

**MINUTES FOR THE SPECIAL MEETING OF THE
CAPE CORAL CITY COUNCIL**

September 27, 2023

Council Chambers

9:00 a.m.

Meeting called to order by Mayor Gunter at 9:00 a.m.

PLEDGE OF ALLEGIANCE

Roll Call: Mayor Gunter, Councilmembers Cosden, Cummings, Hayden, Long, Sheppard, and Welsh. Councilmember Steinke was excused.

CITIZENS INPUT TIME

Eileen Bonasia voiced concern about the wetlands in the area of Piney Point and the proposed Redfish Pointe development. She spoke about the conservation easement under which the land is held. She noted that a bill has been filed for the 2024 legislative session to fund efforts to identify vulnerable coastal areas for mangrove restoration.

BUSINESS

CONSENT AGENDA

Resolution 257-23 A Resolution of the City of the City of Cape Coral, Florida, approving Contract No. FRN2181AP for insurance brokerage services to Florida Municipal Insurance Trust (FMIT), which is administered by the Florida League of Cities, Inc.; and authorizing the City Manager to execute the appropriate contract documents, purchase order(s) and change order(s); providing for an effective date; Department: Finance

City Manager Ilczyszyn commented on the challenges with insurance in Florida and the level of premiums. At a prior meeting, he requested additional time to allow Staff to review coverage and limits. Staff will present some possible solutions and additional forward thinking that we could continue to drive down rates and shift some of that risk to the City.

Financial Services Director Mason explained what Resolution 257-23 would accomplish. He explained the following displayed slides:

- 2023-2024 Property and Casualty Insurance
- Purpose, Consent Agenda Item Resolution 257-23 Contract No. FRN2181AP Insurance Brokerage Services
- Timeline Primary Coverages
- Issues that affected the Property Rate
- Exposure Changes (FY2023 to FY2024)
- Property only
- Premium Summary Comparison FY2023 to FY2024
- FY2023 Insurance Payments (Existing Policy)
- Alternative/Recommendations
 1. Recommended – Reduce Property Only Coverage Limits from \$150M
 - a. \$50M, \$35M, \$25M, \$20M, or \$15M
 2. Increase named storm deductible from 5% to 10%
 3. Reduce property assets on the property schedule
 - a. Effective October 1, 2023

Mayor Gunter referred to Slide 6 – Property only regarding the reduction from \$150M to \$100M and inquired if the premium and figures were available for \$100M.

Director Mason explained you are recovering \$5M even on \$150M limit. At \$100M it may be close to \$4.3M. He added that they would have expected to see a larger decrease in

the overall premium, but they did not go through the asset list to determine what should be and what should not be covered for insurance purposes.

Clay Austin, Florida Municipal Insurance Trust (FMIT), commented that they worked closely with the Finance Department and the Risk Management Team and supported the solutions they came up with.

Councilmember Hayden moved, seconded by Councilmember Cummings, to approve Resolution 257-23 that accepts the binding coverage pursuant to quote number FBP-0368329-00(27), which sets the Blanket Real and Personal Property limit at \$50,000,000 and that establishes the named storm deductible at 10%, based upon the quoted annual premium of \$5,013,384, and authorizing the City Manager to execute any appropriate documents that are necessary for this binding coverage, and further authorizing the City Manager or their designee to continue negotiations with the Florida Municipal Insurance Trust in order to reduce the annual premium amount.

Mayor Gunter questioned Slide 5 – why he felt the reduction of 3x and the savings of \$200K was a better plan, other than saving \$215,000, getting \$150M coverage at only 5% increase in the premium.

Director Mason explained they have not gone over the asset list and removed assets that probably did not need that level of coverage. An example was the South RO Plant which had roof damage costing \$800,000 for replacement. The coverage in the named storm deductible was \$3M, already self-insuring just the roof replacement today. It is better for us to be able to put aside the funds to replace assets in the future as opposed to putting it into someone else's pocket. Do they really need to be included in our total insured value for replacement cost?

Mayor Gunter asked about the dollar amount budgeted for FY 2023 versus FY 2024.

Director Mason responded \$4.6M from \$2.5M from the previous year. We did not budget at the full 200% increase. He added they expected it to be reduced more once they identify assets to be removed.

Councilmember Hayden commented on how the legislature will react to any bills coming before them regarding the insurance problems. He questioned if it would guarantee any increases for FY2024-2025.

Director Mason responded it did not. We have been fully self-insured on health insurance, and it would make sense that we evaluate the level of insurance that we are paying for our facilities and the amount receiving back when insurance is used. The most important asset we received from FMIT was the recovery afterwards. Their Staff evaluated every facility, identified what the costs will be, and brought in the adjusters to see what replacement cost would be. Do we want to maximize the amount that we will receive, or do we want to make sure that we have the resources necessary in house to pick up the cost of that recovery and utilize the best asset that FMIT provides?

Councilmember Hayden voiced concern with the auto liability claims jumping 1,800%.

Director Mason responded we are in a very litigious environment. There is a good team that works on negotiating those claims.

Mayor Gunter asked about moving in a different direction with being self-insured on certain items. Are we going to add anything into the budget on a yearly basis knowing that we are going to be self-insured?

City Manager Ilcyszyn explained the pending claims of \$9,400 and actual premium for the auto liability which went from \$103,000 to \$115,000, an increase of 11.6%. Once we continue moving down this path of identifying what buildings are appropriate for fully insured in the private sector versus migrating into self-insured pool, it will be likely that we

will engage an actuary to determine what level of funding would be required annually to sustain the self-insurance fund itself. This will be a slow migration and will put together a full picture of details.

Councilmember Cummings understood using some self-insured and need to pay money for that as well. How much money are we actually saving? \$200,000 between \$150M to \$50M, are we still saving money?

City Manager Ilczyszyn explained this would depend on the total approach. In all of our new buildings not requiring fire sprinklers, we might add them and put that building under the self-insured pool and insure for the unknowns. Fire is the unknown. Savings are more related to the FY 2024 Budget. At this point, there is no savings. We have to come up with \$400K more from what is budgeted to what our premium will be. Look at the larger scale, the savings will be known over the life cycle of the assets.

Councilmember Cummings voiced her point of concerns of the unknown.

City Manager Ilczyszyn explained the decrease from \$150M to \$50M is due to level of over insurance the City had. Additional over insurance is not needed. He referred to page 5 - \$851M in assets; last year we were at \$654M with \$150M insurance. Our facilities fared really well; they were built to the appropriate wind category and minimized risk with the upfront construction. The issue right now is do you want to stay at the \$150M when we really don't need it. How do we start this migration and recognize some savings? We can put it towards additional building hardening, or we can put it towards self-insurance.

Councilmember Long commented on the risk tolerance and inquired about the savings.

Director Mason commented this was \$200K between \$150M and \$50M at 10% named storm deductible; all we're doing is over insuring for \$200K that is not needed.

Councilmember Welsh agreed with the changes; he suggested as we start moving some of these assets around to consider going back to 5% deductible instead of 10%.

Council polled as follows: Cummings, Gunter, Hayden, Long, Sheppard, Welsh, and Cosden voted "aye." Seven "ayes." Motion carried 7-0.

Mayor Gunter requested to schedule a Special Council meeting on October 4, 2023, at 3:00 p.m. in Conference Room 220A for Council Staff evaluations and City Auditor's evaluation.

Councilmember Hayden moved, seconded by Councilmember Cummings, to schedule a Special Council meeting on October 4, 2023, at 3:00 p.m. in Conference Room 220A for Council Staff evaluations and City Auditor's evaluations.

Council polled as follows: Cummings, Gunter, Hayden, Long, Sheppard, Welsh, and Cosden voted "aye." Seven "ayes." Motion carried 7-0.

TIME AND PLACE OF FUTURE MEETINGS

A Committee of the Whole was scheduled for Wednesday, September 27, 2023, at 9:00 a.m. in Council Chambers.

MOTION TO ADJOURN

There being no further business, the meeting adjourned at 9:41 a.m.

Submitted by,

Kimberly Bruns, CMC
City Clerk