



MEMORANDUM

DATE: September 8, 2006
TO: Sanibel City Council
FROM: Judie Zimomra, City Manager
SUBJECT: Supplemental Packet Information – September 9, 2006
Budget Hearing - 9:30 A.M.

Please find the following supplemental material attached for the September 9, 2006 9:30 A.M. Budget Hearing:

- Supplemental Information for Budget Discussion
 - Memorandum from Jim Isom to City Manager with attachment regarding Builders Risk Insurance

Please feel free to contact me with any questions regarding the above items.

JAZ/jkg

C: Ken Cuyler, City Attorney
Pamela Smith, City Clerk



MEMORANDUM

TO: JUDIE ZIMOMRA, CITY MANAGER

FROM: JIM ISOM, ADMINISTRATIVE SERVICES DIRECTOR 

DATE: SEPTEMBER 8, 2006

SUBJECT: BUILDER'S RISK INSURANCE – RECREATION CENTER

It is customary to establish a reserve fund during a construction project to meet costs related to design modification changes, insurance and any other unforeseen costs incurred during construction. A Reserve for Recreation Center Project of \$1,000,000 was established in order to have such funds available, which has been reduced by \$141,751 to date (see enclosure). The Recreation Center will be covered by the City's regular property, windstorm and flood insurance following construction, but separate insurance policies must be obtained during the construction process.

The City currently has windstorm insurance coverage for the Recreation Center of \$1,000,000 through Citizens, which is the maximum that they will write, at a cost of \$3,558.

We have been working with the Florida League of Cities, Florida Municipal Trust (FMIT), and Brown and Brown Insurance to obtain quotes for all other risks, except windstorm and flood, for the construction of the Recreation Center. FMIT has informed us that they could not obtain quotes as insurance companies are very reluctant to write policies in Florida, especially on a barrier island. Brown and Brown Insurance Company has provided us a quote from Lloyds of London.

The quote is \$224,359.21 for an additional \$7,500,000 of coverage, which would provide the project \$8,500,000 of coverage with windstorm included. I do not have information concerning the deductible for this coverage, but we can anticipate that it will be costly. It will cost an additional \$150,000 to \$182,000 to have the construction insured from \$8,500,00 to \$12,000,000.

We cannot obtain flood insurance until we receive an elevation certificate. The elevation certificate has been requested.

It is highly recommended that we not reduce the Reserve for Recreation Center Project until the insurance issues are clarified.

	TOTAL	USED THRU 6/15/06	BALANCE TO BE COLLECTED / SPENT
SOURCES OF FUNDS			
Bond Proceeds	\$ 8,350,000	-	8,350,000
Lee County	3,200,000	-	3,200,000
School Board	1,596,200	-	1,596,200
City funds:			
FY 2004	200,000	53,431.01	146,569
FY 2005	380,379	304,472.44	75,907
FY 2006	650,226	232,494.22	417,732
SOURCES OF FUNDS	14,376,805	590,397.67	13,786,407
USES OF FUNDS			
Building Costs			
Per Bids (net of tax credit)	12,343,045	-	12,343,045
Survey and Tests	10,000	-	10,000
Inspection Services	55,000	-	55,000
Design Construction Contingency	500,000	-	500,000
Building Permit Fees	65,000	-	65,000
Unattached Furnishings (e.g. phones, security system, benches, bleachers, window treatments, fitness equipment)	499,950	-	499,950
Architectural & Professional Fees	649,500	525,878.45	123,622
Legal Ads & Postage	515	514.07	1
Fill	45,230	45,230.00	-
Financing Costs	208,565	18,775.15	189,790
USES OF FUNDS	14,376,805	590,397.67	13,786,407
DIFFERENCE BETWEEN SOURCES AND USES OF FUNDS	\$ -	\$ -	\$ -