

STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: November 21, 2014

File: BIS 15 – 054

File: TMP-2014-00643

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO BIND THE RENEWAL POLICIES FOR PRIMARY AND EXCESS PROPERTY INSURANCE, TO BIND THE RENEWAL POLICIES FOR FLOOD INSURANCE, TO BIND THE RENEWAL POLICIES FOR PUBLIC OFFICIALS LIABILITY INSURANCE AND TO BIND NEW FLOOD INSURANCE POLICIES FOR THREE PROPERTIES FOR WHICH NO FLOOD COVERAGE IS IN PLACE FOR A NOT TO EXCEED AMOUNT OF \$1,973,620.43 FOR WHICH QUOTES WERE SOLICITED BY ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES.

Statement of Budget Impact:

1. ☐ No Budget Impact associated with this action;
2. ☒ Sufficient budgetary resources identified/available;
3. ☐ Budgetary resources not identified/unavailable;
4. ☐ Potential Revenue is possible with this action;
5. ☒ Will not increase the cost of Housing;
6. ☐ May increase the cost of Housing; (CDAB review required)

Explanation:

This Resolution seeks to authorize the appropriate City Officials to bind primary and excess property insurance and flood insurance policies solicited and recommended by Arthur J. Gallagher Risk Management Services, "Gallagher", the City's Agent of Record. Previously, pursuant to Resolution R-2013-086 adopted and approved by the City Commission on April 17, 2013 accepting and approving the recommendation of Arthur J. Gallagher Risk Management Services to serve as the City's Agent of Record by a committee reviewing bid responses received by the City from interested parties to become the City's Agent of Record as contained in the City's request for proposals, RFP-4344-13-IS.

Thereupon, Gallagher solicited for and received eleven (11) proposals from insurance carriers offering various types of property insurance coverage to the City. Various wind damage models were constructed to determine the extent of possible damage that could be inflicted upon various City-owned facilities in the event of a catastrophic storm event. Based upon the tests conducted, it was determined that the City should maintain a 5% wind deductible with a minimum wind deductible of \$500,000 for Utilities properties and \$250,000 for all other City-owned facilities. Additionally, three (3) quotes were obtained for public officials' liability insurance. The new insurance policies for FY 2015 and a portion of FY 2016. The policies will be for a 12 month period running from December 16, 2014 through December 15, 2015. The total cost for all of the insurance policies included in the Resolution will be \$1,973,620.43. This cost represents a premium decrease of \$270,000.00 for the property insurance policies from the previous year's cost. Moreover, the total cost for the renewed flood insurance policies will be approximately \$12,000.00 less than the cost of the previous year's flood insurance policies. All other terms and conditions remain unchanged from the previous year's policies.

Funding is available in account #58.1241.00000.590.049198 for the insurance premiums to be paid for said insurance policies.

PREPARED BY: Kee Juen Eng
Budget Manager

APPROVED BY: Matthew Lalla
Director, Financial Services