

**CITY OF SANIBEL  
RESOLUTION 16-083**

**APPROVING BUDGET AMENDMENT NO. 2017-004  
AND PROVIDING AN EFFECTIVE DATE**

**NOW, THEREFORE, BE IT RESOLVED** by City Council of the City of Sanibel, Florida:

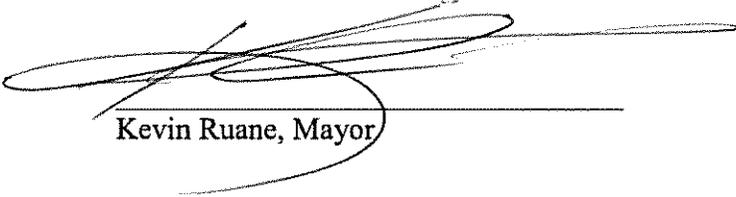
**SECTION 1.** The revised General Fund budget for fiscal year 2017, Budget Amendment 2017-004, a true copy of which is attached hereto as Exhibit A and incorporated herein by this reference, is hereby approved and accepted.

**SECTION 2.** Effective date.

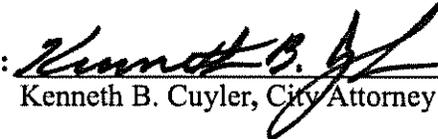
This resolution shall take effect immediately upon adoption.

**DULY PASSED AND ENACTED** by the Council of the City of Sanibel, Florida this 1<sup>st</sup> day of November, 2016.

**AUTHENTICATION:**

  
\_\_\_\_\_  
Kevin Ruane, Mayor

  
\_\_\_\_\_  
Pamela Smith, City Clerk

**APPROVED AS TO FORM:**  11/1/16  
Kenneth B. Cuyler, City Attorney      Date

Vote of Councilmembers:

Ruane	<u>yea</u>
Denham	<u>yea</u>
Goss	<u>yea</u>
Harrity	<u>yea</u>
Jennings	<u>yea</u>

Date filed with City Clerk: November 1, 2016





# MEMORANDUM

**TO:** JUDIE ZIMOMRA, CITY MANAGER  
**FROM:** JIM ISOM, ADMINISTRATIVE SERVICES DIRECTOR  
**DATE:** OCTOBER 6, 2016  
**SUBJECT:** WIND INSURANCE COVERAGE

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## CURRENT WIND INSURANCE COVERAGE

The City currently has wind insurance through the Citizens Property Insurance Corporation, Jacksonville, FL using the Florida Municipal Insurance Trust (FMIT) as our agent. The policy period covers January to January each year. The maximum coverage available through Citizens for any structure, regardless of the replacement value and the value of the contents, is one million dollars. Based on the \$1 million limit per structure, the current value of City property and contents with wind insurance coverage is \$12.7 million, while the replacement value of City property with wind coverage is \$34.4 million.

The cost of Citizens wind insurance for City structures and contents for calendar year 2016 is \$103,625. The Citizens wind insurance has a 3% deductible for any loss based on the insured value of the property. While the Citizens \$1 million maximum insurance coverage per structure is adequate insurance for the majority of City structures, it is insufficient coverage for 3 City buildings due to their current replacement values (includes contents):

Structure	Current Replacement Value	Maximum Citizens Wind Coverage	Underinsured Value
City Hall	\$7.6 million	\$1 million	\$6.6 million
Recreation Center	\$12.7 million	\$1 million	\$11.7 million
BIG Arts	\$3.2 million	\$1 million	\$2.2 million
		<b>Total</b>	<b>\$20.5 million</b>

## NEW OPTION

The Florida Municipal Insurance Trust (FMIT) is offering wind insurance coverage beginning with fiscal year 2016-2017. FMIT will provide wind insurance at the replacement value of

covered structures only, including contents. FMIT has a 5% deductible, which applies to the value of the loss not to the insured value of the property.

Since the wind coverage with Citizens expires in January 2017, FMIT will pro-rate the cost for the remainder of fiscal year 2016-2017 should the City purchase their wind coverage.

**COMPARISON OF WIND INSURANCE COVERAGE**

ITEMS FOR COMPARISON	CITIZENS	FMIT
Coverage limits	\$1 million per structure, including the contents	Replacement value of each structure plus contents
Value of structural coverage	\$11.1 million	\$29 million
Value of contents coverage	\$1.6 million	\$5.4 million
Total value of coverage	\$12.7 million	\$34.4 million
Gap in coverage	\$21.7 million	\$0
Deductible	3% of replacement value	5% of loss value
Annual cost	\$103,625 (CY16)	\$256,904 (October 2016 to September 2017)
Projected Cost for Coverage Period	\$115,000 (January 2017 to January 2018)	\$193,000 (January 2017 through September 2017)

**RECOMMENDATION**

It is recommended that the City retain the same agent, FMIT, and purchase wind insurance from FMIT effective January 2017 in lieu of renewing the Citizens coverage. FMIT will pro-rate the cost for the remainder of fiscal year 2016-2017. Although an increase in cost of approximately \$153,000 annually will result, the wind insurance coverage from FMIT will resolve the underinsured property issue that currently exists with City Hall, Recreation Center and BIG Arts. The FMIT wind insurance will cover City structures, including contents, at their replacement value of \$34.4 million, thereby, eliminating the existing \$21.7 million gap in wind insurance coverage.

The increase in cost will be paid from the General Fund Reserve for Disasters which currently has a balance of \$4.5 million.