

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 (“Hydro Plant”) is specialized coverage, and the City Council has determined through experience that the statutory bidding process does not produce economically advantageous prices for insurance on the Murray Hydroelectric Plant; and

WHEREAS, City Council thus defined “insurance consultant” to be a professional service under Ark. Code Ann. § 19-11-801, et seq. through the adoption of Ord. No. 8405 on January 9, 2012; and

WHEREAS, the City selected Mr. Eric Herget to serve as insurance consultant, and as required by Ord. No. 8405, Mr. Herget has disclosed that he is currently employed by Hub International; and

WHEREAS, Mr. Herget has solicited providers of hydroelectric insurance to find the rates most favorable to the City and recommends insurance provided by Lloyds at a cost of \$182,635.84 (representing a 0.9521% increase of the 2018 premium) (see Exhibit A attached hereto); and

WHEREAS, Mr. Herget recommended the proposal of Lloyds because its proposal was the lowest bid submitted that included sufficient flood coverage for the Hydro Plant; 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 B with Lloyds as the provider.

SECTION 2: That the annual premium in the amount of \$182,635.84 has previously been included in the North Little Rock Electric Department's budget for 2019.

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:

ATTEST:

Joe A. Smith
Mayor Joe A. Smith

Diane Whitbey, City Clerk

APPROVED AS TO FORM:

Amy Beckman Fields
Amy Beckman Fields, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/cf

FILED <u>11:02</u> A.M. _____ P.M.
By <u>A. Fields</u>
DATE <u>2-19-19</u>
Diane Whitbey, City Clerk and Collector North Little Rock, Arkansas
RECEIVED BY <u>S. Wessery</u>

City of North Little Rock, AR
March 1, 2019-2020

Coverage	Current Coverage	Renewal Offer	Option B	Option C
Property Coverage				
Insurer	Lloyds	Lloyds	Zurich North America	Per Se*
Premium	\$148,601	\$159,746	\$143,170	\$243,826
Engineering Service Fee			\$6,400	*premium indication only
Diversions Cells	\$1,159,522	\$1,159,522	\$1,159,522	\$1,159,522
Roadway Paving Asphalt	\$219,301	\$219,301	\$219,301	\$219,301
Highway Guardrails	\$228,811	\$228,811	\$228,811	\$228,811
Dam Embankment (the north to south bank on both sides of the pow	\$1,191,604	\$1,191,604	\$1,191,604	\$1,191,604
Generators Voith 21.2 MW	\$9,840,000	\$9,840,000	\$9,840,000	\$9,840,000
Turbines	\$5,200,000	\$5,200,000	\$5,200,000	\$5,200,000
Voith Hubs	\$6,151,492	\$6,151,492	\$6,151,492	\$6,151,492
Voith Main Shafts	\$2,718,317	\$2,718,317	\$2,718,317	\$2,718,317
Governor System (including 2 hydraulic pressure vessels, piping, and	\$2,567,417	\$2,567,417	\$2,567,417	\$2,567,417
Lube Oil System (includes 2 OD boxes with piping, oil tanks and piping	\$1,451,694	\$1,451,694	\$1,451,694	\$1,451,694
Speed increasers	\$7,580,202	\$7,580,202	\$7,580,202	\$7,580,202
Control and Relay Panels	\$2,661,286	\$2,661,286	\$2,661,286	\$2,661,286
Transformer GE	\$2,060,000	\$2,060,000	\$2,060,000	\$2,060,000
Compressed Air System: Gardner-Denver Tandem Units (self-containe	\$285,985	\$285,985	\$285,985	\$285,985
Bridge Crane: double beam Krano 100/20-ton	\$550,000	\$550,000	\$550,000	\$550,000
Bridge Crane: double beam Krano 115/20-ton	\$554,989	\$554,989	\$554,989	\$554,989
Gantry Crane: double rail Krano 175-ton	\$1,520,000	\$1,520,000	\$1,520,000	\$1,520,000
5-Story Hydroelectric Plant Class A Fireproof Steel Frame with Wired	\$70,590,000	\$70,590,000	\$70,590,000	\$70,590,000
Leyo Substation Switch	\$376,200	\$376,200	\$376,200	\$376,200
Total Reported Value	\$116,906,820	\$116,906,820	\$116,906,820	\$116,906,820
Current Business Interruption	\$4,216,050	\$4,216,050	\$4,216,050	\$4,216,050
Total Insured Values (per Statement of Values):	\$121,122,870	\$121,122,870	\$121,122,870	\$121,122,870
Sublimits:				
ACCOUNTS RECEIVABLE	\$1,500,000	\$1,500,000	\$5,000,000	
COMPUTER SYSTEMS DAMAGE in the Annual Aggregate	\$1,000,000	\$1,000,000	\$100,000	
CONTINGENT TIME ELEMENT per occurrence but not to exceed a \$2.5	\$1,000,000	\$1,000,000	\$2,500,000	
DEBRIS REMOVAL	\$5,000,000	\$5,000,000	\$5,000,000	
DEFERRED PAYMENTS			\$2,500,000	
ERRORS AND OMISSIONS	\$5,000,000	\$5,000,000	\$2,500,000	
EXPEDITING COSTS	\$2,500,000	\$2,500,000	\$2,500,000	
FINE ARTS	\$25,000	\$25,000	\$2,500,000	
FIRE DEPARTMENT SERVICE CHARGE	\$100,000	\$100,000	\$5,000,000	
INCREASED COST OF CONSTRUCTION	\$2,500,000	\$2,500,000	\$5,000,000	
LAND AND WATER CONTAMINANT CLEANUP, REMOVAL AND DISPOS	\$2,500,000	\$2,500,000	\$2,500,000	
MISCELLANEOUS PERSONAL PROPERTY	\$1,500,000	\$1,500,000	\$5,000,000	
MISCELLANEOUS UNNAMED LOCATION	\$1,500,000	\$1,500,000	\$5,000,000	
OFF PREMISES SERVICE INTERRUPTION	\$1,000,000	\$1,000,000	\$5,000,000	
PROFESSIONAL FEES	\$5,000,000	\$5,000,000	\$5,000,000	
RADIOACTIVE CONTAMINATION	\$100,000	\$100,000	\$2,500,000	





Commercial Insurance Proposal
City of North Little Rock
Murray Hydroelectric Plant

Prepared By

Eric Herget

February 19, 2019

Hub International Mid-America
6100 S. Yale Ave., Ste. 1900
Tulsa, OK 74136
(918) 359-6000
www.hubinternational.com



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Service Team

Our ability to provide superior service starts with quality people.
The key individuals assisting you with your account are:

Risk Consultant
Eric Herget
p 501.801.5701
eric.herget@hubinternational.com
Senior Account Manager
Kelly Greenlee, CPCU, CIC
P 501.404.3354
kelly.greenlee@hubinternational.com
Account Administrator
LeaAnn Bailey
p 918.359.6137
Lea.bailey@hubinternational.com
Claims
Renee Attebury , Senior Claims Specialist – Property & Auto, p 918.712.5258, renee.attebury@hubinternational.com
Sue Barnes , Senior Claims Specialist – Liability/Property/Auto, p 918.359.6112, sue.barnes@hubinternational.com
Rhonda McAlister , Senior Claims Specialist - Workers' Comp, p 918.712.5271, rhonda.mcalister@hubinternational.com
Caroly Espejo , Senior Claims Specialist - Workers' Comp, p 918.712.5206, caroly.espejo@hubinternational.com

Named Insureds

City of North Little Rock Murray Hydroelectric Plant

NOTE: Review Named Insured(s) and Property Owners

Please check to ensure all appropriate entities are named. Any entity (including Partnerships, corporations, joint ventures, individuals, etc.) not listed above is not included as a Named Insured. Entities with limited interests in policies, such as those who are to be included as an Additional Insured, Loss Payee, Lessor, or Mortgagee, are listed in the relevant coverage sections of this proposal.

Information Summary

First Named Insured: City of North Little Rock Murray Hydroelectric Plant

The First Named Insured will be the insured that is:

- A. *Responsible for payment of premium*
- B. *Authorized to make changes in policy with approval of insurance company*
- C. *Authorized to cancel the policy*
- D. *Designated to receive notice of cancellation*

Mailing Address: 120 Main Street
P.O. Box 5757
North Little Rock, AR 72119

Coverage Becomes Effective 12:01 A.M. Standard Time at your mailing address.

Locations: See Attached

Effective Date: 3/01/2019

DISCLAIMER: This document contains only a summary of your insurance coverage. It is your responsibility to carefully and completely review the actual policies for actual terms, limits and conditions. In the event of any inconsistency between the terms of the policies and the provisions of this document, the terms of the policies will govern and control.

Premium Summary

Coverage	Current Coverage	Renewal Offer
Property Coverage		
Insurer	Lloyds	Lloyds
Premium	\$148,601	\$159,746
AR Surplus Lines Tax	\$5,944	\$6,390
Engineering Fee	0	0
Brokerage Fee	\$19,350	\$16,500
Total Program Cost	\$173,895	\$182,636
Exposures		
Property	\$116,906,820	\$116,906,820
Business Income	\$4,216,050	\$4,216,050
Total	\$121,122,870	\$121,122,870

*All quoted premiums are annual estimates and may change due to year end audits or mid-term policy changes.

Sublimits and Deductibles

ACCOUNTS RECEIVABLE	\$1,500,000	\$1,500,000
COMPUTER SYSTEMS DAMAGE in the Annual Aggregate	\$1,000,000	\$1,000,000
CONTINGENT TIME ELEMENT per occurrence but not to exceed a \$2,500,000 limit per Direct Dependent Time Element Location	\$1,000,000	\$1,000,000
DEBRIS REMOVAL	\$5,000,000	\$5,000,000
DEFERRED PAYMENTS		
ERRORS AND OMISSIONS	\$5,000,000	\$5,000,000
EXPEDITING COSTS	\$2,500,000	\$2,500,000
FINE ARTS	\$25,000	\$25,000
FIRE DEPARTMENT SERVICE CHARGE	\$100,000	\$100,000
INCREASED COST OF CONSTRUCTION	\$2,500,000	\$2,500,000
LAND AND WATER CONTAMINANT CLEANUP, REMOVAL AND DISPOSAL	\$2,500,000	\$2,500,000
MISCELLANEOUS PERSONAL PROPERTY	\$1,500,000	\$1,500,000
MISCELLANEOUS UNNAMED LOCATION	\$1,500,000	\$1,500,000
OFF PREMISES SERVICE INTERRUPTION	\$1,000,000	\$1,000,000
PROFESSIONAL FEES	\$5,000,000	\$5,000,000
RADIOACTIVE CONTAMINATION	\$100,000	\$100,000
TRANSIT	\$5,000,000	\$5,000,000
VALUABLE PAPERS AND RECORDS	\$1,500,000	\$1,500,000
NEW CONSTRUCTION AND ADDITIONS	\$10,000,000	\$10,000,000
OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION	\$5,000,000	\$5,000,000

BREAKDOWN OF EQUIPMENT not to exceed:\$2,500,000 for AMMONIA CONTAMINATION\$2,500,000 for SPOILAGE	\$2,500,000	\$2,500,000
Time Element	\$4,216,050	\$4,216,050
EARTH MOVEMENT in the Annual Aggregate	\$50,000,000	\$50,000,000
FLOOD in the Annual Aggregate but not to exceed the following limits in the Annual Aggregate	\$50,000,000	\$50,000,000
GROSS EARNINGS	included	included
EXTENDED PERIOD OF LIABILITY	included	included
INGRESS/EGRESS	included	included
NEWLY ACQUIRED	\$10,000,000	\$10,000,000
PROTECTION AND PRESERVATION OF PROPERTY	\$20,000,000	\$20,000,000
Policy Deductible(s)	\$100,000 per occurrence combined Property damage , except	\$100,000 per occurrence combined Property damage , except
	\$250,000 per occurrence in respect of Machinery Breakdown	\$250,000 per occurrence in respect of Machinery Breakdown
Contingent Time Element	72 hour waiting period	72 hour waiting period
Earth Movement	2% of the declared value of the location affected by loss, subject to a minimum of \$500,000 per occurrence	2% of the declared value of the location affected by loss, subject to a minimum of \$500,000 per occurrence

Flood	2% of the declared value of the location affected by loss, subject to a minimum of \$250,000 per occurrence	2% of the declared value of the location affected by loss, subject to a minimum of \$250,000 per occurrence

Statement of Values

Diversion Cells	\$1,159,522	\$1,159,522
Roadway Paving Asphalt	\$219,301	\$219,301
Highway Guardrails	\$228,811	\$228,811
Dam Embankment (the north to south bank on both sides of the powerhouse) and Containment (whole lock #7 pool)	\$1,191,604	\$1,191,604
Generators Voith 21.2 MW	\$9,840,000	\$9,840,000
Turbines	\$5,200,000	\$5,200,000
Voith Hubs	\$6,151,492	\$6,151,492
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Governor System (including 2 hydraulic pressure vessels, piping, and cooling water system)	\$2,567,417	\$2,567,417
Lube Oil System (includes 2 OD boxes with piping; oil tanks and piping to supply oil to speed increaser sump, governor sump, and generator bearing)	\$1,451,694	\$1,451,694
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