

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: February 15, 2011 Consent Regular
 Ordinance Public Hearing

Department: Risk Management

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: Purchase of a new three-year Master Builders Risk Insurance Program ("MBRIP") insurance policy to replace the one that is expiring. This policy will be purchased through the County's contracted broker, Arthur J. Gallagher & Co., under Contract No. 10-042R/LJ, for a total cost not-to-exceed \$310,000.

Summary: The MBRIP, from the Lexington Insurance Company, provides coverage for reported construction and renovation projects commencing on or after the effective date of the policy. All projects with total costs of \$5,000,000 or less that are reported to the insurer during the policy period are covered at a flat premium of \$300,000 plus applicable FL taxes and fees. Projects with total costs in excess of \$5,000,000 and commencing during the three year policy period can be added, at the option of the County, to the policy. The additional cost for each of these large projects is based on the "total cost" of the project, the duration of the project and the type of construction. The rates vary by construction type and are guaranteed in advance for the three year policy period. Countywide TKF

Background and Justification: Since 2008 the County has purchased builders risk insurance for projects under \$5,000,000 to help control costs and protect our interests. This type of insurance covers damages to buildings that are under construction or renovation. Prior to the inception of the policy in 2008, construction contractors were required to provide their own insurance coverage for damages to buildings under construction or renovation, and the cost of that insurance was passed on to the County as part of the cost of the contract. As a result, contractors had a built-in incentive to purchase coverage with the lowest available deductible without concern for the cost of the insurance. In addition, insurance cost and/or availability problems occurred due to such issues as:

- Construction commencing either just prior to or during hurricane season
- Construction delayed due to permitting, weather or other reasons
- Construction delayed beyond the expiration date of insurance

Purchasing a MBRIP provides the County greater control of costs and availability of builders risk insurance while allowing for the carving out of specific projects where it is determined to be more cost effective to have the contractor purchase the insurance.

Attachments:

Budget Availability Statement from Airports, WUD and FD&O

Recommended by: Nancy L Bolton 1/26/2011
Department Director Date

Approved By: [Signature] 2-2-11
Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2011	2012	2013	2014	2015
Capital Expenditures	<u>\$103,333</u>	<u>\$103,333</u>	<u>\$103,333</u>	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	-----	-----	-----	-----	-----
In Kind Match (County)	-----	-----	-----	-----	-----
NET FISCAL IMPACT	<u>103,333</u>	<u>103,333</u>	<u>103,333</u>		
# ADDITIONAL FTE POSITIONS (Cumulative)	-----	-----	-----	-----	-----

Is Item Included In Current Budget? Yes X No. _____

Budget Account No.:

Fund <u>4001</u>	Agency <u>720</u>	Org. <u>2323</u>	Object <u>4501</u> – Water Utilities (\$215,000)
Fund <u>3804</u>	Agency <u>411</u>	Org. <u>B528-02</u>	Object <u>4501</u> – Capital Improvements FD&O (\$55,000)
Fund <u>4100</u>	Agency <u>120</u>	Org. <u>1250</u>	Object <u>4501</u> - Airports (\$40,000)

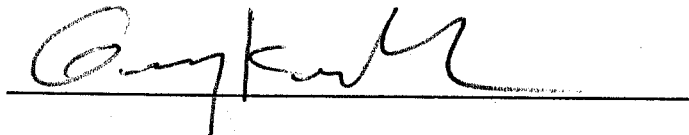
B. Recommended Sources of Funds/Summary of Fiscal Impact:

All projects over \$5,000,000 will require premium payment from specific project funds.

The initial \$310,000 cost for the projects under \$5,000,000 will be split between Water Utilities, FD&O (on behalf of the projects they manage) and Airports Departments based on the amount of work they project over the next three years. FD&O will be reimbursed by the first Library and Fire Rescue project specific funds until FD&O is reimbursed.

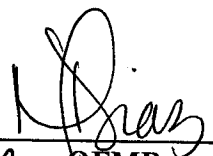
Any additional projects not previously declared may be subject to additional premiums and any declared projects not completed may result in a reduction in premiums based on overall projects completed by the three departments.

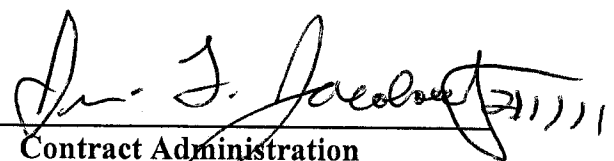
C. Departmental Fiscal Review:



III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Administration Comments:


 11/21/11 VA OKMB 2/1/2011
 11/31/11 11/31/11 11/21/11


 Contract Administration

B. Legal Sufficiency:


 Assistant County Attorney 2/1/11

C. Other Department Review:

 Department Director

BUDGET AVAILABILITY STATEMENT

PROJECT: 3 Year Master Builders Insurance Policy for all projects under \$5,000,000.

Original Contract Amount: \$310,000

Contractor/Consultant Name: Arthur J. Gallagher

REQUEST DATE: 1/14/2011

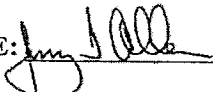
REQUESTED BY Scott Marting - Risk Management
PHONE: 233-5432

AGENDA DATE: 2/15/2011

BUDGET ACCOUNT NUMBER (IF KNOWN)

AIRPORTS:

FUND: 4100 DEPT: 120 UNIT: 1250 OBJ: 4501 AMOUNT: \$40,000

SIGNATURE: 

FD&O:

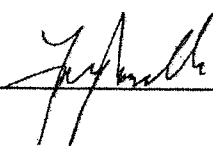
FUND: DEPT: UNIT: OBJ: AMOUNT: \$55,000

SIGNATURE:

WUD:

FUND: DEPT: UNIT: OBJ: AMOUNT: \$215,000

SIGNATURE:

BAS APPROVED BY:  DATE: 1-20-11

BUDGET AVAILABILITY STATEMENT

PROJECT: 3 Year Master Builders Insurance Policy for all projects under \$5,000,000.

Original Contract Amount: ~~\$500,000~~ 310,000

Contractor/Consultant Name: Arthur J. Gallagher

REQUEST DATE: 1/14/2011

REQUESTED BY Scott Marting - Risk Management
PHONE: 233-5432

AGENDA DATE: 2/15/2011

BUDGET ACCOUNT NUMBER (IF KNOWN)

AIRPORTS:

FUND: _____ DEPT: _____ UNIT: _____ OBJ: _____ AMOUNT: ~~\$230,000~~ \$ 40,000

SIGNATURE: _____

FD&O:

FUND: _____ DEPT: _____ UNIT: _____ OBJ: _____ AMOUNT: \$55,000

SIGNATURE: _____

WUD:

FUND: 4001 DEPT: 720 UNIT: 2323 OBJ: 4501 AMOUNT: \$215,000

SIGNATURE: Craig Williams

BAS APPROVED BY: Craig Williams - WUD DATE: 1/18/2011

BUDGET AVAILABILITY STATEMENT

PROJECT: 3 Year Master Builders Insurance Policy for all projects under \$5,000,000.

Original Contract Amount: ~~\$500,000~~ ^{\$} 310,000

Contractor/Consultant Name: Arthur J. Gallagher

REQUEST DATE: 1/14/2011

REQUESTED BY Scott Marting - Risk Management
PHONE: 233-5432

AGENDA DATE: 2/15/2011

BUDGET ACCOUNT NUMBER (IF KNOWN)

AIRPORTS:

FUND: _____ DEPT: _____ UNIT: _____ OBJ: _____ AMOUNT: ~~\$230,000~~ ^{\$ 40,000}

SIGNATURE: _____

FD&O:
FUND: 3804 DEPT: 411 UNIT: B508-02 OBJ: 4501 AMOUNT: \$55,000

SIGNATURE: [Signature] 1-14-11

WUD:

FUND: _____ DEPT: _____ UNIT: _____ OBJ: _____ AMOUNT: \$215,000

SIGNATURE: _____

BAS APPROVED BY: Larry Schaner - FDO DATE: 1/14/11