

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE CITY MANAGER AND THE CITY ATTORNEY TO PURCHASE INSURANCE FOR THE CITY INCLUDING PROPERTY, LIABILITY, CYBER RISK, AND AVIATION INSURANCE AND AUTHORIZING ADDITIONAL INSURANCE PURCHASES AND RENEWALS.

WHEREAS, the City obtains insurance for the City of Mesa through the City's Property and Public Liability Trust Fund ("PPL Trust Fund") including property, liability, cyber risk, and aviation insurance annually in November of each year; and the City contracts with an experienced, national insurance broker ("City's National Broker") to assist and represent the City in procuring and selecting such insurance.

WHEREAS, these insurance policies for municipalities generally can only be purchased on an annual basis with annual renewals.

WHEREAS, even with City's National Broker, obtaining insurance for municipalities has become more complex and challenging, and obtaining or renewing insurance occurs near the renewal period or at other times of the year when additional policies may be needed with short notice; and therefore obtaining this type of insurance is a professional service.

WHEREAS, the City has historically obtained excess liability coverage, above the self-insured retention ("SIR"), of fifty million dollars, but obtaining this level of excess coverage has become extremely difficult for municipalities with some municipalities lowering their excess coverage or having gaps in their stack of excess coverage, and the City also had difficulty obtaining its excess coverage stack this past November with the City only able to obtain the full fifty million dollar excess coverage stack the day after the previous policies expired.

WHEREAS, the insurance market for municipalities makes it difficult to obtain insurance, has had unprecedented cost increases, and requires the ability to make decisions on short notice regarding the amount of insurance to obtain (e.g., excess liability coverage, cyber-insurance) based on costs and availability and the ability to modify deductibles or the SIR.

WHEREAS, the City Council would keep the excess liability coverage at its historical number of fifty million dollars if the insurance markets had not and did not continue to change; however, because of unprecedented costs and difficulties in obtaining such amount of excess coverage, City Council recognizes that the City, through the City Manager and the City Attorney, may need to reduce this amount in the future based on costs or availability.

WHEREAS, the City Council therefore finds it is appropriate that the City Manager and the City Attorney are jointly, through the City's National Broker, authorized to purchase and renew insurance coverages, including the ability to change carriers, to add additional insurance or excess layers of insurance, to reduce the total insurance coverage layers or amounts (e.g., reduce the excess liability coverage), to modify coverage amounts, and to modify deductibles and the City's SIR as appropriate or as needed so long as the City Attorney provides periodic updates to Council on the amounts of insurance obtained and costs.

WHEREAS, the Self-Insurance Trust Fund Board for the City of Mesa has recommended that the City Council pass and adopt this resolution that allows the City Manager and the City Attorney to jointly purchase insurance for the City.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESA, COUNTY OF MARICOPA, ARIZONA, AS FOLLOWS:

Section 1: That the City Manager and City Attorney jointly are authorized, through the City's National Broker and with funds from the PPL Trust Fund, to obtain and enter into new insurance agreements for a period of five years (i.e., 2022/23, 2023/24, 2024/25, 2025/26, and 2026/27) for the benefit of the City, including property, liability, cyber risk, and aviation insurance coverages, and including the ability to change carriers, to add additional insurance or excess layers of insurance, to reduce the total insurance coverage layers or amounts (e.g., reduce the excess liability coverage), to modify coverage amounts, and to modify deductibles and the City's SIR as appropriate

Section 2: That the City Attorney shall provide periodic updates to Council on the amounts of insurance obtained and costs.

PASSED AND ADOPTED by the City Council of the City of Mesa, Maricopa County, Arizona, this 20th day of June, 2022.

APPROVED:

Mayor

ATTEST:

City Clerk