

MINUTES

SPECIAL MEETING - COMMUNITY REDEVELOPMENT AGENCY BOARD (CRA)

May 18, 2011

Minutes of the Special Meeting of the Community Redevelopment Agency Board of The City of Daytona Beach, Florida, held on Wednesday, May 18, 2011, at 6:00 p.m., in the Commission Chambers, City Hall, 301 South Ridgewood Avenue, Daytona Beach, Florida.

1. Roll Call.

Commissioner Patrick Henry	Present
Commissioner Cassandra Reynolds	Present
Commissioner Edith Shelley	Present
Commissioner Pamela Woods	Present
Commissioner Kelly White	Present
Commissioner Robert Gilliland	Present
Mayor Glenn Ritchey	Present

Also Present:

James V. Chisholm, City Manager
Marie Hartman, City Attorney
Jennifer L. Thomas, City Clerk

2. AGENDA APPROVAL

James V. Chisholm, City Manager read the Agenda changes:

No changes.

It was moved by Commissioner Gilliland to approve the Agenda. Seconded by Commissioner Henry. The motion passed 7-to-0 with the breakdown as follows:

Commissioner Henry	Yea
Commissioner Reynolds	Yea
Commissioner Shelley	Yea
Commissioner Woods	Yea
Commissioner White	Yea
Commission Gilliland	Yea
Mayor Ritchey	Yea

3. ADMINISTRATIVE ITEMS

- 3A. Adopted/Resolution No. CRA 11-10 authorizing the expenditure of Redevelopment Funds, for an annual premium of \$308,108, including fees, for accepting the proposal submitted by Brown & Brown of Florida, Inc., 220 S Ridgewood Avenue, Daytona Beach, Florida 32114, on behalf of Alterra Excess & Surplus Lines Insurance Company for a limit of \$2,500,000 per occurrence excess of \$2,500,000 self insured retention and Landmark American Insurance Company for a limit of \$3,748,540 per occurrence excess of \$5,000,000 (Alterra layer and self insured retention), to provide Windstorm/Hail, Flood, Storm Surge and Wave Wash coverage for the Daytona Beach Pier and Restaurant. The coverage is written without Coinsurance, the valuation is replacement cost. Flood coverage comes with an annual aggregate of the stated limits. Coverage is effective May 19, 2011 to May 19, 2012, at an annual premium of \$308,108, fees are included. City Clerk Thomas read the Resolution by title only. A RESOLUTION APPROVING THE EXPENDITURE OF TAX INCREMENT FUNDS FROM THE MAIN STREET REDEVELOPMENT AREA TRUST FUND IN THE AMOUNT OF \$308,108 FOR PROPERTY INSURANCE FOR THE DAYTONA BEACH PIER AND RESTAURANT; AND PROVIDING AN EFFECTIVE DATE.

Sally McCarroll, Human Resources Director reported they were before the CRA on tonight to recommend they purchase Windstorm/Hail, Flood, Storm Surge, and Wave Wash insurance coverage for the Daytona Beach Pier and Restaurant in the amount of \$308,108. She stated there had been a chart passed out before the meeting that explained deductibles, premiums as well as coverage. She was available to answer any questions the board had at this time.

Commissioner Woods stated she had been asked a lot of questions concerning this issue, so she wanted Sally McCarroll to explain to the board and any one in the community that might be watching how they arrived at this figure. She stated she knew it was summarized in the packet but if she would just do a summary for the record.

Ms. McCarroll stated The City of Daytona Beach has an agent of record specifically Brown and Brown and whenever the City is shopping for any type of insurance they along with their underwriters go out and obtain quotes for The City of Dayton Beach. She asked the Commission to look at the very last page of the handout and noted that they would see a list of twelve markets they went to try to find insurance for the City. The recommendation being made to the Commission was a combination of two firms Alterra Excess & Surplus Lines Insurance Company and Landmark American Insurance Company. She asked Commissioner Woods if she needed further explanation.

Commissioner Woods replied, she had been asked about the self-insured program, so she wanted Ms. MsCarroll to explain exactly what it was the City was doing.

Ms. McCarroll stated the proposal from a risk management standpoint was to purchase insurance at this point. Self-insurance works when you have had the opportunity to put money in the bank. The City of Daytona Beach currently has two types of self-insurances right now and they are Worker's Compensation and Liability which are both setup by

ordinances. Basically what it says is if the City was to go out of business today, you need this amount of money in the bank to pay your claims and liabilities. The City has both accounts setup and money is also in the bank for Workers Comp and Liability. In order for a self-insurance to work for property, the account has to be started and money has to be going into the bank. To the best of her knowledge it had not been explained to her if the City has those resources. It was her recommendation that the process of self-insurance be started right away; open an account with the bank and began putting money in it until we can get to a point where we can cover the losses. Currently the City has a \$2.5 million deductible, and in case a catastrophe strikes we would have to cover that amount out of City funds.

Commissioner Woods stated wouldn't you go to the CRA funds, then the General Fund after that until the deductible is met, or just how would that work.

James V. Chisholm, City Manager stated the City has some money in the CRA right now, it's not \$2.5 million but they would go to the CRA Fund first and then to the General Fund.

Ms. McCarroll asked Commissioner Woods if she had explained the answer to her question well enough.

Commissioner Woods responded yes, thank you. The coverage that the City would have right now if they go with Option 4 is the coverage that is listed in Gold in the colored coded chart.

Ms. McCarroll stated yes.

Commissioner Woods asked Ms. McCarroll to touch on the highlights.

Ms. McCarroll stated she was trying to decide how to explain the co-insurance.

Commissioner Woods stated yes, what exactly did that mean.

Ms. McCarroll stated co-insurance is what they will cover. She used for an example Westchester Surplus Line was 80 percent of Cash Value. If something happened they would determine the actual cash value and they would only cover 80 percent of that amount. If the pier and the building were to go into the water, 80 percent of the actual cash value of the pier and the building whatever that amount happened to be. If it's waived you would notice under value insured it says replacement cost, and one of the reasons for the recommendation they made was instead of 80 percent of the actual cash value, the City would get the replacement cost. She had expert insurance people sitting behind her that hopefully if she made an incorrect statement they would jump up and correct her. She turned to the people sitting behind her and asked how did she do. Did she get it correct. That explained co-insurance, the value insured and the deductible was the same as the self-insured retention which is the amount the

City pays first, before the insurance will pay the cost they are going to cover. Peril included wind-storms, hail, floods, storm surge and wave wash. The City already has what is called, All Perils Property Insurance which includes fires, vandalism etc, which are all covered under the regular City policy. The coverage limit for the option Risk Management is proposing is \$6.2 million after the deductible. The total value given of the pier is \$8.7 million. If you add the deductible which is \$2.5 million to the coverage of \$6.2 million, you will have the total cost of the pier.

Commissioner White asked was it the City's intentions to get to a point where we can self-insure the pier.

Mr. Chisholm stated yes there are a number of steps that had to be completed before getting to the point of self-insuring the pier, which is the reason it can't be done as quick as the City would like. Today was the day that action had to be taken on this particular recommendation simply because of hurricane season was rapidly approaching. This was just to cover the value of the investment and later work towards self-insurance.

Commissioner Gilliland stated the Option 5 that's listed was what he had mentioned at the last meeting and it has a maximum of \$3.75 million which the insurance company does not begin to pay on until after \$1.250 million as opposed to \$2.5 million dollars. He asked Mr. Chisholm what was the total cost of the work that was being done at this time at the pier.

Mr. Chisholm stated somewhere around \$4.3 million.

Commissioner Gilliland stated that was almost rebuilding the pier. He was struggling with this because the number was so large and he was not quite certain which way to go on this issue. He knew that the City had some monies in the bank, and going the route of self-insured would certainly be his preference at this point. He personally was more in favor of going with Option 5 with the \$1.250 million as opposed to the \$2.5 million attachment. He apologized for the fact of Option 5 being brought before the board just today, but he would lean more to that direction as an option than Option 4.

Commissioner Woods stated she was looking in her packet and Option 5 was not included.

Ms. McCarroll responded no, Option 5 just came in this afternoon.

Commissioner Henry asked Mr. Chisholm how far away we were from self-insurance.

Mr. Chisholm stated we are probably three, four years out and a lot of it depends on the final negotiations on the pier.

Commissioner Henry stated so for the next three to four years we are going to need a policy.

Mr. Chisholm stated yes.

Commissioner Henry stated okay.

Commissioner Gilliland asked if anybody talked to the Ignite guys, they have waterfront properties that they have to insure. He asked if anybody talked to them about some ideas with that they do with some of their more risky properties.

Mr. Chisholm stated they are not owners of property they normally carry the interior and the business insurance associated with their properties. They have lease holder interests in most of those other properties.

Commissioner Woods asked for an explanation of the four carriers.

Ms. McCarroll stated 40 percent of the coverage \$1 million with United States Fire Insurance Company, 30 percent with Markel American Insurance, 15 percent each with Allianz Global and Northern Assurance.

Commissioner White asked if we have information on the ratings.

Ms. McCarroll stated I'm sorry ...

Mayor Ritchey stated we don't have anything on it, just this.

Alan Florez, Brown and Brown Insurance stated he just wanted to mention one thing, if you are going to say that \$2.5 million limit or that \$3.7 million limit is sufficient then we have an option for that as well. Referring to the chart the Option 2 is the same limit as Option 5, the difference is you had a roof damage of \$1 million neither Option 5 or Option 4 would pay for it, Option 2 actually would and it is only \$4,000 more. Instead of a \$1.2 million deductible, you have a \$500,000 deductible and we are confident that we could continue to negotiate to get the 80 percent (co-insurance) waived if you were going to look at that. Our directive from staff was to look at insuring the total limit which is why if you were looking for insurance bang for your buck you are getting a lot more insurance on Option 4 than either Option 2 or 5.

Commissioner Woods asked what 5 percent of TIV means.

Mr. Florez stated 5 percent of the Total Insured Value and in this instance it would be \$8.7 million so it is just under \$500,000.

Commissioner Reynolds asked if with Option 5 it is not just covering the restaurant it is covering ...

Ms. McCarroll stated all of these are covering the pier and the restaurant.

Commissioner Reynolds stated that Commissioner Gilliland brought up some valid points and with Brown and Brown giving us the new charges she wondered how the Commission would feel about continuing it and then ...

Mayor Ritchey stated they needed to make a decision tonight.

Ms. McCarroll concurred that they needed to make a decision tonight and it is what you are comfortable with. Commissioner Gilliland is correct unless the whole thing falls in the water, our claims hopefully will be smaller but from a risk management standpoint she does not think she would be doing her job if she didn't recommend full coverage.

Commissioner Reynolds stated even with Option 5 you are still recommending Option 4.

Ms. McCarroll stated yes.

Mayor Ritchey asked if there were any other questions or comments.

Commissioner Gilliland stated to Mr. Florez you said you could continue to negotiate regarding Option 2 to try to get them to drop that co-insurance.

Mr. Florez stated yes, he believes they could, essentially what happened at staffs' direction they focused more on Option 4 and he would like to make sure everyone understands why Option 4 in terms of the limit makes a lot of sense from one angle and that is when you model this it's basically a total loss. When you are looking at your bang for the buck in Category 2, 3 storms which are very possible you could have a total loss and you are not talking just \$2.5 million. Because of this type of risk and because of where it is at, there is a very high likelihood that the whole thing gets wiped out if a hurricane makes landfall, according to modeling which is why it is very hard to insure and why it is a very big risk. That is why we focused on that recommendation and Option 4. He is confident that they could go back and continue negotiating on Option 2 if that was the pleasure of the Commission.

Mayor Ritchey asked what does that do to the time table. Could you bind this under one option and then change to another option after it is bound, we are dealing with different companies.

Mr. Florez stated with Option 2 you are just dealing with one company and the issue we are talking about is the co-insurance and 80 percent. He is pretty confident that it is a reasonable request. It is hard to guarantee that but it is a reasonable request.

Commissioner Henry stated there is not much difference in the premium in Option 2 and Option 4 so why would we go with Option 2 when we could go with Option 4.

Mayor Ritchey stated it's the deductible piece.

Commissioner Henry stated it's the same.

Mr. Chisholm stated he would like to point out one thing you are talking about premiums of \$308,000, \$303,000 and \$308,000 the premium amount is pretty consistent, what is different is the coverage \$2.5 million versus \$6.2 million and quite honestly we have a little over \$1 million set up for self insurance if we have a \$3 or \$4 million loss we've got \$1 million of the deductible set up so we are only talking about \$1.5 million we have got to find to do it but if you have a catastrophic loss that is a whole different scenario. We can find the \$2.5 million deductible to be able to cover that part of it but none of the other coverage's hit the \$6.2 which gives us the replacement cost of the pier.

Commissioner Henry stated that is my point exactly.

Commissioner Woods stated by the time we are done it is going to be \$5 million at least and we as the Commission have made a huge investment in this thing to finally bring it up to where it needs to be and she does think it needs to be fully insured based on the investment they have made over the last couple of years.

Mayor Ritchey stated he agreed and the fact that they got this so late today with no back-up information and the recommendation of staff, risk management the premiums are insignificant as far as the difference goes, replacement value \$6 million versus \$2.5 million, if we were saving significantly on the premiums that might be something to talk about but we are really not, that's peanuts. The replacement value can't be overlooked as far as he is concerned.

It was moved by Commissioner Woods to adopt the Resolution. Seconded by Commissioner Shelley. The Resolution was adopted 6-to-1 with the breakdown as follows:

Commissioner Henry	Yea
Commissioner Reynolds	Yea
Commissioner Shelley	Yea
Commissioner Woods	Yea
Commissioner White	Yea
Commission Gilliland	Nay
Mayor Ritchey	Yea

- 3B. Adopted/Resolution No. CRA 11-11 authorizing the expenditure of Redevelopment Funds for Work Authorization No. 15, for foundation structural design services for the Pier Building rehabilitation, with DJDesign, Inc., 913 N. Nova Road, Holly Hill, Florida 32117, in the amount of \$22,525. This emergency work authorization is needed to prevent the delay of the completion of Pier Restaurant Restoration Project currently scheduled for July 2011, and to make repairs to the Pier pilings and foundation system underneath the Pier Restaurant. DJDesign, Inc., will provide project oversight of the structural engineer consultant. City Clerk Thomas read the Resolution by title only. A RESOLUTION APPROVING THE EXPENDITURE OF TAX INCREMENT FUNDS FROM THE MAIN STREET REDEVELOPMENT AREA TRUST FUND IN THE AMOUNT OF \$22,525 FOR DESIGN OF THE DAYTONA BEACH PIER RESTAURANT STRUCTURAL FOUNDATION IMPROVEMENTS; AND PROVIDING AN EFFECTIVE DATE.

Ron McLemore, Deputy City Manager/Operations stated we have continued our engineering assessment on this building. The item before you is the outgrowth of previous work that has been done to analyze the ongoing integrity of this building and the structural system beneath it. We did determine through a most recent study that we have about 60 pilings underneath the casino building that need immediate attention, which we had previously programmed to two years, but this analysis says to do this now. What this \$22,500 pays for is the engineering assessment to determine what the appropriate strategies are for bringing the total capacity of the piling system as well as those things that connect the building to the piling system.

James V. Chisholm, City Manager stated design strategies.

Mr. McLemore stated yes, design strategies. From this we will develop a budget and plan to actually do the construction but this has to come first because it is structural. It is something that we need to do. The 60 pilings will need to be done so the building can be occupied in July. We cannot get an occupancy permit if it is not safe.

Commissioner Woods asked are we looking at \$1,000,000 more or do we even have an idea.

Mr. McLemore stated we have a ballpark estimate of around \$250,000 to \$260,000.

Commissioner Woods stated and that's to do all 60.

Mr. McLemore stated yes, it is to do all 60.

Commissioner Gilliland stated and that 60 are all of them.

Mr. McLemore stated no, these are just the ones under the casino building.

Commissioner Gilliland stated they are no other pilings under the casino building being left.

Mr. McLemore stated not beneath the casino building. In our five year plan, we provide for the ongoing maintenance for the rest of those pilings because they continue to deteriorate by the weather. In our advanced funding, we had planned to do out there in year two, three, four and five of the casino building itself. The design for this work is to survive a Category 2 hurricane system that may happen at any given time.

Commissioner Woods stated if it is above a Category 2, it is not guaranteed.

Mr. McLemore stated there is no guarantee, it is a criteria designed to withstand that type of force on the piling system.

Commissioner White asked what circumstances changed us to push it off to year three and four.

Mr. McLemore stated I'm not sure what your question is.

Commissioner White stated we thought we could push this off to year three or four ... is there something ... the reason that we can is because ...

Mr. McLemore stated they have deteriorated to the point that they need immediate attention and cannot wait until that scheduled maintenance.

Mr. Chisholm stated I think I can help with that. One of the tasks we had earlier was that the survey of the pilings to determine both the capacity and effectiveness of the pilings during that survey, it turned up these 60 pilings that they identified as being deficient. That's why it came back at this point.

Commissioner White asked if we can get an update on the lighting design project and if there is going to be a plan soon that they can see.

Mr. McLemore stated that plan will be forthcoming in about another 60 days or so, probably less than that.

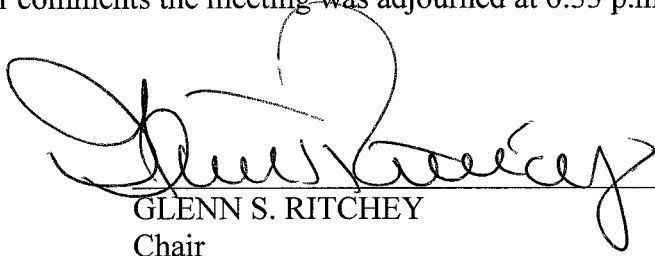
John Nicholson, 413 North Grandview Avenue, Daytona Beach stated his opinion and offered his suggestions on the pilings project. He had concerns about the insurance item.

It was moved by Commissioner Gilliland to adopt the Resolution as amended. Seconded by Commissioner Shelley. The Resolution was adopted 7-to-0 with the breakdown as follows:

Commissioner Henry	Yea
Commissioner Reynolds	Yea
Commissioner Shelley	Yea
Commissioner Woods	Yea
Commissioner White	Yea
Commission Gilliland	Yea
Mayor Ritchey	Yea

4. ADJOURNMENT

There being no further discussion or comments the meeting was adjourned at 6:33 p.m.



GLENN S. RITCHEY
Chair

ATTEST:



JENNIFER L. THOMAS
City Clerk

Adopted: June 1, 2011

RECORD REQUIRED TO APPEAL: In accordance with Florida Statute 286.0105 if you should decide to appeal any decision the Community Redevelopment Agency Board makes about any matter at this meeting, you will need a record of the proceedings. You are responsible for providing this record. You may hire a court reporter to make a verbatim transcript, or you may buy a tape of the meeting for \$2.00 at the City Clerk's office. Copies of tapes are only made upon request. The City is not responsible for any mechanical failure of the recording equipment.