



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org**

Legislative File No: 2006-0778

TO: Mayor and City Council Members
FROM: Julie Jenuwine, Finance Director
DATE: October 25, 2006
SUBJECT: Liability, Motor Vehicle Physical Damage, Property and Crime Self-Insurance Coverage

REQUEST:

Request that City Council approve a resolution to authorize the City's contribution to the Michigan Municipal Risk Management Authority (MMRMA) for self-insurance (liability, motor vehicle physical damage, property and crime coverage) pool contributions/costs, SIR (self insured retention) replenishing, and risk management consulting in the amount not-to-exceed \$858,644 through June 30, 2007 (adding six months to the blanket).

REASON FOR PURCHASE:

The City of Rochester Hill has been a member of the Michigan Municipal Risk Management Authority (MMRMA) self-insurance pool since 1985. The Authority is organized under the laws of the State of Michigan to provide assistance with administrative claims, purchase or provide reinsurance, risk management and loss control services to Michigan cities, counties, townships and special purpose governments. Participating governmental entities contribute to the insurance pool based on the value of property covered, claim experience and industry conditions. The membership is a perpetual membership unless the City withdraws at the end of any anniversary year by giving at least ninety (90) days notice, in writing, or the members of the MMRMA Board of Directors terminates (for certain reasons) the City's membership by a two-thirds vote.

The City's *existing* blanket amounts to \$672,970, which includes \$462,728 for contributions to the pool fund and \$210,242 for SIR replenishment. I am requesting additional monies to extend the blanket for another six months in order to get the blanket coverage on the same year as the contribution/billing cycle, as well as request additional monies to replenish the SIR. Currently, the blanket is on a calendar year and the City contribution cycle begins each July. If approved, both the blanket and contribution/billing cycle will end June 30, 2007.

The City must maintain, at all times, on account with MMRMA, sufficient funds to pay its SIR obligation. SIR obligations are unpredictable and can change significantly after a claim/event is reported. The \$858,644 request is comprised of \$578,532 for 1½ yrs of contribution/billings and \$280,112 for SIR replenishment (if necessary).

City Council has recently made inquiries to alternative coverage choices. Should the City Council decide to evaluate alternatives and thereafter decide to continue membership with the MMRMA, I advise that the blanket, contribution cycle and budget be on the City's fiscal year (January to December).

PROCESS:

Vendor Name and Address:

Michigan Municipal Risk Management Authority
14001 Merriman
Livonia, Michigan 48154

Method of Purchase:

Blanket Purchase Order

BUDGET:

Fund Name	Department Account No	Account No. Description	Budget Amount 2006	Cost 2006	Remaining Budget
Insurance Fund	677.910000	Liability Insurance	\$767,970	\$717,840	\$50,130

Fund Name	Department Account No	Account No. Description	Budget Amount 2007	Cost 2007*	Remaining Budget
Insurance Fund	677.910000	Liability Insurance	\$653,220	\$140,804	\$512,416

* One payment

RECOMMENDATION:

Recommend that City Council approve a resolution to authorize the City’s contribution to the Michigan Municipal Risk Management Authority (MMRMA) for self-insurance (liability, motor vehicle physical damage, property, and crime coverage) costs, SIR replenishing, in the amount not-to-exceed \$858,644 through June 30, 2007.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		

Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		

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