



**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Capital Expenditures					
Operating Costs	<u>\$262,501.50</u>	<u>\$262,501.50</u>	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	-----	-----	-----	-----	-----
In Kind Match (County)	-----	-----	-----	-----	-----
<b>NET FISCAL IMPACT</b>	<u><u>262,501.50</u></u>	<u><u>\$262,501.50</u></u>	_____	_____	_____
<b># ADDITIONAL FTE POSITIONS (Cumulative)</b>	—0—	—0—	-----	-----	-----

Is Item Included In Current Budget? Yes X No \_\_\_\_\_  
 Budget Account No.: Fund 4001 Agency 720 Org. 1110 Object 4501  
 Reporting Category \_\_\_\_\_

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

**C. Departmental Fiscal Review:** Gary Korte

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Administration Comments:**

[Signature] 2/28/11  
 SN 2/23/11 2/25/11 OFMB 2/28/11 3/1/11  
[Signature] 3/1/11  
 Contract Administration

**B. Legal Sufficiency:**

[Signature] 3/1/11  
 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, 2009, staff recommended and the Board approved that a portion of the County's Excess Property Insurance Program covering designated properties of Water Utilities would be carved out of the County's master program and insured separately. This action resulted in both an enhancement of coverage and an annual cost savings of approximately \$800,000. Marketing of this 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. An updated hurricane catastrophe analysis was again commissioned by Arthur J. Gallagher & Co. in January 2011. The RMS catastrophe model produced an estimated "Gross Loss including Demand Surge" PML of \$18.5 million at the "100 year storm" level of risk. "Gross Loss" is the estimated insured damage and "Demand Surge" factors in the impact of the post event inflation of building materials and labor. The modeling results provide a reasonable level of comfort that \$50 million of wind coverage is a sufficient amount of coverage to purchase for the coming policy 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 \$525,003, a decrease of approximately 2% over the expiring not-to-exceed premium of \$535,000.

**BUDGET AVAILABILITY STATEMENT**  
**Water Utilities**

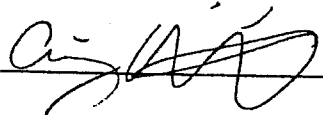
REQUEST DATE: 2/15/2011 REQUESTED BY: Scott Marting – Risk Management PHONE: 233-5432  
FAX: 233-5420

AMOUNT: \$ 525,003 AGENDA DATE: 3/15/2011

**BUDGET ACCOUNT NUMBER (IF KNOWN)**

FUND: 4001 DEPT: 720 UNIT: 1110 OBJ: 4501

FUNDING SOURCE:

BAS APPROVED BY:  DATE: 2/18/2011