



**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: 2007-0369

TO: Mayor and City Council Members
FROM: Julie Jenuwine, Finance Director
DATE: May 25, 2007
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 \$612,000 through June 30, 2008.

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, size of payroll, size/extent of operations, 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 \$858,644, which includes \$578,532 for contributions to the pool fund and \$280,112 for SIR replenishment for an eighteen month period.

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 \$612,000 request is comprised of \$487,000 for contribution/billings and \$125,000 for SIR replenishment (if necessary). This blanket request is for twelve months.

PROCESS:

Vendor Name and Address:

Michigan Municipal Risk Management Authority
14001 Merriman
Livonia, Michigan 48154

Method of Purchase:

Blanket Purchase Order

BUDGET:

A “net assets“ distribution/refund of approximately \$38,000 was distributed to the City from the MMRMA last year and another distribution/refund is anticipated this summer. The 2007/2008 cost is an estimate at this time.

Fund Name	Department Account No	Account No. Description	Budget Amount 2008	Cost 2008	Remaining Budget
Insurance Fund	677.910000	Liability Insurance	N/A		

Fund Name	Department Account No	Account No. Description	Budget Amount 2007	Cost 2007*	Remaining Budget
Insurance Fund	677.910000	Liability Insurance	\$653,220	\$612,000	\$41,220

*Split between 2007 and 2008 fiscal years

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 \$612,000 through June 30, 2008.

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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