

# COUNCIL MINUTES

November 8, 2001

The City Council of the City of Mesa met in a Special Council Meeting in the lower level meeting room of the Council Chambers, 57 East 1st Street, on November 8, 2001 at 7:30 a.m.

## COUNCIL PRESENT

Mayor Keno Hawker  
Jim Davidson  
Bill Jaffa  
Dennis Kavanaugh  
Pat Pomeroy  
Claudia Walters  
Mike Whalen

## COUNCIL ABSENT

None

## OFFICERS PRESENT

Mike Hutchinson  
Barbara Jones

1. Consider renewing the City's annual property and liability insurance coverage at a cost of up to \$398,111.00.

Vice Mayor Davidson voiced the opinion that the property and liability insurance coverages proposed in staff's report are sufficient to protect the City from any particular liability or property loss.

It was moved by Vice Mayor Davidson, seconded by Councilmember Jaffa, that staff's recommendations for renewing the City's annual property and liability insurance coverage at a cost of up to \$398,111.00, as set forth in staff's report dated November 8, 2001, be approved.

City Manager Mike Hutchinson stated that a new development regarding proposed premiums has occurred since staff's November 8, 2001 report was provided to the Councilmembers.

Interim City Attorney Joe Padilla explained that staff received a premium quote for the proposed property coverage the previous day (November 7, 2001) at approximately 4:00 p.m. and that the quote exceeded the range estimated in staff's report. He reported that the maximum property premium amount estimated by staff was \$120,500 and the quote recently received from Hartford Insurance Company is for \$175,000. Mr. Padilla referred to staff's updated table entitled *Premiums For Liability Insurance and Estimate for Property Insurance for 2001-2002* (See Attachment) and reported that the quote for \$175,000 is for property coverage of \$165 million per occurrence, which is different from the City's current coverage. He further reported that staff believes the quote from Hartford can be negotiated for \$50 million per occurrence coverage at a

lower premium and he explained why \$50 million per occurrence coverage is sufficient to meet the City's needs. Mr. Padilla noted that the only fluctuating coverage and premium is for property insurance and that the liability coverages and premiums contained in staff's report are unchanged.

Mr. Padilla stated that staff is seeking Council's approval to secure the liability insurance as set forth in staff's report, and to negotiate with Hartford Insurance for a reduced amount of per occurrence coverage and return to the Council on November 19, 2001 for further Council action regarding the property coverage. He added that the City's current insurance coverages expire on November 22, 2001.

In response to a question from Vice Mayor Davidson regarding the maximum combined premium increase from the current year, Mr. Padilla stated that if the quote for property coverage in the sum of \$175,000 does not change, the increased premium amount (for liability and property coverage) would be \$139,347.

In response to Vice Mayor Davidson's request for further explanation regarding property coverages, Risk Management Attorney Randy Fleischhauer explained the differences in the City's existing property coverages and the coverages quoted by Hartford Insurance. He stated that it is staff's opinion that the City does not require \$165 million per occurrence coverage and he requested that staff be allowed to negotiate for reduced coverage at a reduced premium.

Discussion ensued regarding the possibility that the premium for property coverage may increase further.

Mr. Hutchinson recommended that the Council approve the liability coverages and premiums to allow staff to secure those coverages, and reevaluate the property insurance on November 19, 2001.

In response to a question from Vice Mayor Davidson regarding the liability coverage, Mr. Fleischhauer stated that the proposed total liability insurance coverage is \$45 million.

It was moved by Vice Mayor Davidson, seconded by Councilmember Jaffa, that the previous motion be amended as follows: That staff's recommendations for renewal of the City's annual liability insurance coverage at a cost of \$277,611.00, be approved.

Mayor Hawker stated that there are no requests from citizens to speak regarding this item.

Carried unanimously.

2. Adjournment.

Without objection, the Special Council Meeting adjourned at 7:44 a.m.

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KENO HAWKER, MAYOR

ATTEST:

\_\_\_\_\_  
BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Council Meeting of the City Council of Mesa, Arizona, held on the 8<sup>th</sup> day of November 2001. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

Attachment  
pjt

**PREMIUMS FOR LIABILITY INSURANCE AND ESTIMATE FOR PROPERTY INSURANCE FOR  
 2001-2002**

<u>Premiums</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>Dollar Difference</u>	<u>Coverage Difference</u>
Liability Insurance Only (First Layer, 8 Million in Excess of 2 Million SIR)	\$151,363	\$196,361	+ \$44,998	None
Liability Second Layer	\$43,675	\$31,250	-\$12,425	- \$10 Million
Liability Third Layer	\$30,000	\$50,000	+ \$20,000	-\$ 5 Million
Liability Totals	\$225,038	\$277,611	+ \$52,623	- \$15 Million
Estimate for Property Insurance Only Proposals under negotiation	\$ 88,431	\$110,500 \$175,000	+ \$22,069 +\$86,569	Reduction from \$250 Million per Occurrence to \$50 Million Per Occurrence or \$165 Million Per Occurrence
Estimated Combined Property and Liability Coverage	\$313,264	\$388,111 \$452,611	+ \$74,847 +\$139,347	