

**MINUTES
CITY OF ALVIN, TEXAS
216 W. SEALY STREET
REGULAR CITY COUNCIL MEETING
AND EXECUTIVE SESSION
THURSDAY SEPTEMBER 19, 2019
7:00 P.M.**

CALL TO ORDER

BE IT REMEMBERED that, on the above date, the City Council of the City of Alvin, Texas, met in Regular Session at 7:00 P.M. in the Council Chambers at City Hall, with the following members present: Mayor Paul A. Horn; Mayor Pro-Tem Glenn Starkey; Councilmembers: Gabe Adame, Adam Arendell Joel Castro, Brad Richards, Keith Thompson and Martin Vela.

Staff members present: Junru Roland, City Manager; Grace Cruzen, Deputy City Secretary; Michael Higgins, Chief Financial Officer; Dan Kelinske, Parks and Recreation Director; and Robert E. Lee, Police Chief.

INVOCATION AND PLEDGE OF ALLEGIANCE

Council member Castro gave the invocation.

Council member Richards led the Pledge of Allegiance to the American Flag; and Council member Thompson led the Pledge to the Texas Flag.

PRESENTATIONS

Alvin High School Marine Corp JROTC Proclamation.

The presentation was rescheduled to the October 3rd City Council meeting.

Recognition of Fire Chief, Rex Klesel for receiving the 2019 Gulf Coast Tri-Rivers District Firefighter of the Year Award.

The presentation was rescheduled to the October 3rd City Council meeting.

PUBLIC COMMENT

Helen Blankenburg addressed the Council regarding the drainage on Stadium Drive.

CONSENT AGENDA

Consider approval of the September 5, 2019 City Council Workshop minutes.

Consider approval of the September 5, 2019 City Council Regular meeting minutes.

Consider an annual windstorm renewal from Victor O. Schinnerer & Company, Inc. in an amount not to exceed \$188,989.51 for the City of Alvin's windstorm and hail coverage for Fiscal Year 2019-2020; and authorize the City Manager to sign the Proposal Acceptance Form.

Windstorm insurance is property and casualty insurance that specifically covers loss due to damage by high winds: i.e., hurricane and hail damage. The City's general property and liability insurance provider (Texas Municipal League – Intergovernmental Risk Pool [TMLIRP]) does not provide any windstorm and hail coverage for the City of Alvin. However, TMLIRP has an arrangement with Victor O. Schinnerer & Company, Inc. (VOSCO), an underwriting manager of professional liability and specialty insurance, to serve as the City's insurance agent in placing windstorm coverage. VOSCO has written the City's windstorm coverage through various companies since 10/01/2000. The current (annual) windstorm policy with VOSCO expires October 1, 2019.

VOSCO canvassed the open marketplace and approached 11 different carriers on behalf of the City of Alvin. Each carrier modeled and reviewed multiple layers (i.e., primary, buffers, and excess), as well as various terms (deductibles, extensions of coverage, etc.) in an attempt to yield the most competitive placement available. Of the 11 carriers that were approached, 6 declined to submit a proposal, 1 carrier only offered excess coverage, 2 offered higher premiums, and 2 offered outrageous deductibles. VOSCO did not approach Texas Windstorm Insurance Association (TWIA) for FY20 because the

City has approximately \$16 million in scheduled value that would not qualify for coverage under TWIA. Last fiscal year's TWIA's annual premium for the limited coverage was around \$160,000 and for FY20 it was expected to increase by 3%.

For FY19, the City's annual premium is \$163,128. This includes the purchase of a buydown in the amount of \$2,698.51 to lower the deductible from \$25,000 to \$10,000 for wind & hail coverage. In addition, the City currently has a \$165,000 deductible (per occurrence) for wind-driven precipitation.

For FY20, the best quote is from AmRisc for a premium of \$179,392.31 which includes a deductible of 1% per location/\$25,000 per occurrence minimum for named storms and a \$25,000 deductible per item for unnamed storms. In addition, there is \$165,000 for optional Wind Driven Precipitation coverage at a premium of \$9,597.00. The 1% per location/per occurrence and \$25,000 minimum deductible is a significant change in the policy. The difference for FY20 now means that for an unnamed event, such as a tornado, **each** asset has a \$25,000 deductible. For a named storm, the total assets affected are grouped together for a minimum deductible of \$25,000, and then increases by 1% of any additional assets.

Staff has calculated that if **all** of the City's 74 insured assets valued at \$33.96 million were completely destroyed by a single tornado (unnamed event), the City's deductible would be approximately \$1.66 million. If the event was a named storm (hurricane winds) and all insured assets were destroyed, the total deductible would start at the \$25,000 minimum and then grow based at 1% of the value, totaling up to \$338,000.

However, the Underwriters at Lloyds is offering a buydown of the deductible (i.e. a reduced deductible) for unnamed events from \$25,000 to \$10,000 for a premium of \$32,634. If the City were to pay for this deductible reduction, the total deductible would be \$206,000. So, for \$32,634, the difference in the deductibles is \$93,000. The chances of **all** City assets being completely destroyed during an unnamed wind/hail storm (i.e. tornado, strong gust, etc.) is not likely.

Lastly, the wind/hail policy is not a "cash payout" policy. Instead, the assets are valued at replacement cost and would only be rebuilt or replaced back to the current replacement value (not the original purchase value). Cash would not be paid to the city. For example, if the City has a building with a current replacement value of \$200,000, and it was destroyed by a tornado (unnamed event), it would be rebuilt by funding \$175,000 through the insurance policy and the City would have to pay the deductible of \$25,000. Alternatively, if the City purchased the buyback, the insurance policy would cover \$190,000 and the City would pay the deductible of \$10,000.

Recommendation:

City staff understands that insuring all assets at the best price is of utmost prudence. There is a known that an unnamed event (i.e. tornado) will have a higher deductible. The questions are at what point would the risk that all or a majority of insurable assets will be destroyed at one time by a named wind/hail event exceed the added cost to lower the deductible? The safety net is that all of the insurable assets will be covered for wind/hail coverage, under either option. It seems now that named events are more likely to occur than an unnamed event. Therefore, the recommendation by staff is to not purchase the deductible buyback for \$32,634 as the cost to lower the cost of the buyback deductible for unnamed wind/hail coverage does not exceed the risk of actually needing the lower deductible.

Therefore, we recommend Option 2, using AmRisc, **without** the buyback deductible of \$32,634, **with** the Wind Driven Precipitation optional coverage of \$9,597, for a total cost of \$188,989.51. This amount also is in line with the City's FY20 budget. AmRisc currently writes or has recently written coverage for several entities in Texas, including but not limited to: Dickinson, Manvel, Sweeny, Pearland, Bay City, Friendswood, Kemah, Lake Jackson, Oyster Creek, Richwood, and Brazoria.

Council member Vela moved to approve the consent agenda as presented. Seconded by Council member Arendell; motion carried with all members present voting "Aye".

OTHER BUSINESS

Consider resignation from City of Alvin Associate Municipal Court Judge, Mike Merkel, effective September 19, 2019.

Judge Merkel has served the Municipal Court of the City of Alvin since 2013 and has been volunteering his time handling the City's jail magistrations. He has been an integral part of the Municipal Court team, and his service will be missed.

Council member Castro moved to accept the resignation of Associate Municipal Court Judge Mike Merkel, effective September 19, 2019. Seconded by Council member Vela; motion carried with all members present voting "Aye".

Consider Ordinance 19-W, adopting the annual budget for the City of Alvin, Texas, for Fiscal Year 2019-2020; directing the City Secretary to post a copy of the budget on the City of Alvin website; and setting forth other provisions related thereto.

On July 18, 2019, the City Manager presented the FY 2019-2020 proposed budget to City Council. Subsequently, two budget workshops were held on August 1, 2019, and August 8, 2019, whereby City Council and staff reviewed the proposed budget. State law and the City's Charter require that the City enact an annual budget. The City Charter requires that an ordinance to establish appropriation must be approved by a favorable vote of a majority of the members of the City Council.

Discussion was had on the number of police officers funded in the proposed budget.

Council member Thompson moved to approve Ordinance 19-W, adopting the annual budget for the City of Alvin, Texas, for Fiscal Year 2019-2020; directing the City Secretary to post a copy of the budget on the City of Alvin website; and setting forth other provisions related thereto. Seconded by Council member Richards. A roll call vote was taken:

Council member Thompson	Aye
Council member Vela	Aye
Council member Arendell	No
Council member Richards	Aye
Council member Castro	Aye
Council member Adame	No
Council member Starkey	Aye

The motion carried on a vote of 5 "Ayes"; with Council member Arendell and Council member Adame voting "No".

Consider Ordinance 19-X, adopting the proposed tax rate of \$0.7780 (per \$100 of taxable assessed value) which is 2.79 percent greater than the effective tax rate for the City of Alvin.

Council member Castro moved to approve Ordinance 19-X, adopting the proposed tax rate of \$0.7780 (per \$100 of taxable assessed value) which is 2.79 percent greater than the effective tax rate for the City of Alvin. Seconded by Council member Thompson. A roll call vote was taken:

Council member Thompson	Aye
Council member Vela	Aye
Council member Arendell	Aye
Council member Richards	Aye
Council member Castro	Aye
Council member Adame	Aye
Council member Starkey	Aye

The motion carried with all members present voting "Aye".

REPORTS FROM CITY MANAGER

Items of Community Interest and review preliminary list of items for next Council meeting.

Mr. Roland reviewed the preliminary list for the October 3, 2019 City Council meeting; and announced items of community interest.

ITEMS OF COMMUNITY INTEREST

Council member Arendell commended the employees for their work during the rainstorm. He pointed out the high water at House and Jackson Streets.

EXECUTIVE SESSION

Section 551.072: Deliberation regarding the purchase, exchange, lease or value of real property, namely a 0.5 acre tract of land next to the new Fire EMS Station on E. South St and Bellaire Blvd. in Alvin, Texas.

Section 551.074: Deliberation on the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.

1. City Attorney Evaluation.

Mayor Horn called for an Executive Session in accordance to Section 551.0072 at 7:16 p.m. He announced that the City Attorney is not in attendance, therefore Council will not be discussing Section 551.0774.

RECONVENE TO OPEN SESSION

Take action on Executive Session item(s) if necessary.

Mayor Horn reconvened the meeting from Executive Session at 7:28 p.m. No action was taken.

ADJOURNMENT

Mayor Horn adjourned the meeting at 7:28 p.m.

PASSED and APPROVED the 3rd day of October 2019.

Paul A. Horn, Mayor

ATTEST: _____
Dixie Roberts, City Secretary