

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 \$230,186.00 (representing a 14.9% increase of the 2019 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 \$230,186.00 has previously been included in the North Little Rock Electric Department's budget for 2020.

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:



Mayor Joe A. Smith


Diane Whitbey, City Clerk

APPROVED AS TO FORM:



Amy Beckman Fields, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/cf

FILED	9:20	A.M.	_____	P.M.
By	Amy Fields CA			
DATE	3-13-20			
Diane Whitbey, City Clerk and Collector North Little Rock, Arkansas				
RECEIVED BY				

City of North Little Rock, AR

March 1, 2020-2021

Coverage	Current Coverage	Renewal Offer	Option B	Option C
Property Coverage				
Insurer	Lloyds	Lloyds	Aegis	Munich Re
Premium	\$177,361	\$214,602	\$306,824	\$315,000
AR Surplus Lines Tax	\$6,434	\$8,584	\$12,273	\$12,600
Engineering Fee				
Brokerage Fee	\$16,500	\$7,000	\$7,000	\$7,000
Total Program Cost	\$200,295	\$230,186	\$326,097	\$334,600
Exposures				
Property	\$116,906,820	\$116,906,820	\$116,906,820	\$116,906,820
Business Income	\$4,216,050	\$4,216,050	\$4,216,050	\$4,216,050
Total	\$121,122,870	\$121,122,870	\$121,122,870	\$121,122,870

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EXHIBIT

A.



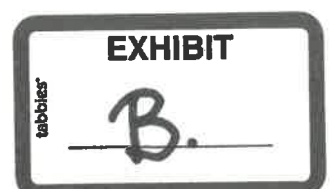
Commercial Insurance Proposal for **Murray Hydroelectric Power Plant**

Presented by:

Eric Herget

February 25, 2020

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Tulsa, OK 74136
(918) 359-6000
www.hubinternational.com



Service Team

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

Risk Consultant
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Senior Account Manager
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Named Insureds/Location(s)

Client: Murray Hydroelectric Power Plant
Carrier: Lloyd's of London
A.M. Best Rating: A XV Stable
Policy Term: 3/1/2020 to 3/1/2021

Loc #	Bldg #	Description and Address	City	State	Zip
1	1	Murray Hydroelectric Power Plant 4000 Cooks Landing Rd	N. Little Rock	AR	72115

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 79proposal

Premium Summary (Lloyds London)

Coverage	Expiring	Renewal
Annual Premium	\$160,861	\$214,602
AR Surplus Lines Tax	\$6,434	\$8,584
Brokerage Fee	\$16,500	\$7,000
Total Program Cost	\$183,795	\$230,186

Exposure Comparison		
Property	\$116,906,820	\$116,906,820
Business Income	\$4,216,050	\$4,216,050
Total	\$121,122,870	\$121,122,870

Carriers	Quota Share	Base Premium
ARG	79%	\$156,552.72
RSA	21%	\$ 58,049.25

Policy Term	Premium
2019-2020	\$183,795
2018-2019	\$167,951
2017-2018	\$180,000
2016-2017	\$215,910
2015-2016	\$263,176
2014-2015	\$258,140
2013-2014	\$275,946
2012-2013	\$310,500

Property Sub-limits and Deductibles

Description	Expiring	Renewal
ACCOUNTS RECEIVABLE	\$1,500,000	\$1,500,000
COMPUTER SYSTEMS DAMAGE - 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

Description	Expiring	Renewal
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
Voith Main Shafts	\$2,718,317	\$2,718,317
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
Speed Increasers	\$7,580,202	\$7,580,202
Control and Relay Panels	\$2,661,286	\$2,661,286
Transformer GE	\$2,060,000	\$2,060,000
Compressed Air System: Gardner-Denver Tandem Units (self-contained with pressure tanks)	\$285,985	\$285,985
Bridge Crane: double beam Kranco 100/20-ton	\$550,000	\$550,000
Bridge Crane: double beam Kranco 115/20-ton	\$554,989	\$554,989
Gantry Crane: double rail Kranco 175-ton	\$1,520,000	\$1,520,000
5-Story Hydroelectric Plant Class A Fireproof Steel Frame with Wired Smoke Detectors	\$70,590,000	\$70,590,000
Levy Substation Switch	\$376,200	\$376,200
Total Reported Value	\$116,906,820	\$116,906,820
Current Business Interruption	\$4,216,050	\$4,216,050
Total Insured Values (per Statement of Values):	\$121,122,870	\$121,122,870

Marketing Summary

Insurance Company	Response	Reason
AEGIS	Indicated	\$306,824 Annual Premium for 100% of Values
AIG	Declined	Total Premiums too low for Minimum Premium Requirements
Allianz	Declined	Too Large
Argenta	Quoted	79% of total values - Premium included in total on Premium Summary
ARK Renewables	Declined	Total Premiums too low for Minimum Premium Requirements
AXA/XL	Indicated	\$300,000 Premium
CCL Insurance	Indicated	Verbal VRI - USD 314,000 for a 2% Value Share
Chubb	Declined	Class of Business
C.N.A.	Declined	Class of Business
GCUBE Insurance Services	Declined	Not Competitive
Hannover Re	Indicated	Premium around \$295,000 plus questions on Major overhaul, improved housekeeping, improved/installed lube oil/oil systems
HDU	Indicated	Verbal thoughts \$300,000
ronshore	Declined	Class of Business
Liberty International Underwriters	Indicated	Verbal thoughts \$270k-\$300k with queries on generators, transformers inspection practice.
Markel	Declined	Class of Business
MS Amlin	Declined	Rate doubled plus would need deductible increases
Munich Re	Declined	Not Competitive

Insurance Company	Response	Reason
Partner Re	Declined	Total Premiums too low for Minimum Premium Requirements plus Higher Deductibles
RSA Insurance	Quoted	21% of total values - Premium included in total on Premium Summary
SCCI Insurance Group	Declined	Total Premiums too low for Minimum Premium Requirements
Swiss Re	Declined	Total Premiums too low for Minimum Premium Requirements
Travelers	Indicated	Would require USD 400,000 premium to participate.
Zurich	Declined	Total Premiums too low for Minimum Premium Requirements