

**CITY OF PALMER
ACTION MEMORANDUM NO. 14-046**

Subject: Authorize the City Manager to Purchase Insurance Coverage for the Period July 1, 2014 through June 30, 2015, per the Premium Quote Submitted by the City's Insurance Broker, Alaska USA Insurance Brokers

Agenda of: June 24, 2014

Council Action: Authorized

Approved for presentation by:

City Manager Joseph A. Hansen
City Attorney _____
City Clerk JM

Certification of Funds:

Total amount of funds listed in legislation:	\$ <u>262,633.60</u>
This legislation (✓):	
<input type="checkbox"/> Has no fiscal impact	
Creates:	
<input checked="" type="checkbox"/> A negative fiscal impact in the amount of:	\$ <u>262,633.60</u>
<input type="checkbox"/> A positive fiscal impact in the amount of:	\$ _____
<input checked="" type="checkbox"/> Funds are budgeted.	
Funds are budgeted from this (these) line item(s):	

**Insurance Breakout
July 2013 - June 30, 2014**

General Fund

		Property & Equip 6037	Vehicle 6038	W/Comp 6012
01-01-05	City Manager	\$ 4,482	\$ 450	\$ 5,812
01-01-10	Finance	\$ 5,550	\$	\$ 9,477
01-01-12	Comm Dev	\$ 4,040	\$ 800	\$ 5,359
01-01-15	City Hall Complex	\$ 4,298	\$	\$
01-01-20	Tourist Center	\$ 1,478	\$	\$
01-01-30	Community Ctr	\$ 380	\$	\$
01-02-10	City Clerk	\$ 3,472	\$	\$ 3,795
01-12-10	Police Admin	\$ 22,264	\$ 17,850	\$ 23,823
01-12-40	State Trooper Bldg	\$ 1,246	\$	\$
01-12-60	Police Bldg	\$ 1,524	\$	\$
01-12-70	Communication Ctr	\$ 10,580	\$	\$ 13,864
01-13-10	Fire Dept	\$ 6,062	\$ 10,530	\$ 8,131
01-17-10	PW Admin	\$ 18,918	\$ 12,742	\$ 8,337

01-17-40	PW Road	\$	\$	\$	3,600
01-17-80	PW Mechanics	\$	\$	\$	2,764
01-17-90	PW Ice Arena	\$	\$	\$	3,047
01-19-10	Library	\$	4,934	\$	350
01-19-40	Parks & REC Arena	\$	4,633	\$	1,531
Total (General Fund):		\$	93,861	\$	42,722
Enterprise Funds					
02-01-10	Water	\$	7,609	\$	3,650
02-01-50	Sewer	\$	7,609	\$	3,650
03-01-10	Airport	\$	9,568	\$	
05-01-10	Refuse	\$	4,537	\$	3,300
15-01-10	Golf Course	\$	6,581	\$	350
Total (Enterprise Fund):		\$	35,904	\$	10,950
Combined Total:		\$	129,765	\$	53,672
<p>_____ Funds are not budgeted.</p> <p>_____ Budget amendment required in the total amount of: \$ _____</p> <p>Affected line item(s):</p> <p>➤ \$ _____</p> <p>➤ \$ _____</p> <p>➤ \$ _____</p> <p>_____ General fund unassigned balance (after budget modification) \$ _____</p> <p>_____ Enterprise unrestricted net position (after budget modification) \$ _____</p> <p>Director of Finance signature certifying funds: _____ </p>					

Attachment(s):

- APEI Proposal

Summary statement: The City's insurance broker, Alaska USA, presented the attached proposal to the Administration for the renewal of the City's insurance policies for the year beginning July 1, 2014.

The proposal from the Alaska Public Entity Insurance (APEI) has an annual premium of \$248,810.60. Upon receipt of premium payment, APEI will issue a Member Dividend Check to the City in the amount of \$10,953.36, resulting in a net premium of \$237,857.24.

The APEI coverages include property (including earthquake and fire); crime; general liability; police professional liability; auto liability and physical damage; and workers' compensation.

A separate policy is being obtained for police radios and guns (\$6,046 annual premium); and for airport owners/operators liability insurance (\$7,777 premium).

The total insurance bill is \$262,633.60 (including APEI; police radio and gun policy; and airport

policy). This does not include the \$10,953.36 which will be refunded as a dividend.

The cost for his renewal is \$43,400 less than the current year cost. When the 2014 budget was being prepared, the insurance renewal amount was unknown. At that time, the City expected at least a 3% to 5% increase. This has caused an overstatement of allocation to the various departments for a total amount of \$65,536.

The City has had insurance coverage with excellent service through APEI since 2008.

Administration recommendation: Approve action memorandum 14-046.



Alaska Public Entity Insurance

Program Premium Summary

Policy Year: July 1, 2014 - July 1, 2015

Insured: City of Palmer

AcctID# 259

Part I Property & Mobile Equipment	Declared Value	Per Occurrence Limit	Deductible	APEI Program Aggregate	Gross Premium	Gross Prem w/ Optional 3-yr Agreement
Property - Manuscript All Risk Coverage		\$150,000,000			\$43,889.03	\$43,213.29
Buildings	\$24,703,684		\$10,000			
Contents	\$13,881,940		\$5,000			
Fine Arts	\$0		\$5,000			
Docks & Other Structure	\$751,218		\$10,000			
Total Insured Value	\$39,336,842					
Equipment Breakdown Coverage		\$50,000,000	\$10,000		Included	Included
Earthquake & Flood Coverage			\$10,000	\$75,000,000	Included	Included
Mobile Equipment	\$0		\$5,000		\$0.00	\$0.00

Part II Liability & Automobile	Limit of Insurance	Coverage Limit Applies	Deductible	Rated Payroll or Vehicle Count	Gross Premium	Gross Prem w/ Optional 3-yr Agreement
General Liability	\$15,500,000			\$4,635,521	\$41,429.78	\$39,797.28
Errors and Omissions		Per Occ / Annual Agg	\$0			
Employment Practices Liability		Per Occ / Annual Agg	\$10,000			
Employee Benefits Liability		Per Occ / Annual Agg	\$0			
Law Enforcement Liability		Per Occurrence	\$10,000			
Products Liability		Per Occ / Annual Agg	\$0			
Sewer Backup Liability		Per Occurrence	\$10,000			
Speciality Vehicles Liability		Per Occurrence	\$0			
Other Public Entity Liability (includes non-owned auto)		Per Occurrence	\$0			
Cyber Liability	\$2,000,000	Per Occurrence	\$2,500		Included	Included
Automobile	\$15,500,000					
Liability		Per Occ / Annual Agg	\$0	80	\$54,808.82	\$52,068.39
Physical Damage		Per Occ / Annual Agg	\$500	39	Included	Included
UM/UIM Liability	\$250,000	Per Occ / Annual Agg	\$0		Included	Included
UM/UIM Physical Damage	\$25,000	Per Occurrence	\$500		Included	Included

Alaska Public Entity Insurance

Premium Summary (continued)

Policy Year: July 1, 2014 - July 1, 2015

Insured: City of Palmer

AcctID# 259

Part III Crime & Fidelity	Limit of Insurance	Coverage Limit Applies	Deductible		Gross Premium	Gross Prem w/ Optional 3-yr Agreement
Public Entity Crime Coverage	\$1,000,000	Per Occurrence	\$2,500		Included	Included
Part IV Workers' Compensation	Limit of Insurance		Deductible	Rated Payroll	Gross Premium	Gross Prem w/ Optional 3-yr Agreement
Workers' Compensation (including Federal Act, if any)	Statutory		\$0	\$4,635,521	\$108,682.97	\$103,248.82
Employer's Liability	\$1,000,000					
Total Premium 2014/2015					\$248,810.60	\$238,327.78
Member Dividend Check to be issued upon receipt of premium payment					\$10,953.36	\$10,953.36
Premium Cost After Dividend					\$237,857.24	\$227,374.42