



AGENDA ITEM NO. 14

CITY OF HAWTHORNE City Council AGENDA BILL

For the meeting of October 10, 2023

Originating Department: City Attorney

City Manager:


Vontray Norris

City Attorney:


Robert Kim

SUBJECT:

Fiscal Year 2023/2024 Budget Adjustment to Account Number 250-1901-736-0-0-45554 (Arthur J. Gallagher Insurance) from \$125,000.00 to \$200,000.00 and Approval of a Blanket Purchase Order (“BPO”) for the Same.

RECOMMENDED MOTION:

Staff Recommends that the City Council approve the Fiscal Year 2023/2024 budget adjustment to account number 250-1901-736-0-0-45554 (Arthur J. Gallagher Insurance) from \$125,000.00 to \$200,000.00 and approve of a Blanket Purchase Order (“BPO”) for the same amount.

DISCUSSION:

The city has a number of insurance brokers that provide varying policies, for which the premiums are budgeted for each fiscal year. Last year, the city’s annual premiums for earthquake and underground storage tank insurance policies were about \$45,000 and \$20,000 respectively. With the increase of natural disasters statewide, some insurance companies have raised their premiums substantially or, as was the case with State Farm, withdrawing from the state entirely. In anticipation of the increases, staff budgeted a combined \$125,000.00 for both insurance policies. However, this was still insufficient as the insurance provider increased the earthquake premium alone to \$158,742.43. It should be noted that unlike typical insurance brokers, brokers for municipalities are more specialized and have a high degree of skill and expertise that is not ideal for competitive bidding.

Given the increases, staff is requesting a change to the budget from \$125,000.00 to \$200,000.00 to cover (1) the increase in the earthquake insurance and (2) the premium for insurance on the underground storage tanks.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:

FISCAL IMPACT:

\$125,000.00 was approved for Fiscal year 2023/2024 Budget. There will be an additional impact of \$75,000.00 to the General Fund.

NOTICING PROCEDURES:

72 hours posted notice pursuant to the Ralph M. Brown Act

ATTACHMENT(S):

None