of such insurance coverage is best accomplished through negotiations conducted by the Broker rather than by traditional formal competitive procurement procedures; and

WHEREAS, Section 2-413(8) of the City Code provides that purchases of, and contracts for, commodities or services are exempt from the competitive procurement procedures when the City Commission declares by a four-fifths affirmative vote that the competitive procurement procedures are not in the best interest of the City; and

WHEREAS, the City Commission has reviewed the recommendations of insurance broker Arthur J. Gallagher and City staff to renew various levels of insurance coverage in accordance with Exhibit "A", and

WHEREAS, the insurance renewals are essential for the City to effectively mitigate risk exposures; and

WHEREAS, effective April 1, 2021, there is a 13.7% increase in property and casualty insurance renewal premium in comparison to the 2020/2021 actual insurance year; and

WHEREAS, pursuant to City Code, approval of the City Commission is required for the purchase of goods or services by a single department in excess of \$75,000 from the same person or entity in a fiscal year; and

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WHEREAS, City Commission approval is required for the insurance renewals that cover the period from April 1, 2021 to March 31, 2022, which will cost an amount not-to-exceed \$2,930,000 over the next 12 months; and

WHEREAS, the City Commission authorizes the Human Resources Director to negotiate lower premium amounts if possible; and to authorize the City Manager to execute the insurance renewal agreements.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MIRAMAR, FLORIDA AS FOLLOWS:

Section 1: That the foregoing “**WHEREAS**” clauses are ratified and confirmed as being true and correct and are made a specific part of this Resolution.

Section 2: That the City Commission declares, by a minimum four-fifths affirmative vote, that utilizing the City’s competitive procurement procedures for the insurance renewals is not in the best interest of the City, and finds that the selection of insurance coverage for the City’s Property and Casualty Insurance Program is best accomplished through negotiations conducted by Arthur J. Gallagher, the City’s Consultant rather than by traditional formal competitive procurement procedures, thereby exempting the insurance renewals from the City’s competitive procurement procedures.

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Section 3: That the insurance renewals reflected in attached Exhibit "A" are approved in an amount not-to-exceed \$2,930,000 for the period from April 1, 2021 to March 31, 2022.

Section 4: That the Human Resources Director is authorized to negotiate lower premium amounts due under the insurance renewals.

Section 5: That the City Manager is authorized to execute the necessary agreements on behalf of the City to renew the current insurance coverages for the City of Miramar's Property and Casualty Insurance Program, together with such non-substantive changes as are acceptable to the City Manager and approved as to form and legal sufficiency by the City Attorney.

Section 6: That the appropriate City officials are authorized to do all things necessary and expedient in order to carry out the aims of this Resolution.

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PASSED AND ADOPTED this _____ day of _____, _____.

Mayor, Wayne M. Messam

Vice Mayor, Maxwell B. Chambers

ATTEST:

City Clerk, Denise A. Gibbs

I HEREBY CERTIFY that I have approved
this RESOLUTION as to form:

City Attorney,
Austin Pamies Norris Weeks Powell PLLC

Requested by Administration

Commissioner Winston F. Barnes

Vice Mayor Maxwell B. Chambers

Commissioner Yvette Colbourne

Commissioner Alexandra P. Davis

Mayor Wayne M. Messam

Voted

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EXHIBIT A

City of Miramar

Premium Summary Indications 2021-2022

Policy	Insurance Carrier	2020 Projected Premium	2020 Actual Premium	2021 Projected Premium	Δ% to Actual	Δ\$ (as per actual)
Public Excess Aggregate Package	Safety National Casualty	\$870,000	\$434,608	\$448,384	3.17%	\$13,776
Excess Liability	Safety National Casualty	\$99,500	\$44,088	\$45,552	3.32%	\$1,464
Property	Various	\$1,350,000	\$1,386,000	\$1,654,078	19.34%	\$268,078
Deductible Buy Back Property	Landmark American Ins Co.	\$34,500	\$34,500	\$39,675	15.00%	\$5,175
Excess Workers Compensation	Safety National Casualty	\$222,312	\$331,568	\$342,077	3.17%	\$10,509
Public Officials and EPL	ACE American Ins Co.	\$150,417	\$150,417	\$160,000	6.37%	\$9,583
Pollution Liability and Remediation Expense	Great American Ins Co.	\$16,799	\$16,797	\$19,317.32	15.00%	\$2,520
E.M.T. Professional Liability	Lloyd's of London	\$32,139	\$32,139	\$34,067	6.00%	\$1,928
Boiler and Machinery	Travelers Property Casualty	\$8,714	\$8,584	\$8,828	2.84%	\$244
Accidental Death and Dismemberment	ACE American Ins Co.	\$10,798	\$10,258	\$10,258	0.00%	\$0
Excess Crime	Hartford Fire Ins Co.	\$8,164	\$8,164	\$8,414	3.06%	\$250
Property Terrorism	Lloyd's of London	\$9,650	\$9,650	\$9,975	3.37%	\$325
General Liability (Parking Lot)	Indian Harbor Ins Co.	\$7,206	\$7,206	\$12,000	66.53%	\$4,794
Senior Management Fiduciary Liability	U.S. Specialty Ins Co.	\$3,710	\$3,710	\$3,890	4.85%	\$180
Cyber Risk Liability	Lloyd's of London	\$48,000	\$48,000	\$60,721	26.50%	\$12,721
Sub-Total		\$2,871,909	\$2,525,689	\$2,857,236	13.13%	\$331,547
EMPA		\$80	\$50	\$50	0.00%	\$0
Fees & WC Surcharge		\$1,110	\$4,691	\$3,741	-20.25%	(\$950)
Sub-Total		\$2,873,099	\$2,530,430	\$2,861,027	13.06%	\$330,597

Policy	Policy Term	2020 Projected Premium	2020 Actual Premium	2021 Projected Premium	Δ%	Δ\$
Flood Liability Insurance	19-Apr	\$28,085	\$18,298	\$20,128	10.0%	\$1,830
Performance Special Events	21-May	\$4,463	\$3,750	\$4,125	10.0%	\$375
Vacant Property Package	11-Oct	\$9,717	Included in main property program			
Construction Bond	19-Jun	\$2,000	\$2,000	\$2,000	0.0%	\$0
Bond- CFO	19-Jun	\$1,000	\$1,000	\$1,000	0.0%	\$0
Bond- Finance Director	19-Jun	\$1,000	\$1,000	\$1,000	0.0%	\$0
GL Parking Garage	15-Aug	\$11,795	\$10,330	\$11,879.50	15.0%	\$1,550
City Cultural Special Events	5-Oct	\$14,881	\$0	\$16,369	-	\$16,369
Other Miscellaneous Policy Endorsements	As Needed (Estimated)	\$1,200	\$0	\$1,320.00	10.0%	\$1,320
Sub-Total Off Cycle Policies		\$74,141	\$36,378	\$57,821	58.9%	\$21,443
Total		\$2,947,240.20	\$2,566,807.68	\$2,918,848.39	13.72%	\$352,040.71