

Committee of the Whole
April 25, 2017

Present: Mayor Vulich, Council Members Seeley, McGraw, Allesee, Connell and O'Neill, City Administrator, City Attorney, City Clerk, Press and interested citizens.

1. Insurance Update – Matt Brooke

City Administrator Matt Brooke introduced Julie Bray, owner of the AC Root Agency. Ms. Bray advised the Council that the AC Root Agency handles the City of Clinton's insurance needs. She stated that AC Root was founded in 1854 and is the oldest business in the City of Clinton. She continued in stating that the agency is a five generation agency and John Root passed away in June of last year. She further stated that she had the privilege of buying into the agency in 2005 and has worked for the agency for 28 years. She proceeded to state that she is a Certified Insurance Service Representative and Public Risk Management member working toward the Public Risk Management designation. She stated that the staff is made up of Justin our newest employee, Jennifer 8 years licensed in personal lines and accounts payable, Wendy and Rhonda both have worked for the agency 15 years each and are licensed in personal and commercial lines and are certified insurance service representatives. We are 75 % commercial insurance and 25% personal lines. We also insure Clinton County, Clinton Emergency Management, E911, Communications, Clinton Conference Board and the Clinton Community School District. Insuring public entities is our specialty.

Ms. Bray presented the Council with a slide show of all of the City properties insured by The AC Root Agency. She stated that the City of Clinton has a lot of things to insure.

She gave a history and background of who the providers are that give you the very best value for the City's coverage. Cincinnati Insurance covers all buildings, contents, fences, playground equipment, decorative lights, traffic signals, tables, benches, fountains, electrical boxes, generators, commercial equipment, mowers, fireboat, docks, signs, etc. Cincinnati is based out of Fairfield, Ohio and they insure unique risks. Their company slogan is "Everything Insurance Should Be". They believe that locally based agents have the relationships in their communities that lead to satisfied, loyal policy holders. Their insurance adjusters who handle claims live within a 45 minute travel area. They take action to respond to agents and policy holders quickly and personally. Your current deductible is \$1,000 for property. We feel this is where the City deductible should be. She stated that she checked with various other Cities for price comparison and the price depends on the type of exposure, building construction codes, protection class, and age of building. Dubuque was with Cincinnati and they went out for RFP a few years ago. Traveller's was cheaper than Cincinnati and after two years due to a couple of losses they non-renewed them and Cincinnati quoted more than the old expiring policy and ICAP ended up insuring them and they are currently paying more than when they were with Cincinnati due to building inspections. Dubuque also has a \$75,000 deductible. Ottumwa has a \$1,000 deductible, Bettendorf has a \$25,000 deductible, and Marshalltown has a \$10,000 deductible. ICAP also recently did building reevaluations for any building over \$100,000 and in April of next year the property value is increasing by \$40,000,000. Deductibles vary based on the insured's preference. In 2015 I checked a \$10,000 deductible for the City of Clinton and it only save \$10,000 a year. I discussed it with the Administrator and we chose to stay with the \$1,000 deductible. The County and School both remain at the \$1,000 deductible as well. Some carriers do not want to insure items like the docks and fireboat which are unique to insure. The city also has historical type buildings which are more difficult to insure. The wastewater treatment plant

has a lot of electronics and is more costly to repair. The main exposures for property loss are wind, hail, lightning and fire. Clinton has been very fortunate with claims due to weather. So far Iowa has had 19 tornados this year and average 55 a year since 2012. Tornado reports for 2017 are the highest they have been in the last 5 years across the United States. Eastern Iowa Propane lost part of a 3 sided storage building and it was \$50,000 to repair. Beckwith also had a storage shed damaged by fire and it will be \$70,000 to replace. When storm damage does happen it is extremely costly.

She further stated that ICAP covers the City of Clinton's vehicles and all liability both for autos and general liability. ICAP stands for Iowa Community Assurance Pool. ICAP was formed in the mid-1980's because Iowa public entities needed relief from the restrictive coverages, high prices and non-renewal from the traditional insurance companies. Clinton was the 18th City to join ICAP in 1987 and is one of the founding members. ICAP is not an insurance company it is an insurance pool. ICAP offers full replacement cost on Fire trucks with the ladder trucks at \$1,000,000 each including equipment and Ambulances cost new averaging \$203,000 each. This replacement cost is a rare coverage, but valuable to have since the vehicles are very expensive. The member owned pool provides coverage to nearly 800 Iowa Public Entities and is acclaimed for broad coverage and outstanding member services. ICAP is endorsed by the Iowa League of Cities. Since 2007 the Cumulative reserve fund has been returned to its members. Clinton's paybacks averaged \$35,000 over the last five reserve fund returns.

She advised the Council that the total insurance value of the vehicles is \$17,077,858 physical damage which covers 161 vehicles and \$7,000,000 auto liability and \$7,000,000 General Liability limit including cyber liability, public officials wrongful acts and legal liability for law enforcement claims to name a few. This is the Carrier that protects the City Administrator, Mayor, Councilmembers and any liability lawsuit against the City of Clinton.

She proceeded to state that IMWCA (Iowa Municipal Workers Compensation Association) is the workers compensation provider. IMWCA was formed in 1981 with the initial effort to organize was coordinated by the Iowa League of Cities in response to numerous cities having their coverage canceled by standard insurance carriers. Today the predominant number of cities, counties, other government organizations in Iowa choose IMWCA for coverage of more than 49,000 employee's. Clinton has 166 fulltime employees, 43 permanent part time, and 17 temporary part time that are covered under the workers compensation policy.

She continued in stating that the agency has the City of Clinton in each one of these carriers because of the specific need each one of them provides for your protection. It is our job to properly protect the City of Clinton tax payer's money. Insurance has drastically changed over the last ten years. The carriers are sending out appraisal companies to assist with property valuation reviews. ICAP has sent out appraisals for all buildings valued at more than \$100,000. The valuation program resulted in discovering millions of uninsured and underinsured property in just the first year of service. It is nothing that agents are doing dishonestly it is just the price of everything has escalated. Recently sprinklers and alarms were installed into the Central and Lyon's fire station. Central Fire cost \$72,578 and Lyon's cost \$53,065 these figures need to be added to the insurance value of the building. The 19th Ave No traffic signal is \$200,000 including the \$60,000 silver junction box at the intersection. The City has 50 traffic signal intersections at \$200,000 is \$10,000,000. The new Generator on the dike is \$378,000 after all non-insurance items deducted. The 25th Ave No Generators are \$302,720 to insure. The lodge has been beautifully renovated

and is currently insured at \$1,700,000 we increased the lodge coverage by \$1,000,000 in 2016 due to the improvements. In 1966 the lodge was insured for \$44,803. She further stated that the agency works hard to provide excellent service to the City with a close working relationship with the City Administrator, finance director, Roberta with claims and all department heads. We have an open communication. Our agency continually refines the cost and checks with other towns to make sure we are in line with both pricing and coverages. Our team works to properly protect the people, places and things the City owns on behalf of the tax payers. A City insurance policy is a complex piece of insurance to write and due to the sheer volume of items it does change from year to year. We have insured the City since 1991 and look forward to continuing our great relationship for many years to come.

Councilmember O'Neill stated that there was a time when the City did not insure some items. Ms. Bray stated that recently the City has added a lot of generators. Councilmember O'Neill stated that the City has also added a new sewer plant and had a \$1 Million renovation at Eagle Point Park. He inquired regarding the insurance for the Police Department. Ms. Bray stated that only the contents are insured. He inquired further regarding insurance for the LumberKings. Ms. Bray stated that the stadium and the field are covered.

Mayor Vulich stated that ICAP cannot drop the City; however, if the City leaves ICAP they cannot take us back.

Councilmember Connell inquired regarding who reviews the City's insurance coverage. Ms. Bray stated that the City Administrator reviews the coverage. Councilmember Connell stated that it would be in the City's best interest to send out an RFP for insurance. Ms. Bray stated not necessarily. Councilmember O'Neill stated that companies do the bidding and offer discounts for the first few years and then raise the rates. Cincinnati knows what the City has. Councilmember Connell stated that the City has not gone out for RFP's for 16 years. Ms. Bray stated that the last time the City went out for RFP's for insurance was 2011. Councilmember Seeley stated that a yearly update during budget discussions would be helpful.

2. Clinton July 4 Festival - Dave Helscher

City Administrator Brooke advised the Council that Mr. Helscher could not make the meeting and would make a presentation at the next Committee of the Whole meeting on May 2nd.

3. City-Owned Vacant Lot Sale – Jeff Chapman

City Administrator Brooke stated that currently the City has numerous lots that are worth nothing; however, if they can be sold to the neighbors they will be worth something when they go back on the tax rolls. Battalion Chief Jeff Chapman stated that the fund for maintaining the lots continues to grow. If the City does not do something it will spiral out of control. He continued in stating that there are five properties which are not buildable and only good for the neighbors on either side. 529 7th Avenue South is only 33' and cannot be built on. The neighbor is interested in the property. He further stated that there is land on 31st Avenue North which use to be an old dump. A neighbor would like to build a dog run on part of the property. It costs the City \$1,800 per year to maintain the property. At 212 2nd Avenue South there is a lot with 25' frontage. The neighbor is interested in purchasing the lot. The property at 617 3rd Avenue South has been a community garden since 2015. A neighbor is interested in the property. 1427 22nd Avenue South is a buildable lot which the neighbor maintains. City Attorney Patrick O'Connell stated that the City can go out for bids on the properties; however, if there is a person willing to pay fair market value for a property it is

not necessary. The City can sell them for fair market value. Mayor Vulich stated that the City should set a policy to do this and establish a standard.

City Administrator Brooke advised the Council that he was requesting the Council move forward setting a public hearing for the sale of the properties.

Councilmember O'Neill stated that this is not about revenue, but about expenses that will keep adding up. He suggested that the City Administrator come forward once a month with lots he would like the Council to address.

Battalion Chief Chapman stated that there is a 50' property on 3rd Avenue North. It has been vacant for 10 years. The neighbor maintains it and would like to purchase the property; however, there is \$5,766 in special assessments which is unreasonable. He continued in stating that there is another property which a person got through a quit claim deed. He wants to renovate the property and put it back on the tax rolls; however, the assessment is too high for him to pay and also do the renovations. City Administrator Brooke stated that the City could hold the assessment and the person would sign a contract to perform renovations equal to, or more than the assessment. Once this is done, the assessment would come off the property. Councilmember O'Neill stated that he would like to give Battalion Chief Chapman the authority to bring properties like this forward to the Council. City Attorney O'Connell stated that BNS should come up with a set of guidelines for the sale and acquisition of properties.

M/S, O'Neill-Allesee moved take the John Kettelsen property, work a deal with him, and bring it back to us and move it forward. On roll call, McGraw, Allesee, Connell, O'Neill – Yes; Seeley – No. Motion carried.

4. Surplus Vehicles – Dennis Hart

Transit and Fleet Superintendent Dennis Hart advised the Council that there is a list of equipment from various departments which he would like to sell or dispose of. Councilmember Connell inquired regarding the timeline for completion. Superintendent Hart stated that after the next Council meeting he would place the equipment on Gov Deals.

M/S, Seeley-Allesee moved to forward the surplus vehicles to the next Council meeting agenda for approval. On roll call, carried unanimously.

5. Mayor & Council Updates

City Administrator Matt Brooke advised that the final draft of the Lighthouse is ready to go out to all of the residents of Clinton. He stated that the monthly sewer bills have gone out and the Finance Department is playing catch up with the Water Company. He continued in stating that the City has received 10 applications for the Parks and Recreation Director Position. He further stated that Brett Johnson was sworn in as the City's newest police officer.

M/S, Allesee-Connell moved to adjourn. All in favor.

Respectfully Submitted,

Pat Van Loo

City Clerk