



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: 2016-0240 (Version #2)

TO: Mayor and City Council Members
FROM: Joe Snyder, Chief Financial Officer, x 2534
DATE: December 5, 2016
SUBJECT: City of Rochester Hills Insurance Fund Reserve Balance

REQUEST:

We are requesting that City Council authorize an increase to the City's insurance policy with the Michigan Municipal Risk Management Authority (MMRMA) for insurance coverage (general liability, motor vehicle physical damage, property, and crime coverage) pool contributions/costs, stop loss coverage, SIR (Self-Insured Retention) fund replenishment, legal defense, and risk management consulting in the amount of \$69,000 for a new not-to-exceed amount of \$443,677 through June 30, 2017.

REASON FOR PURCHASE:

The City of Rochester Hills has been a member of the MMRMA self-insurance pool since 1985. The Authority is organized under the laws of the State of Michigan to provide assistance with administrative claims, the purchase of reinsurance, legal defense, risk management, and loss control services to Michigan cities, counties, townships, and special purpose governments. Participating governmental entities contribute to the insurance pool based upon the value of property covered, size of payroll, size/extent of operations, claim experience, and industry conditions.

The City of Rochester Hills was informed by MMRMA, that as of the 3rd Quarter 2016, the City's level of funding in the MMRMA pool is less than the amount required by MMRMA to pay potential insurance claims against the City. MMRMA has requested a contribution from the City of Rochester Hills to replenish the City's MMRMA pool share to the necessary level. The level of funding required by MMRMA to be in the pool is determined according to each municipality's claim history.

PROCESS:

Vendor Name and Address:

Michigan Municipal Risk Management Authority
14001 Merriman
Livonia, MI 48154

Reason for Selection:

Best Value

Method of Purchase:

Renewal

BUDGET:

Partial funding remains in the FY 2016 Insurance Fund budget.

If approved by City Council, a 4th Quarter 2016 Budget Amendment will be prepared with the offsetting source of funding from the Insurance Fund Retained Earnings.

Fund Name	Department Account No	Account No. Description	2016 Remaining Budget Amount	Cost	Remaining Budget
Insurance Fund	677.910000	Liability Insurance	\$38,370	\$69,000	(\$30,630)

RECOMMENDATION:

We are requesting that City Council authorize an increase to the City's insurance policy with the Michigan Municipal Risk Management Authority (MMRMA) for insurance coverage (general liability, motor vehicle physical damage, property, and crime coverage) pool contributions/costs, stop loss coverage, SIR (Self-Insured Retention) fund replenishment, legal defense, and risk management consulting in the amount of \$69,000 for a new not-to-exceed amount of \$443,677 through June 30, 2017.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		