



Agenda Report

File #: 18-2298

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 11/20/2018

TO: Honorable Mayor and City Council Members

FROM: Legal and Risk Management Department

SUBJECT:

City Council consideration of Resolution No. 2018-124 authorizing the City to continue to purchase government crime insurance in lieu of bonds for officers and employees.

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 2018-124 authorizing the City to continue to purchase government crime insurance in lieu of bonds for officers and employees.

ANALYSIS:

Government Code Section 36518 requires bonds to be executed on behalf of the City for the City Treasurer and City Clerk, and Government Code Section 36519 authorizes the City Council to require bonds to be executed on behalf of the City for any other officers or employees of the City. In addition, Government Code Section 1481(b) authorizes the City Council to require a master bond to be used for all officers and employees who would otherwise be required to have an individual bond filed on their behalf. Finally, Government Code Section 1463 authorizes the City Council to purchase a government crime insurance policy as an alternative to a master bond.

While the City does not expressly require bonds for any employees other than the City Treasurer and City Clerk, the City has been purchasing government crime insurance pursuant to Government Code Section 1463 for all City elected officials, appointed officials, employees and volunteers. The most recent policy was authorized by City Council action on June 20, 2018 and included \$15,000,000 in coverage from National Union Fire Insurance Company of Pittsburgh, PA (Policy No. 01-590-97-65).

Staff has recommended the purchase of crime insurance in lieu of bonds, since it provides more coverage for more individuals at a cost-effective price. Staff is requesting that the attached Resolution be adopted to expressly document the City Council's desire, pursuant to Government Code Section 1463, to purchase government crime insurance as an alternative to an individual or

master bond for any City officer or employee for which a bond is required by state or local law. Since government crime insurance is a discretionary alternative for the City Council to elect, the City's insurance broker and carriers recommend that such election be made expressly outside of the context of the actual purchase authorization. As stated in the Resolution, the coverage amount of the government crime insurance policy shall be as approved by the City Council for any particular year, but in no event shall the coverage amount be less than \$10,000,000 without a duly approved amendment to the Resolution.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

There is no direct impact associated with the recommended action.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is merely a statement regarding the City's desire to purchase government crime insurance in lieu of bonds. Therefore, no environmental analysis is required.

PREPARED BY: AMY RICH, RISK MANAGER

REVIEWED BY: DEAN DERLETH, CITY ATTORNEY/LRM DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER

Resolution No. 2018-124