O-16-12

ORDINANCE NO. _____

AN ORDINANCE WAIVING FORMAL BIDDING REQUIREMENTS FOR COMPREHENSIVE LOSS AND BUSINESS INTERRUPTION INSURANCE FOR THE MURRAY HYDROELECTRIC PLANT; AUTHORIZING THE MAYOR TO EXECUTE AN INSURANCE AGREEMENT; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES.

WHEREAS, Ark. Code Ann. § 14-58-303 requires City purchases exceeding the amount of $20,000 to follow statutory procedures of local advertisement and opening of sealed bids which may only be waived in exceptional situations where bidding is deemed not feasible or practical; and

WHEREAS, insurance coverage for the Murray Hydroelectric Plant is specialized coverage, and Hub International has obtained quotes from companies offering this type of coverage as shown on the proposal attached hereto as Exhibit "A"; and

WHEREAS, the combined proposal of Aegis and Liberty with an annual premium of $247,667 (*representing a 0.01016% increase*) is based on a two-year long term with rate contingencies, and the proposal of Lloyds was the lowest bid submitted with an annual premium of $213,560 (*representing a 12.895% decrease of the current premium and 13.772% less than the new premium of Aegis and Liberty*), including a review clause for a two-year policy; and

WHEREAS, it is in the best interests of the City to accept the proposal of Lloyds to insure the City's interests in the Murray Hydroelectric Plant.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That formal bidding is hereby waived, and the Mayor and City Clerk are hereby authorized to enter into an agreement for comprehensive loss and business interruption insurance coverage for the Murray Hydroelectric Plant with Hub International pursuant to the insurance proposal attached hereto as Exhibit "A" with Lloyds as the provider.

SECTION 2: That the annual premium in the amount of $213,560 has previously been included in the North Little Rock Electric Department's budget for 2016.

SECTION 3: That all ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict.

SECTION 4: That the provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall be declared or held invalid, such invalidity shall not affect the remainder of the sections, phrases or provisions.

SECTION 5: It is hereby found and determined that the insurance on the Murray Hydroelectric Plant will lapse at the end of this month and must be replaced immediately to maintain continuous coverage and being necessary for the immediate preservation of the public health, safety and welfare; THEREFORE, an emergency is hereby declared to exist, and this Ordinance shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

Mayor Joe A. Smith

SPONSOR:

Joe A. Smith

Mayor Joe A. Smith

ATTEST:

Diane Whitbey, City Clerk

APPROVED AS TO FORM:

C. Jason Carter

C. Jason Carter, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/b

FILED 10:14 A.M. _____ P.M.

By City Atty Carter

DATE 2-16-16

Diane Whitbey, City Clerk and Collector
North Little Rock, Arkansas

RECEIVED BY J. Marshall

CITY OF NLR NORTH LITTLE ROCK

HUB International

City of North Little Rock

Proposal of Insurance

EXHIBIT "A"

Contact Information

HUB International
425 W. Capitol
Suite 3550
Little Rock, AR 72201

www.hubinternational.com

800-331-7203 – Toll Free
501-801-8700 – Main Number

SERVICE TEAM

ERIC HERGET
501-801-5701 - Office
501-773-7468 – Cell
eric.herget@hubinternational.com

BONNIE POWELL
Account Executive
918-359-6133 – Office
bonnie.powell@hubinternational.com

CLAIMS TEAM

SUE BARNES
918-359-6112 – Office
sue.barnes@hubinternational.com

CHERYL KING
918-359-6129 – Office
cheryl.king@hubinternational.com

City of North Little Rock - Murray Hydroelectric Plant

Policy Term: 03/01/2016 to 03/01/2017

Coverage	Expiring Policy	16/17 Renewal	Option 1
Underwriting Company	AIG 50%	AIG 50% *	Lloyds **
	Liberty 50%	Liberty 50%	
Premium including Terrorism `	$219,176	$217,667	$189,000
AR Surplus Tax (4%)			$7,560
Engineering Fee		$4,000	
Brokerage Fee	$26,000	$26,000	$19,350
Total Program Cost	$245,176	$247,667	$213,560
Exposures			
Property	$114,544,809	$114,544,809	$114,544,809
Business Income	$5,006,000	$4,216,050	$4,216,050
Total	$119,550,809	$118,760,859	$118,760,859

**Two-Year Long Term Agreement*

There will be no Engineering Fee for the second year of policy

The insurers receive the right at each Anniversary Date to cancel the Policy or alter the terms and conditions of the Policy if any of the following occurs:

A) If the Loss Ratio Exceeds 60%

B) If there is a material change in the laws or regulations in force in any county or territory to which the indemnity provided by the Policy applies

C) If there is a change in control of the insured

D) If the insured is placed into receivership

E) If the insured shall elect to cancel this policy, 150% of the total premiums payable for the 2 year term payable to the insurers' will be deducted from any return premiums or claims due to the insured upon cancellation

***Review Clause for 2 year Policy:*

A) Net Loss Ratio >0% - 15% Rate reduction

B) Net Loss Ratio >0% but < 50% - less 10% Rate reduction

C) Net Loss Ratio > 50% < 100% - Nil Rate reduction

D) Net Loss Ratio>100% but 150% - Plus 10% Rate increase

E) Net Loss Ratio > 150% - Terms to be re-negotiated (Notice of Cancellation deemed given at Anniversary Date in this event)

City of North Little Rock Murray Hydro

Sublimits	**AIG/LIU**	**Lloyds**
Earth Movement (Annual Agg)	$50,000,000	$50,000,000
Earth Movement in CA (Annual Agg)	$0	Included
Flood (Annual Agg)	$50,000,000	$50,000,000
Accounts Receivable	$1,500,000	$1,500,000
Business Interruption/Extra Expense	$5,000,000*	$5,000,000
Business Interruption/Ordinary Payroll		120 Days
Civil or Military Authority	14 days/1mile	30 days & 6 miles
Contingent Business Interruption (Named)	$1,000,000	$1,000,000
Course of Construction **	$5,000,000	$5,000,000
Debri Removal (0r 25% whichever is greater)	$5,000,000	$5,000,000
Demolition & Increased Cost of Construction	$2,500,000	$2,500,000
Electronic Date Processing - Equip & Media	$1,000,000	$1,000,000
Errors & Omissions	$5,000,000	$5,000,000
Expediting Expense	$2,500,000	$2,500,000
Extended Period of Indemnity	30 days	30 days
Fine Arts	$25,000	$25,000
Fire & Policy Department Service Charge	$100,000	$100,000
Hazardous Substances - Insured Property	$100,000	$100,000
Hazardous Substances - Land & Water Agg	$100,000	$100,000
Ingress/Egress (30 days & 1 Statute Mile)	$100,000	$100,000
Miscellaneous Unnamed Locations	$1,500,000	$1,500,000
Mobile Equipment	$2,500,000	$2,500,000
Newly Acquired (90 days)	$10,000,000	$10,000,000
Offsite Storage	$5,000,000	$5,000,000
Professional Fees	$5,000,000	$5,000,000
Protection & Preservation of Property	$2,000,000	$2,000,000
Service Interruption	$5,000,000	$5,000,000
Transit	$5,000,000	$5,000,000
Valuable Papers	$1,500,000	$1,500,000
Boiler & Machinery Including	Included	Included

Ammonia Contamination	$100,000	$100,000
Consequential Damage	$100,000	$100,000
Water Damage	$100,000	$1,000,000

DEDUCTIBLES

Physical Damage: All Risks except:	$100,000	$100,000
Machinery Breakdown	$250,000	$250,000
Flood (subject to a minimum ded of $250,000)	2% of PD & Time Element	2% Declared Value
Earth Movement (subject to a minimum of $500,000)	2% of PD & Time Element	2% Declared Value
Property Damage - Boiler & Machinery	$250,000	$250,000
Time Element - All Risks : Except	60 Days	60 Days
Service Interruption	48 Hours	48 Hours

* The following is applicable to the Business Interruption and Contingent Business Interruption coverage under AIG/LIU policy Subject to all applicable limits and sub-limits in this policy, the maximum indemnity on any Business Interruption and Contingent Business Interruption merchant power sales loss shall not exceed **$31.23per MWhr**.

City of North Little Rock, Arkansas
Murray Hydroelectrical Power Plant
Statement of Values: March 1, 2016-2017

Description	Class	2015 Values	%Change	2016 Values
Diversion Cells	1	$1,159,522	0%	$1,159,522
Roadway Paving Asphalt	1	$219,301	0%	$219,301
Highway Guardrails	1	$228,811	0%	$228,811
Dam Embankment (the north to south bank on both sides of the powerhouse) and Containment (whole lock #7	3	$1,191,604	0%	$1,191,604
Generators Voith 21.2 MW	3	$8,563,510	0%	$8,563,510
Turbines	3	$5,098,964	0%	$5,098,964
Voith Hubs	3	$6,151,492	0%	$6,151,492
Voith Main Shafts	3	$2,718,317	0%	$2,718,317
Governor System (including 2 hydraulic pressure vessels, piping, and cooling water system)	3	$2,567,417	0%	$2,567,417
Lube Oil System (includes 2 OD boxes with piping; oil tanks and piping to supply oil to speed increaser sump, go	3	$1,451,694	0%	$1,451,694
Speed Increasers	3	$7,580,202	0%	$7,580,202
Control and Relay Panels	3	$2,661,286	0%	$2,661,286
Transformer GE	3	$1,966,375	0%	$1,966,375
Compressed Air System: Gardner-Denver Tandem Units (self-contained with pressure tanks)	3	$285,985	0%	$285,985
Bridge Crane: double beam Kranco 100/20-ton	3	$509,267	0%	$509,267
Bridge Crane: double beam Kranco 115/20-ton	3	$513,879	0%	$513,879
Gantry Crane: double rail Kranco 175-ton	3	$1,446,108	0%	$1,446,108
5-Story Hydroelectric Plant Class A Fireproof Steel Frame with Wired Smoke Detectors		$69,889,075	0%	$69,889,075
Levy Substation Switch		$342,000	0%	$342,000
Total Reported Value		**$114,544,809**	0%	**$114,544,809**
Current Business Interruption		$5,006,000		$4,216,050
TIV		**$119,550,809**		**$118,760,859**