



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 15

Section Name: {{section.name}}

Account Number:

File ID: {{item.tracking_number}}

TO: City Council
FROM: Drew Corbett, City Manager
PREPARED BY: City Attorney's Office
MEETING DATE: June 20, 2022

SUBJECT:

Fiscal Year 2022-23 General Liability and Property Insurance – Purchase Authorization

RECOMMENDATION:

Authorize a staff committee comprised of the City Manager, the Finance Director, and the City Attorney to select the most cost-effective program to insure the City's general liability and property risks, and authorize the City Attorney to execute all required documents to purchase the selected insurance for fiscal year 2022-23.

BACKGROUND:

For the past 2 years, Council authorized a staff committee comprised of the City Manager, the Finance Director, and the City Attorney to select the most cost-effective program to insure the City's general liability and property risks, and authorized the City Attorney to execute all required documents to purchase the selected insurance. The request for Council to authorize a committee in fiscal year 2020-21 was to allow the City to enroll in an organization called Public Risk Innovations, Solutions, and Management (PRISM), a joint powers authority comprised of dozens of government agencies, that provided coverage up to \$25 million above a \$1 million Self-Insured Retention (SIR).

The City's broker reports never having witnessed an insurance market that has tightened so much and so quickly in 30 years of experience. The fluid circumstances of property coverage and cyber excess renewal are currently in review by the staff committee. In March 2022, the City Attorney's Office received the fiscal year 2022-23 Insurance Budget Estimates and PRISM v3 Premium Estimates, and then received updated estimates in June 2022, as follows:

City of San Mateo 2022 Insurance Budget Estimates

Coverage	Expiring Premium	Renewal Premium	2022 Budget Low Estimate	2022 Budget High Estimate	% Change Low Estimate	% Change High Estimate
Earthquake (Library)	\$56,375	\$60,638	\$63,421	\$64,831	12.5%	15.0%
Excess Liability	\$671,527	\$861,294	\$824,000	\$884,000	22.7%	31.6%
Property, Boiler & Machinery, Environmental & Cyber	\$580,845	\$709,358	\$667,971	\$697,014	15.0%	20.0%
Crime Insurance	\$8,451	\$8,873	\$8,874	\$9,296	5.0%	10.0%

Property (Bridges)	\$78,895	\$117,162	\$88,757	\$90,729	12.5%	15.0%
San Mateo-Foster City Public Financing Authority (Liability)	\$18,282	TBD	\$19,197	\$20,111	5.0%	10.0%
Total:	\$1,414,375	\$1,757,325	\$1,672,220	\$1,765,980	18.2%	24.9%

As noted above, the estimated premium for Property, Boiler & Machinery, Environmental & Cyber coverage at \$709,358 is slightly more than the budget high estimate of \$697,014. Also, the estimated premium for Property (Bridges) coverage at \$117,162 is higher than the budget high estimate of \$90,729. The renewal premium estimates currently total \$1,757,325, which is below the budget high estimated total of \$1,765,980, although this does not account for the insurance premium liability coverage for the San Mateo-Foster City Public Financing Authority (PFA).

The staff committee is recommending that Council authorize the committee to select the most cost-effective solution continuing into fiscal year 2022-23 as circumstances remain challenging and unusual. The City Attorney would then execute all of the documents necessary to obtain that insurance. Included in this evaluation would be liability insurance and property insurance (including insuring the City's critical bridges), and excess cyber liability, if deemed necessary.

BUDGET IMPACT:

The City paid approximately \$1.4 million for general liability and property insurance (including bridges, cyber, and crime) for fiscal year 2021-22. The renewal premium for 2022-23, excluding liability for the PFA, is \$1,757,325. The proposed 2022-23 budget assumed \$1,770,980 for insurance premiums, therefore no modifications to appropriations are required.

ENVIRONMENTAL DETERMINATION:

This item is not a project subject to CEQA, because it can be seen with certainty that it will not cause a physical change in the environment. (Public Resources Code Section 21065.)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

None

STAFF CONTACT

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