



City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	Item Type:		1 st Reading	2 nd Reading
9/26/2023	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Other	Ordinance Reading	N/A	N/A
		Public Hearing	<input type="checkbox"/>	<input type="checkbox"/>
		Advertising Required	<input type="checkbox"/>	<input type="checkbox"/>
		Quasi-Judicial:	<input type="checkbox"/>	<input type="checkbox"/>
File No.:				
23-296				
Fiscal Impact (\$):	Account Balance (\$):	Funding Source:	Project Number:	
\$2,163,845	\$2,163,845	570-1810-545010	N/A	
Contract/P.O. Required	RFP/RFQ/Bid Number:	Sponsor Name:	Department:	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	N/A	Jim Buschman Risk Manager	Human Resources/Risk Management	
Strategic Plan Focus Areas:				
<input type="checkbox"/> Finance & Budget		<input checked="" type="checkbox"/> Organizational Capacity		<input type="checkbox"/> Infrastructure/Projects
Implementation Timeline:				
Estimated Start Date: 10/1/2023 Estimated End Date: 9/30/2024				

SHORT TITLE:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, DECLARING A UNIQUE CIRCUMSTANCE FOR THE BROKERAGE OF MUNICIPAL INSURANCE PRODUCTS; APPROVING THE RENEWAL OF THE CITY'S PROPERTY INSURANCE WITH FLORIDA MUNICIPAL TRUST FUND IN THE AMOUNT OF TWO MILLION ONE HUNDRED SIXTY-THREE THOUSAND EIGHT HUNDRED AND FORTY-FIVE (\$2,163,845) DOLLARS; AND PROVIDING AN EFFECTIVE DATE.

STAFF SUMMARY:

Summary:

Staff seeks approval to renew the City's property insurance with the Florida Municipal Insurance Trust (FMIT) for the Fiscal Year 2023-2024 for the total amount of \$2,163,845.

Background:

The City currently participates in the Florida Municipal Insurance Trust Fund (FMIT), which is administered by the Florida League of Cities. This Trust Fund provides Property Insurance for all City facilities. Numerous Governmental Agencies throughout the State of Florida participate in this pooled program to include the following local municipalities: Aventura, North Miami Beach, North Miami, North Bay Village, Surfside, Miami Gardens, Pembroke Pines, Cooper City, Plantation, Sunrise, and Tamarac to name a few. The Trust then purchases reinsurance so that adequate funding is available to pay for damages to any one of the participating members facilities.

Current Situation:

All City of Hallandale Beach facilities are covered on a “Replacement Value” which is the cost to replace damaged property with property of like kind and quality; the cost to replace property without a deduction for depreciation. Last year, all City facilities were appraised and the total insured value of all properties increased from \$107,177,754 to the current value of \$118,599,948. There is a \$25,000 deductible per incident except for windstorm damage, which is a 5% per value of the building deductible. For the last Fiscal Year 2022/2023 the premium for this coverage with the increase in property values was \$1,152,775. For the upcoming Fiscal Year 2023/2024, the City received a renewal quote of \$2,686,955. The significant increase was directly attributed to a lack of underwriting capacity in the world’s reinsurance market. In order to assist Cities with the renewal premiums, the Florida Municipal Trust offered the choice of increasing the named-stormed wind deductibles from a 5% per location to either a 7.5% or a 10% deductible. Staff determined that increasing the deductible from the existing 5% would drastically put the City at risk from a catastrophic hurricane loss.

Another option to reduce the premium is to remove certain structures from the property schedule. Currently, the City’s insurance covers all structures such as buildings, lift stations, generators, picnic tables, pavilions, ball fields, lighting, fencing and playground equipment. Working with the Florida League of Cities representative, it was determined that by removing a number of these structures, the City would realize a premium decrease of \$523,110; which would bring the Fiscal Year premium to \$2,163,845. After reviewing the property schedule with the City Manager, numerous structures were identified that we determined could be removed from the property schedule which would most likely not be impacted by a significant windstorm event. Also, it should be noted that the FMIT has amended their insurance policies to cover properties in the open (PITO); this change would add any outside structure which has a value of up to \$25,000 for up to a maximum aggregate limit per Trust coverage year of \$500,000. As a result of this change, certain structures that were removed from the property schedule will now be covered.

Why Action is Necessary:

Pursuant to Chapter 23, Section 23-10 of the City Code of Ordinances, the City Manager’s purchasing authority for equipment, supplies and contractual services is \$50,000. As expenses for Florida Municipal Insurance Trust are in excess of \$50,000, City Commission approval is needed.

Cost Benefit:

Purchasing property insurance with the Florida Municipal Insurance Trust Fund is the most prudent, cost-effective method of protecting the City’s facilities from any physical damage.

PROPOSED ACTION:

The City Commission considers the attached Resolution.

ATTACHMENT(S):

Exhibit 1 – Proposed Resolution
Exhibit 2 – Renewal Quote for 2023-2024

Prepared By: *Jim Buschman*
Jim Buschman
Risk Manager

Reviewed By: *Radu Dodea*
Radu Dodea
Human Resources/Risk Management Director

Reviewed By: *Noemy Sandoval*
Noemy Sandoval
Assistant City Manager