

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 3/17/09 Consent Regular
 Ordinance Public Hearing
Department:
Submitted By: Risk Management
Submitted For: Water Utilities

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: Renewal of the Property Insurance Policy from National Union Fire Insurance Company, purchased through the County's contracted broker, Arthur J. Gallagher & Co., under Contract No. 05-102/LJ, in an amount not-to-exceed \$575,000 for the designated properties of Water Utilities for the period April 1, 2009 through April 1, 2010.

Summary: This policy from National Union Fire Insurance Company provides \$200,000,000 of "all-risk" coverage excess of a \$1,000,000 deductible. A reduced sublimit of \$50,000,000 applies to losses from "named windstorms" subject to a 5% of insured values deductible. Insured values for the renewal period have increased by 18.98% over those for the current policy period. The not-to-exceed renewal premium is \$575,000 an increase of 3.6%. Sufficient funds are budgeted in FY 2009 for this coverage. Countywide (TF/MJ)

Background and Justification: Continued on page 3

Attachments:
Budget Availability Statement

Recommended by: *Nancy L Bolm* *3/4/09*
 Department Director Date

Approved By: *Bl... ..* _____
 Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Capital Expenditures					
Operating Costs	<u>\$287,500</u>	<u>\$287,500</u>	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	-----	-----	-----	-----	-----
In Kind Match (County)	-----	-----	-----	-----	-----
NET FISCAL IMPACT	<u>287,500</u>	<u>\$287,500</u>	=====	=====	=====

ADDITIONAL FTE
 POSITIONS (Cumulative) —0— —0— -----

Is Item Included In Current Budget? Yes X No _____
 Budget Account No.: Fund 400 Agency 720 Org. 110 object 4502
 Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:
 Will be funded by Water Utilities

C. Departmental Fiscal Review: Gary Karp

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Administration Comments:

J. R. [Signature] 3-13-09
 OFMB [Signature] 3/9
 [Signature] 3/14/09

[Signature] 3/13/09
 Contract Administration
 [Signature] 3/13/09

B. Legal Sufficiency:

[Signature] 3/14/09
 Assistant County Attorney

C. Other Department Review:

 Department Director

This summary is not to be used as a basis for payment.

Background and Justification: Effective April 1, 2002, upon the recommendation of staff with the approval of the Board, that portion of the County's Excess Property Insurance Program covering designated properties of Water Utilities were split off from the master program and insured separately. Doing so resulted in both an enhancement of coverage and an annual cost savings of approximately \$800,000. Marketing of coverage was handled by the County's contracted insurance broker Arthur J. Gallagher & Co.

The proposed structuring of coverage was based upon a variety of factors including probable maximum loss (PML) estimates, as well as the affordability and availability of insurance. A February 2009 updated hurricane catastrophe analysis was again commissioned by Arthur J. Gallagher & Co. The RMS catastrophe model produced an estimated "Gross Loss including Demand Surge" PML of \$7.7 million at the 100 year hurricane level. "Gross Loss" is the estimated insured damage and "Demand Surge" factors in the impact of the post event inflation of building materials and labor. These results provide a reasonable level of comfort if only \$50 million of wind coverage is purchased this year.

As in prior years, the Excess Property & Liability Insurance Program reflects the Water Utilities Department's desire to abstain from insuring property and locations that are either impervious to destruction, located underground or technically obsolete.

The not-to-exceed premium for the upcoming policy period is \$575,000, an increase of 3.6% over the expiring premium of \$554,809.

INTEROFFICE COMMUNICATION
PALM BEACH COUNTY

BUDGET AVAILABILITY STATEMENT

DATE: March 13, 2009

TO: Taruna Malhota, Budget Analyst
Office of Financial Management & Budget

Guy Eggertsson

FROM: Guy Eggertsson, Fiscal Manager I
Water Utilities Department

RE: Property and Insurance Policy – WUD Portion

FISCAL IMPACT ANALYSIS:

Summary of Fiscal Impact:

Amount: **\$575,000.00**

Budget Account Number:

Fund	Agency	Organization	Object	Allocation
4001	720	1110	4501	100%

Recommended Sources of Funds:

Water Utility User Fees