

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

Date: November 6, 2014

File: BIS 15 – 43

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 POLICIES FOR PRIMARY AND EXCESS PROPERTY INSURANCE AND FLOOD INSURANCE FOR A NOT TO EXCEED AMOUNT OF \$1,768,766.00 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 the renewal policies for primary and excess property insurance, to bind the renewal policies for flood insurance, to bind the renewal policies for public official liability insurance and to bind new flood insurance policies for three properties solicited and recommended by Arthur J. Gallagher Risk Management Services ("Gallagher"), the City's Agent of Record. On April 17, 2013, through RFP 4344-13-IS and Resolution-2013-086, the City designated Gallagher as its Agent of Record.

Gallagher solicited and/or obtained eleven (11) proposals from insurance carriers offering various types of property insurance coverage to the City and three (3) proposals for public officials liability insurance. 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. The expiring property insurance policies were written on a 14.5-month policy term to expire on December 15, 2014 in an effort to move the renewal outside of hurricane season. The renewal policies for property insurance will now be on a 12-month term (December 16, 2014 to December 15, 2015) so that the renewal continues to be outside of hurricane season. The total cost for the renewed 12-month property insurance policies will be approximately \$270,000.00 less than the previous 14.5 month policies and the total cost for the renewed food insurance policies will be approximately \$12,000.00 less than the previous policies.

In addition to renewing the property and flood insurance policies currently in place, the City is seeking to obtain flood coverage for three properties for which no flood coverage is currently in place with the same general terms and conditions as the flood renewal coverages. The total cost of these new policies is estimated to be \$20,455.00.

All other terms and conditions remain unchanged from the previous year's policies. The total premiums for the aforementioned insurance policies is \$1,973,620.43.

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: Mirtha Dziedzic
Assistant Director Budget and Financial Services