
FINANCE COMMITTEE AGENDA – Regular Meeting

A Committee of the Chico City Council: One Vacancy, Mayor Coolidge, and Chair Morgan

Meeting of Wednesday, August 25, 2021 – 8:30 a.m. to 10:30 a.m.

Meeting Location: Council Chamber Building, Conference Room 1, 421 Main St. Chico, CA

REGULAR AGENDA

A. BIDWELL PARK GOLF COURSE INSURANCE REQUEST

The leadership of Bidwell Park Golf Course (BPGC) recently met with City Staff to request that the City of Chico schedule the BPGC under our existing Property Insurance Program. Further, the BPGC requested that the existing Property Insurance requirements be waived under the current lease agreement. **(Report – Jamie Cannon, Human Resources & Risk Management Director)**

Recommendation: *City Staff recommends including BPGC as insured under our Property Program - with the caveat, and associated lease agreement language, that BPGC be responsible for any Self-Insured Retention limits.*

B. BROADBAND INTRODUCTION PRESENTATION - Zoom

Bruce Patterson from Entry Point Networks will provide a presentation to introduce the Finance Committee to some concepts being discussed regarding a City-wide Broadband Master Plan. **(Report – Scott Dowell, Administrative Services Director)**

Recommendation: *The Administrative Services Director asks the Finance Committee to review the presentation and discuss as applicable.*

C. BUSINESS FROM THE FLOOR - Members of the public may address the Committee at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Committee cannot take any action at this meeting on requests made under this section of the agenda.

D. ADJOURNMENT - The meeting will adjourn no later than 10:30 a.m. to the next regular Finance Committee Meeting on September 22, 2021 at 8:30 a.m. in Conference Room 1 at 421 Main St.

SPEAKER ANNOUNCEMENT

NOTE: Citizens and other interested parties are encouraged to participate in the public process and will be invited to address the Committee regarding each item on the agenda. In order to maintain an accurate and complete record, the following procedural guidelines are being implemented:

1. Speaker Cards – speakers will be asked to print his/her name on a speaker card to address the Committee and provide card to the Clerk prior to the completion of the Staff Report.
2. The Clerk will call on speakers in the order the cards are received.
3. Speakers may address the Committee one time per agenda item.
4. Speakers will have three minutes to address the Committee.

Distribution available in the office of the City Clerk

Posted: 8/19/21 prior to 5:00 p.m. at 421 Main St. Chico, CA 95928 and www.ci.chico.ca.us

Copies of the agenda packet are available for review at: City Clerk's Office, 411 Main St. Chico, CA.



Please contact the City Clerk at 896-7250 should you require an agenda in an alternative format or if you need to request a disability-related modification or accommodation in order to participate in a meeting. This request should be received at least three working days prior to the meeting in order to accommodate your request.



Finance Committee Agenda Report

Meeting Date: 6-23-21

TO: Finance Committee

FROM: Jamie Cannon, Director of Human Resources & Risk Management

RE: Consideration of Bidwell Park Golf Course Request

REPORT IN BRIEF:

The leadership of Bidwell Park Golf Course (BPGC) recently met with City Staff to request that the City of Chico schedule the BPCG under our existing Property Insurance Program. Further, the BPCG requested that the existing Property Insurance requirements be waived under the current lease agreement.

Recommendation:

City Staff recommends including BPGC as insured under our Property Program - with the caveat, and associated lease agreement language, that BPGC be responsible for any Self-Insured Retention limits.

FISCAL IMPACT:

If the City were to cover the BPCG in the City's Property Insurance Program, and the BPCG experienced a loss, the City has the potential to incur a fiscal impact of \$500,000. This amount does not include the impact of future premium increases.

BACKGROUND:

Pursuant to the attached letter from Mr. Michael Sharp of BPCG, their organization received an "almost threefold" increase in premium cost – with their 2020-21 premium increasing to just over \$65,000 annually. As a non-profit organization, the insurance premium increase poses a significant impact to the organization.


DISCUSSION:

The City of Chico is self-insured for both General Liability and Property coverages. Both programs currently have a self-insured retention level of \$500,000 – as such, the City is responsible for all claims expense up to \$500,000. BPGC provided the City with a "loss run" specific to their current Property Program – in the last five years, BPGC has experienced a loss ratio of 25%. Loss ratios for property and casualty insurance typically range from 40% to 60% - BPGC has a great loss ratio; however, the potential impact with a large-scale claim is great.

Prepared by:


Jamie Cannon, Director of Human Resources/RM

Approved by:


Mark Orme, City Manager

RE: Bidwell Golf Course Request

Meeting Date: June 23, 2021

Page 1

DISTRIBUTION:

City Clerk (3)

List other internal distribution

ATTACHMENTS:

May 19, 2021 Letter from Bidwell Park Golf Course

FILE:

5341 Old Redwood Hwy, Suite 202
Petaluma, CA 94954
707.763.0335 OFFICE
707.763.8355 FAX



May 19, 2021

Mr. Mark Orme, City Manager
City of Chico
PO Box 3420
Chico, CA 95927

Re: Bidwell Park Golf Course Insurance Coverage

Dear Mark:

Thank you to you and your team for taking the time last week to discuss our insurance coverage costs at the Bidwell Park Golf Course. We very much appreciate the positive relationship and open communication that we have enjoyed with the City of Chico over the years.

As we outlined our dilemma to you when we met, our cost of General Liability and Property insurance coverage for the 2020-2021 policy period has increased almost threefold, from \$23,948 in 2019-2020 to \$65,240 in 2020-2021. I have attached the Premium Summary document, provided by our broker, depicting the large increase in premiums. For a non-profit organization like Bidwell Park Golf Club, Inc., that provides a great recreational asset to all residents of Chico, this is a large expenditure and a financial hardship on the facility.

As we all are aware, insurance premiums in California over the past two years have increased dramatically. This is due in part to large property losses as a result of wildfires and the associated decrease in the number of insurance carriers that are willing to write policies in our state. The golf industry, being a niche market and a comparatively small one, has only two or three companies that are willing to insure golf courses.

Unfortunately, compounding all of this is the fact that the land in and around Bidwell Park falls into the high fire danger category, which not only increases the premium but further eliminates insurance companies that are prepared to even write coverage.

When we spoke with the City's Risk Management Director, Jamie Cannon, in January she explained to us how the City policies work and the rates and deductibles (self-insured portion) for both General Liability and Property coverage. The current rate the City pays for the Property portion of coverage is \$.07 per \$1,000 of value, and the deductible (self-insured portion) per occurrence is \$500,000.

Mr. Mark Orme
April 29, 2021
Page 2

In discussions with our broker, we would want to keep the General Liability portion of our coverage separate and on our own policy. What we are asking for is that the City pick up the Property coverage portion and add it to the City policy. Our reasoning and rationale behind this request are based upon the leased property being owned by the City of Chico. All the leased real property including buildings, improvements, and fixtures become the property of the City of Chico at the end of the term of the lease with the Bidwell Park Golf Club, so in essence the City would be insuring its own property. Further, the number of capital improvements to the facilities that have been completed since the inception of the lease are substantial. The two largest being the clubhouse remodel in 2014 with the procurement of a liquor license, and the solar field project in 2016, in which collective expenditures exceeded \$600,000.

Adding the Property portion of coverage to the City's policy would cost the City \$3,080 annually in premiums, based on the \$4.2 million value of the property and improvements, along with any loss amounts up to \$500,000. I have also attached, as requested, the Loss Runs history for the property for the last 5 years, which includes both Property and General Liability claims. The total claim losses for the last 5 years for the Property portion of our policy is \$24,911. Our current policy has a \$1,000 deductible on any single loss, and we would pay the City that amount on a per occurrence basis should there be a claim.

Once again, thank you for your consideration on this matter. Should you have any questions or comments please contact me or Rod Metzler.

Sincerely,



Michael Sharp
President and CEO
CourseCo, Inc.
for the Bidwell Park Golf Club, Inc.

cc: Rod Metzler, VP, CourseCo, Inc.
Roger Clark, President, Bidwell Park Golf Club, Inc.
Tom Bugbee, COO, CourseCo, Inc.

Attachments: Loss Runs
Premium Summary

Commercial Premium/Loss History
Special Requests

Branch 60 - Alternative Markets Programs
Agent 24212 - Edgewood Partners Insurance Center
Insured - Empire Golf, Inc.

Policy	Term Start		Location
60-CMA-1-1923708	08/14/2015	(1)	3199 Golf Course Rd Chico CA, 95973
60-CMA-1-1923708	08/14/2016	(1)	3199 Golf Course Rd Chico CA, 95973
60-CMA-1-1923708	08/14/2017	(1)	3199 Golf Course Rd Chico CA, 95973
60-CMA-1-1923708	08/14/2018	(1)	3199 Golf Course Rd Chico CA, 95973
60-CMA-1-1923708	08/14/2019	(1)	3199 Golf Course Rd Chico CA, 95973

Loc	Date Of Loss	Entry Date	O/S Loss	Paid Loss	O/S Adj Exp	Paid Adj Exp	Total
1	11/16/2017	11/17/2017	\$0	\$5,000	\$0	\$0	\$5,000
Claimant was walking in the patio area of the restaurant, claimant tripped and fell on a cable hitting his head and knocking him out			Cause: Medical Payments				
1	11/16/2017	11/17/2017	\$0	\$403,000	\$0	\$28,967	\$431,967
Claimant was walking in the patio area of the restaurant, claimant tripped and fell on a cable hitting his head and knocking him out			Cause: Bodily Injury				
1	07/13/2018	07/16/2018	\$0	\$17,354	\$0	\$0	\$17,354
Fire department shut the golf course down due to fire within a mile of the golf course from 7-13-18 to 7-16-18. Loss of income / business interruption due to fire.			Cause: Fire				
3	11/07/2018	03/04/2019	\$0	\$1,108	\$0	\$0	\$1,108
Solar panels vandalized. The panels are broken, 4. Panels need to be replaced, detach the connection to the panel and reconnect.			Cause: Vandalism, Malicious Mischief				

Commercial Premium/Loss History
Special Requests

Branch 60 - Alternative Markets Programs
Agent 24212 - Edgewood Partners Insurance Center
Insured - Empire Golf, Inc.

Loc	Date Of Loss	Entry Date	O/S Loss	Paid Loss	O/S Adj Exp	Paid Adj Exp	Total
1	11/08/2018	11/20/2018	\$0	\$6,449	\$0	\$6,723	\$13,172
Civil authority shut down the roads to the golf course due to the fires. Insured was closed and suffered smoke damages as well. They have had 4 banquets cancelled due to the fires.							
1	10/17/2019	10/17/2019	\$0	\$0	\$0	\$0	\$0
Claimant tripped and fell. There is a slight raise in the concrete where she was standing							
1	03/24/2020	04/08/2020	\$0	\$0	\$0	\$350	\$350
Coronavirus-BI Loss							
Loss Summary - Location 1			O/S Loss	Paid Loss	O/S Adj Exp	Paid Adj Exp	Total
Property			\$0	\$24,911	\$0	\$7,073	\$31,984
Liability			\$0	\$408,000	\$0	\$28,967	\$436,967
Total			\$0	\$432,911	\$0	\$36,040	\$468,951

INSURANCE PROPOSAL
 For
GOLDEN EMPIRE GOLF / EMPIRE GOLF, INC. DBA: BIDWELL PARK GOLF CLUB
 8/14/2020 to 8/14/2021

PREMIUM SUMMARY

Policy	20-21 Renewal Premium	19-20 Renewal Premium
Commercial Package:	See Breakdown	\$23,948
Property – Arch Specialty (non-admitted)	\$35,125.00	Included Above
Broker Fee	\$300.00	
Surplus Lines Tax	\$1,053.75	
Surplus Lines Fee	\$87.81	
Total Property Premium	\$36,566.56	
General Liability – James River (non-admitted)	\$27,012.00	
Broker Fee	\$500.00	
Carrier Policy Fee	\$275.00	
Surplus Lines Tax	\$818.61	
Surplus Lines Fee	\$68.22	
Total General Liability Premium	\$28,673.83	
Total Premium	\$65,240.39	\$23,948

The general liability quote is being offered on a surplus lines bases on a 100% minimum and deposit basis, 25% minimum earned premium. It is subject to audit.

Premium Payment Options

Agency bill – Premium due in full – please advise if you would like us to work on a finance agreement



Finance Committee Agenda Report

Meeting Date: 08/25/21

TO: Finance Committee
FROM: Scott Dowell, Administrative Services Director
RE: Broadband Introduction Presentation

REPORT IN BRIEF

Bruce Patterson from Entry Point Networks will provide a presentation to introduce the Finance Committee to some concepts being discussed regarding a City-wide Broadband Master Plan.

Recommendation:

The Administrative Services Director asks the Finance Committee to review the presentation and discuss as applicable.

FISCAL IMPACT

This is a discussion only item.

BACKGROUND

Staff are currently working with Entry Point Networks on a Broadband Master Plan. It is hoped the completed plan will be presented to City Council in October or November of this year. As such, Staff would like to provide an initial presentation to highlight some concepts currently being discussed.

Prepared by:



Scott Dowell, Administrative Services Director

Approved and Recommended by:



Mark Orme, City Manager

ATTACHMENTS:

- Attachment A – PowerPoint Presentation

DISTRIBUTION:

City Clerk (2)



Bruce Patterson
Director Solutions Services



EntryPoint Networks

EntryPoint offers two primary services:

1. Network orchestration software capable of creating multiple virtual networks on a single infrastructure to enable competition for public services and security to dedicated private services.
2. Consulting services for public and private organizations seeking to develop a broadband plan or design an installation, including market analysis, legal considerations, proforma financial modeling, infrastructure design and construction management.

• EntryPoint was engaged by Chico in May to assist in the development of a broadband master plan for the City.



Why We Love Chico

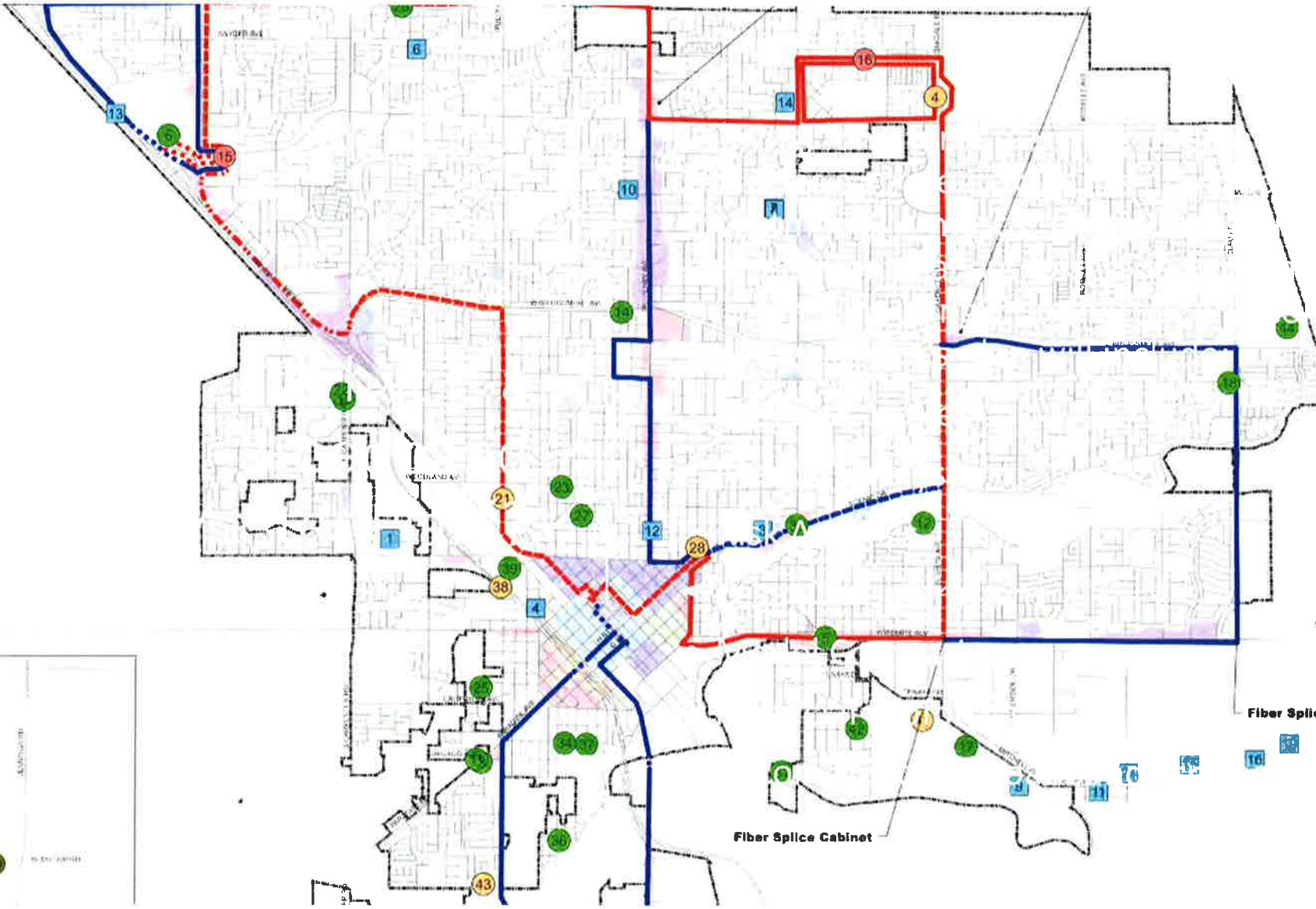
- Leadership
- Location
- Education
- Culture



Downtown

Legend

- Network Hub
- ★ Downtown Internet Ac
- City Facility: Connecte
- City Facility
- Major City Hub
- Interested Businesses
- City Limits
- Traditional Neighborh
- Central Downtwon
- Transition Downtwon
- East Neighborhood Dc
- Urban General Downt
- Main Street Downtowr
- Planned Development
- Highway Commercial
- General Commercial
- Neighborhood Comme
- Other Fiber





SPOILER ALERT!

- Broadband Gaps Exist
- Lack of Private Investment
- No Meaningful Competition
- Private asking for Public \$
- Created by Existing Models
- Change Paradigm?

Traditional





Open Access

Ammon, Idaho



- National Association of Telecommunications Officers and Advisors Community Broadband Project of the Year 2016
- Broadband Communities TOP 100 List 2017 and 2018
- 2017 Harvard Study finds 'model provides little, if any, financial risk to the city.'
- Fast Company Magazine names Ammon 'The City With the Best Fiber-Optic Network in America' – Oct 2019
- New America – Open Technology Institute July 2020 Cost of Connectivity Report lists Ammon as having the lowest cost of fiber-optic broadband in the entire world

Why all the
awards?

1 Gigabit Internet Service

**\$9.99
ONLY!**

* Service requires monthly \$16.50 city utility fee



**Communication is not just
a sector of the economy.
Communication is the
economy.**

- Kevin Kelly

