

## AGENDA

### BASEHOR CITY COUNCIL

March 3, 2008

6:00 p.m.

Basehor City Hall

#### **WORK SESSION – 6:00 p.m. (No formal action will be taken during this time.)**

1. Discussion regarding agenda items.

#### **REGULAR MEETING – 7:00 p.m.**

##### **1. Roll Call by Mayor Chris Garcia and Pledge of Allegiance**

**Moment of silence in remembrance of incident at City Hall, Kirkwood, Missouri**

##### **2. Consent Agenda**

*(Consent Agenda Items will be acted upon by one motion unless a Council Member requests an item be removed for discussion and separate action.)*

- a. Approve Minutes
  1. February 21, 2008 Work Session and Regular Meeting
- b. Approve Treasurer's Report & Vendor Payments
- c. Approve investment recommendations
- d. Approve calendar of events

##### **3. Call to Public**

Members of the public are welcome to use this time to comment about any matter relating to City business that is listed on this Agenda. The comments that are discussed under "Call to Public" may or may not be acted upon by the Council during this meeting. There is a five-minute time limit. (Please wait to be recognized by the mayor then proceed to the podium; state your name and address).

- a. Citizen Comments Regarding Agenda Items

##### **4. Scheduled Discussion Items**

- a. Discuss progress on a five-year capital improvement program

##### **5. Business**

- a. Consider renewal of the property and liability insurance policy for the City of Basehor.
- b. Consider a request from a resident living at 14124 Merion Court for a refund on their sewer bill due to what they feel is an overpayment resulting from decreased water usage.
- c. Consideration of Annexation Plan as recommended by the Planning Commission.
- d. Consider approval of Ordinance 528 amending the Comprehensive Plan to add more detail to the streets and transportation elements.

- e. Consider approval of an expenditure up to \$4,500 for tree trimming along streets in the established subdivisions in Basehor.

- 6. City Administrator Report**
- 7. Mayor's Report**
- 8. Council Member Reports**
- 9. Executive Session**
- 10. Adjournment**

*Basehor City Council reserves the right to amend the agenda following its publication in the Basehor Sentinel newspaper. Citizens are encouraged to attend all public meetings. Updates to the agenda may be reviewed at [www.cityof.basehor.org](http://www.cityof.basehor.org)*

**Minutes**

**BASEHOR CITY COUNCIL**  
**February 21, 2008**  
**(moved from February 18, 2008 due to holiday)**  
**6:00 p.m.**  
**Basehor City Hall**

Official Presiding: Mayor Chris Garcia

Members Present: Pres. Terry Thomas, Iris Dysart, Terry Hill, Keith Sifford, and  
Jim Washington

Members Absent:

Staff Present: Carl Slaugh, Mary Mogle, Dustin Smith, Gene Myracle, Lloyd Martley

Newspaper: Lara Hastings, *Basehor Sentinel*

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**WORK SESSION – 6:00 p.m.**

The work session was called to order with all members present. The city attorney was not in attendance.

**Discussion regarding agenda items.**

***b. Consider Glenwood Estates lagoon, Sewer District #3, decommissioning proposal by Leavenworth County.***

City Administrator Carl Slaugh reported the city engineer had proposed an agreement with Leavenworth County regarding the alignment of the sewer line for the Glenwood Estates and the new middle school. The purpose of having discussion on the agenda; was to receive approval from the Council to move forward with a formal agreement. Councilmember Dysart asked if past financial matters had been resolved. Mr. Slaugh explained the Cedar Falls pumping station fees have been paid. She questioned the unpaid balance of \$46,000 and read a portion of the signed [Sewer District No. 7] interlocal agreement with the County. Mr. Slaugh reported the agreement was based on a projected balance of \$95,000 and actual balance of the time of the agreement was \$22,000. Mr. Flower reported he personally checked the County ledgers and verified they only had approximately \$22,000 in the fund and explained the agreement stated any “unencumbered” balance would be forwarded to the city; that amount was forwarded. Mr. Slaugh reported he met with the county clerk to go over the ledgers as well. During that meeting, they reviewed the agreement and agreed the initial amount stated in document included projected revenue rather than actual revenue. President Thomas and Councilmember Sifford stated they were not satisfied with the outcome, but felt the

matter had been resolved. Council discussed at what point the County should pay for connection of the Glenwood Estates sewer line and when fees would commence.

Mr. Slaugh reported KDHE has mandated the Glenwood Estate lagoon [Sewer District No. 3] be decommissioned. He explained it was necessary to move forward on construction of the sewer main since the school district needs to move forward with the school project.

Mickey Schwartzkopf, Assistant Leavenworth County Public Works Director, reported he was willing to work with city staff [on the design of the Glenwood Estates sewer alignment]. Councilmember Sifford asked if there was ample wastewater capacity. Mr. Slaugh reported there was enough capacity for the school at this time as long as the City continued to move forward with the wastewater treatment plant expansion.

Councilmember Washington asked engineer David Lutgen if Glenwood Estates would stay on grinder pumps forever. Mr. Lutgen answered yes, adding it would be too expensive for the County to re-route the entire subdivision. Councilmember Washington felt the City should place a condition on KDHE and Leavenworth County to make the sewer line gravity flow before we allow them to connect to the city system. Mr. Lutgen reported MHS Solutions has recommended running the sewer line gravity from the pumping station north. This solution would spread the cost out among more property owners. Councilmember Dysart questioned (paragraph 6 of the staff report) if a line would access onto the Evans property. Mr. Slaugh noted the sewer line would cross through the Evans property. He reported a developer was interested in purchasing land in this area and expressed interest in working with the city to route the line through the property.

Mr. Slaugh reported he would like to coordinate this project in conjunction with the building of the new middle school. Council agreed staff could move forward with negotiations with the County to draft an agreement. Councilmember Sifford questioned if annexation of Glenwood Estates would be a condition. Mr. Slaugh stated annexation would be one of the issues, but did not feel it would be to the City's advantage to annex the area until after the sewer line was constructed.

***d. Update on design of 150<sup>th</sup> Street by MHS engineers and approval to move ahead with easement and right of way acquisition.***

David Lutgen gave an update on the 150<sup>th</sup> Street project. He reported the west side of 150<sup>th</sup> Street had been platted with varied rights-of-way. The east side has a 40 ft. right-of-way. The [Norman and Susan] Guy property line starts 40 ft. east of the section line and would require further research. It appeared the Guy home was less than 5 ft. from the right-of-way. The design calls for the center of the road to be put back on the section line with driveways being restored within the right-of-way. The Jeff Scherer property might need a wall constructed.

Councilmember Dysart questioned the Carbaugh property. Mr. Lutgen reported the plat on the Carbaugh property shows a restricted access area. Resident Jeff Scherer explained Carbaugh was given restricted access by the Planning Commission. Originally the property was split twice, and then split a third time. However, currently the property has four driveway entrances. Mr. Lutgen did not see an issue with leaving the driveways as is.

Mr. Slauch explained the next step was to negotiate with the property owners for easements and right-of-way. A decision needed to be made whether the City would pay for right-of-way or expect the property owner to donate the property. Council felt the upgrade to 150<sup>th</sup> was an asset and the property owners should be willing to donate the land without compensation.

*e. Consider approval to submit a portion of the 155<sup>th</sup> Street project for funding through the Transportation, Community, and System Preservation (TCSP) program.*

Mr. Slauch reported the City has an opportunity to apply for a grant through the Transportation, Community, and System Preservation (TCSP) program for improvements to 155<sup>th</sup> Street. Improvements to the 155<sup>th</sup> Street and Parallel Street intersection would qualify for this type of grant and requested Council authorize the city engineer to move forward with compiling costs and drawings, using information from the MARC project submittal, and submit the grant prior to the February 29<sup>th</sup> deadline. The city administrator reported the City was not awarded the MARC grant. South of Parallel may qualify for Corridor funding. Council discussed cost of a stoplight at 155<sup>th</sup> Street & Parallel. Councilmember Washington thought the traffic light would support changing the speed limit on 155<sup>th</sup> Street. Council felt this should be a high priority project.

Break (6:53 p.m.)

**REGULAR MEETING – 7:00 p.m.**

**ROLL CALL BY MAYOR CHRIS GARCIA AND PLEDGE OF ALLEGIENCE  
Moment of silence in remembrance of incident at City Hall, Kirkwood, Missouri  
and in memory of former Councilmember Jim Cook who recently passed away.**

The regular meeting was called to order with all members present. The city attorney was not in attendance.

**CONSENT AGENDA**

*(Consent Agenda Items will be acted upon by one motion unless a Council Member requests an item be removed for discussion and separate action.)*

- a. Approve Minutes

1. February 4, 2008 Work Session and Regular Meeting
2. February 11, 2008 Work Session
- b. Approve Treasurer's Report & Vendor Payments
- c. Approve investment recommendations
- d. Approve calendar of events

A motion was made by President Thomas and seconded by Councilmember Dysart to approve the Consent Agenda. Discussion followed. Councilmember Dysart pointed out there was no audio tape of the last meeting and should be noted on the February 4<sup>th</sup> minutes. She also noted that Councilmember Washington's statements regarding the ZIP Code change was not reflected in the minutes. She also requested the minutes be amended to show that she seconded the motion (page 11, Business Item "j") rather than President Thomas. Councilmember Washington asked that Business Item "g" include the word "Preliminary" Plat. President Thomas pointed out the Revenue/Expenditure report showed the date of February 29, 2008; which had yet to occur. A roll call vote was taken with all members voting in favor. Motion passed 5-0.

### **CALL TO PUBLIC**

Members of the public are welcome to use this time to comment about any matter relating to City business that is listed on this Agenda. The comments that are discussed under "Call to Public" may or may not be acted upon by the Council during this meeting. There is a five-minute time limit. (Please wait to be recognized by the mayor then proceed to the podium; state your name and address).

#### ***a. Citizen Comments Regarding Agenda Items***

**Dr. Robert Albers, Superintendent for USD #458**, appeared to request Council expedite their process in an agreement with Leavenworth County [Sewer District No. 3]. The school districts critical date was the beginning of construction rather than completion as previously reported. Mr. Albers reported they project to go out for bid in early summer. They hope to open the new middle school in August 2009.

Council discussed when the school district could tie into Basehor's wastewater system. Mr. Slauch reported it was up to KDHE when the school district would connect to Basehor's sewer system.

**Jeff Scherer (1707 N. 150<sup>th</sup> St.)** questioned if the City would receive sewer connection fees and maintenance fees from the County when Glenwood Estates connected to city sewers. Mr. Myracle reported the County would receive the equivalent of one connection fee per resident.

Mr. Scherer asked if repairs were going to be made to 150<sup>th</sup> Street prior to the rehabilitation of 150<sup>th</sup> Street. Mr. Myracle stated he has not been able to purchase asphalt due to the weather.

Mr. Scherer also questioned where the sidewalk would be placed on 150<sup>th</sup> Street. Mr. Slaugh stated the sidewalk would be 5 ft. off the curb. He questioned the funding for the project.

**John Flower (15515 Cedar Lane)** wanted to continue to push the State for an agreement on the 24/40 Corridor; which would help with the 150<sup>th</sup> Street and 155<sup>th</sup> Street projects.

**Susan Guy (1713 N. 150<sup>th</sup> St.)** encouraged Council to move forward with the 150<sup>th</sup> Street project and requested consideration on their property since the road would be so close to their front door. She also requested potholes on 150<sup>th</sup> Street be addressed.

**Aaron Gaspers (2909 Kinsington, Lawrence, KS)**, engineer for Holy Angels Church asked if there were any questions regarding their project. Council had no questions at this time.

**George Smith (14923 Parallel)** suggested rewording Business Item "b". It sounded like the City was voting to decommission the lagoons; which they had no authority to do. He supported the City waiting to receive an agreement from the County, rather than city staff draft the agreement. He supported the 150<sup>th</sup> Street project, although it would take his trees, fence, and possibly the lamppost. He requested the City replace his fence back on the right of way line.

Public portion of the meeting closed.

## **SCHEDULED DISCUSSION ITEMS**

### ***a. Progress report from Burns and McDonnell on Wastewater Treatment Plant design (30% design complete).***

Jeff Keller, Burns & McDonnell, gave an update on the Wastewater Treatment Plant Expansion. He explained upgrades that would take place at the 163rd Street lift station and wastewater treatment plant. Mr. Keller went over the method of bidding and recommended bidding equipment separately. This would allow equipment to be designed to fit Basehor's plant and allow the City to negotiate price and performance. Mr. Keller was excited to report KDHE has agreed allow Basehor to design the wastewater plant expansion with a Treatment Level A: 8 mg/l total Nitrogen, 1.5 mg/l total Phosphorus as long as the City designed the expansion to include provisions for more stringent requirements in the future. He anticipated in a month all drawings would be ready for review and by May or June, the project would be ready for bid. Probable construction costs is anticipated to be \$3.9 million.

President Thomas asked when the City would start construction. Mr. Keller reported approximately June or July.

## **BUSINESS**

***a. Consider Final Plat for Holy Angels Catholic Church and waive of excise tax, as requested by the Catholic Archdiocese, Kansas City***

A motion was made by President Thomas and seconded by Councilmember Sifford to approve the Final Plat for Holy Angels Catholic Church and waive collection of excise tax. Discussion followed. Councilmember Washington questioned if the item should be handled in two separate motions. The city clerk commented the item could be handled in one motion; however, if for some reason it appeared that one item would not pass, it would be best to have two separate motions. A roll call vote was taken with all members voting in favor. Motion passed 5-0.

***b. Consider Glenwood Estates lagoon, Sewer District #3, decommissioning proposal by Leavenworth County.***

Mr. Slaugh clarified that Council was being asked to move forward with the alignment of the proposed sewer line for Glenwood Estates. Mr. Myracle explained Glenwood Estates subdivision and Glenwood Elementary School are on grinder pumps. With the new alignment, the subdivision and school would pump to a lift station and then flow into a gravity feed line.

A motion was made by President Thomas and seconded by Councilmember Sifford to have Leavenworth County draft an interlocal agreement regarding alignment and fees pertaining to Sewer District #3. A roll call vote was taken with all members voting in favor. Motion passed 5-0.

***c. Consider adjustment of review fees, penalties, and late fees, as requested by Rusty West (contractor for Basehor Post Office).***

Mr. Slaugh reported Rusty West was the contractor for the new post office and explained the process Mr. West went through during the permit process. Mr. West informed the city administrator he paid all his fees up front and did not owe additional fees. Mr. Slaugh explained the fees did not include engineering review fees that accrued after the initial issuance of the building permit. To date, Mr. West owes \$1,626.00 (including penalties and interest). Mr. West proposes he paid half of the initial fee of \$682.50. Mr. Slaugh reported this was an out-of-state company; therefore, the City was limited on options of collection. The property has since been sold to another owner. Councilmember's Sifford and Washington suggested collecting the original amount and waive penalties and fees. President Thomas suggested collecting half of the total amount, including penalties and interest.

A motion was made by Councilmember Sifford and seconded by Councilmember Washington to require payment in the amount of \$682.50 and waive penalties and interest. A roll call vote was taken with all members voting in favor with the exception of President Thomas. Motion passed 4-1.

***d. Update on design of 150<sup>th</sup> Street by MHS engineers and approval to move ahead with easement and right of way acquisition.***

A motion was made by Councilmember Sifford and seconded by Councilmember Washington to approve the design of 150<sup>th</sup> Street and authorize staff to move forward with easement and right of way acquisition. A roll call vote was taken with all members voting in favor. Motion passed 5-0.

***e. Consider approval to submit a portion of the 155<sup>th</sup> Street project for funding through the Transportation, Community, and System Preservation (TCSP) program.***

President Thomas asked if Council had to take action or if the city administrator could move forward on his own accord. Mr. Slauch reported normally the City must show some type of financial commitment that would need to be voted on by the City Council.

A motion was made by President Thomas and seconded by Councilmember Sifford to authorize staff to submit a portion of the 155<sup>th</sup> Street project for funding through the Transportation, Community, and System Preservation (TCSP) program. A roll call vote was taken with all members voting in favor. Motion passed 5-0.

## **CITY ADMINISTRATOR REPORT**

- Reminded the Governing Body that a Strategic Planning Session would be held on March 1, 2008 from 8:00 a.m. to noon at City Hall. He requested council members return the survey, distributed earlier, by February 25<sup>th</sup>. The surveys would assist in prioritizing departmental goals.
- Reported the K-7 & 24/40 Interchange was scheduled to close in March depending on weather. The clover leaf will close until late 2008.
- Reported the I-70 & K-7 Interchange would begin design in 2009. It is anticipated the trafficway would begin construction in about four years. Reverse frontage roads will also be constructed at the same time. KDOT estimates the project to cost \$150 million. A brochure regarding the project could be viewed at on KDOT's website [www.ksdot.org/projects](http://www.ksdot.org/projects).

## **MAYOR'S REPORT**

None

## **COUNCIL MEMBER REPORTS**

Councilmember Washington reported he attended the exposition of the Leavenworth County Comprehensive Plan and concurred with most of the plan.

**EXECUTIVE SESSION**

None

**ADJOURNMENT**

There being no further business to discuss, a motion was made by Councilmember Sifford and seconded by Councilmember Washington to adjourn the meeting. A roll call vote was taken with all members voting in favor. Motion passed 5-0. Meeting adjourned at 8:15 p.m.

Submitted for Council approval with/without additions or corrections this 3<sup>rd</sup> day of March, 2008.

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Chris Garcia, Mayor

Attest:

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Mary A. Mogle, CMC, City Clerk

Note: Due to equipment failure, there is no audio tape of this meeting.

## CHECK REGISTER REPORT

AS OF 02/25/08

Date: 02/25/2008

Time: 12:13pm

Page: 1

City Of Basehor

BANK: First State Bank

Check N r	Check Date	Status	Vendor Number	Vendor Name	Check Description	Amount
15078	02/14/2008	Printed	EFTPS	EFTPS	FIT/SS/MEDI WITHHOLDING PYMT	10,192.60
15079	02/14/2008	Printed	GRIFFIN/WI	WILLIAM GRIFFIN	BANKRUPTCY WITHHOLDING PYMT	200.00
15080	02/14/2008	Printed	INTERNAL R	INTERNAL REVENUE SERVICE	IRS GARNISHMENT WITHHOLDING PY	188.50
15081	02/14/2008	Printed	KS DOR WTH	KANSAS DEPARTMENT OF REVENUE	KS STATE WITHHOLDING PYMT	1,498.89
15082	02/14/2008	Printed	KANSAS PAY	KANSAS PAYMENT CENTER	CHILD SUPPORT WITHHOLDING PYMT	223.50
15083	02/14/2008	Printed	KPF EFT	KPF EFT PROGRAM	KPF RETIREMENT WITHHOLDING PYT	2,867.40
15084	02/22/2008	Printed	ADVANCE IN	ADVANCE INSURANCE COMPANY	EMPL AD&D/LIFE INS PREMIUM	110.00
15085	02/22/2008	Printed	AFLAC	AFLAC	CAFETERIA PLAN WITHHOLDING	789.20
15086	02/22/2008	Printed	BASEHOR SU	BASEHOR SUDS CAR WASH	104 CAR WASH TOKENS	104.00
15087	02/22/2008	Printed	BLUE CROSS	BLUE CROSS & BLUE SHIELD OF KS	EMPL MEDICAL INS WITHHOLDING	8,346.88
15088	02/22/2008	Printed	BRANDT FAB	BRANDT FABRICATING	REPAIRS TO SAND/SALT SPREADER	111.59
15089	02/22/2008	Printed	BURNS & MC	BURNS & MCDONNELL	PROF SERV-EXPANSION WWTP	24,311.00
15090	02/22/2008	Printed	CROUSE D	DERRICK CROUSE	FINES REFUND CIT#118666	10.00
15091	02/22/2008	Printed	DATAMAX	DATAMAX	LEASE RENTAL MONTHLY CHARGES	236.05
15092	02/22/2008	Printed	DEFFENBAUG	DEFFENBAUGH DISPOSAL SERVICE	DUMPSTERS/SOLID WASTE/SPEC WAS	11,473.87
15093	02/22/2008	Printed	DRIVERS	DRIVERS LICENSE GUIDE COMPANY	3-ID CHECKING GUIDES	61.85
15094	02/22/2008	Printed	FASTENAL	FASTENAL COMPANY	POLYAM PLASTIC FOR SLUDGE DUMP	217.99
15095	02/22/2008	Printed	HOME DEPOT	HOME DEPOT	HEATER/MATERIAL BASEMENT/SUPPL	913.93
15096	02/22/2008	Printed	INTEGR SYS	INTEGRATED SYSTEMS	40 HRS RETAINER FEES-TECH SERV	3,200.00
15097	02/22/2008	Printed	ICC ACCTS	INTERNATIONAL CODE COUNCIL	MATERIALS & PUBLICATIONS	456.72
15098	02/22/2008	Printed	J-RIGHT	J-RIGHT INC.	REFUND ON SEWER ACCOUNT	5.54
15099	02/22/2008	Printed	JOCO ENVIR	JOHSON COUNTY ENVIRONMENTAL	SAMPLE TESTING 01/24/08	17.25
15100	02/22/2008	Printed	KUCIMAT	KUCIMAT	2008 MEMBERSHIP FEE-SLAUGH	50.00
15101	02/22/2008	Printed	LEAGUE KM	LEAGUE OF KS MUNICIPALITIES	DAY @CAPITAL-KOMA/KORA TRAININ	225.00
15102	02/22/2008	Printed	LOI TECH	LOI TECHNOLOGY	PC SERVER/DATA ISSUES-COMPUTER	437.50
15103	02/22/2008	Printed	MAAC CLEAN	MAAC CLEANING SPECIALISTS	CLEANING @ CITY HALL	180.00
15104	02/22/2008	Printed	MARCIT	MARCIT	DENTAL INSURANCE WITHHOLDING	1,038.00
15105	02/22/2008	Printed	NEXTEL	NEXTEL COMMUNICATIONS	CELLULAR SERVICES & PHONE	496.53
15106	02/22/2008	Printed	OREILLYSPR	O'REILLY AUTO PARTS	BLADES/VISORS/OIL & FILTERS	116.91
15107	02/22/2008	Printed	REILLY & S	REILLY & SONS, INC.	AUTO INS-2008 DODGE AVENGER	120.00
15108	02/22/2008	Printed	SELECT IMA	SELECT IMAGING	FILEBOUND HOSTING FEE	300.00
15109	02/22/2008	Printed	SLAUGH	CARL SLAUGH	MEAL REIMBURSEMENTS	12.00
15110	02/22/2008	Printed	SUNFLOWER	SUNFLOWER BROADBAND	INTERNET/CABLE SERVICES POLICE	42.08
15111	02/22/2008	Printed	USA MOBILI	USA MOBILITY	PAGERS/MONTHLY SERVICES	6.05
15112	02/22/2008	Printed	WALMART CO	WALMART COMMUNITY	VACUUM BAGS/KEYS/EXT CORD/SUPP	346.51
15113	02/22/2008	Printed	WESTAR GRP	WESTAR ENERGY	UTILITIES - ELECTRIC	4,102.36
15114	02/22/2008	Printed	ZOLL MEDIC	ZOLL MEDICAL CORPORATION	REPLACEMENT PAD FOR AED	166.38

Total Checks:	37	Bank Total:	73,176.08
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Total Checks:	37	Grand Total:	73,176.08
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BALANCE SHEET

AS OF 02/25/08

Page: 1

2/25/2008

12:13 pm

City Of Basehor

As of: 2/29/2008

Balances

Fund: 13 - SUMMATION OF ALL FUNDS

Assets

Acct Class: CA CURRENT ASSESTS

001 FSB CHECKING ACCOUNT	79,389.62
002 FSB MONEY MARKET ACCOUNT	3,461,539.15
016 103-3 OVERNIGHT ACCT MIP	85,027.71
031 30311 CNB 4.65% DUE 03/14/08	800,000.00
045 418000021 COMMERCE 4.5% 05/13	1,400,000.00

Acct Class: CA CURRENT ASSESTS 5,825,956.48

Total Assets 5,825,956.48

Liabilities

Acct Class: CL CURRENT LIABILITIES

214 SEWER FUND MONTHLY BALANCE	892,413.92
215 SOLID WASTE MONTHLY BALANCE	70,541.93
216 GENERAL FUND MONTHLY BALANCE	1,663,234.00
218 MUNICIPAL EQUIP FUND MO BAL	156,415.67
219 CAPITAL IMPROVE FUND MO BAL	736,132.91
220 SPECIAL PARK & REC FUND MO BAL	123,583.61
221 CONS HIGHWAY FUND MONTHLY BAL	1,862,894.55
226 BOND & INTEREST MONTHLY BAL	257,772.77
300 CL MAINTENANCE MONTLY BALANCE	62,967.12

Acct Class: CL CURRENT LIABILITIES 5,825,956.48

Total Liabilities 5,825,956.48

Total Liabilities & Balances 5,825,956.48

**REVENUE/EXPENDITURE REPORT**  
AS OF 02/25/08

the Period: 1/1/2008 to 2/29/2008	Original Bud.	Amended Bud.	YTD Actual	CURR MTH
Fund: 01 - GENERAL FUND				
Revenues	2,467,360.00	2,467,360.00	598,747.33	14,847.46
Expenditures	2,164,333.00	2,164,333.00	271,663.20	126,652.98
Net Effect for GENERAL FUND	303,027.00	303,027.00	327,084.13	-111,805.52
Fund: 04 - SPECIAL PARK & RECREATION FUND				
Revenues	35,348.00	35,348.00	923.46	0.00
Expenditures	19,500.00	19,500.00	0.00	0.00
Net Effect for SPECIAL PARK & RECREATION FUND	15,848.00	15,848.00	923.46	0.00
Fund: 05 - SEWER FUND				
Revenues	5,851,539.00	5,851,539.00	76,138.00	947.89
Expenditures	5,715,259.00	5,715,259.00	85,230.56	47,128.02
Net Effect for SEWER FUND	136,280.00	136,280.00	-9,092.56	-46,180.13
Fund: 07 - CEDAR LAKES MAINTENANCE				
Revenues	14,119.00	14,119.00	63.52	0.00
Expenditures	10,500.00	10,500.00	618.99	618.99
Net Effect for CEDAR LAKES MAINTENANCE	3,619.00	3,619.00	-555.47	-618.99
Fund: 08 - BOND & INTEREST FUND				
Revenues	890,969.00	890,969.00	303,652.12	0.00
Expenditures	1,011,084.00	1,011,084.00	113,910.63	0.00
Net Effect for BOND & INTEREST FUND	-120,115.00	-120,115.00	189,741.49	0.00
Fund: 09 - SOLID WASTE FUND				
Revenues	162,744.00	162,744.00	14,790.71	200.79
Expenditures	162,182.00	162,182.00	21,323.96	10,852.12
Net Effect for SOLID WASTE FUND	562.00	562.00	-6,533.25	-10,651.33
Fund: 10 - CONSOLIDATED HIGHWAY FUND				
Revenues	787,548.00	787,548.00	62,467.70	0.00
Expenditures	588,700.00	588,700.00	36,084.43	21,967.12
Net Effect for CONSOLIDATED HIGHWAY FUND	198,848.00	198,848.00	26,383.27	-21,967.12
Fund: 11 - MUNICIPAL EQUIP RESERVE FUND				
Revenues	218,247.00	218,247.00	156.26	0.00
Expenditures	225,000.00	225,000.00	46,814.75	0.00
Net Effect for MUNICIPAL EQUIP RESERVE FUND	-6,753.00	-6,753.00	-46,658.49	0.00
Fund: 12 - CAPITAL IMPROVEMENT FUND				
Revenues	388,976.00	388,976.00	22,472.08	0.00
Expenditures	375,000.00	375,000.00	0.00	0.00
Net Effect for CAPITAL IMPROVEMENT FUND	13,976.00	13,976.00	22,472.08	0.00

# INVESTMENT REPORT

as of February 25, 2008

THE FOLLOWING RECOMMENDATION IS MADE  
FOR THE MARCH 3, 2008 COUNCIL MEETING:

**ITEM # 1**

CD30311

COMMUNITY NATIONAL BANK

\$800,000.00

This CD matures on **March 14, 2008**. It is recommended that the \$800,000.00 be reinvested for a **six-month term** at the highest interest rate available.

**CITY OF BASEHOR**  
**March 2008 Monthly Calendar of Events**

<b>Date</b>	<b>Time</b>	<b>Event</b>	<b>Location</b>
1	8:00-Noon	Council Strategic Planning Session	City Hall Meeting Room
3	6:00 p.m.	City Council Meeting	City Hall Meeting Room
4	6:30 p.m.	Planning Commission Meeting	City Hall Meeting Room
5	8:00 a.m.	Chamber of Commerce Board Mtg	What's New
10	6:00 p.m.	City Council Work Session	City Hall Meeting Room
11	1:00 p.m.	Municipal Court	City Hall Meeting Room
12	4:00 p.m.	Park Advisory Board Meeting	City Hall Meeting Room
13	11:30 a.m.	LCDC Board Meeting	LCDC Office
17	6:00 p.m.	City Council Meeting	City Hall Meeting Room
25	3:00 p.m.	LCDC Infrastructure Meeting	LCDC Office
26	11:45 a.m.	Port Authority Meeting	Heritage Center, 109 Delaware

**Next Meetings:**

- April 7, 2008 Work Session & Regular Meeting
- April 14, 2008 Work Session
- April 21, 2008 Work Session & Regular Meeting

## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Review progress on of a five-year capital improvement program.

**Department:** Administration, Police, Public Works, Planning

**Background/Description of Item:**

A capital improvement plan has been compiled with the help of Jared Cobb, assistant to the city administrator. The plan incorporates projected improvements in four categories:

- Community Facilities
- Transportation
- Public Utilities
- Recreation and Leisure

A detailed description of each project is being prepared for each of the projects. Some of the details are still being completed, but a sample of selected projects is included.

The projected improvements are prioritized and weighed against projected revenues. Funding for the projects will still need to be programmed into future budgets and approved by the city council.

The goal is to get council input on the selected list of projects and review the priorities for each project. The 5-year CIP will be updated each year and adjusted as needs and situations change. The CIP list will also be incorporated into the budget planning process.

This item is presented as a discussion item to get council feedback. When more of the details have been added the 5-year plan it will be added to the agenda for approval.

**Funding Source:** Various departments

**Recommendation:** Provide feedback on the proposed 5-year capital improvement program for the City of Basehor.

Prepared by: Carl E. Slaugh, City Administrator  
Council Date: March 3, 2008

<b>Capital Improvements Plan 2008-2012</b>						
Project:	Priority	2008	2009	2010	2011	2012

<b>Community Facilities</b>						
-----------------------------	--	--	--	--	--	--

Improve PD Parking Lot	1	10,000				
Extend City Hall sidewalk	2	1,000				
Unfunded Future Projects						
City Hall and Police Building	3					5,000,000
Community Center (\$4.0 million)	4					
Total Revenues:		279,773	307,869	335,965	364,061	392,157
Capital Expenditures:		11,000	0	0	0	5,000,000
<b>Projected Balance:</b>		<b>861,810</b>	<b>1,169,678</b>	<b>1,505,643</b>	<b>1,869,703</b>	<b>-2,738,141</b>

<b>Transportation</b>						
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150th St.- Craig St. to Parallel Rd.	1	333,990				
155th St. and Parallel Intersection	2		499,428			
155th St.- 24/40 N. for 800'	3		320,000 (1)			
155th St- Parallel N. to Elm	4			480,000		
155th St. and Leavenworth Rd. Intersection	5			998,855		
147th St.- Donahoo Rd. to Hollingsworth Rd.	6			535,000 (2)		
Reverse Frontage Rd.- 155th to 158th St.	7				124,015	
147th St.- Leavenworth to Donahoo Rd.	8				610,000	
K-7 to Donahoo Rd. Left Turn Lane	9					250,000
Parallel Rd.- 155th St. to 163rd St.	10					165,000
Miscellaneous Improvements	-	181,468	185,823	190,283	194,850	199,526
Unfunded Future Projects						
147th St.- Parallel Ln. to Leavenworth Rd.	11					1,371,534
142nd St.- State Ave. to Parallel Rd.	12					727,425
Total Revenues:		572,678	610,252	647,942	685,750	723,679
Operating Expenditures:		16,955	17,462	17,968	18,475	18,982
Capital Expenditures:		515,458	685,251	1,669,138	928,865	614,526
<b>Projected Balance:</b>		<b>1,772,286</b>	<b>1,679,825</b>	<b>640,660</b>	<b>379,070</b>	<b>469,242</b>

**Capital Improvements Plan 2008-2012**

Project:	Priority	2008	2009	2010	2011	2012
<b>Public Utilities</b>						
New Plant Expansion	1	3,940,000				
Remove Chestnut lift station	2	150,000				
Storage shed	3		50,000			
Sewer Line Rehabilitation	-	400,000	400,000	400,000		
Plant Bond Payments	-	488,000	488,000	811,581	1,135,162	1,135,162
Total Revenues:		6,459,932	1,066,466	1,179,534	1,271,714	1,360,008
Operating Expenditures:		290,019	301,620	313,685	326,232	339,281
Capital Expenditures:		4,978,000	938,000	1,211,581	1,135,162	1,135,162
<b>Projected Balance:</b>		<b>1,825,517</b>	<b>1,652,363</b>	<b>1,306,631</b>	<b>1,116,951</b>	<b>1,002,516</b>

<b>Recreation and Leisure</b>						
Trail 1- Tomahawk Valley	1		132,331			
Trail 2- BES to Park	2		19,608			
Unfunded Future Projects						
Recreation Complex/City Park	3		4,000,000			
Total Revenues:		30,010	31,162	32,373	33,647	34,989
Operating Expenditures:		6,180	6,365	6,556	6,753	6,956
Capital Expenditures:		0	151,939	0	0	0
<b>Projected Balance:</b>		<b>125,230</b>	<b>-1,913</b>	<b>23,903</b>	<b>50,797</b>	<b>78,830</b>

Notes:

- (1) Funded by a Transportation Development District (TDD).
- (2) Leavenworth County project.
- (3) Forecasts do no include interest.

## CIP Project Submittal Form

Fund: Consolidated Highway

Year: 2007

Category: Transportation

Priority Rating: 3

**Project Name:**

155th Street- State Avenue to Parallel Road

**Project Description:**

Road widening from 24' to 36' (4388 LF).

**Need/Justification:**

Wolf Creek Junction and Pinehurst developments have increased traffic. May 2007 traffic counts between 2400 (Elm St.) and 2700 (Wolf Creek Junction Pkwy) cars/day. An expansion of the road capacity is necessary to maintain the desired level of service.

**Consequences of Delay:**

Decreased level of service and public safety concerns.

**Related Projects:**

None.

**Comments:**

Submitted project for MARC funding, however, the project was not selected.

**Cost Breakdown**

Consulting	706,913
ROW	353,500
Construction	2,474,151
Legal	
<b>Total:</b>	<b>\$ 3,534,564</b>

**Cost Schedule**

Prior to 2007/08	
2007/08	
2008/09	
2009/10	
2010/11	
After 2010/11	3,534,564
<b>Total:</b>	<b>\$ 3,534,564</b>

**Method of Financing**

Fund Revenues	\$ 3,534,564
Bonds	
Other	
<b>Total:</b>	<b>\$ 3,534,564</b>

**Impact on Annual Budget**

\$ 3,534,564

## CIP Project Submittal Form

Fund: Consolidated Highway

Year: 2007

Category: Streets

Priority Rating: 4

**Project Name:**

150th Street- Craig Street to Parallel Road

**Project Description:**

Widen 9' chip and seal dirt edge road to 24', with 2' shoulders and ditches (2213 LF).

**Justification/Benefits:**

The development of Wolf Creek Junction, in particular the grocery store, will increase traffic. May 2007 traffic counts were approximately 200 cars/day. An expansion of the road capacity is necessary to maintain an adequate level of service.

**Consequences of Delay:**

Decreased level of service and public safety concerns due to higher traffic volume.

**Related Projects:**

Parallel intersection improvements

**Comments:**

Intend to file for corridor management funds with KDOT. If selected will provide 67%, approximately \$346,000, for construction.

**Cost Breakdown**

Consulting	35,785
ROW	127,750
Construction	516,531
Legal	
<b>Total:</b>	<b>\$ 680,066</b>

**Cost Schedule**

Prior to 2007/08	
2007/08	
2008/09	
2009/10	680,066
2010/11	
After 2010/11	
<b>Total:</b>	<b>\$ 680,066</b>

**Method of Financing**

Fund Revenues	-
Bonds	333,990
Grant	346,076
<b>Total:</b>	<b>\$ 680,066</b>

**Impact on Annual Budget**

\$ -

# CIP Project Submittal Form

Fund: Consolidated Highway

Year: 2007

Category: Streets

Priority Rating: 5

**Project Name:**

147th Street- Parallel Lane to Leavenworth Road

**Project Description:**

Construct new 24' wide chip and seal asphalt road with 2' shoulders and ditches (4313 LF).

**Justification/Benefits:**

#####

**Consequences of Delay:**

Decreased level of service.

**Related Projects:**

147th Street (2)- Leavenworth Road to Donahoo Road, Donahoo Road to Hollingsworth Road

**Comments:**

**Cost Breakdown**

Consulting	
ROW	
Construction	
Legal	

Total: \$ 1,371,534

**Cost Schedule**

Prior to 2007/08	
2007/08	
2008/09	
2009/10	
2010/11	
After 2010/11	

Total: \$ 1,371,534

**Method of Financing**

Fund Revenues	
Bonds	
Other	

Total: \$ 1,371,534

**Impact on Operating Budget**

\$ -

# CIP Project Submittal Form

Fund: Consolidated Highway

Year: 2007

Category: Streets

Priority Rating: 6

**Project Name:**

147th Street- Leavenworth Road to Donahoo Road

**Project Description:**

Construct new 24' wide chip and seal asphalt road with 2' shoulders and ditches (6100 LF).

**Justification/Benefits:**

The existing gravel road will not be able to meet future demand resulting from the Falcon Lakes Development. Expanding capacity and paving the road will improve the level of service. The project will also contribute another viable north-south route.

**Consequences of Delay:**

Decreased level of service.

**Related Projects:**

147th Street (2)- Parallel Lane to Leavenworth Road, Donahoo Road to Hollingsworth Road

**Comments:**

County road.

**Cost Breakdown**

Consulting	
ROW	
Construction	
Legal	

Total: \$ 610,000

**Cost Schedule**

Prior to 2007/08	
2007/08	
2008/09	
2009/10	
2010/11	
After 2010/11	

Total: \$ 610,000

**Method of Financing**

Fund Revenues	
Bonds	
Other	

Total: \$ 610,000

**Impact on Annual Budget**

\$ 610,000

# CIP Project Submittal Form

Fund: Falcon Lakes

Year: 2007

Category: Streets

Priority Rating: 7

**Project Name:**

147th Street- Donahoo Road to Hollingsworth Road

**Project Description:**

Construct new 24' wide chip and seal asphalt road with 2' shoulders and ditches (5350 LF).

**Justification/Benefits:**

#####

**Consequences of Delay:**

Decreased level of service.

**Related Projects:**

147th Street (2)- Parallel Lane to Leavenworth Road, Leavenworth Road to Donahoo Road.

**Comments:**

Not included in the CIP balance.

**Cost Breakdown**

Consulting	
ROW	
Construction	
Legal	
Total:	\$ 535,000

**Cost Schedule**

Prior to 2007/08	
2007/08	
2008/09	
2009/10	
2010/11	
After 2010/11	
Total:	\$ 535,000

**Method of Financing**

Fund Revenues	
Bonds	
Other	
Total:	\$ 535,000

**Impact on Annual Budget**

\$ 535,000

# CIP Project Submittal Form

Fund: Consolidated Highway

Year: 2007

Category: Streets

Priority Rating: 8

**Project Name:**

142nd Street- State Avenue to Parallel Road

**Project Description:**

Replace existing 18' chip and seal road with 2' shoulders with 24' chip and seal road, with 2' shoulders, ditches, and geometric improvements (4575 LF).

**Justification/Benefits:**

The project is necessary to maintain an adequate level of service.

**Consequences of Delay:**

Decreased level of service and public safety concerns

**Related Projects:**

None.

**Comments:**

Joint project with Leavenworth and Wyandotte Counties.

**Cost Breakdown**

Consulting

ROW

Construction

Legal

Total: \$ 1,454,850

**Cost Schedule**

Prior to 2007/08

2007/08

2008/09

2009/10

2010/11

After 2010/11

Total: \$ 727,425

**Method of Financing**

Fund Revenues

Bonds

Other

Total: \$ 1,454,850

**Impact on Annual Budget**

\$ 1,454,850

## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Consider renewal of the property and general liability insurance policy for the City of Basehor.

**Department:** Administration

**Background/Description of Item:**

The general liability insurance policy for the City of Basehor has been carried by EMC Insurance and the policy is up for renewal April 1<sup>st</sup>. The agent, J.R. Reilly with Reilly & Sons, Inc. of Leavenworth, has submitted requests for quotes for the next year with EMC and Traveler's Insurance.

The quotes from the two companies have not been returned as yet, but will be distributed to the council as soon as they are received. If the information is not received the agenda item will need to be deferred to March 17, 2008.

The 2006 and 2007 policies were broken down as follows:

	2006	2007	2008
Commercial property	\$20,760	\$17,060	
Inland Marine	\$3,415	\$4,145	
General Liability	\$6,843	\$4,826	
Auto	\$7,738	\$9,202	
Linebacker	\$5,374	\$5,967	
<b>Total</b>	<b>\$38,756</b>	<b>\$41,200</b>	

Following approval by the city council a risk management assessment was conducted and completed by Charlesworth & Associates in December 2007. The recommendations were reviewed with J.R. Reilly on Feb. 13 and quotes were requested to help in considering the changes that had been recommended.

**Funding Source:** Administration

**Recommendation:** Approve renewal of the general liability insurance policy with EMC Insurance effective April 1.

Prepared by: Carl E. Slaugh, City Administrator  
 Council Date: March 3, 2008

## Mary Mogle

---

**From:** Carl Slaugh [cityadm@cityofbasehor.org]  
**Sent:** Friday, February 29, 2008 5:29 PM  
**To:** Iris Dysart; Jim Washington; Jim Washington; 'Keith Sifford'; Mayor Chris Garcia; 'Terry L Hill'; 'Terry Thomas'  
**Cc:** Mary Ann Mogle  
**Subject:** FW: Insurance Renewal  
**Attachments:** Reilly Response to Charlesworth Recommendations.doc; EMC 20080401 city basehor proposal 08-09.doc

FYI for March 3, 2008 city council. J.R. Reilly will be present at March 3 city council at 6:00 p.m. to go over policy.

Carl E. Slaugh, City Administrator  
City of Basehor (913) 724-1370 x33  
2620 N. 155th St. (913) 231-0630 cell  
Basehor, KS 66007

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**From:** JR Reilly [mailto:jr@reillyandsons.com]  
**Sent:** Friday, February 29, 2008 11:19 AM  
**To:** 'Carl Slaugh'  
**Subject:** Insurance Renewal

Carl,

I've included two attachments with this e-mail. The first one is a summary of the topics that we discussed from the Charlesworth report. The second attachment is our actual proposal from EMC for the renewal, along with some options/recommendations to consider. As I mentioned, we have also submitted to Travelers Insurance Co., but it will take some time before we receive their quote. My suggestion would be to assume we move forward with EMC and regroup if Travelers' quote is significantly better.

Page 14 of our proposal breaks down the premium summary. There are a few things to consider when reviewing this page: 1) The traffic signals have been moved from the Inland Marine section to the Property section, thus providing Replacement Cost Coverage. As you will notice, the property rates have decreased as this change resulted in a very small increase, while the Inland Marine section decreased substantially. 2) The Auto premium has increased, however that is primarily resulting from starting the year with 16 vehicles and ending with 21 on the policy.

Overall, we are very happy with renewal proposal. The total losses paid by EMC this past year were \$10,086.

Please give me a call at your convenience and we can go over this in more detail!

**J.R. Reilly**  
Reilly & Sons, Inc.  
P.O. Box 9  
Leavenworth, KS 66048  
P) 913-682-1234  
F) 913-682-8136  
1-800-541-1064  
www.reillyandsons.com

3/3/2008

# **CITY OF BASEHOR, KANSAS**

**2620 No. 155<sup>th</sup> Street  
City Hall  
Basehor, KS 66007**

**APRIL 1, 2008/09**

## **PRESENTED BY:**

**REILLY & SONS, INC.  
608 DELAWARE  
LEAVENWORTH, KS. 66048  
913-682-1234  
913-682-8136 FAX**

## **ACCOUNT SERVICING TEAM**

No matter how comprehensive or price competitive your insurance program is, it's still people who service it to ensure that the coverage will respond when it's needed. We feel our people are our greatest asset - courteous professionals who know that you expect and deserve the very best.

These are the people who will be handling your account:

<b>J.R. REILLY</b>	<b>PRODUCER</b>	<a href="mailto:jr@reillyandsons.com">jr@reillyandsons.com</a>
<b>LOUISE BLANTON</b>	<b>AGENT /CSR</b>	<a href="mailto:louise@reillyandsons.com">louise@reillyandsons.com</a>
<b>TAMMY WAGNER</b>	<b>CLAIMS</b>	<a href="mailto:tammy@reillyandsons.com">tammy@reillyandsons.com</a>

This presentation is designed to give you an overview of the insurance coverages we recommend for your company. It is intended only as a general understanding of your insurance needs and should not be construed as a legal interpretation of the insurance policies that will be written for you. Please refer to your specific insurance contracts for details on coverages, conditions and exclusions.

<b>COMMERCIAL PROPERTY COVERAGE</b>
-------------------------------------

**Named Insured:** City of Basehor  
**Company Name:** EMC Underwriters, Inc. Renewal of #3X5-49-98-08  
**Policy Term:** 04/01/08 to 04/01/09  
  
**Deductible:** \$ 500  
**Valuation:** Replacement Cost w/90% Coinsurance  
Traffic Lights 80% Coins.  
**Cause of Loss:** Special Form including Breakdown & Earthquake

Location	Property Description	Property Limits
1) 2620 No. 155 <sup>th</sup> Street Basehor (City Hall)	Building Contents	\$ 467,250 112,000
2) N.155 <sup>th</sup> Street & State Ave. Basehor	Welcome-Sign-Metal	\$ 3,150
3) N. 142 <sup>nd</sup> Street & Parallel Rd., Basehor	Welcome Sign-Metal	\$ 3,150
4) 15940 Leavenworth Rd. Basehor Property in Open	Gazebo Environmental Classroom/Playground, Picnic tables & grills	\$ 50,400
5) 2300 N. 158 <sup>th</sup> St. (Wastewater Treatment Plant**) Basehor	Building Contents	\$ 4,410,000 50,000
6) 155 <sup>th</sup> & Hickory So. Lagoon-Lift Station Basehor #USEMC05593	Lift Station Prop. In Open	\$ 11,550

**NOTE:\*\*** Includes Fence, Flood Lights, Control Panels, Holding Tank & pumps.

Location	Property Description	Property Limits
7) N.156 <sup>th</sup> Street at Leavenworth Rd. Basehor #USEMCO5594	Lift Station Prop in Open	\$ 11,550
8) Crestwood Dr. Basehor #FLYGT93801	Lift Station Prop in Open	\$ 11,550
9) N. 155 <sup>th</sup> St. at Chestnut Street Basehor #FX-01151-P	Lift Station Prop in Open	\$ 25,200
10) 16575 State Ave. Basehor #28-00251-K	Lift Station Prop in Open	\$ 33,600
11) 15940 Leavenworth City Park, Basehor	Shelter House Bldg. 30 X 30 Bldg.	\$ 11,550
12) 15940 Leavenworth City Park, Basehor	Building/Restrooms	\$ 31,500
13) 1312 N. 150 <sup>th</sup> St. Basehor #FX-01067	Lift Station Prop in Open	\$ 17,850
14) 20005 163 <sup>rd</sup> St Basehor #00-504-SJP	Lift Station Prop in Open	\$ 115,500
15) 14310 Donahue Rd. Basehor #11-07195V	Lift Station Prop in Open	\$ 115,500
16) 15120 State Ave. Basehor #FX-01096-V	Lift Station Prop. In Open	\$ 20,475
17) 22539 141 <sup>st</sup> Terrace Basehor #FX-01199-P	Lift Station Prop in Open	\$ 19,950

Location	Property Description	Property Limits
18) 18236 153 <sup>rd</sup> St. Basehor #16-08029-S	Lift Station Prop in Open	\$ 15,750
19) Traffic Lights *** Hwy 24/40 at 155 <sup>th</sup> Basehor	Prop in Open	\$ 550,000
Blanket Building Limit:	\$ 4,908,750	
Blanket Personal Property	162,000	
Blanket Property in Open	<u>466,725</u>	
	\$ 5,537,475	

**Key Exclusions:** Flood and Losses due to Virus/Bacteria

**Note:** \*\*\* Traffic Lights not included in Blanket limits.

<b>Automatic Coverage Extensions</b>
--------------------------------------

Debris Removal 25%+	\$ 50,000
Pollutant Clean Up and Removal	\$ 25,000
Personal Effects of Others	\$ 10,000
Valuable Papers & Records Cost of Research	\$ 100,000
Property Off-Premises & In Transit	\$ 50,000
Outdoor Property (named Perils only) Tree, Shrub or Plant (\$250)	\$ 25,000
Extra Expense	\$ 50,000
Water Damage (sewer back-up)	\$ 100,000
Accounts Receivable	\$ 100,000
Fine Arts	\$ 50,000
Money & Securities – Each Occurrence	\$ 10,000
Ordinance or Law included in Building Limit	Included
Equipment Breakdown Protection	Included

**Special Property Exclusion Endorsement:**

In consideration for premium charged, it is hereby understood and agreed that unless property or locations are scheduled, coverage is excluded for transmission lines, traffic control lights, street lights and poles, street signs, fire hydrants, parking meters, recreational area lighting and equipment, picnic tables, park restrooms and shelter houses, and stadium or bleachers.

<b>EQUIPMENT FLOATER</b>
--------------------------

**Named Insured:** City of Basehor  
**Company Name:** EMC Underwriters, Inc. #3X5-49-98-08  
**Policy Term:** 04/01/08 to 04/01/09

**Form:** Actual Cash Value with 80% Coinsurance  
**Deductibles:** \$ 500 Scheduled Equipment – Per Occurrence  
 \$ 500 Unscheduled Equipment - Per Occurrence  
 \$ 500 Leased or Rented from Others  
 \$ 500/1000 Computer Coverage

<u>Limits</u>	<u>Coverage Description</u>
\$ 117,247	Scheduled Equipment – Actual Cash Values
\$ 50,000	Unscheduled Equipment – Actual Cash Values (Maximum any one item \$2,500)
\$ 25,000	Leased or Rented from Others (no one item over \$1,000)
\$ 50,000	Computer Hardware - RC
\$ 42,500	Computer Software - RC
\$ 2,500	In Transit or off Premises

**SCHEDULED EQUIPMENT**

<b>Item #</b>	<b>Equipment Description</b>	<b>ID/Serial Number</b>	<b>Value</b>
001	1995 TORO MOWER	TO FOLLOW	\$ 13,255
002	1997 CASE UNILOADER & ATTACHMENTS	Mod. #1845C	\$ 30,000
003	VIBROMAZ TAMPER MODELVM6409	JKC06409H	\$ 1,575
004	8 ½ FT WESTERN SNOW PLOW	B1144992	\$ 3,177
005	1006 GENERATOR MODEL 20DS60	TO FOLLOW	\$ 16,000
006	CONFINED SPACE EQUIPMENT	TO FOLOW	\$ 10,000
007	SHOWNSTEAD METAL DETECTOR	TO FOLLOW	\$ 2,200
008	SNOW PLOW 7FT WESTERN	B1170170	\$ 3,177
009	SAND SPREADER 8 FT. (SWENSON)	94486	\$ 4,000
010	LAWTON SNOW PLOW 11 FT	M-RO-1044	\$ 7,000
011	HENDERSON SALT/SAND SPREADER 10FT	5P262	\$ 7,500
012	JOHN DEER 997 72IN 997 ZTRAK	DM9975C020420	\$ 12,400
013	HENDERSON 9' SALT & SAND SPREADER	FSP 9MS HYD	\$ 3,495
014	WESTERN 9' PRO PLUS SNOW PLOW ULTRA MOUNT	1UTPP90	\$ 3,468
015	MISC. TOOLS MAX ANY ONE ITEM \$2,500		\$ 50,000

<b>COMMERCIAL GENERAL LIABILITY COVERAGE</b>
--

**Named Insured:** City of Basehor  
**Company Name:** EMC Underwriters, Inc. #3D5-49-09-08  
**Policy Term:** 04/01/08 to 04/01/09

**Coverage Written On:**  Occurrence Form

<u>Limits</u>	<u>Coverage Description</u>
\$ 500,000	Each Occurrence - Bodily Injury and Property Damage
\$ 1,000,000	General Aggregate
\$ 1,000,000	Products and Completed Operations Aggregate
\$ 500,000	Personal and Advertising Injury
\$ 100,000	Fire Damage (any one fire)
\$ 5,000	Medical Expense (any one person)

**Includes:**

- Premises and Operations
- Products and Completed Operations
- Owners and Contractors Liability
- Contractual Liability
- Employees as Additional Insureds
- Broad Form Property Damage Liability
- Host Liquor Liability
- Incidental Medical Malpractice
- Non-Owned Watercraft Liability (under 26 feet)
- Limited Worldwide Products

**Additional Coverage:**  
Pesticide/Herbicide Applicator Coverage  
Kansas Tort Liability Endt. \$500,000 Limit

**Employee Benefits Liability Limits:** \$500,000/1,000,000 \$1,000 Ded  
**Claims Made Form:** Retro Date 4-1-06

## COMMERCIAL GENERAL LIABILITY SCHEDULE OF EXPOSURES

(S) GROSS SALES - PER \$1,000/SALES (A) AREA - PER 1,000/SQ. FT. (M) ADMISSIONS - PER 1,000/ADM(P) PAYROLL - PER \$1,000 PAY (C) TOTAL COST - PER \$1,000/COST (U) UNIT - PER UNIT (T) OTHER

Loc	Classification	Class Code	Premium Basis
001	Town Liability – Prem/Ops in progress. Includes work subcontracted to others (3) Exposure: Populations Deductible: \$500 PD	87523	3,287 t
	Street or Roads	48727	Included
	Pesticide or Herbicide Applicator	87718	1 t
	Parades (Deductible \$3,000 PD	46590	4 t
	Add'l Insured: Good Samaritans endt CG7129		

Refer to policy for all conditions and exclusions

**Key Exclusion:** Employment Related Practices (see linebackers coverage)

<b>LINEBACKER COVERAGE</b>
----------------------------

**Named Insured:** City of Basehor  
**Company Name:** EMC Underwriters, Inc. #3K5-49-98-08  
**Policy Term:** 04/01/08 to 04/01/09

**Coverage Written On:**  Claims-Made Form  
**Retroactive Date:** 2-15-02

**Available Extended Reporting Period: (unlimited)**

<u>Limits</u>	<u>Coverage Description</u>
\$1,000,000	Each Loss
\$1,000,000	Aggregate for Each Policy Term
\$ 2,000	Insureds Deductible per Loss

**Who is an Insured:** The "Organization" named in the Declarations  
 The "Organization's" past, present or future  
 lawfully elected, appointed or employed officials.  
 Lawfully appointed members of the commissions  
 Boards or other units operated under your  
 jurisdictions and within an allocation of  
 your total operating budget, provided however,  
 that none of the above are insured's with respects  
 to operations involving schools, airports, transit  
 authorities, hospitals, nursing homes, housing,  
 or port authorities, gas or utilities unless  
 specifically endorsed onto this policy.  
 "Volunteers" past, present or future while conducting  
 the business of the "organization".  
 "Employees" past, present or future of the  
 "organization" while acting within the course  
 and scope of their employment for the "organization".  
 "Insured **does not include** any person working on  
 Retainer and/or as an independent contractor.

**Linebacker Form: CL7001**  
 Coverage A Public Officials Liability  
 Coverage B Employment Practices Liability  
 Includes coverage for Law Enforcement

**Note:** Refer to policy and forms for all terms and conditions.

**COMMERCIAL AUTOMOBILE COVERAGE**

**Named Insured:** City of Basehor  
**Company Name:** EMC Underwriters, Inc. #3E5-49-98-08  
**Policy Term:** 04/01/08 to 04/01/09

<u>Limits</u>	<u>Coverage Description</u>
\$ 500,000	Combined Single Limit - Bodily Injury & Property Damage
\$ 500,000	Uninsured Motorists
\$ 500,000	Underinsured Motorists
\$ 2,000	Medical Payments

Includes:                     Non-Owned Auto Liability  
                                    Hired Auto Liability

**Additional Conditions and Endorsements**

Hired Auto Physical Damage \$ 30,000  
     Comprehensive \$ 500 Ded.  
     Collision \$ 1000 Ded.

**Commercial Automobile Schedule**

Veh #	Year	Vehicle Make Vehicle Model Serial Number	Liab	Med Pay	PIP	UM	Comp Deductible	Collision Deductible
0001	1992	FORD ½ TON PICKUP PUB WKS 1FTEF14YONPA49921	X	X		X	\$ 500	\$ 1,000
0002	1997	FORD CROWN VIC. - POLICE 2FALP71W8VX165281	X	X		X	\$ 500	\$ 1,000
0003	1999	FORD EXPLORER - POLICE 1FMZU34E7XUCO2044	X	X		X	\$ 500	\$ 1,000
0004	1999	FORD F350 TRUCK - PUB WKS 1FDWF373XEE77292	X	X		X	\$ 500	\$ 1,000
0005	1999	TRAILER 16 FT. - PUB WKS FSL14HDE102	X	X		X		

## Commercial Automobile Schedule

Veh #	Year	Vehicle Make Vehicle Model Serial Number	Liab	Med Pay	PIP	UM	Comp Deductible	Collision Deductible
0006	2000	FORD TAURUS – CITY ADMIN 1FAFP5327YA237970	X	X		X	\$ 500	\$ 1,000
0007	2000	FORD F250 TRUCK – PUB WKS 3FTNF21F7YM59915	X	X		X	\$ 500	\$ 1,000
0008	2001	FORD CROWN VIC. - POLICE 2FAFP71W41X117039	X	X		X	\$ 500	\$ 1,000
0009	2001	FORD F350 DUMP TRUCK – PUB WKS 1FDX37F91ED33556	X	X		X	\$ 500	\$ 1,000
0010	2002	FORD RANGER PU – PUB WKS 1FTXR15E02PB11021	X	X		X	\$ 500	\$ 1,000
0011	2002	FORD CROWN VIC - POLICE 2FAFP72W13X142418	X	X		X	\$ 500	\$ 1,000
0012	2003	KENWORTH DUMP TRUCK – PUB WKS 2NKMHY8X03M899037	X	X		X	\$ 500	\$ 1,000
0013	2007	FORD CROWN VIC - POLICE 2FAFP71W97X107745	X	X		X	\$ 500	\$ 1,000
0014	2006	TOYOTA CAMRY – DRUG TASK OFF 4T1CE38P56U662901	X	X		X	\$ 500	\$ 1,000
0015	1999	READY BILT 17' DOVE TAIL TRLR – PUB WKS 47SS142T7X1015526	X	X		X		
0016	1999	FORD CROWN VIC POLICE 2FAFP71W7XX106836	X	X		X	\$ 500	\$ 1,000
0017	2007	FORD CROWN VIC POLICE 2FAFP71WX7X128801	X	X		X	\$ 500	\$ 1,000
0018	2008	FORD F475 1 ½ Ton Truck – PUB WKS 1FDXF47R58EC53401	X	X		X	\$ 500	\$ 1,000
0019	2008	FORD CROWN VIC – POLICE 2FAFP71V78X135083	X	X		X	\$ 500	\$ 1,000
0020	2008	FORD Interceptors 4Dr. POLICE 2FAHP71V98X141199	X	X		X	\$ 500	\$ 1,000
0021	2008	DODGE Avenger DRUG TASK OFFICER 1B3LC46K58N190835	X	X		X	\$ 500	\$ 1,000

**PREMIUM SUMMARY**

<b>DESCRIPTION OF COVERAGE</b>	<b>EXPIRING PREMIUM 07/08</b>	<b>RENEWAL PREMIUM 08/09</b>
<b>Property, Equipment Breakdown &amp; Earthquake</b>	\$ 17,060	\$ 17,393
<b>Commercial Inland Marine Equipment &amp; Computers</b>	\$ 4,145	\$ 2,035
<b>Commercial General Liability Employee Benefit Liability</b>	\$ 4,627 \$ 199	\$ 4,555 213
<b>Public Officials E &amp; O</b>	\$ 5,967	\$ 6,203
<b>Commercial Auto &amp; Endts</b>	\$ 11,067	\$ 13,804
<b>Total Estimated Premium</b>	<b>\$ 43,065</b>	<b>\$ 44,203</b>

## Optional Quotes

### Property Coverages:

- |                                  |                        |         |
|----------------------------------|------------------------|---------|
| 1. Agreed Value                  | Add'l. Premium Approx. | \$1,500 |
| 2. Extra Expense \$250,000 Limit | Add'l. Premium Approx. | \$1,593 |
| 3. \$1,000 Deductible            | Savings of             | \$1,516 |
| 4. \$2,500 Deductible            | Savings of             | \$2,890 |

### General Liability:

- |  |            |        |
|--|------------|--------|
| 1. \$1,000 Gen. Liab. PD Deductible                | Savings of | \$ 26  |
| 2. \$1,000,000/2,000,000 GL Limit w/ \$1,000. Ded. | Add'l.     | \$ 488 |

### Auto Coverages:

- |                              |          |         |
|------------------------------|----------|---------|
| 1. Hired Car Physical Damage | Premium: | \$25.00 |
|------------------------------|----------|---------|

### Umbrella:

- |               |         |
|---------------|---------|
| 1. Total Cost | \$6,326 |
|---------------|---------|

### Crime Coverage:

- |  |                 |
|--|-----------------|
| 1. Blanket Employee Dishonesty \$100,000<br>Forgery or Alteration \$50,000 | Premium: \$ 326 |
| 2. Blanket Employee Dishonesty \$250,000<br>Forgery or Alteration \$50,000 | Premium: \$ 409 |

### Flood:

- |   |                   |
|---|-------------------|
| 1. City Hall - Building \$250,000 \$500 Ded.<br>Contents \$250,000 \$500 Ded. | Premium: \$ 2,500 |
|---|-------------------|

### Linebacker (Public Professional):

- |   |                   |
|---|-------------------|
| 1. Increase Limit to \$2,000,000                                | Additional \$ 355 |
| 2. City Attorney to be included<br>(Only when serving the City) | Additional \$ 900 |

**CITY OF BASEHOR****FOLLOW UP TO CHARLESWORTH RECOMMENDATIONS**

1. Flood Quote - See Page 15 of Proposal. **Recommendation: Let's discuss the need/exposure.**
2. Marshall & Swift Building Valuations - EMC can do at no charge. However, once they are done they will make us increase to the amount developed. **Recommendation: Let's discuss the need given we're really just concerned with City Hall and the Wastewater Facility.**
3. Insure Traffic Signals for Replacement Cost - **This has been done and is included under the proposal.**
4. Miscellaneous Tools Coverage - **This has always been on the policy at \$50,000.**
5. Mechanical Breakdown/Expediting Expense - Can we increase to \$100,000. **The maximum amount that EMC can provide is \$50,000, which is currently on the policy.**
6. Optional Quote - \$250,000 Extra Expense. See Page 15 of Proposal.
7. Optional Quote - \$1,000 and \$2,500 Property Deductibles. See Page 15 of Proposal. **Recommendation: Highly recommend increasing and saving the premium dollars or using the savings to supplement other areas.**
8. Optional Quote - \$1,000 Property Damage Deductible General Liability. See Page 15 of Proposal. **Recommendation: Given the small savings, this probably doesn't make much sense.**
9. Optional Quote: General Liability Limits of 1 Million Occurrence/2 Million Aggregate (Excess over KS Tort). See Page 15 of Proposal. **Recommendation: I'd highly recommend, just to be safe.**
10. Sanitary Sewers Exposure - Charlesworth wanted clarification of the coverage. **This is covered, assuming the city can be found liable. According to EMC, they have paid claims under your policy in the past (prior to us being the broker).**

11. Review of the Police Manual - **If renewed, EMC does have some Loss Control Reps that can discuss this with you.**
12. Hired Car Physical Damage - We discussed dropping this coverage and buying the coverage from the rental agency when needed. **Cost is \$25 per year...I'd recommend we keep.**
13. Crime - Charlesworth recommended an Optional Quote of \$100,000 and \$250,000 for Blanket Employee Dishonesty. See Page 15 of Proposal. **Recommendation: We highly recommend increasing this coverage, as we did last year.**
14. Parades - Charlesworth asked for a clarification of coverage. **Parades are covered, assuming they are just standard parades. Events that include a parade, but also involve other activities (fireworks, rides, etc.), such as Basehor Dairy Days, need to obtain special event coverage - which we can provide.**
15. Optional Quote - Umbrella Quote (excess over Auto and General Liability). See page 15 of proposal. **Recommendation: This is a good coverage, and something we will continue to recommend. However, some of the other options are more important in our opinion.**
16. Linebacker Coverage (Public Professional Liability) - Charlesworth recommended an optional 2 million quote and adding the City Attorney to the coverage, for work done on behalf of the City. See Page 15 of the Proposal. **Recommendation: The 2 million limit doesn't cost very much, so in our opinion it's a good buy. Further discussion with the City Attorney is probably warranted regarding their coverage.**
17. Agreed Value on Property - See Page 15 of Proposal for quote. **Recommendation: I do recommend this coverage as it helps avoid any penalty at the time of a claim. However, given the few property locations, the price is rather expensive. We should discuss further.**



**PROPERTY & LIABILITY INSURANCE**  
**RISK MANAGEMENT EXECUTIVE**  
**SUMMARY**

PRESENTED BY:



CHARLESWORTH & ASSOCIATES, L.C.  
P.O. BOX 23588  
OVERLAND PARK, KANSAS 66283  
(913) 851-4730

December 24, 2007

**CITY OF BASEHOR, KANSAS**  
**GENERAL SUMMARY CONCLUSIONS AND**  
**RECOMMENDATIONS**

February 5, 2008

Overall, the City's program is written with acceptable insurers with good coverage terms and conditions. The following represents a summary of items that we feel need further evaluation and discussion with the City's broker and insurer.

Give consideration and discuss:

- Discuss adding a non-public entity as an additional insured on the City's general liability policy. This creates a "sharing" of policy limits with an entity that does NOT have the same immunities and defenses of the City. Consider adoption of some basis insurance requirements in contracts.
- Valuation of Buildings – since the policy may have some limitations by location, periodically evaluate the insurable values of the buildings and contents. Discuss with broker for them to provide Marshall & Swift valuation estimates.
- Obtain an option to insure Traffic Signals on a Replacement Cost Basis.
- Increasing the Extra Expense limit to \$250,000 per occurrence.
- Consider formalizing a Crisis Management template.
- Evaluate the need to insure all the Electronic Data Processing Equipment compared to just insuring the two major items only and the balance as "contents" under the Property Insurance program. Perhaps more aimed at the Police Departments equipment.
- Ask the insurer for the cost to add \$25,000 of Unscheduled Contractors Equipment.
- Clear up the valuation provision of the Inland Marine program, is it Actual Cash Value or Replacement Cost Value. What would the City prefer (recognizing that RCV would have premium and value implications).
- Confirm if the Mechanical Breakdown amount is either a full blanket limit or limited to that on the property schedule. Who at the City would do repairs or would this typically be contracted?
- See if EMC will increase the Mechanical Breakdown Expediting Expense up to \$100,000 for no additional premium. Risk of unique equipment not available in the KC metro area?

- City philosophy regarding property and auto deductibles – if a \$1,000 claim, would the City turn it in to insurance for reimbursement of the \$500?
- Brief discussion of a Risk Management Reserve Fund.
- In regards to the General Liability insurance program:
  - a) Solicit a proposal for a \$1,000 property damage only deductible in lieu of \$500 to evaluate any cost efficiencies;
  - b) Have EMC quote a \$1,000,000 each occurrence limit with the Kansas Tort Claims Act Endorsement, with a \$2,000,000 General Aggregate (be sure to discuss this with the City Attorney prior to making any policy modifications);
  - c) Ask to see if Sanitary Sewer allegations would be addressed on the City's policy and if such activities have to be scheduled on the declaration page.
  - d) Confirm that the Parade is, in fact, an included event.
- Has EMC ever seen or commented on the Police Manual?
- Concentration of vehicles with pending weather. One risk management technique is to have units taken home at night so there is a separation of risk. Care must be exercised here as municipal units may not be used for personal travel and sometimes perception can become reality. Let's discuss to see if various units should be dispersed to the employee home (garaged) so they would have a separation of risk as well as be readily available should emergency assistance be requested.
- Use of Employee Vehicles – add to the City's Policy Manual?
- Obtain the cost of a Form "O" Public Employee's Blanket Bond, including Faithful Performance of Duty coverage for a limit of at least \$100,000. Also look at adding \$50,000 Forgery & Alteration and \$5,000 Money & Security Inside/Outside.
- Have the broker fully disclose their commissions and contingencies as it may relate directly to the City. If they provide a valued service to the City – which we believe they do based on our discussion with the City – there should be no concern for them to disclose these amounts. Ask that they assist the City in helping further develop their public safety as well as maintenance of underwriting information should the City ever wish to consider alternative insurance markets in the future.

## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Consider a request from a resident living at 14124 Merion Ct. for a refund on their sewer bill due to what they feel is an overpayment resulting from decreased water usage.

**Department:** Administration

**Background/Description of Item:**

Joe Kleidosty, 14124 Merion Ct., Basehor, KS 66007, claims that he has been overcharged \$212.17, based on recent water history usage.

A request was submitted to have future sewer bills reduced based on a three-month average of water usage for November, December 2007 and January 2008. The requested action will reduce Mr. Kleidosty's future bills from \$37.86 to \$12.97.

Mr. Kleidosty is also requesting a rebate of the fees he paid for 2007. City policy does not allow for a rebate of a previous years sewer bills, only future usage.

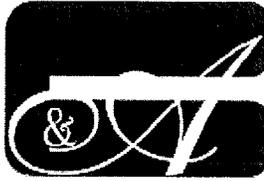
**Municipal Policy**

The utility billing clerk shall determine the new monthly wastewater fee based on the most recent 3 consecutive month water usage report submitted by the individual. The utility billing clerk shall then submit a report to the city administrator or mayor recommending the new monthly wastewater fee. Based on the information provided to the mayor or city administrator, they shall approve or deny the adjustment. **Adjustments shall not be retroactive and will take effect with the next monthly billing cycle.** No adjustments to utility accounts shall be made until the customer's account is paid in full.

**Funding Source:**

**Recommendation:** Deny the request for a retroactive adjustment to sewer bills based on water consumption for a future period.

Prepared by: Carl E. Slaugh, City Administrator  
Council Date: March 3, 2008



CHARLESWORTH & ASSOCIATES, L.C.  
P.O. BOX 23588  
OVERLAND PARK, KANSAS 66283  
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www.Charlesworth.net

December 24, 2007

Mr. Carl Slaugh  
City Administrator  
City of Basehor  
2620 North 155<sup>th</sup> Street  
Basehor, Kansas 66007

Re: Property & Liability Insurance  
Policy Review and Comments

Dear Carl:

Our firm appreciates the opportunity to review the City's property and liability insurance program effective April 1, 2007 to April 1, 2008. This report will focus on areas of possible coverage voids and suggested improvement opportunities. Although every effort has been made to fully understand the City's risk, it is impossible to guarantee that all exposures have been evaluated. Risks change as business changes and the City's approach to risk transfer and risk assumption will continue to be a moving target.

#### **GENERAL INFORMATION**

##### **EMC Insurance Company - Coverage Forms**

EMC Insurance Companies have been providing insurance coverage for over 90 years and continue to be a formidable player as a public entity insurer. They currently maintain an A.M. Best rating of A-:XI. Since EMC has been writing cities for many years, some of their coverage forms are manuscript in format and designed specifically for risks typically found in governmental entities. There are few insurers that have a basic coverage package as comprehensive as EMC. This is not to suggest, however, that additional endorsements are not available to enhance the coverage. EMC does offer many such endorsements, but only upon request. We will touch upon a few of these in this report.

## **Boards and Commissions**

The City has some inter-local agreements. While your web site outlines the function of many community organizations, we are not confident at this point as to how much, if any, the operations of each pose any liability to the City. Since most are more than likely “advisory” over which the City governing body will have little or no authority, there should be no major problems securing adequate insurance protection. Again, based on the policies reviewed, it is difficult to determine if these issues have been acknowledged by EMC.

The City’s relationship with most of the organizations discussed during our meeting was “funding” in nature, i.e., there was no actual sponsorship of the organization nor was there any City authority over the conduct of any of the operations suggested. For example, the City apparently has no authority over the management of the Basehor-Linwood Assistance Services, Friends of the Library, the Leavenworth County Development Corporation or committees such as the Pride Committee. If we are incorrect in our understanding of this, please so advise.

Our point is – anytime there is a Board or Commission established in which the City is involved, the status of that entity must be clearly defined. The fact that the City simply funds a venture does not necessarily imply that they have an operational risk. But, “if” the City assigns people to serve on the Board of Directors or appoints the Board of Directors, the City’s risk can change significantly. The relationship the City has with every Board or outside operation should be carefully reviewed.

## **Contracts**

One of the most overlooked areas of risk transfer and assumption is in the area of written contracts. The insurance and indemnification sections of all contracts should be closely reviewed to confirm that any assumption is funded via an insuring agreement. Avoid hold harmless and indemnification clauses unless they have limitations based on the Kansas Tort Claims Act including capping all losses to the available limits of insurance. Sometimes you will be unable to negotiate a favorable agreement based on leverage or politics, but the risk should not go unrecognized.

The other issue commonly found in contracts is by adding a non-public entity as an additional insured on the City’s general liability policy. This creates a “sharing” of policy limits with an entity that does NOT have the same immunities and defenses of the City and, sharing limits could cause the City to not have enough coverage for a specific occurrence. One attorney with whom we have worked preferred to add someone as an additional insured and eliminate all hold-harmless provisions. This way coverage would be limited to the insurance policy and fully funded up to the limits of the insurance program. Remember, a hold-harmless provision – unless specifically limited in coverage or losses – is unlimited in risk.

Although our firm was not made privy to any contracts into which the City has entered, we would be happy to provide comment on any you wish to direct our way as a supplement to this report.

Bottom line here for the City is to consider adoption of some basis insurance requirements in contracts. An example from a risk management perspective, perhaps consider the following as a benchmark from which to build for each future agreement.

INSURANCE -

1. Contractor will agree to indemnify, defend and hold harmless the City, its employees and agents from any and all loss where loss is caused or incurred or alleged to be caused or incurred in whole or in part as a result of the negligence or other actionable fault of the Contractor, its affiliates, subsidiaries, employees, agents and subcontractors/assignees and their respective servants, agents and employees arising out of or are connected with the performance of this contract whether arising before, during or after completion of the work required.
2. Contractor agrees to obtain and maintain, during the term of this agreement and any extension thereof, commercial general liability insurance with limits not less than \$500,000.00 each occurrence bodily injury or property damage, including the risk of explosion, collapse & underground (if necessary) and acts caused by their Independent Contractors; \$500,000 personal and/or advertising injury limit; \$500,000 products and completed operations aggregate and \$500,000 general aggregate; \$100,000 Fire Damage Legal Liability; \$500,000 Auto Liability for all Owned, Hired and Non-Owned Autos; and Statutory Worker's Compensation insurance. CITY shall be named as an additional insured on Contractor's general liability policy. Contractor shall keep on file with CITY a certificate of insurance that shows compliance with its obligations as set forth herein. Contractor agrees to obtain insurance coverage for contents associated with its operation in the facility. All policies of insurance shall provide for at least thirty (30) days prior written notice of cancellation or any changes of insurers to CITY.

The City will only accept coverage from an insurance carrier who offers proof that it is licensed to do business in the State of Kansas, and carries a Best's rating of "A:X" or better; OR is a company mutually agreed upon by the City and the contractor.

If any part of the contract is to be sublet, the contractor shall either; a) cover all subcontractors in the contractor's liability insurance policy or; b) require each subcontractor not so covered to secure insurance in the minimum amounts required of the contractor.

If there is a Professional Liability risk applicable, i.e., legal advice, engineering, architects, auditors, etc., we encourage a simple addition of a minimum of \$500,000 each claim and aggregate (perhaps \$1,000,000 limits) errors and omissions liability insurance.

## PROPERTY

### **Replacement Cost vs. Actual Cash Value vs. Functional Replacement Cost**

The term "Actual Cash Value" is generally defined as replacement cost minus depreciation. This is easy to understand when determining the value of a vehicle or common item of business personal property such as a desk or computer.

But for items that may appreciate such as an entire building, the definition is more difficult to understand. First, "Actual Cash Value" is not a defined term. Therefore, when adjusting a loss you might expect there to be some negotiation with the insurer before agreeing to an amount. This can be a difficult process and what is referred to as the "Broad Evidence Rule" is generally acceptable. This is a balance between traditional depreciated value and the fair market value.

There are some cases whereas ACV is encouraged. For instance, consider an older structure in less than favorable repair. Should the philosophy of the City be that they would more than likely NOT rebuild or replace any such building, then why buy insurance for the much higher RCV? This is not to suggest that RCV is not appropriate for many older buildings, it's to suggest that there are instances where purchasing more insurance is not necessary.

The City should make every effort to avoid actual cash value language when possible or special circumstances are present. However, it is our understanding that EMC typically will only offer ACV coverage for buildings that are over 30 years old or so, unless they have been substantially modified and updated. This many times holds true with other insures as well.

The City's policy confirms that all property on the schedule is insured on a replacement cost basis. However, since there is no apparent evidence that the "agreed amount" condition has been included and that the 90% coinsurance clause has been deleted. Although the broker's commercial property coverage recap indicates that a 100% coinsurance valuation clause is applicable, the policy's declaration page clearly notes that it is 90%.

It must be clearly understood that while many say that replacement cost means "new for old", it also has two other general stipulations: 1) if not repaired or replaced, then the loss is adjusted on an ACV basis or; 2) the policy pays the lesser of the cost to repair or the cost to replace with like kind and quality (note that we didn't say "upgrade"). The point is to bring the insured back to the point before the loss.

Clearly, should an insured loss of City property be incurred, the City would want to replace that structure on a "new for old" basis, i.e., replacement cost value. EMC's definition of "agreed value" is that coinsurance does not apply to covered property to which the optional coverage applies. But, again, this condition does not appear to apply to the City's policy. The insurer will pay no more for loss of or damage to that property than the proportion that the limit of insurance under the coverage part for the property bears to the value shown for it in the policy declarations.

The “special cause of loss” condition applies, i.e., generally known as “all risk” or covering all perils unless specifically excluded. This is an optimum coverage form. Historically, EMC wrote programs on their “basic cause of loss” form, which is simply not as broad as the “special” form currently provided.

Building values should be assessed periodically. Currently replacement construction cost will probably be in the \$95-\$100 per square foot area for some of the structures (again, we are not an appraisal firm) – which means higher insurance limits might be required – causing an increase in premiums.

One unique automatic addition to the City’s policy is as it relates to costs necessary to demolish or clear the site of undamaged parts of a covered building as well as increased cost of construction from a loss due to the enforcement of any ordinance or law. The City might not like to hear it, but they are subject to their own ordinances regarding construction. The coverage is not additional coverage and will not increase the limits of insurance provided by the policy. However, the policy is limited for the increased cost to repair or rebuild if it’s insured on a Replacement Cost basis.

#### **Agreed Amount vs. Coinsurance**

An alternative to ACV valuation programs is to consider a coinsurance provision with all facilities on a replacement cost basis, such as in the case of the City’s in-force program. With a coinsurance provision, it becomes the City’s responsibility to insure each location for a limit equal to or greater than the coinsurance amount. For example, if the City had listed a building at \$90,000 and the policy includes a 90% coinsurance provision, the cost to replace the building cannot exceed \$100,000 without a coinsurance penalty. If the cost to replace the building subsequent to an insured loss were \$120,000 then the appropriate insured limit would have been 90% of that amount or \$108,000 (before a deductible). In this scenario the insurer would pay about 83% of any loss and the City would be a coinsured. Coinsurance is not a bad thing, but it does create an additional burden on the insured.

City’s current policy includes a 90% coinsurance provision but does **not** appear to include the “agreed amount provision” which would essentially render the coinsurance provision inapplicable. We would encourage the City to contact their insurer through your agent and request that the Agreed Amount provision be included on the City’s policy. Our primary reason for suggesting this is that such a high percentage of the City’s insured values are at the Wastewater Treatment Plant facility. Even though the property is insured on a blanket basis, “if” this one location was to be underinsured based on the coinsurance provision, the City could still suffer a coinsurance penalty. Request that the “agreed amount” endorsement be included. EMC may require higher limits for certain locations, but at least the City will know what it may take to obtain the endorsement and not be surprised by a Coinsurance Provision in the event of a partial loss.

## **Blanket vs. By Location**

Commercial property insurance can be written on either a blanket basis where the limit of each location is combined and available for any loss, or by location where the maximum limit is per the statement of values for that specific location. Our interpretation of the EMC program is that it is written on a blanket basis for buildings that list three locations – City Hall, Wastewater Plant and City Park Restrooms. Then, the property schedule goes on to list the Business Personal Property and Property in the Open – yet the schedule shows a total limit of insurance. Our question to the agent would be – is this a true combined blanket program or are only the three buildings listed covered on a “blanket” basis? This optimum way for the blanket amount to include ALL property since it will prevent any underinsurance at any one location. However, the insured could apply the coinsurance condition should any location not be adequately insured on the schedule of property values. Let’s visit with the agent regarding this feature to confirm our understanding of the program.

## **Perils Insured Against**

An “All Risk” policy never covers all risks. Every property insurer has exclusions as to the types of perils exposed to their insured. Some of those exclusions or limitations that stand out are:

- a) Water – loss caused by flood, waves, mudslide, mudflow, surface water, water back up or overflow from a sewer or drain. The in-force policy specifically excludes the peril of flood.
- b) Loss by ice, snow, rain or sleet outside of building (like for trees, downed lines or poles, etc.)
- c) Earth movement (not just limited to Earthquakes) as well as sinkholes. The in-force policy specifically excludes the peril of earthquake.
- d) Pollution (unless caused by fire, lighting, wind, hail, vandalism, etc.), then limited to clean-up cost of \$25,000.
- e) Loss found by shortage of inventory.
- f) Collapse (unless caused by a covered loss).
- g) Wear, tear or deterioration.

Of importance is the risk of loss by acts of Terrorism. Most insurers are including a specific endorsement that outlines the annual premium, which is confirmed by endorsement form IL8384A in the City’s in-force policy.

The City’s in-force property policy is written on EMC’s “Special Form” which covers risk of direct physical loss. This is an excellent insuring clause.

## **Property Values**

While our firm is not a certified appraiser, we see numerous public entity buildings, contents and equipment values. Obviously, age, construction, type of equipment, etc., play a large role in trying to find an insured value. One of the benefits for the City, as

outlined above, that since the insurance program is “blanket” (at least on the three buildings, but perhaps also the contents), the likelihood that a loss would occur and the City be underinsured is very unlikely. So, the valuation becomes a fair rating issue for the insurer to agree with the City.

As a rule of thumb, many buildings today of customary construction are valued in the \$95 to \$100 per square foot range. One needs to remember that foundations are excluded and all excavation work and parking lot costs need to be deleted from the “cost new” of any building. Our experience with EMC suggests that they generally do a good job in evaluating the square footage of insured locations and apply the appropriate factors normally illustrated in their rating formula. Many insurers do not get this detailed. In fact, most review the statement of values provided by the insured and make their determinate from the information provided by the insured. EMC most generally know what they are insuring. Their commercial building valuation report should be solicited from them in the event they have not provided the City a copy in the past. In addition, we encourage the City to ask their broker to provide at least a Marshall & Swift valuation indication (at the broker’s expense) to see if City Hall is close to an estimated replacement cost value.

#### **MISCELLANEOUS PROPERTY COVERAGE ISSUES**

The City’s property policy is a good insuring agreement. However, like all policies, there are coverage issues and policy exclusions that should be considered. This is not to serve as a full explanation of the City’s policy, but a few items we thought would be of interest are the following.

- a) Outdoor signs that are not within 1,000 feet of a described premise are not covered unless scheduled. The City’s two “Welcome” signs are scheduled.
- b) Foundations below ground level or below the basement floor are not covered unless scheduled. We rarely see foundations insured.
- c) Bridges are excluded property. It is our understanding that the City does not own any bridges.
- d) Underground pipes, tanks or drains are excluded unless scheduled.
- e) Water is excluded (this would include any in water tanks).
- f) Transmission and communication lines are excluded (most entities with whom we work with power units do not insure the transmission lines).
- g) Fine Arts are included up to a limit of \$50,000. This includes Fine Arts of Others in the City’s care, custody or control while in a covered location. There could be times when pieces of art are loaned to the City for display.
- h) Stock is included as business personal property. Therefore, any stored salt itself would be included in the blanket limit should it be damaged or lost due to an insured peril.
- i) Property In The Open is a big coverage issue with many insurers. The EMC policy includes property in the open within 1,000 feet of a covered location under business personal property. The City insures one shelter house building located at the City park, including restrooms, as well as a gazebo, picnic tables, grills, etc. at

the 15940 Leavenworth Road location. Therefore, property in the open within 1,000 feet of these structures would be covered business personal property. As a point of interest, we had to negotiate with one insurer on a loss for property in the open for a municipal client as the insurer felt the item in question needed to be scheduled and within 1,000 feet of the building and we insisted that it was covered as business personal property at a schedule location. The insurer paid the loss.

- j) Accounts Receivable is included up to a limit of \$100,000 per loss. This includes amounts customers owe the City but the City cannot collect because of damage to City records as well as the extra collection costs to restore or re-establish City records (excellent). It is our understanding that the City does not collect money for other organizations at this time.
- k) It is our understanding that the Library Board is independent of the City and that the library board carries their own insurance. We get concerned about valuations of book collections and some insurers will place a "per book" limitation on their contents.
- l) Neither streetlights nor traffic lights are included for coverage.
- m) Traffic Signals are excluded from coverage on the basic property insuring agreement. Many times an insured will insure traffic signals under an Inland Marine program to utilize a smaller deductible, but they could also be included under a property policy. The City has currently opted to insure the traffic signal located a 24/40 Highway and 155<sup>th</sup> street on a separate equipment floater, to be addressed separately.

## **EARNINGS AND EXTRA EXPENSE**

One of the unknown factors in all loss is that relating to either a loss of "net" income (the profit the insured would have earned if a loss had not occurred) or the "extra" cost incurred by the City to continue operations until the facility was repaired or replaced.

The City's basic property policy has an automatic inclusion of this coverage provision with a limit of \$50,000. The coverage, however, does not appear to apply to any interruption of the City's computer operation.

In our opinion, the risk of the City is greater than perhaps perceived. Consider having the City's broker obtain a quote to provide a minimum of \$250,000 Extra Expense coverage on a per occurrence basis for the City.

If interested, a company called Agility Recovery Solutions has a program whereby they will guarantee up to four specific services within a 48 hour period of a loss for about \$250 per month retainer fee. The services include power, technology (computers), space (usually an equipped office trailer) and phone/computer service (via satellite). Now, the actual incurred cost of these services would be the 'EXTRA EXPENSE' that could be funded by insurance, but is an excellent way for the City to have a headquarters to help run the City in the event of a disaster. We find many insurance agencies purchasing this

service as they are going to need such capabilities to serve their insureds in the event of a disaster to their own place of business – we see the same need for the City.

Even if the City does not pursue this possible service, a Post Loss plan for each building or department could be developed. The priority should be as follows:

- 1) Protect Life
  - a. Evacuate and/or Extricate people
  - b. Provisions for Medial Care
  - c. Shelter from further harm
  - d. Have a designated meeting point for employees should such event occur during business hours (account for everyone)
- 2) Make the Claim to the Insurer
- 3) Protect Facilities and Property
  - a. Secure the Site
  - b. Mitigate the damages
  - c. Hazmat issues addressed
- 4) Provide for Continued Operations (Critical Functions)
  - a. Set up the incident command center
  - b. Arranging phone service and/or computer services (perhaps calls can be routed to the secondary site – some call this a “warm sight – which could be City Hall if not damaged, the School District offices, County offices, etc.)
  - c. Designate the alternative site for employee reporting to work and have pre-arranged office space negotiated (could be another City facility)
- 5) Repair/Rebuild the Facilities (with assistance from insurer)
  - a. Debris removal
  - b. Management of Repair Process
- 6) Relocation Possibilities
  - a. Sufficient Space
  - b. Security
  - c. Employee & Public Access Needs
- 7) Vital Records Recovery
  - a. Hopefully backed up and stored off-site
  - b. Designate recovery efforts team
  - c. Identified maps, drawings, records for quick recovery as area homes or businesses may need quickly to effect rebuild or security.
- 8) Deal with the Media
  - a. Never Lie
  - b. Respond to Media inquires immediately
  - c. Give short, easy quotable answers
  - d. Volunteer information periodically

In that the City does not provide electric power or water, the risk of loss of income in the event of an insured peril appears minimal. Should the City’s operations become impaired due to a loss from an insured peril, the stream of tax income could be impaired via sales

tax revenue (assuming other businesses were damaged in the same occurrence) but otherwise, the risk seems modest.

The waste water operations “extra expense” risk is unique to itself – to the point that there really is very little (from a risk management position) that could be done in the event of a major loss. Let’s discuss this a bit further as to what is the loss control action plan for the plant should it be damaged. Lift Stations are typically repaired quickly with common parts, so there is very little “extra expense” cost here.

### **SEWER BACKUP**

EMC will pay up to \$100,000 for loss or damage caused by sewer or drain backup to City owned property. But, and importantly, they will not cover the loss if any other cause or event that is not a covered cause of loss contributes concurrently or in any sequence.

### **VALUABLE PAPERS & RECORDS**

Again, a common reason for separating other lines of coverage under an Inland Marine program is to utilize the benefit of a lower deductible for certain types of losses or certain types of property. An example is the risk of loss to Valuable Papers & Records insured by the City. A \$100,000 limit has been automatically included for each described premises specified in the property schedule (excellent), with the application of a \$500 deductible. While this is a great addition to be included automatically, one has to consider what types of loss could occur to Valuable Papers that doesn’t also occur to Property. We find many insurers today willing to increase the Automatic Valuable Papers limit in the Property policy to accommodate the limit requested for a nominal premium charge. The question here becomes, is the \$100,000 at each described premises coverage adequate? The answer to this depends on how much data is maintained in duplicate off premises, how many maps, etc. are readily replaceable and if they would even be replaced by the City. Based on our discussion, the limit currently insured - since it applies at each describe premises - appears realistic.

### **INLAND MARINE**

This is probably one of the greatest challenges of risk when it comes to the decision of insurance. At what point does a separate Inland Marine program become important? As a rule of thumb, insuring items that are “mobile in nature” qualify for consideration under an Inland Marine insurance program. If an item, like a small lawn mower, is owned, the decision is three fold – 1) is this away from a City premises at any time and; 2) if this item were to be lost while away from the building, is the loss above the City’s risk tolerance and; 3) does the City want a smaller deductible than that used on the Property policy for a specific item? If not mobile, then one can essentially consider it “contents” or “business personal property” since it would be within 1,000 feet of a describe premises on the property schedule – and subject to the City’s \$1,000 current property deductible.

As a pre-cursor to this section, there is an endorsement provided that notes the Actual Cash Value provision under valuation is replaced to be Replacement Cost Value. This is great, but the Commercial Inland Marine Schedule notes the items as Actual Cash Value and only Replacement Cost Value under the Computer Equipment. This is confusing and should be explained by the insurer through the City's broker.

### **Electronic Data Processing (EDP)**

Valued on a replacement cost basis (see endorsement CM7022) with a \$500 deductible per occurrence that also includes Mechanical Breakdown coverage, the City has purchased a program that includes a very broad program for their EDP risk. However, a \$1,000 deductible is applicable to mechanical breakdown losses as well as those caused by electrical disturbance. An 80% coinsurance clause is applicable. There are no specifically scheduled insured items, hardware is insured for \$50,000 and software, \$42,500. While several items could be lost or damaged in one occurrence, it is our opinion that the coinsurance limitation be omitted and that all equipment continued to be valued at replacement cost.

One of the purposes of this risk is for Mechanical breakdown – which includes short circuit, blowout, or other electrical damage IF WITHIN 1,000 feet of the building. So, any brown out or power surge that originates more than 1,000 feet from a schedule building, this coverage is not applicable. There is also a specific reference made to coverage due to virus or hackers – which are included under this policy. Many of our clients no longer insure this risk separately – they simply add the value to the contents of the building and fly under the basic property policy (where computers are typically automatically included as contents). Most losses that impact a computer can be replaced for about \$1,000 (not mainframe issues) and, mainframes generally have a service agreement with a computer company that has dedicated employees to fix any problems. Clients figure it's just easier to maintain a strong data back-up system and mainframe contract than save the premium on the inland marine program. The policy also includes the risk of Earthquake, but not Flood.

Another point of clarification should be considered regarding the valuation of computer equipment. Even if the equipment is insured for replacement cost value, the most the insurer will pay is based on new property of equal performance, capacity or function OR if that is not possible, then the nearest higher performance, capacity or function. Nice touch.

Finally, one also has to recognize that the City's basic property insurance program includes up to \$25,000 of Electronic Data Processing coverage in any given policy year. Based on the values of the many of the items and risk retention philosophy of the City, it would seem appropriate to perhaps include all the monitors and smaller PC's as contents under the Property program. If this were done, the premium savings to the City would be about \$380 a year. If the full values were moved to the property program, that additional premium would be about \$300 a year. Consider just using the City's property program's automatic coverage feature to address this risk unless there are some unique qualities to some of the computer equipment – perhaps in the Police Department.

## **Contractor's Equipment**

A schedule of thirteen items of contractor's equipment is listed in the policy – currently with a catastrophe limit of \$160,284 which includes a \$50,000 amount noted for any unscheduled item(s) with a maximum per item of \$2,500. The policy does include \$1,000 coverage for property rented or leased from others with a \$25,000 maximum for any one occurrence, which is a good policy feature but the limit appears too low (perhaps it is not an issue for the City). The \$500 each occurrence deductible remains applicable. An 80% coinsurance clause is also applicable (and common for contractor type equipment).

Should the City require any employee to have his or her own tools for work at the City, the basic policy includes \$5,000 maximum for any one loss (subject to a \$500 deductible). Since the police officers purchase their own handguns, the question becomes – would they be considered “work tools” in the eyes of the insurer? Additional limits can be purchased if this risk is greater which, per our conversation, we don't believe that it is. As an FYI, a homeowner's policy has very strict limitations for work tools and equipment used away from the home.

## **Miscellaneous Scheduled Property**

Additional inland marine coverage is included in the City's portfolio, i.e., the Scheduled Property Floater insures the stoplight located at 24/40 Highway and 155<sup>th</sup> Street for a total amount of \$550,000 with a \$500 each occurrence deductible. Coverage is included on an actual cash value basis and is considered property off City premises.

Coverage is against “direct physical loss”. There does not appear to be any exclusions in EMC's Scheduled Property Floater that would indicate that the lighting system would not be insured against customary risks to which they are exposed, i.e., vandalism, vehicle collision, lightning, etc. Coverage appears realistic. Since the system is insured on an 80% coinsurance basis, the replacement cost value of the property should be monitored frequently. It would certainly be in the City's best interest if coverage could be obtained on a replacement cost basis with the agreed amount condition applicable – especially since the units are new.

## EQUIPMENT BREAKDOWN

The City insures their equipment breakdown risk as a supplement to EMC's property insuring agreement. In that the City did not indicate the ownership of any steam boilers, the format appears appropriate. It must be clearly understood that the coverage is applicable to a "breakdown" of equipment resulting from an "accident". In other words, equipment that simply malfunctions due to overuse or age would not be deemed an "accident". So, this suggests that two items need some brief understanding:

***Accident*** – a direct physical loss such as mechanical breakdown, electric arcing, explosion of stem boilers, damage to hot water boilers or other water heating equipment resulting from a condition inside the unit.

***Covered Equipment*** – items built to operate under vacuum or pressure, or used for the generation, transmission or utilization of energy. Now that's broad.

### **Policy Limit**

The limit of coverage is included in the property insured limit, i.e., what we believe may be a blanket amount of \$5,281,500 (but there could be some location limits if they are part of a lift station). The \$500 current property deductible each accident would be applicable as well. Confirm with the insurer (through the broker) if the limit is a true blanket amount of if it is limited to the schedule location limit – especially for the lift station.

### **Ancillary Coverage's**

The City's Equipment Breakdown policy has the following unique policy provisions, with limits that apply per accident for all this additional coverage combined.

- Expediting Expense limit of \$50,000
- Hazardous Substance Limit of \$50,000
- CFC Refrigerants Limit of \$50,000
- Utility Services (which is really applicable if the insured relies on a contract supplier of electric power, waste disposal, etc.)

While each is important, the Expediting Expense coverage may come into play more often than the others as this is the extra cost incurred to get repair parts as fast as possible. Depending on the damaged unit or part, \$50,000 may not be enough. Many times, the insurer has the same limit for all five provisions, as is the case with EMC. At renewal, ask to see the cost to move just the Expediting Expense Limit to \$100,000.

## COMMERICAL GENERAL LIABILITY

### **Deductible**

One of the most common methods of reducing premium is to consider a modest general liability deductible. Some cities choose to limit the deductible to property damage claims and develop the internal capability of handling these small claims without any insurer involvement. Basehor has made this decision in that the in-force policy does include a \$500 property damage deductible (\$3,000 property damage deductible for parades). These deductibles apply "per claim" as per the declaration page (although the actual deductible liability endorsement is not even completed). Many insurers are currently requiring small deductibles for nearly all their accounts, especially those with a wastewater utility.

Trading dollars with an insurer is not in the City's best interest. Some cities find it practical and cost efficient to carry a Sewer Backup deductible (negligence only) – for each event (not necessarily each claim which is as per the City's current policy suggests). In our experience, a \$1,000 property damage only deductible works well when handling small sewer backup or pothole type losses internally. We are not advocating paying such claims unless there is some potential legal liability on the part of the City. We are NOT a fan of our clients handling bodily injury type claims internally. However, it must be realized that EMC's policy states that they will handle the claim and make any claim payment determination. While our firm would normally encourage the City to have their broker solicit a proposal for a \$1,000 property damage only deductible, the current deductible appears to work well within the City's risk retention philosophy and moving to a higher deductible (especially on a per claim basis) we believe would save little in premium dollars.

### **Additional Insureds**

When a governmental entity in Kansas elects to utilize the defenses and loss limitations as set forth in the Kansas Tort Claims Act, every effort should be made to NOT add other entities as additional insureds. When others are added to the City's policy, you essentially are sharing your limits. Based on the information provided, it notes the Good Samaritans endorsement is considered by EMC to be an additional insured endorsement. We do not consider this so since it only applies to insureds being permitted to perform a specific act outside of their area of responsibility.

For example, should such an additional insured be named, they would likely be named as a defendant in a claim related to their work for or with the City; they will look to the City's insurance policy to mount the appropriate defense. If they were found to have contributory negligence, any loss paid on their behalf would erode the "per occurrence" limit and the amount available to the City. As long as the limit isn't reduced below \$500,000 there should not be any problem. If the available limit falls below \$500,000 there is a risk of underinsurance. Remember, the current policy has an annual general aggregate limit of only \$1,000,000 so as losses are paid throughout the year; the total available limits are reduced.

A \$2,000,000 general aggregate should be solicited at time of renewal – although most insurers prefer to have the general aggregate at two times the per occurrence limit.

The real concern here is that the additional insured may not be availed to the same immunities as the City under the Kansas Tort Claims Act. Thus, sharing limits with an entity that is entirely different may not serve the City's best interest. Our experience with various not-for-profits will accept the fact that the City will not add them as an additional insured and most cities require just the opposite – for the City to be added to the non-for-profit organization's general liability program. It essentially depends on what each party is performing whereby there may be liability risks due to the acts of the other party.

### **Tort Limit Endorsement**

The current EMC policy has a \$500,000 each occurrence limit, which is in tune with the limits outlined by the Kansas Tort Claims Act. Some public entity insurers agree to include a \$1,000,000 Each Occurrence Limit "IF" the Kansas Tort Claims Act is deemed NOT applicable. This is an important endorsement and thus could serve to protect the City from \$1,000,000 policy limits being available if the claim is within the Act, yet if the Act is deemed not applicable (such as for protection of non-governmental entity additional insured's or claims made outside the State of Kansas) then the higher limits apply. EMC has such available and the cost for this should be solicited at the time of renewal. We believe the cost will be a modest increase in premium then the City can decide if it's worth transferring that risk for the premium quoted.

### **Medical Expense**

One philosophy that our firm endorses is the exclusion of "medical expense" in the general liability policy for municipalities. The purpose of this coverage is to essentially provide a "good will" benefit for those that are injured while on City owned premises. No negligence is required on the part of the landowner. However, Medicare has become increasingly aggressive in pursuing reimbursement of medical claims for those that happen to trip/fall on City property (including sidewalks). If the City purchases Medical Expense coverage, and a claim is made, the insurer is essentially obligated to pay the amount up to the policy limit (currently up to \$5,000 per individual) and these claim costs do apply to the loss ratio when the insurer calculates renewal premiums as well as erodes the annual policy aggregate limit.

Most municipalities have essentially agreed that, if they are legally liable as per the Kansas Tort Claims Act, then they want to pay the claim appropriately. Otherwise, the City is not to serve as an accident policy for its citizens – thus they have elected to "exclude" Medical Payments from their General Liability insurance program. The City of Basehor does carry \$5,000 any one person medical payments coverage on their in force EMC general liability policy. You may wish to discuss this with your City Attorney and give the matter further consideration.

### **Pesticide/Herbicide Application**

From our discussion, services that may entail use of hazardous chemicals are contracted to third parties. The City's general liability policy does include coverage for Mosquito Fogging Operations (per the policy's declaration page) and is very specific regarding that all standards of application must be followed. If this assumption is not correct or the City performs other services that entail these chemical applications, please advise.

### **Terrorism**

Per policy endorsement, the City has made the decision to purchase Terrorism coverage under the general liability policy for a premium of \$37. This is always an interesting risk management question as to if the City could be legally liable for bodily injury to its citizens for certified acts of terrorism. While still limited in coverage, the premium for the risk is very competitive. Our municipal clients are split 50%/50% as to insure this risk or not.

### **Excluded Services**

The current policy has a "Town Liability" coverage part that excludes many types of risk "UNLESS" they are specifically described in the declaration page of the policy. For example, any airport, electric power plants, gas plants, hospital, dams, backing up of water in storm sewers, housing authority, skateboard/roller skate sponsored or organized activity, etc.

Per the general liability rating schedule in the City's in force policy, none of the foregoing activities are specifically identified and for which an appropriate premium has been charged.

As a footnote, it is recalled that the City does have many parades during the year but the City only provides hook-ups and does not sponsor, in any way, these activities. Great again since parades and rodeos are also specifically excluded from the City's in-force liability policy. However, EMC has included their parade class code 46590 in the declaration of exposures covered, that includes a \$3,000 each claim property damage deductible. Then, per endorsement CG 21 53 – it notes that the insurance does NOT apply to any bodily injury or property damage arising from Basehor Dairy Days Parade. Let's visit further as we are unclear as to what the Parade coverage provides, yet an endorsement excludes one specific parade.

### **Fellow Employee Exclusion**

Most general liability policies include a "fellow employee exclusion". This protects the insurer from defending allegations from one employee against another where collusion is a possibility. One example would be an alleged libel or slander where one employee slanders another, with both splitting any recovery. We ask that insurers remove this exclusion, as the City would be required by Kansas Law to provide a defense for the employee.

The basic EMC Form includes the standard exclusion. However, don't be surprised if EMC or other insurers are unwilling to eliminate the exclusion in the future, if requested to do so.

### **Sanitary Sewers**

One of the big risks for those entities that have sanitary sewers is an allegation made against them for sewer backup claims. Remember, for an insurer to pay a claim, the City must be legally liable. Legal Liability determination on sewer back-ups are difficult to prove. We are impressed by the method used by the City and the maintenance of lines for which the City is responsible.

One of our municipal clients has established a provision whereby they pay up to \$2,000 for any immediate cleanup due to a sewer backup – regardless of fault. This is just a “service” they provide their citizens. They designated (through an RFP process) an emergency clean-up company and they are called at any hour for service. A signed statement that they are there only for initial cleaning and the cleaning does not determine any liability on the part of the City must be signed prior to entering the premises. Another city with whom we work is contemplating this as well as adjusting their sewer fees by \$.50 per account per month to build up the Risk Management Fund for such services – a “no-fault” service. A homeowner or business owner can purchase sewer back up damage as part of their own policy (many business owners policies have such automatically) – unfortunately, most insurance agents do not sell the coverage or their clients do not purchase such (runs about \$15 a year, yet subject to their homeowner or business owner property insurance deductible).

A final comment about sewer backups. We have had some insurers in the past consider such back-ups a “pollution liability” risk, thus excluded from coverage. Most all now address this as an exception to the pollution exclusion. EMC has the backing up of sanitary sewers as an automatic exclusion (form CG7231 section VI item 5.) unless the hazard is declared on the policy – we did **not** see such on the City's policy that was provided our office. Please discuss this with your broker as soon as possible.

### **Parks**

Our office enjoys seeing the various parks and play equipment for use by the public. Insurance underwriters are becoming more proactive with risk management when it comes to play equipment and the fall areas around such. We understand that periodic reviews are made of the playground area – which is great. Be sure to have those visits documented, with focus on any corrections of the equipment, repair of fall areas, etc. Sample checklists can be viewed from the Certified Playground Safety Inspector guidelines, which also include Americans with Disability Act recommendations. Perhaps someone at the City or even the School District may have someone trained to help each other out on information.

### **Miscellaneous Events**

As the City may be approached periodically to address some special events or perhaps consider adding new services for the public, take a moment to review the general liability's

list of automatic excluded hazards (CG7231). Most items related to animals, carnivals, fireworks displays, skateboard facilities, public livery, etc. generally require insurance underwriting and more than likely an additional premium in order for liability coverage to be provided the City for these activities.

### **EMPLOYEE BENEFIT LIABILITY**

Most liability insurers provide a separate “claims made” program for allegations made against the City and the other insured’s on the policy for loss resulting from the administration of a City employee benefit plan. This includes group health, dental, life, disability, retirement, tuition reimbursement, workers’ compensation or unemployment compensation, etc., with allegations typically being the failure to explain or interpret an employee benefit plan, enrollment in a benefit plan, handling of employee records or communicating an employee benefit plan.

On the City’s program, a \$1,000 each claim (or a series of acts) deductible applies with limits being \$500,000 each wrongful act, subject to a policy annual aggregate of \$1,000,000. Coverage is written on a “claims made” basis, so the policy will only respond to claims that are made during the policy period and, in the case of Basehor, occurred after the retroactive date of April 1, 2006 when the coverage was first purchased.

Since most all of these type policies are claims made, as is the City’s, as long as the City maintains such a program void of any prior retro-active date (the date when the “occurrence” must have been alleged to have happened after) there should be little issues regarding continuity of coverage. Should a change be made to an “occurrence” format in the future, the policy does provide an automatic 60 day period in which to extend coverage and elect to purchase an unlimited amount of time to report claims that were to have happened while insured under the claims made policy, yet not actually made until after the claims made policy expired.

### **UMBRELLA / EXCESS LIABILITY**

The City does not currently have an umbrella or excess liability insurance program. Excess programs can include a Tort Liability Endorsement and some are designed to even be excess of the Law Enforcement, Public Official and Employment Practices Liability programs where claims can be diverted from the Kansas Tort Claims Act Limit. SIRPRO or OneBeacon are two sources that we see that have experience in designing excess programs over municipal program that have sovereign immunity type provisions. We have also seen EMC provide such options for consideration (and our preference would be to use the same excess insurer that writes the primary insurance program as there tends to be less discrepancy in terminology).

Essentially, there are two ways to increase limits – the first is to have the primary insurer increase the limits (if they have the capacity to do so) and the second being the purchase of an excess policy designed to address the Kansas Tort Claims Act when possible. Based on some estimates of other clients, a \$5,000,000 excess liability policy (which would also include an endorsement regarding the Kansas Tort Claims Act) we believe could cost upwards of \$20,000 a year in premium. Recognizing that this is expensive, we did want to bring it to your attention. Void of proprietary functions, we also wonder if such a policy would be advantageous for the City to consider.

At this point, it may be best for the City of Basehor to obtain the pricing to increase the primary General and Auto liability limits to \$1,000,000 with the Kansas Tort Claim Act Endorsement before considering higher limits. This would be an excellent topic to visit with the City Attorney as some believe that regardless of the intent of the policy to lower the liability limit should the Kansas Tort Claim Act apply, whatever is purchased by the City essentially automatically increases the amount under the Act.

### **LINEBACKER LIABILITY FORMAT**

Many insurers label policies of this type as “Public Official’s Liability” and “Law Enforcement Liability”. EMC refers to theirs as “Linebacker”, an unusual identification. By whatever name, the key factors in a policy of this type are - - who is protected, exactly what does the policy insure against and, on what form is the insuring agreement (occurrence vs. claims made)? Also, the availability of protection is sometimes difficult to obtain and, can be expensive, especially if loss frequency and severity have been excessive in the eyes of prospective underwriters.

Understanding that all of the foregoing elements of coverage are combined in to the one EMC “Linebacker” insuring format, each primary area of protection is segregated to promote further understanding of each, with some coverage for the allegations of “bodily injury and property damage” to actually be addressed by the City’s General Liability program.

### **PUBLIC OFFICIAL LIABILITY**

Many errors & omission policies insure against "negligent act or omission". We prefer insuring agreements that offer protection against "Wrongful Acts", such as the EMC format. EMC defines "Wrongful Act" as any actual or alleged errors, misstatements, misleading statements, acts or omissions, neglect or breach of duty. They have expanded their definition to include "personal injury", by endorsement CL7111. Their definition of personal injury excludes loss arising out of oral or written publication of material but only if the City had knowledge of its falsity. To be covered, the act must arise out of the operation of the City or any covered individual while performing their duties for the City.

One question that surfaces is - why does EMC include "personal injury" as an insured event in their Linebacker when the risk is already addressed in their general liability policy? While this should be no problem as long as both policies are with the same insurer, the Linebacker does have a \$2,000 deductible while the General Liability policy has only a \$500 property damage liability deductible. If there is a wrongful entry claim, for example, under which policy will they address it?

Unlike some insurers, EMC does NOT explicitly include in their definition of "wrongful act" allegations many times referred to as Employment Practices Liability. Such protection typically references alleged acts such as sexual misconduct including sexual harassment, wrongful employment practices, wrongful failure to hire or promote, denial or removal of tenure, wrongful termination, breach of individual employment contracts and a myriad of other exposures.

However, EMC does address the subject in the following manner. Exclusion "R" in the policy excludes protection for any claim brought by any present insureds (including employees) against any former insureds. By inclusion of Form CL7134, EMC notes that this exclusion applies to any claim other than an "employment-related practices" claim brought by any present insured against any former insured. They go on to define "employment-related practices" to include refusal to employ, termination of an employee, employment related policies, evaluation, reassignment, discipline, defamation, harassment, discrimination directed at a former employee, employee or applicant for employment."

In today's legal climate it is imperative to obtain the broadest definition of "Wrongful Act" possible which should optimally include a strong posture on Employment Practice Liability claims as well as non-employment discrimination. An employment practice violation definition should include wrongful dismissal; discharge or termination; harassment (including sexual harassment); discrimination (for whatever reason); retaliation; employment related libel, slander or humiliation; failure to promote; wrongful demotion or negligent employee evaluation; wrongful discipline; failure to grant tenure; and violation of any individual's civil rights. EMC covers most of these bases.

### **Abuse or Molestation**

One of the interesting aspects of EMC's policy is this. They do not appear to specifically exclude actual or threatened abuse or molestation. They do, however, exclude "bodily injury", except that which is included in their definition of "personal injury". This would be limited to bodily injury arising while a City employee was attempting to make an arrest or is holding someone under arrest, apart from a law enforcement activity. In our view, abuse is a tremendously broad term that can be considered to include any unjust treatment. Molestation is likewise broad and, again in our view, covers the gamut of bothering someone to actually causing them physical harm. Since EMC's policy does not appear to include any specific exclusion endorsement addressing such claims, they must consider it bodily injury.

## **Defense Cost**

One important feature of EMC's Linebacker form, not found in many similar forms, is that EMC agrees to pay defense costs, up to policy limits, for a limited number of specific allegations against the City. They approach the issue by stating that all of the exclusions listed in the policy are absolute, with the exception of four. It is important to understand the content of these four types of "limited" defense exclusions. Also included in this grouping are claims that do NOT seek monetary damages. For these types of claims, only the defense costs will be paid, up to the each loss policy limit. It is strongly suggested that Exclusions L (1,2 &3), M, N, and P be carefully reviewed. Our firm has had several "discussions" with EMC regarding these exclusions vs. absolute exclusions over the years. Our interpretations still differ. These are the allegations for which only defense costs would be paid and include, failure to renew or perform any contract (other than employment contracts); settlements for loss of salary/fringe benefits; failure to anticipate tax revenue shortfalls, etc.

The definition of wrongful act used by EMC is relatively limited but improved by endorsement. Some competitive errors & omissions type forms are silent on such provisions as wrongful termination, wrongful discharge, sexual misconduct, sexual harassment, non-student discrimination and other paramount exposures for which protection is purchased. Some, however, define "wrongful act" to include many of the actions against which the policy will respond. In our view, specifically defined reference to the Employment Practices risk, clearly stating the types of allegations to which the policy will respond (EMC has done this), is paramount in today's legal environment. While protection for claims alleging errors, omissions and discriminatory actions remains important, the area of employment practices law is expanding dramatically and, because it is, insurance protection should be commensurate with the risk.

While EMC's Linebacker policy does not exclude emotional distress, it does exclude most incidents alleging bodily injury. Typically, general liability policies are silent on this issue although more and more are starting to exclude emotional distress type losses (although EMC does include emotional distress in their definition of bodily injury under their general liability policy). Simply watch for this in the future if a change is ever made.

## **Policy Form – Claims Made**

As is true of most insuring agreements of this type, EMC's "Linebacker" format is "claims made". A retroactive date of February 15, 2002 is applicable. For a claim to be covered the City must have had no knowledge of an incident prior to this retroactive date and the claim must be reported to the insurer during the term of the policy. Anytime there is reason to believe an alleged incident has occurred, REPORT IT TO THE INSURER, immediately. This way, there can never be a question in the future as to if a claim is "made" or not.

Importantly, the "Coverage Activation" section of the policy states that the City must give written notice to the insurer as soon as practical if they become aware of a wrongful act for which is the intention of such party to hold the City responsible. This could mean an actual claim being received by the City or simply knowledge that it is the intent of a third party to file a claim alleging a covered incident.

### **Named Insured**

The named insured on the policy is equally important. In our opinion, it must include the City, as well as all members of the governing board and each of its lawfully elected or appointed members. All employees, as well as all volunteers acting within the scope of their duties for the City should also be included as insureds.

EMC identifies their insured as the City of Basehor, which is noted on the declaration page of the policy. While this is fine, it must be determined as to who else is protected, other than the entity.

First, the policy does NOT appear to include any other entities, i.e., any subsidiaries or affiliated organizations such as other boards of which, it is our understanding, there are none. The policy states that it will pay "loss" and "defense expenses" for the "insured". Per the modified definition of "Insured" in Linebacker Amendment endorsement CL7134, EMC includes, as the "insured" and in addition to the City, the governing board (past, present & future), employees and volunteers while within the scope of their duties for the City. Retainer and/or independent contractors working for the City are NOT included. No problem is apparent here.

### **Deductible**

Most Public Official Liability insuring agreements, such as the Linebackers, include a "deductible" on a per loss basis. In other words, subsequent to absorption of the deductible, the insured would be provided full coverage.

Now, EMC states that the in-force deductible will be \$2,000 each claim for any insured loss. There is no co-pay or coinsurance provision noted in the policy other than EMC will only pay 85% of plaintiff/claimant attorney's fees and expenses on any claim they defend not seeking monetary damages. Some insurers are beginning to use a separate deductible applicable to employment practices liability claims which is normally much higher than the standard each claim deductible. EMC does not. Most other insurers do not have a "coinsurance" provision for defense costs – only the per claim deductible applies to all defense and/or loss.

The primary question and one that we can only address at this point becomes - is the City, under either law or by-law, required to indemnify any Council member or insured person in the event they are found negligent of a wrongful act? We would be surprised if they were not and, feel from a non-legal position, that the Kansas Tort Claim Act requires such indemnification.

Again, the retention applies per "loss". However, the deductible would include the amount paid by the City which would include loss adjustment expenses, limited to the cost of investigations, adjustment service, legal services, court costs, etc., but would not include salaries of employees of EMC or the City.

The primary question becomes, would a larger deductible, say \$5,000 each claim be in the best interest of the City, both from a marketability and cost efficiency standpoint? Or, should increasing the amount contributed by the City on each claim to a \$10,000 or even \$15,000 retention level be considered? While only a marketing discipline could answer this question, we can share our opinion.

A larger deductible or retention would most likely be less cost efficient since the premium is now \$5,967 per year, extremely modest for this type of protection. "If" there has been a frequency of incidents (which there has apparently not), the program would be more attractive to an insurer with a higher deductible threshold. Based on the limits of protection afforded, i.e., \$1,000,000 each loss with a \$1,000,000 aggregate and the \$2,000 deductible per loss, no change in deductibles would be suggested at this time.

### **Outside Boards**

One of our primary concerns - are members of the City's management team serving on various other "boards" outside of the total operating budget of the City nor operated by and under the jurisdiction of the City? This could be a problem.

Please confirm that no members of the Council or any other City management serve on any boards representing interests that are **not** funded by the City or for the purpose of promoting or monitoring City activities - or for which specific instructions have not been provided by the City's Council to serve on such outside Board. If there are any, the matter must be addressed by including a special endorsement extending protection as excess over any insurance carried by that board. If the organization is not-for-profit, this is usually not a problem.

If it is for-profit, especially if it is a bank, it can be difficult to address. We are not certain as to what EMC's position would be on this other than policy wording is relatively emphatic that, to be considered an insured, the service must be rendered in the discharge of the insured's duties for the City. So, duties performed for any other organization would not be covered unless the foregoing conditions were clearly met.

### **Policy Limits**

The protection limits of the in-force policy are \$1,000,000 each loss with a \$1,000,000 each policy term aggregate. Like EMC, many insurers will pay defense costs in addition to the limit of liability although some include defense costs in the limits of protection afforded. Obviously, it is best to have defense costs as supplementary payments, as per the in-force policy.

How much insurance is enough? Who knows but, most of the claims filed under this type protection include allegations of civil rights and/or discrimination. Most normally the suits are filed under the federal court system, as opposed to state. When a claim hits the federal courts, there is generally no state maximum limit imposed.

If a claim were filed alleging negligence under this program, the \$1,000,000 each loss limits would be the remedy for protection, plus defense costs.

In our view, the City should solicit an alternative for \$2,000,000 each claim limit at time of renewal. If alternative quotations should be solicited in the future, the option to consider higher limits should form a part of the proposal specifications. While these may not be deemed cost efficient or attractive to the City upon receipt, it costs nothing to ask.

Again, the annual premium for the policy is currently \$5,967. Considering today's market and the limits of protection, this does not appear to be out of line, especially since the in-force policy has only a \$2,000 each claim deductible and the policy limits do not include defense costs. Don't forget, this is a "claims made" policy.

The in-force policy would protect the City for any claim that was actually "made" during the in-force policy period as long as the incident occurred after the retroactive date of February 15, 1992. Should a program from an alternative insurer be solicited in the future, it should either contain this same retroactive date or no retroactive date.

As far as can be determined, this risk has been insured under a "claims made" format for several years, at least back to 1992. Some insurers do not use the "retroactive date" approach. Their application simply excludes the "Entity's Attestation" and forms a part of their policy. Paraphrased, the inclusion of such statement would serve to exclude any claims or action that was known to any insured official or employee at the time of the application of which the insurer is not made aware. This is a tough stance since management might not know of an isolated incident that had arisen that could lead to a future claim and include circumstances surrounding the incident in the application.

### **Extended Reporting Period**

EMC's policy includes an extended reporting period clause. Some insurers will agree - up front - to the cost of a six-month or one year extended reporting clause. While this is not important if the City never changes insurers or changes to an insurer that has a continuity provision, it is important to understand its terms and conditions.

While EMC states that the cost for purchasing a twelve-month reporting period from EMC would be 90% of the expiring annual premium in their policy, this was changed by endorsement CL8126. Now, "if" EMC is requested to provide an extended reporting period within the time frame allowed, i.e., within 60 days of the policy's expiration, they will do so for an unlimited time period but, will charge a premium equal to 200% of the expiring annual premium for doing so. Although some insurers charge up to 200% for a

one-year extended reporting condition, it would be best to have the provision for the unlimited period. This is probably a moot point since any replacement policy would probably be claims made with the identical retroactive date as the current policy.

EMC takes a conventional approach with regard to their stance on defense costs as they relate to a covered cause of loss. The insurer assumes the right and duty to defend and will pay any sums that the City becomes legally obligated to pay for a covered loss. This is much better than an "indemnification" provision whereby the insurer would pay the City back for any dollars spent in defending an issue that is used by some insurers.

### **Limited Defense Exclusion**

It should be recalled here that the exclusion section of the policy provides a "Limited Defense Exclusion" provision. While coverage is not applicable to these exclusions, they do not apply to defense expenses. For example, if a suit surfaces that do not seek monetary damages from the City, this provision would be applicable. In other words, the insurer would only pay the defense expenses (in excess of the deductible) but, what else would there typically be?

Some insureds want the option of picking their own counsel on every claim. Some do not. EMC's policy states that they will pay the loss and defense expenses to which the insurance applies. The insurer has the right to appoint counsel and to defend claims covered by the policy - as they deem necessary. In other words, they may not wish to defend a claim but rather pay it. The insurer will not pay any defense costs incurred by the City prior to receiving written consent from EMC. Overall, depending on the claim handling philosophy of the City, this may be a realistic approach to handling defense expenses. There are no panaceas in this area.

### **Punitive Damages**

It is our understanding that punitive damages are uninsurable in Kansas. However, a Linebacker's type claim could be filed outside of Kansas, i.e., anywhere for that matter. Most policies of this type include specific punitive damage exclusions. EMC does not appear to mention in their menu of exclusions that they will not address punitive damages. However, they do say that they will pay "loss" and define "loss" to include compensatory damages which specifically does NOT include any fines or penalties imposed by law. So, it is highly unlikely that EMC would consider addressing punitive damage loss. But, the good news becomes that, under the Kansas Tort Claims Act, it is our understanding that punitive damages cannot be assessed against a public entity in the State of Kansas anyway – so the concern is in the federal court system.

### **Cancellation by Insurer**

The in-force policy is essentially non-cancelable after the policy has been in force for ninety (90) days. It can be cancelled for non-payment, material misrepresentation, violation of material policy terms, etc. But, it does include a sixty- (60) day non-renewal

provision. This does not mean that the City cannot cancel the policy on a short-rate basis should they ever elect to do so. It does mean, however, that the insurer cannot cancel the policy, for reasons other than those noted in the endorsement, without providing the City at least sixty days prior notice.

### **Insured Vs. Insured Allegations**

Some insurers of wrongful act protection exclude insured vs. insured losses. Obviously, this is totally unacceptable. For example, when this type of restriction becomes a part of the policy, if an employee were to take action against the City, protection would be excluded.

While eluded to earlier, but worth highlighting again, EMC includes such exclusion in the policy, i.e., exclusion "R". Briefly, this exclusion states that they exclude any claim brought by a present insured against a former insured. However, this was all changed by attachment of form CL 7134 that modifies the exclusion. The exclusion no longer applies to employment related practices claims brought by any present insureds against any former insured. So, termination of an employee, harassment or any other act within the definition of employment practices, discussed earlier, would no longer be an exclusion should a claim be brought by any present insureds against any former insureds.

### **Application**

It is always important to confirm an insurer's position regarding how they plan to address statements made in an application for coverage, an extremely important document for this type of policy. Per Part IV section F – Representations, EMC does not appear to have a severability provision, i.e., the policy does not appear to be considered a separate agreement for each insured and therefore, any statement made by one insured in the application could be held against another. It is also important to note that such condition does NOT increase the each claim or aggregate limit of liability, i.e., each insured would NOT have a \$1,000,000 policy but rather all insureds have this limit collectively on a each claim basis.

### **Breach of Contract**

EMC specifically excludes (exclusion L.3.) any claim arising out of a breach of contract allegation with the exception of breach of an employment contract. Various insurers take many positions on this issue. For example, some exclude any breach of contract claim, others cover the risk with the exception of contracts with suppliers or independent contractors, still others cover - as does EMC - only employment contracts.

### **Plaintiff Fees**

In our opinion, it is important to confirm as to if plaintiff fees are considered by the insurer as damages. Most insurers will include these fees, some only if the costs are taxed against the insured. Obviously, it would always be best to have any fees payable

for a plaintiff against the City paid by their insurer. EMC indicates that they will pay 85% of plaintiff/claimant attorney's fees and expenses subject to the policy's limit of liability, at least this is our understanding of the intent of the policy condition. In our opinion, this would include fees if they were awarded as a part of the judgment or settlement.

### **Failure to Purchase Insurance**

Many of our clients have asked, what happens if we fail to purchase insurance inadvertently on a risk and a loss occurs? Would our insurer consider this an omission?

Not normally. Some insurers will pay only the defense costs in such instance. EMC excludes any claim attributable to any failure or omission of the City to effect or maintain insurance - of any kind. Their position appears concrete in policy exclusion "E".

### **Payment of Back Wages**

The payment of back wages is excluded in the in-force policy, per exclusion "M". The City should be aware of this exposure, which may be available in the future in some employment practices liability insuring agreements.

### **Professional Services Excluded**

It should be noted that the in-force EMC policy includes a specific professional services exclusion, exclusion "I". Any rendering or failure to render a professional service, such as THE PRACTICE OF LAW would not be considered a "wrongful act" within policy conditions.

But, it must be confirmed that EMC intends to extend protection for the City Attorney while he is acting within their scope of responsibility for the City. The definition of professional services in the policy specifically excludes the practice of law, including the judiciary. It further states that the exclusion applies to anyone employed or serving in the profession while performing his or her duties as such. Obviously, if the policy does not protect these legal professionals while acting within the scope of their duties for the City, there is a problem. This should be confirmed as soon as possible.

## **LAW ENFORCEMENT LIABILITY**

The legal liability of the Law Enforcement agency for the City is currently insured as a part of the general liability program as well as the Linebacker policy. The definition of "Personal Injury" in the City's general liability policy includes the risks of false arrest, detention or imprisonment, including malicious prosecution and wrongful entry. As far as can be noted, that policy is NOT endorsed to exclude law enforcement activities. Even though the exposure appears to be addressed in the primary general liability policy, it is our view that the risk presented by the law enforcement function should be considered separately.

Most municipal accounts with which we work have a separate law enforcement liability policy, specifically addressing the police function. The police department is generally identified as the “named insured” with the City being an “additional named insured”. In the current program, the City is the named insured and the law enforcement function, a department of the City, is not specifically identified since it’s a City Department anyway.

EMC’s general liability policy is designed to protect the City against allegations generated from specific acts alleged against the City and the Police Department. Losses covered are limited to Personal Injury, Bodily Injury and Property Damage. The definitions in the policy are important.

Personal Injury includes false arrest, wrongful entry, etc. as identified in the policy. Civil rights violations alleged to have been committed in a law enforcement activity are not included in the general liability policy but rather have been included in the definition of personal injury in the Linebacker. So, a violation of constitutional civil rights or improper service of process as it relates solely to law enforcement activities is afforded protection.

The general liability policy is designed to relate only to Bodily Injury, Property Damage and Personal Injury claims alleged against the City for incidents that are also related to the law enforcement function. It should be further noted that the Linebacker policy also includes bodily injury but only alleged to have occurred during an arrest situation. The definition of personal injury in both the general liability and Linebacker policies appears to dovetail into an acceptable protection agreement.

### **Punitive Damages**

Unlike many policies of this type, EMC does not include Punitive or Exemplary Damages exclusion but, in our view, protection would NOT apply for claims requiring indemnification for these type damages. While one might inject that Punitive Damages are not assessable against the City per the Tort Claim Act, it must be recognized that a claim under this type policy might not be a tort, i.e., violation of a prisoners civil rights, protected under 42 USC 1981, would be considered personal injury.

While it is questionable that any insurer will confirm up front that they will address punitive damages, it is our understanding that punitive damages are non-insurable in the State of Kansas - not even on a vicarious basis. Some attorneys disagree with this assumption. In our non-legal opinion it is against public policy for an insurer to accept this risk transfer.

### **Moonlighting**

During our interview it was confirmed that officers moonlight on personal time. It is our understanding that such moonlighting is done with the permission of the City and the officer wears a City uniform and carries a weapon during this activity.

For example, when the school contracts directly with the City and not the individuals, these individuals would be considered City employees and not engaged in a moonlighting function. Many of our clients permit the wearing of City uniforms during approved moonlighting activities, which can cause considerable confusion with regard to when the officer is an officer of the law and a security employee of the employer.

For example, should a City of Basehor police officer be injured while working for and being paid by the school district – say, a slip and fall issue – it is most likely that the school’s workers’ compensation program would respond to the injury if they were considered an employee of the District, i.e., they are not within the scope of their duty of the City at that moment. But, as soon as the officer transitions into a function of a police officer, such as arresting a person or entering into a chase, it is our view that they would be operating within the scope of their employment of a police officer and therefore under the City’s legal and workers’ compensation program. This is a highly debated issue and often discussed by many City management teams.

### **Policy Limits**

Limits of protection currently afforded are \$1,000,000 each wrongful act with a \$1,000,000 total limit or annual aggregate for the bodily injury, property damage and personal injury risks covered by the general liability policy. For any claim falling under the definition of personal injury in the Linebacker policy pertaining to the law enforcement function, i.e., civil rights violations, and the protection limit would be \$1,000,000 each loss with a \$1,000,000 policy term aggregate.

Should a claim be filed as a result of a non-tort action through the administration of a law enforcement activity, it would most likely be filed in Federal Court rendering the defenses offered by the Kansas Tort Claims Act questionable. The risks of discrimination in connection with a law enforcement activity exist. However, based on our earlier observation, violation of civil rights protected under any federal, state or local law is covered in the insuring agreement.

One of our Kansas City clients experienced a \$950,000 civil rights associated claim in connection with their law enforcement function. Losses in excess of \$1,000,000 per person do, in fact, occur in Kansas if a particular claim is filed outside of the Tort Claims Act, i.e., in a federal court of law.

The City should continue protection limits of at least \$500,000 each occurrence in their general liability policy (or possibly a \$1,000,000 limit with the Kansas Tort Claims Act endorsement as outlined earlier). However, consideration should be given to increasing the limits of protection afforded in the Linebacker. One city in Kansas represented by our firm recently increased their protection limits to \$5,000,000 with a high deductible/retention. This is the same entity that also increased their Public Official Liability insurance to this same level. Perhaps a good step for Basehor to take would be to consider limits of \$2,000,000 with a \$5,000 or \$10,000 retention. Remember, the

Linebacker policy includes not only the professional liability risk of the Law Enforcement function, but also the Public Official and Employment Practices Liability risk of the City. This is one reason why our firm encourages separate programs for each of the risks – although it does cost more premium.

### **Police Manual**

While we are by no means experts in determining a police manual for Use of Force (Deadly and Non-Deadly) or Police Pursuit issues, these are the two main police policies that we believe must be monitored on an annual basis – with formal documentation of any changes. From our experience, the best legal defense in such allegations is that the officer(s) followed the City's policies and procedures. If EMC has not asked for copies of these over the years, take the initiative to send to them for their review and comment. I would also imagine that the Kansas League of Municipalities might be an alternative source of information.

## **AUTOMOBILE**

The current EMC program includes automobile liability limits of \$500,000 for bodily injury and property damage combined. This coincides with the limits set forth in the Kansas Tort Claims Act of \$500,000. Typically, EMC will include within the policy a tort liability endorsement limit for claims within the Act so the limit remains at the \$500,000 level for the specific risk of out-of-state operations, if any. This would be especially important if the limits per accident were higher.

### **Uninsured/Underinsured Motorist**

The policy also includes these same limits for uninsured and/or underinsured losses. This approach deserves further examination.

Our reasoning is simple. If an employee is injured in an automobile accident, workers' compensation is the remedy. But the employee can make a third party claim against the other driver. If the other driver is uninsured or underinsured, the City's insurance policy becomes that other driver's policy. Why should the City's insurance loss ratios be affected by an employee claim against a third party? We have experienced this when a police officer was struck by a hit and run driver. The City's automobile liability insurer paid a \$400,000 settlement on behalf of the unknown driver and the City's insurance premiums subsequently increased. On the reverse side we have had similar situations where the plaintiff attorney has elected to not pursue underinsured coverage when the limits were only \$50,000. There was just not enough money for them to put forth the effort. The annual premium for this to be lowered to \$100,000 would be modest (probably less than \$200 a year), but it is an item we encourage the City to consider for the future.

### **Hired Auto Physical Damage**

The current program includes coverage for hired physical damage losses, i.e., rental vehicles, recognizing that this is typically not a common risk to the City. Frankly, it is our opinion that although this coverage is normally positive and generally costs very little, we recommend employees purchase the additional coverage from the rental company. We realized the cost is excessive, but there are too many situations when the employee may be deemed outside his/her scope of employment or they rent the vehicle in their own name and are subsequently reimbursed. Many company and personal credit card companies also allow one to accept the Collision Damage Waiver and any physical damage to a rental vehicle is paid by the credit card company (less a typical \$100 to \$500 deductible). Watch this area, as many credit card companies limit the types of vehicles for this coverage to apply, i.e., no trucks, large SUV's, exotics, etc.

### **Volunteers As Insureds (a Liability Risk)**

We always ask that volunteers be included as "insureds" in the policy. As far as we call tell, EMC includes volunteers as insured's if performing duties related to City business. We

believe is a non-issue as the definition of “employee” in the Kansas Tort Claims Act includes volunteers for their liability risks.

### **Employees As Insureds (a Liability Risk)**

One area that is unique with EMC is that under the Kansas Tort Claims Act, the entity is to reimburse the employee for loss they sustain within their duties for the City. In the Automobile Liability area of risk, the policy includes the City as well as the employee as an insured. However, under the Non-Owned Liability provision, the coverage excludes the owner of a vehicle used by an insured. So, should an employee drive their own personal vehicle within their scope of duties for the City and incur a loss, the City may have to reimburse the employee for that loss above what their personal auto liability policy had paid (up to the Tort limits). If the employee has just minimum limits, the City could be required to pay up to \$475,000 more for a loss – which needs to be insured. The typical endorsement for this coverage is called “Employees As Insureds” (form CA9933 or equivalent) and would typically need to be added to the policy. How EMC’s auto policy has addressed this risk is a little different from other insurers. Per their form CA7291, it has some very nice ancillary features:

- † Will reimburse an employee’s or volunteer’s deductible (up to \$500) for any physical damage to an employee’s vehicle while responding to an emergency scene for the City;
- † Deleting the Fellow Employee exclusion which provides liability coverage to an employee should a fellow employee bring suit against them regarding the use of a city vehicle;
- † Tow coverage up to \$100 for private passenger type autos;
- † Waiving the deductible for glass damage if repaired and;
- † Confirms that liability coverage is provided as excess for an employee using their own auto in the business of the City.

### **Auto Physical Damage to City Vehicles**

The City has elected to carry \$500 deductible comprehensive and \$1,000 deductible collision on all City owned vehicles, even the 1992 Ford ½ ton pickup. Physical Damage coverage is Actual Cash Value, not replacement cost value. The current value of this unit, for example, is not very much but yet the City is paying premium to insure it for actual cash value at the time of loss. However, that premium appears to be only \$84.00, which is not a bad deal. As the cars get older, consider dropping physical damage coverage on them.

EMC can offer a Replacement Cost Coverage endorsement (CA 7259), but even then you have to read what it actually provides. The insurer will pay the LESSER of the cost to repair with like kind and quality or replace with a new kind and quality or the amount shown in the schedule for the vehicle. Some entities may look at this for their larger units, but the premium rate is higher.

EMC also provides the City, via endorsement CA 7335) a policy provision that there is no physical damage deductible to a City owned vehicle due to loss caused by fire or lightning.

Our concern with vehicle fleets is that many are parked in one spot and subject to common perils – fire being the one fairly prevalent. This is a nice policy feature. Note that it doesn't apply to Wind or Hail – so the per vehicle deductible would apply. Recall the discussion we had regarding the concentration of vehicles with your management team. One risk management technique is to have units taken home at night so there is a separation of risk. Care must be exercised here as municipal units may not be used for personal travel and sometimes perception can become reality. Let's discuss if the City could adapt a management policy whereby pending weather, various units are to be dispersed to the employee home (garaged) so they would have a separation of risk as well as be readily available should emergency assistance be requested.

### **Medical Payments**

Medical payments have been included on all scheduled powered vehicles, including the 16-foot trailer used by Public Works. We see little need to include this coverage where non-employee passengers are rare. Medical payments applies to those even around the vehicle (pedestrian), but that's what the legal liability provision on the policy is designed to address. For example, many of the City's vehicles on which medical payments are carried include police, some private passenger type units, including pickups. However, medical payments are also included on the F-350 Ford Truck and the Kenworth Dump Truck. Would non-employee passengers ever occupy the Dump Truck? Premiums are modest here (totals \$100 on the 2 units and 2 trailers), but this is offered as more a philosophical issue and perhaps it may be easier to have on "all" vehicles that to perhaps miss coverage on other units.

### **Use of Employee Personal Vehicles**

One of the subjects discussed during our interview was - what if a City employee uses their own car on City business and has an accident? Who pays for the damage to their car? Some employers agree, by personnel policy, to assume the deductible (if the car is insured) in such situation.

If this is a potential problem, the "Limited Form Non-Owned Auto Physical Damage" endorsement can be added to the policy - for a price. Personally, we would prefer to see an administrative policy regarding assumption of deductibles. In other words, if the employee wants coverage, let him or her purchase it. If the unit is damaged while being used in the interest of the City, the City could elect to reimburse the employee for the amount of the deductible only, not the total damage cost if they made it a part of their personnel policy. The one exception to this is that EMC's auto policy will pay for personal auto physical damage recovery up to \$500 for an employee's deductible but only if that employee is responding to an emergency scene for the City.

It is our opinion that the City should adopt a personnel policy clearly stipulating their position with regard to damage to an employee's (or volunteer's) personal vehicle if they are operating it within the scope of their duty for the City at the time of loss. The City could opt to disallow any payment at all or, could agree to pay up to the employee's physical damage collision deductible with a maximum, say \$250. Either way, some of

our clients have experienced situations in the past that have encouraged them to adopt such policy. We would encourage the City to consider the following as an addition to their personnel manual, which we shared earlier with the City.

#### **USE OF PERSONAL VEHICLES ON CITY BUSINESS**

In the event an employee of the City of Basehor uses their owned personal vehicle in the performance of their duties for the City and, physical damage occurs to that vehicle during the time of such use, the following policy will apply.

The "per mile" compensation paid by the City to an employee, or even if no compensation is paid, for the use of an owned personal vehicle in the interest of the City is considered reimbursement for wear, tear, use, gas, depreciation and insurance. The City will therefore not be responsible for any damage to an employee owned vehicle while it is being used in the interest of the City.

Further, the employee is responsible for maintaining personal automobile liability insurance protection for all owned vehicles. The City's automobile liability insurance program does NOT provide primary liability insurance protection to the employee for use of their owned, personal automobile, even if it is being used in the business of the City.

#### **PARKING OF PERSONALLY OWNED VEHICLES ON CITY PREMISES**

It is the desire of the City of Basehor to provide a safe environment within which employees may park their vehicles during regular working hours. If a physical damage loss occurs to an employee's personal vehicle, including vandalism, while the vehicle is parked on or adjacent to City owned premises, the City hereby absolves itself of any responsibility for such damage.

### **CRIME**

An often-overlooked aspect of an insuring agreement is the risk of crime. Employee dishonesty losses are beginning to rise with the economic down turn, job insecurity and some will even say the "riverboat" activity. Employees typically guilty of dishonesty have been with an organization 6+ years and often in supervisory or management positions. We are not suggesting there were signs of employee dishonesty during our site review. But we do feel a responsibility to highlight the risk.

#### **Employee Dishonesty**

The City currently maintains an employee bond with a limit of \$50,000 on the City Clerk, Assistant City Clerk, Municipal/Police Clerk, Police Clerk, City Administrator and City Treasurer as well as a \$1,000 surety bond on the Municipal Judge. According to the Bond

Purchase Order provided for review, the bond also includes a Faithful Performance of Duty Endorsement.

We feel this approach is totally unrealistic. Consider at least \$100,000 Public Employee Blanket Bond, Form "O" which would include ALL employees – not just those listed above. Always be careful changing crime insurers as most losses occur over a period of several years and multiple insurers can complicate recovery. The current deductible of "0" (there is none mentioned on the exhibit) is also unrealistic in today's market, especially if a higher limit is solicited (consider at least a \$500 deductible). The loss under the suggested bond form is a "per crime loss"– be it one person or several in collusion – and does not have a policy year aggregate.

Should the City have any supplemental retirement plans, we encourage those plans to be listed as Employee Benefit Plans in the event an employee takes funds from contributing employees (not the City).

The current program apparently includes the "Faithful Performance of Duty" endorsement. However, in that there are no limits of insurance noted, it must be assumed that this coverage is for the identical amounts for each specified position. Including this coverage expands coverage beyond dishonesty and protects the City in the event the loss arises out of an employee's failure to faithfully perform his/her duty. Some insurers are no longer offering this endorsement. Most of the time, if purchased, this coverage does not apply to Law Enforcement Officials within their duty, as insurers do not want a Crime program to extend to law enforcement liability type coverage.

The employee dishonesty coverage excludes employees required by law to be individually bonded. It also excludes the City Treasurer, which we believe should have a \$50,000 position bond that may be required by the State. Some insurers will offer an endorsement extending the coverage as excess of any specific position bond. Some will do this for any position except Treasurer. If the City as an ordinance that requires position bonds on the Council or positions such as court clerks, make an effort to remove such ordinance language so they would fall within the employee dishonesty coverage limit.

It may also be considered to add Extortion coverage. The purpose of including extortion coverage is to cover the payment of money, securities, or other property to the extortionist as a result of his or her threats to an official, employee or representative of the City. One unique exclusion (which helps prevent collusion between an insider and outsider) is if in the event an insured surrender the property before that insured person makes a "reasonable offer" to report the extortionist demands to an associate or law enforcement, then the insurer may deny coverage.

## **Forgery & Alteration / Theft Disappearance & Destruction**

Ancillary coverage typically included in a Public Employee Blanket Bond is the risk of forgery and alteration with the addition of theft, disappearance and destruction of money and securities. All coverage's are typically subject to a common per loss deductible. It is suggested that the annual cost of a Forgery & Alteration program with a limit of at least \$50,000 with a \$500 each occurrence deductible a \$5,000 Money & Securities Inside & Outside be quoted with the assistance of your agent. Our firm had a city of recent that had three checks forged – cashed in Oregon – for a total of \$38,000. From what we gathered from the city's risk manager, the checks were very well developed.

## **Computer Fraud**

One other area of crime risk might wish to be explored further – Computer Fraud. Essentially, this is loss of money and securities directly resulting from computer fraud (non-employees) from either inside the City or the City's bank to an outside person, bank or any other place outside the City's building or City's bank building. With electronic transfer monies, this would be a good coverage to pursue and we feel the cost to include would be very modest. If included, it should be confirmed that the coverage includes credit card transactions.

## **WORKERS' COMPENSATION**

The City's in-force workers' compensation program is currently insured through KMIT. Our firm was not requested to include a review of the terms and conditions of this coverage within our assignment. However, our experience with KMIT has been positive throughout the years. One other associational trust programs that have been effective include KERIT, although their loss cost multipliers are listed to be higher than KMIT. Associational trusts can be assessed – so be cognizant of that issue. Should the City ever wish to consider alternatives in the future, EMC and Accident Fund are two other insurers that have been fairly competitive in the workers' compensation arena. The following represent the posted Loss Cost Multipliers as filed with the State Department of Insurance, which would be used to multiply the filed rates for each class code within the State (exclusive of any experience modification factor, premium discount or other rating discount based on internal risk management programs, etc.).

INSURER/TRUST	LOSS COST MULTIPLIER	EFFECTIVE DATE	PREVIOUS MULTIPLIER
K.M.I.T.	1.58	12/05/2006	1.46
K.E.R.I.T.	1.44	01/01/2008	1.74
E.M.C.	1.51	01/01/2008	1.52
EMCASCO (an EMC company)	1.42	01/01/2008	1.36
Accident Fund	1.47	01/01/2008	1.54

## MSCELLANEOUS RISK MANAGEMENT AND INSURANCE ISSUES

### **Broker Commissions**

The City obtains their property & liability insurance program through the insurance brokerage system. The definition of a broker is that they work for the City (the insured) yet are compensated by the insurer for the sale of the insurance product. Virtually all insurers are becoming transparent when it comes to commissions payable. Typically, EMC pay 15% or higher commissions to the broker based on the premiums sold to the insured. This is always a negotiable item with the broker. While we often receive discounts, the fee should also reflect the amount of work that the broker of which the City may not be aware. We believe 12% to 15% is fair for accounts the size of the City (the broker provides ancillary services such as Marshall & Swift appraisals, quarterly loss control meetings, lunch & learns on risk topics such as employment practices, etc.). We feel the City's broker should disclose their fees to the City if they do not already do so and evaluate the services for which the City is paying the broker.

### **Claims**

Based on the claims information provided, the City's loss experience in recent years has been outstanding. Total incurred losses have been only \$9,215 of which \$2,923 remains in reserve. Considering the premium/loss ratio the insurer should be thrilled with your account. This data is from years 2004 to 2008, which, again, is an excellent claims experience record. No improvement opportunities appear appropriate at this time.

### **Risk Tolerance & Risk Transfer**

The Risk Management and Tort Liability Policy of the City should specifically outline several appropriate points on loss control, loss retention and risk transfer. During the thought process, you may wish to consider some of the following suggestions as part of a risk management policy statement. Feel free to modify as you wish, as this is just a sample from which to work.

*The City of Basehor, Kansas will apply to the risk of accidental and fortuitous loss a risk management process that includes a periodic identification of loss exposures, the analysis of those loss exposures, the application of sound risk control procedures, the financing of risk consistent with the City's financial resources and to encourage responsible, informed risk taking which optimizes the balance between risk and control.*

*The City, in accordance with its statutes and laws, is to be protected as reasonably possible against accidental loss or losses that in the aggregate during any financial period would negatively affect the budget or the ability of the City to continue to fulfill its responsibilities to taxpayers and the public. Loss-prevention and contract activities are of paramount importance to the City.*

*Nothing contained in this policy shall be interpreted or otherwise construed to mean that any immunity of the City is being waived in whole or in part. The City recognizes that risk is something that cannot be wholly contained but aims to manage the exposure to those risks to a satisfactory level, as risk is an integral part of the City's business and service delivery.*

*Insurance shall be purchased from any source determined to be in the best interest of the City, through representatives and insurers experienced with risk management funding programs commensurate with the City's philosophy. This could include the following as a guideline only:*

- a) *As a general rule, risk of potential loss in the range of \$25,000 is considered substantial;*
- b) *The City will give consideration to those insurers which provide savings for a higher deductible, not to exceed \$10,000 in any one occurrence;;*
- c) *Insure basic property losses in excess of \$1,000 per any one item;*
- d) *Physical damage to motor vehicles may not be carried on units with a market value of less than \$10,000;*
- e) *Physical damage on motor vehicles should be carried when it is necessary to store more than \$25,000 worth of vehicles in one insured facility;*
- f) *Liability limits should take full advantage of the Kansas Tort Claims Act as amended;*
- g) *Workers' Compensation as per statute, with emphasis on safety programs as provided by the insurer and/or broker of record;*
- h) *Employee dishonesty bonds as required by state law or city ordinance, with a blanket bond covering all employees being considered preferred unless required to have individual bonds.*

### **Special Liability Expense Fund**

The City may wish to give consideration in the future to a Risk Management and Tort Liability Policy outlined the Special Liability Expense Fund as allowed by Kansas Statute.

The financial goal of this fund is always subject to change and is based a lot on the risk assumed by the City (i.e., deductibles or actual non-insurance), those risks that are transferred via insurance, and how insurance changes over time regarding pricing and deductibles. We encourage the City to fund perhaps 10% of the annual premium or even any premium savings compared to the budgeted amount, into this fund to help when the market once again turns (and it will – insurance has always been cyclical). However, if a decision had to be between funding the Risk Management Reserve Fund or a Special Liability Expense Fund, we would encourage the establishment and continued use of the Risk Management Reserve Fund, recognizing each have their own purpose. The statutes are offered for informational purposes.

**12-2615**

**Chapter 12.--CITIES AND MUNICIPALITIES**

**Article 26.--INSURANCE**

**12-2615. Uninsured risks; payment of; funds.** (a) The governing body of any city, county or school district may pay the costs relating to any uninsured loss. The governing body of a city or county may pay such costs from the risk management reserve fund of the city or county. The board of education of any school district may pay such costs from the special reserve fund of the district. The resolution establishing such risk management reserve fund shall prescribe the purposes for which moneys in the fund may be used, and any expenditure therefrom shall require the approval of the governing body. Moneys may be paid into such risk management reserve fund or special reserve fund from any source which may be utilized for such purposes, including transfers from the general fund, from any special liability expense fund established in accordance with the provisions of K.S.A. 75-6110, and amendments thereto, or from any other fund or grant program account of the governmental unit in reasonable proportion to the estimated cost of self insuring the risk losses covered by such funds. Such funds shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In making the budget of such city, county or school district, the amounts credited to and the amount on hand in such reserve fund, and the amount expended therefrom, shall be included in the annual budget for the information of the residents. Interest earned on the investment of moneys in such reserve fund shall be credited to such fund.

(b) If the governing body of any city, county or school district determines on an actuarial basis that money which has been credited to such fund, or any part thereof, is no longer needed for the purposes for which it was established, the governing body may transfer such amount not needed to the funds or accounts from which the money was received. Any money so transferred shall be budgeted in accordance with the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto.

**75-6110**

**Chapter 75.--STATE DEPARTMENTS; PUBLIC OFFICERS AND EMPLOYEES**

**Article 61.--KANSAS TORT CLAIMS ACT**

**75-6110. Same; costs for defense of municipalities or its employees; special liability expense fund, establishment and maintenance; tax levy.** (a) Except as provided for school districts, payments by municipalities for the cost of providing for its defense and the defense of employees pursuant to this act and for the payment of claims and other direct and indirect costs resulting from the implementation of this act may be paid from the general or other existing fund of such municipality or from a special liability expense fund established for such purpose pursuant to subsection (b). School districts shall make such payments from the special liability expense fund of the school district.

(b) Whenever the governing body of any municipality shall determine that it is advisable to establish a special fund for the payment of such costs and to establish a reserve therefor, in lieu of paying the same out of the general or other existing fund of

the municipality, such governing body may create and establish a special liability expense fund for the payment of such costs and may place therein any moneys received by the municipality from any source whatsoever which may be lawfully utilized for such purpose including the proceeds of tax levies hereinafter authorized and provided. Such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In making the budget of such municipality, the amounts credited to and the amount on hand in such special fund, and the amount expended therefrom, shall be included in the annual budget for the information of the residents of such municipality.

(c) Whenever the governing body of any municipality which is authorized by law to levy taxes upon property has established a special liability expense fund under the provisions of this section and determines that moneys from other sources will be insufficient to pay such costs, the governing body may levy an annual tax upon all taxable tangible property within the municipality in an amount determined by the governing body to be necessary for such purpose and in the case of cities and counties, to pay a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located in such city or county

### **CLAIM NOTIFICATION**

We encourage the City to consider a formal claim notification process as outlined in the Kansas Tort Claims Act. This provides an entry point and a formal request for damages from a third party and a cover letter generally outlines that the City has up to 120 days to review the claim. The following information must be filed with the office of the City Clerk before an action may be brought against the City under the Kansas Tort Claims Act:

1. Your name, address, phone number, and social security number:
2. The name and address of your attorney, if any:
3. Give a concise statement of the factual basis of the claim, **including the date, time,** place and circumstances of the act, omission, or event.
4. The name and address of any public officer or employee involved, if known.
5. Give a concise statement of the nature and extent of the injury you claim to have suffered.
6. Give a statement of the amount of monetary damage that is being requested.
7. Sign the form

### **GENERAL SUMMARY CONCLUSIONS AND RECOMMENDATIONS**

Overall, the City's program is written with acceptable insurers with good coverage terms and conditions. We trust that the foregoing will be accepted in the spirit intended – to serve as a springboard in which to continue to develop the City's risk management function. The following represents a summary of items that we feel need further evaluation and discussion with the City's broker and insurer.

Give consideration and discuss:

- Confirm that the Property program is written on a full “Blanket” basis.
- Request EMC to issue the Agreed Amount provision thereby eliminating the Coinsurance provision.
- Obtain an option to insure Traffic Signals on a Replacement Cost Basis.
- Increasing the Extra Expense limit to \$250,000 per occurrence.
- Consider formalizing a Crisis Management template.
- Evaluate the need to insure all the Electronic Data Processing Equipment compared to just insuring the two major items only and the balance as “contents” under the Property Insurance program.
- Ask the insurer for the cost to add \$25,000 of Unscheduled Contractors Equipment.
- Clear up the valuation provision of the Inland Marine program, is it Actual Cash Value or Replacement Cost Value.
- Confirm if the Mechanical Breakdown amount is either a full blanket limit or limited to that on the property schedule.
- See if EMC will increase the Mechanical Breakdown Expediting Expense up to \$100,000 for no additional premium.
- In regards to the General Liability insurance program:
  - a) Solicit a proposal for a \$1,000 property damage only deductible in lieu of \$500 to evaluate any cost efficiencies;
  - b) Have EMC quote a \$1,000,000 each occurrence limit with the Kansas Tort Claims Act Endorsement, with a \$2,000,000 General Aggregate (be sure to discuss this with the City Attorney prior to making any policy modifications);
  - c) Ask to see if Sanitary Sewer allegations would be addressed on the City’s policy and if such activities have to be scheduled on the declaration page.
- Have EMC quote the Linebacker policy with \$2,000,000 each occurrence and aggregate limits in order to evaluate the cost.
- Is the Linebacker program to be available to the City Attorney?

- Obtain the cost of a Form “O” Public Employee’s Blanket Bond, including Faithful Performance of Duty coverage for a limit of at least \$100,000. Also look at adding \$50,000 Forgery & Alteration and \$5,000 Money & Security Inside/Outside.
- Have the broker fully disclose their commissions and contingencies as it may relate directly to the City. If they provide a valued service to the City – which we believe they do based on our discussion with the City – there should be no concern for them to disclose these amounts. Ask that they assist the City in helping further develop their public safety as well as maintenance of underwriting information should the City ever wish to consider alternative insurance markets in the future.

Thank you for the opportunity to be of service to the City.

Sincerely,

*CHARLESWORTH & ASSOCIATES, L.C.*



Bob Charlesworth, ARM, ALCM, AIS



Art Charlesworth, CPCU, CLU, ARM, AU  
C&A/cs

February 6, 2008

Joe Kleidosty  
14124 Merion Ct  
Basehor, KS 66007

Dear City Council members,

I have been overcharged for my sewer/wastewater usage since I moved to my residence on May 10, 2007. I request reimbursement of \$212.17, based on my recent water history usage, which shows a consistent pattern of low water usage. I provided my CRWD #1 water history to Assistant City Clerk Katherine Renn. Katherine is adjusting our future bills to ensure we are not overcharged again.

I arrived at \$212.17 based on the following: Based on my last 3 months of water usage (Nov 07, Dec 07, Jan 07), Katherine indicated my monthly sewer usage charge should be approximately \$12.97. According to my recent water usage, I should have been charged \$110.25 for 8 ½ months of service (May 10, 2007 – Jan 31, 2008). I was actually charged and paid \$322.42 for this time period (\$37.86/month). The difference is \$212.17.

During the last four months, my sewer/wastewater usage bill has been approximately \$20.00 more per month than my actual water usage bill (average water bill over last four months is \$18.11 each month, while I have been paying \$37.86 each month for sewer), to demonstrate the disparity between the two utility charges.

I request reimbursement of \$212.17 to reimburse me for this overcharge issue. I am not requesting interest on this amount. I only want to pay what I owe the City for their sewer service. Thanks for your attention to this matter.

Sincerely,



Joe C. Kleidosty

913.662.7095

2/07/2008

Master History Record

TO  
Fun  
Lau  
Pa

Total cost  
if based on  
actual usage 0.\*

Craig Owsley Builders

Water	\$14.00	Trans	\$0.00	Tax	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$14.00
Final	\$0.00	WPF	\$0.00		

Prev Bal  
PymtsRecd  
Bal Due

May \$ 24,480,000+  
June 15,120,000+  
July 38,880,000+  
Aug 64,800,000+  
Sept 192,240,000+  
OCT. 95,760,000+  
Nov. 12,240,000+  
Dec. 15,120,000+  
Jan. 12,240,000+  
total \$470,800,000

	LastRdg	PreviousRdg	Usage	
Water	1,402	1,402	0	
Elec	0	0	0	
Gas	0	0	0	

DateRead  
1/24/2007  
6533C  
09/2000

Craig Owsley Builders

Water	\$14.00	Trans	\$0.00	Tax	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$14.00
Final	\$0.00	WPF	\$0.00		

Prev Bal  
PymtsRecd  
Bal Due

Paid \$322.42

	LastRdg	PreviousRdg	Usage	
Water	1,403	1,402	1	
Elec	0	0	0	
Gas	0	0	0	

DateRead  
2/23/2007  
6561C  
10/2000

DateLastPymt  
3/09/2007  
ResetDate  
03/26/2007

Craig Owsley Builders

Water	\$14.00	Trans	\$0.00	Tax	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$14.00
Final	\$0.00	WPF	\$0.00		

Prev Bal  
PymtsRecd  
Bal Due

\$0.00  
\$14.00  
\$0.00

	LastRdg	PreviousRdg	Usage	
Water	1,404	1,403	1	
Elec	0	0	0	
Gas	0	0	0	

DateRead  
3/23/2007  
6618C  
11/2000

DateLastPymt  
4/11/2007  
ResetDate  
04/27/2007

Kleidosty Joe

Water	\$26.55	Trans	\$0.00	Tax	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$31.66
Final	\$5.00	WPF	\$0.11		

Prev Bal  
PymtsRecd  
Bal Due

\$0.00  
\$31.66  
\$0.00

	LastRdg	PreviousRdg	Usage	
Water	1,438	1,404	34	
Elec	0	0	0	
Gas	0	0	0	

DateRead  
5/11/2007  
6683C  
01/2001

DateLastPymt  
5/17/2007  
ResetDate  
05/29/2007

34 + 7.20  
\$ 24.48

2/07/2008

### Master History Record

Kleidosty Joe

Water	\$19.75	Trans	\$0.00	Tax	\$0.00	Prev Bal	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00	PymtsRecd	\$19.82
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$19.82	Bal Due	\$0.00
Final	\$0.00	WPF	\$0.07				
						DateRead	DateLastPymt
						5/24/2007	6/20/2007
						AutoPY	ResetDate
						02/2001	06/26/2007

	LastRdg	PreviousRdg	Usage				
Water	1,459	1,438	21				
Elec	0	0	0				
Gas	0	0	0				

*15.12*

Kleidosty Joe

Water	\$37.01	Trans	\$0.00	Tax	\$0.00	Prev Bal	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00	PymtsRecd	\$37.18
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$37.18	Bal Due	\$0.00
Final	\$0.00	WPF	\$0.17				
						DateRead	DateLastPymt
						6/25/2007	7/20/2007
						AutoPY	ResetDate
						03/2001	07/26/2007

	LastRdg	PreviousRdg	Usage				
Water	1,513	1,459	54				
Elec	0	0	0				
Gas	0	0	0				

*38.88*

Kleidosty Joe

Water	\$55.84	Trans	\$0.00	Tax	\$0.00	Prev Bal	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00	PymtsRecd	\$56.13
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$56.13	Bal Due	\$0.00
Final	\$0.00	WPF	\$0.29				
						DateRead	DateLastPymt
						7/23/2007	8/20/2007
						AutoPY	ResetDate
						04/2001	08/27/2007

	LastRdg	PreviousRdg	Usage				
Water	1,603	1,513	90				
Elec	0	0	0				
Gas	0	0	0				

*64.60*

Kleidosty Joe

Water	\$148.41	Trans	\$0.00	Tax	\$0.00	Prev Bal	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00	PymtsRecd	\$149.26
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$149.26	Bal Due	\$0.00
Final	\$0.00	WPF	\$0.85				
						DateRead	DateLastPymt
						8/23/2007	9/20/2007
						AutoPY	ResetDate
						05/2001	09/25/2007

	LastRdg	PreviousRdg	Usage				
Water	1,870	1,603	267				
Elec	0	0	0				
Gas	0	0	0				

*192.24*

2/07/2008

### Master History Record

Kleidosty Joe

Water	\$78.33	Trans	\$0.00	Tax	\$0.00	Prev Bal	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00	PymtsRecd	\$78.76
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$78.76	Bal Due	\$0.00
Final	\$0.00	WPF	\$0.43				
						DateRead	DateLastPymt
						9/24/2007	10/22/2007
						AutoPY	ResetDate
						06/2001	10/26/2007

	LastRdg	PreviousRdg	Usage				
Water	2,003	1,870	133				
Elec	0	0	0				
Gas	0	0	0				

*\$95.76*

Kleidosty Joe

Water	\$17.66	Trans	\$0.00	Tax	\$0.00	Prev Bal	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00	PymtsRecd	\$17.71
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$17.71	Bal Due	\$0.00
Final	\$0.00	WPF	\$0.05				
						DateRead	DateLastPymt
						10/23/2007	11/20/2007
						AutoPY	ResetDate
						07/2001	11/28/2007

	LastRdg	PreviousRdg	Usage				
Water	2,020	2,003	17				
Elec	0	0	0				
Gas	0	0	0				

*\$12.24*

Kleidosty Joe

Water	\$19.75	Trans	\$0.00	Tax	\$0.00	Prev Bal	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00	PymtsRecd	\$19.82
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$19.82	Bal Due	\$0.00
Final	\$0.00	WPF	\$0.07				
						DateRead	DateLastPymt
						11/26/2007	12/20/2007
						AutoPY	ResetDate
						08/2001	12/27/2007

	LastRdg	PreviousRdg	Usage				
Water	2,041	2,020	21				
Elec	0	0	0				
Gas	0	0	0				

*\$15.12*

Kleidosty Joe

Water	\$17.66	Trans	\$0.00	Tax	\$0.00	Prev Bal	\$0.00
Collec	\$0.00	Other	\$0.00	LC	\$0.00	PymtsRecd	\$17.71
Shut-	\$0.00	Adjus	\$0.00	Cur Chrgs	\$17.71	Bal Due	\$0.00
Final	\$0.00	WPF	\$0.05				
						DateRead	DateLastPymt
						12/26/2007	1/21/2008
						AutoPY	ResetDate
						09/2001	01/29/2008

	LastRdg	PreviousRdg	Usage				
Water	2,056	2,041	17				
Elec	0	0	0				
Gas	0	0	0				

*\$12.24*

**Narrative – City Council  
Planning Commission – March 3, 2008  
Dustin Smith, Planning Director**

**Annexation Plan**

Background

The Planning Commission reviewed the attached annexation plan on February 5, 2008 and recommended approval thereof to the City Council.

The annexation plan was assembled by a subcommittee of the Planning Commission and the Planning Director pursuant to the direction provided in the Comprehensive Plan. The plan includes properties that the city can reasonably expect to annex in the next five years based on several factors, such as provision of sewer service, proximity to the existing city, possible development proposals, etc.

The attached plan was provided to the City Council at a previous work session and provides a list of policies associated with annexation. We have begun pursuing voluntary annexation of the some of the properties immediately adjacent to the city.

The plan includes a relatively short term of five years from 2008-2012. It provides some of the reasons for annexation and direction on how the city should evaluate annexation proposals.

The two basic types of annexation are unilateral and voluntary. Unilateral annexations are those that are done without consent of the property owner being annexed, whereas voluntary annexation occurs with the consent of the property owner. Both types are regulated by section 12-520 and other sections of the Kansas Statutes. Most of the annexations proposed in the plan can be done without approval from the County Commission, unless they are “island” annexations, such as Honey Creek, Hidden Ridge and Falcon Lakes.

A draft ordinance is provided for Council adoption. I have also included a legislative alert relating to proposed house bill (HB) 2747 that is currently being considered in Topeka that will have significant impacts on the ability of cities to annex land.

Staff will be available at the meeting for discussion.

**Staff Recommendation**

Staff and the Planning Commission recommend approval of the Annexation Plan.

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE ADOPTING AN ANNEXATION PLAN PURSUANT TO THE  
POLICIES IN BUILDING BASEHOR – GROWING TOGETHER, A COMPREHENSIVE  
PLAN FOR THE CITY OF BASEHOR, KANSAS**

**WHEREAS**, the Planning Commission of the City of Basehor, Kansas held a public hearing to consider the Annexation Plan on February 6, 2008 and recommended adoption thereof pursuant to the policies listed in the Comprehensive Plan.

**NOW THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE  
CITY OF BASEHOR, KANSAS THAT:**

SECTION 1. The Governing Body of the City of Basehor, Kansas, hereby adopts the Annexation Plan as recommended by the Planning Commission.

SECTION 2. Not less than two (2) copies of this Ordinance, to each of which shall be attached the Annexation Plan, marked or stamped as "official copy as incorporated by ordinance" shall be filed with the City Clerk to be open to inspection and available to the public at all reasonable business hours.

SECTION 3. This Ordinance shall take effect and be in force from and after its publication in the official City newspaper.

**PASSED** by the Governing Body of the City of Basehor, Kansas, this 3<sup>rd</sup> day of March, 2008.

**APPROVED** by the Mayor this 3<sup>rd</sup> day of March, 2008.

\_\_\_\_\_  
Chris Garcia, Mayor

ATTEST:

\_\_\_\_\_  
Mary Ann Mogle, City Clerk

**Proposed Annexation Plan  
2008 – 2012**

**Objectives of Annexation**

Prior to the annexation of any property, the City shall determine that the annexation serves at least one of the following objectives:

1. The annexation will provide additional area for expansion of the City and maintenance of the economic viability.
2. The annexation will direct growth according to the city's growth plans.
3. The annexation will keep rural development from occurring within close proximity to the existing city boundaries (i.e. 2.5 acre lots) that will impede the future development of the city.
4. The annexation will enhance the concept of economy of scale.
5. Provision of services to area that may have failing on-site sewer systems (i.e. environmental benefit.)
6. The annexation will make the city boundary more straight and harmonious.

**Policy 1:** All annexation requests should include properties in their entirety and will not except property that will create an unincorporated enclave or which will not coincide with any of the conditions in K.S.A. 12-520.

**Action 1a:** Pursue the annexation of property that will connect current island annexations with the main portion of the city, especially those properties along US 24/40 that can easily be provided sewer service.

**Policy 2:** As part of the annexation of property, the City will include one-half of the street right-of-way adjacent to said property.

**Policy 3:** Maintenance responsibilities for any portion of annexed right-of-way will be addressed as part of an existing or future agreement with the County.

**Policy 4:** Properties that will be connected to the city's sewer system will be required to annex into the city, unless the Governing Body determines that such annexation is not in the city's best interest.

**Policy 5:** In considering whether to annex existing subdivisions, the Governing Body shall evaluate the condition of the public improvements existing within said subdivision.

**Policy 6:** Properties that are adjacent to the existing city limits and are less than 21 acres will not be annexed unless:

- a. It is necessary pursuant to K.S.A. 12-520 or other State Statute.
- b. The property has a proposed development plan or is included in a proposed development plan.
- c. The Governing Body finds it in the best interest of the City.
- d. The property owner requests annexation and the Governing Body finds it in the best of the City to do so.

**I. Unilateral Annexation (Voluntary, if possible)**

**A. County exclaves**

1. Property north of, and adjacent to, Library property on 158 Street.
2. Property on Parallel Road, between Prairie Gardens 2<sup>nd</sup> and 3<sup>rd</sup> Plats
3. Property within Falcon Lakes.

**B. Property that will come onto the City' sewer system.**

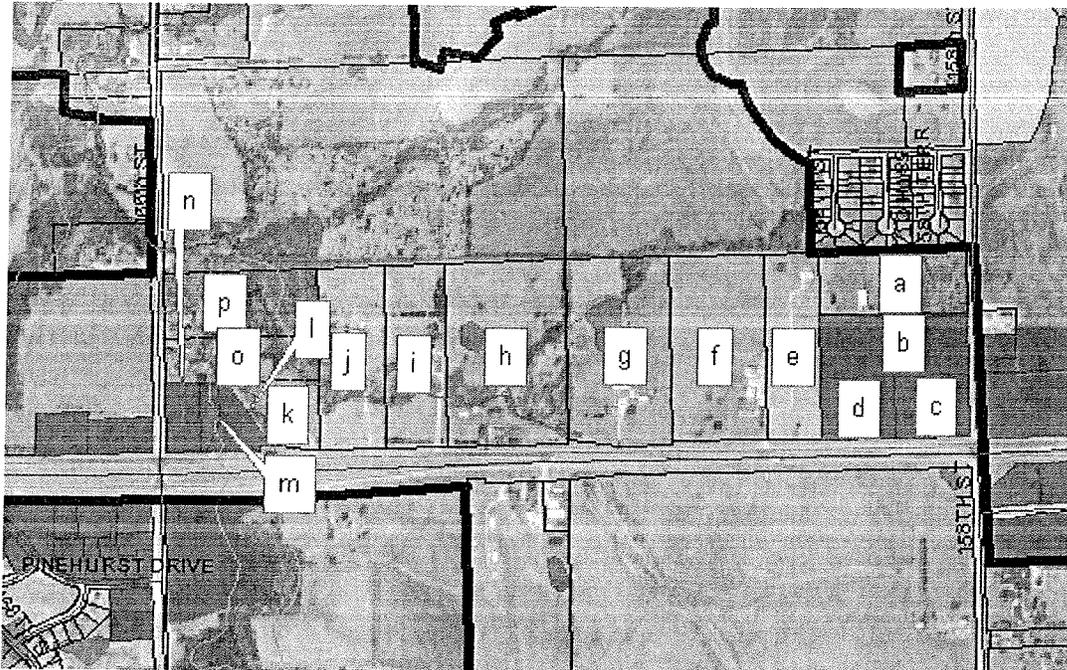
1. Glenwood Subdivision – when they connect.
2. Ginger Creek Subdivision – when it comes onto city system.

**C. Other property adjacent, or within close proximity, to the City:**

1. The commercial area south of, and adjacent to, 24/40 between 150 Street and 155 Street.
2. All property east of the city between Donahoo Road and Parallel Road not currently in the city pursuant to annexation out to K-7 Highway as sewer options become available.
3. Properties in the US 24/40 corridor between 158 Street and 166 Street, in succession as follows:

- a. Property south of, and adjacent to, Prairie Gardens (parcel #1820300000034000).
- b. Parcel #1820300000033000
- c. Parcel #1820300000032000
- d. Parcel #1820300000032010
- e. Parcel #1820300000031000
- f. Parcel #1820300000030000
- g. Parcel #1820300000029000
- h. Parcel #1820300000028000
- i. Parcel #1820300000027000
- j. Parcel #1820300000026000
- k. Parcel #1820300000025000
- l. Parcel #1820300000024000
- m. Parcel #1820300000023000
- n. Parcel #1820300000022000
- o. Parcel #1820300000021000
- p. Parcel #1820300000020000

Map 1:



- 4. Property that is currently on the city's sewer system.
  - 1. Cedar Lake Subdivision
  - 2. Cedar Falls Subdivision

**II. Short-Term Voluntary Annexation**

**A. Development Property – as development occurs.**

1. Silver Springs – currently in the process.
2. Brandt’s property on 155 Terrace.

**B. Property that is currently on the city’s sewer system**

1. Theno Estates (Victory Crest).

**IV. Short–Term or Long-Term annexation of property adjacent to the main portion of the City that is less than 21 acres**

1. Properties south of West Heights property
  - a. 18.72 acres
  - b. 1.06 acres
  - c. 1.51 acres
  - d. .84 acres.
2. Properties north of Parallel on east side of 147 Street (if Mussett property development extends sewer to within reasonable distance)
  - a. 13.76 acres north of, and adjacent to High View Industrial Park, and.
  - b. The adjacent 8.97 acres on the north.

\*Note – some of the properties listed above may be placed in more than one category.

**Excerpt of Planning Commission Minutes  
February 5, 2008  
Basehor City Hall**

**Item E-5 Annexation Plan**

Mr. Smith reviewed the staff report and recommended approval of the Annexation Plan. Chair Flower asked for any discussion, hearing none.

Commissioner Logsdon made the motion to accept as recommended by staff. Commissioner Matthews seconded. Chair Flower called for a vote. Motion passed 7-0.

## Basehor Planning

**From:** Mary Mogle [cityclerk@cityofbasehor.org]  
**Sent:** Wednesday, February 06, 2008 8:18 AM  
**To:** 'Carl Slaugh'; 'Chris Garcia'; 'Jim Washington'; 'Keith Sifford'; Terry Hill; 'Terry Thomas'; 'Dustin Smith'; 'Gene Myracle'; 'Lloyd Martley'  
**Subject:** FW: [LKM] Legislative Alert 2-5-08 (Annexation Law Under Attack)

FYI.

pc: Dysart

---

**From:** Katherine Renn [mailto:asstcityclerk@cityofbasehor.org]  
**Sent:** Tuesday, February 05, 2008 3:21 PM  
**To:** Mary A. Mogle  
**Subject:** FW: [LKM] Legislative Alert 2-5-08 (Annexation Law Under Attack)

Just FYI. Interesting. Kathy

-----Original Message-----

**From:** sbartley@lkm.org [mailto:sbartley@lkm.org]  
**Sent:** Tuesday, February 05, 2008 2:03 PM  
**To:** Katherine Renn  
**Subject:** [LKM] Legislative Alert 2-5-08 (Annexation Law Under Attack)

## Legislative Alert

**2008 Legislative Alerts | Number 1 | February 5, 2008 | Shane Bartley, Editor**  
 A League of Kansas Municipalities Publication / 300 SW 8th Avenue • Topeka, KS 66603-3951  
 Phone: (785) 354-9565 / Fax: (785) 354-4186 / [www.lkm.org](http://www.lkm.org)

### Annexation Law Under Attack

A bill has been introduced in the House which would effectively end annexation in Kansas. **HB 2747**, which was introduced by Majority Leader Ray Merrick and 14 others, would require a vote of the people in the area to be annexed, regardless of the type of annexation. ***For all intents and purposes, this would effectively end the ability of cities in Kansas to annex land!***

The bill has been assigned to the House Elections and Governmental Organization committee. Hearings on the bill are expected as early as next week. ***Please contact members of this committee immediately*** and voice your concerns about this bill. This issue is likely to be debated throughout the session, so city officials will be asked to make numerous contacts over the course of the next few weeks concerning annexation. Be sure to remind your legislators that the annexation laws of Kansas work, and that this wholesale change limiting the growth of cities in Kansas will only serve to damage the economic development prospects of your city and the State of Kansas.

#### Elections and Governmental Organization Committee

R - Mike Burgess – Chair (Topeka) 785-296-7699 [burgess@house.state.ks.us](mailto:burgess@house.state.ks.us)  
 R - Ted Powers - Vice-Chair (Mulvane, Clearwater, Belle Plaine) 785-296-6014 [powers@house.state.ks.us](mailto:powers@house.state.ks.us)  
 D - Tom Sawyer - Ranking Minority Member (Wichita) 785-296-7648 [sawyer@house.state.ks.us](mailto:sawyer@house.state.ks.us)

R - Virginia B. Beamer – (Oakley) 785-296-7677 [beamer@house.state.ks.us](mailto:beamer@house.state.ks.us)  
 R - Steven Brunk – (Bel Aire, Kechi, Wichita) 785-296-7645 [brunk@house.state.ks.us](mailto:brunk@house.state.ks.us)  
 R - Deena L. Horst – (Salina) 785-296-7501 [horst@house.state.ks.us](mailto:horst@house.state.ks.us)  
 R - Steve Huebert – (Valley Center, Park City, Maize) 785-296-1754 [huebert@house.state.ks.us](mailto:huebert@house.state.ks.us)  
 R - Ronnie Metsker – (Overland Park, Roeland Park, Mission) 785-296-7696 [metsker@house.state.ks.us](mailto:metsker@house.state.ks.us)

2/6/2008

R - Bill Otto – (LeRoy, Garnett, Iola) 785-296-7636 [otto@house.state.ks.us](mailto:otto@house.state.ks.us)  
R - Jo Ann Pottorff – (Wichita) 785-296-7501 [pottorff@house.state.ks.us](mailto:pottorff@house.state.ks.us)  
R - Sheryl Spalding – Member (Overland Park) 785-296-7680 [spalding@house.state.ks.us](mailto:spalding@house.state.ks.us)  
R - Jene Vickrey – Assistant Majority Leader (Louisburg, Paola, Spring Hill) 785-296-6014 [vickrey@house.state.ks.us](mailto:vickrey@house.state.ks.us)  
  
D - Harold Lane – (Topeka) 785-296-7690 [lane@house.state.ks.us](mailto:lane@house.state.ks.us)  
D - Melody McCray-Miller – (Wichita, Park City) 785-296-7665 [MillerM@house.state.ks.us](mailto:MillerM@house.state.ks.us)  
D - Julie Menghini – (Pittsburg) 785-296-7687 [menghini@house.state.ks.us](mailto:menghini@house.state.ks.us)  
D - Michael J. (Mike) Peterson – (Wyandotte County) 785-296-7122 [peterson@house.state.ks.us](mailto:peterson@house.state.ks.us)  
D - Sue Storm – (Overland Park) 785-296-7650 [storm@house.state.ks.us](mailto:storm@house.state.ks.us)

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To change your email address, send an email to [sbartley@lkm.org](mailto:sbartley@lkm.org) letting him know what your old and new email address was and is.

**Comments or Suggestions**

Please send comments or suggestions for the editor to [sbartley@lkm.org](mailto:sbartley@lkm.org).

**Narrative – City Council**  
**March 3, 2008**  
**Dustin Smith, Planning Director**

**Proposed Amendments to the Streets/Transportation Element  
of the Comprehensive Plan**

Background

The attached map and supporting policy language was reviewed by the Planning Commission on February 5, 2008. The map shows the street plan based on the existing street grid and shows a concept plan that is intended to provide a guide for street layouts in new subdivisions. The plan is not intended to show the exact location of all the streets, but to provide an illustration of how traffic will be circulated throughout the city. Many of the streets shown are considered local streets as opposed to collector or arterial streets.

The policy language includes the number of streets per mile that are expected to connect to the major section line streets, such as Leavenworth, Parallel, Donahoo, etc. It also establishes urban and suburban zones within the city's growth area. The urban area is bound by 147 Street on the east, 163 Street on the west, Evans Road on the south and Donahoo Road on the north. The urban zone would have the highest number of intersecting streets at no less than eight (8) per mile to provide adequate traffic distribution throughout the city. Major streets, or portions thereof, outside the urban zone will have no less than four street intersections per mile.

Upon approval by the City Council, the policy language will be added to the Comprehensive Plan. The map will either replace the existing map of the Major Street Plan, which is shown in duplication on the Future Land Use Map (FLUM), or will be added as a second map in that section of the Comprehensive Plan.

**Staff Recommendation**

Staff and the Planning Commission recommend approval of the proposed Street Plan.

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE AMENDING BUILDING BASEHOR – GROWING TOGETHER, A COMPREHENSIVE PLAN FOR THE CITY OF BASEHOR, KANSAS**

**WHEREAS**, the Planning Commission of the City of Basehor, Kansas has recommended adoption of amendments to Building Basehor – Growing Together, a Comprehensive Plan for the City of Basehor, Kansas 2006 pursuant to the authority granted by Kansas Statutes, and

**WHEREAS**, pursuant to K.S.A. 12-747, the Comprehensive Plan adopted by the Planning Commission and any current amendments must be adopted by the Governing Body prior to its becoming effective, and

**WHEREAS**, a certified copy of the recommended amendments to the Comprehensive Plan, together with a summary of the public hearing thereon held by the Planning Commission on February 5, 2008 have been submitted to the Governing Body.

**NOW THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF BASEHOR, KANSAS THAT:**

**SECTION 1.** The Governing Body of the City of Basehor, Kansas, hereby amends Building Basehor – Growing Together, a Comprehensive Plan for the City of Basehor, Kansas 2006 to add the following language to the Streets/Transportation Element of the Community Visioning and Planning Goals section:

*Strategy: Plan for a sufficient number of street intersections on major streets to allow adequate traffic circulation throughout the city.*

*Action Steps:*

- 1. Establish an Urban Transportation Zone that is bound by Donahoo Road on the north; Evans Road on the south; 147 Street on the east; and 163 Street on the west. No less than eight (8) street intersections per mile on section line or arterial streets should be provided.*
- 2. Establish a Suburban Transportation Zone that will apply to all other areas within the City of Basehor urban growth management area that are outside of the urban transportation zone. No less than four (4) street intersections per mile on section line or arterial streets should be provided.*

**SECTION 2.** Not less than two (2) copies of this Ordinance, to each of which shall be attached to a copy of Building Basehor – Growing Together, a Comprehensive Plan for the City of Basehor, Kansas 2006, marked or stamped as “official copy as incorporated by ordinance” shall be filed with the City Clerk to be open to inspection and available to the public at all reasonable business hours, and said plan shall be sent to any and all taxing jurisdictions that lie within the City limits or in that area outside of the City limits covered by the City’s Comprehensive Plan.

**SECTION 3.** This Ordinance shall take effect and be in force from and after its publication in the official City newspaper.

**PASSED** by the Governing Body of the City of Basehor, Kansas, this 3<sup>rd</sup> day of March, 2008.

**APPROVED** by the Mayor this 3<sup>rd</sup> day of March, 2008.

/s/ \_\_\_\_\_  
Chris Garcia, Mayor

ATTEST:

/s/ \_\_\_\_\_  
Mary A. Mogle, CMC, City Clerk

**Excerpt of Planning Commission Minutes  
February 5, 2008  
Basehor City Hall**

**Item E-4 Proposed Amendments to the Streets/Transportation Element of the Comprehensive Plan February 5, 2008.**

Mr. Smith reviewed staff report. Chair Flower opened the public hearing at 8:40 p.m.

*Dave Lutgen – 15554 Elm St., Basehor-* Mr. Lutgen stated that he believed that putting the streets at every 500 feet would not be wise.

Chair Flower closed the public hearing at 8:49 p.m. Chair Flower and the Planning Commission and staff had discussion about the street plan.

Commissioner Mathews made the motion to approve with the modification of the written word of action steps one and two of the staff report should read as follows:

*1. Establish an Urban Transportation Zone that is bound by Donahoo Road on the north; Evans Road on the south; 147<sup>th</sup> Street on the east; and 163<sup>rd</sup> Street on the west. It **should encourage** no less than eight (8) street intersections per mile on section line or arterial streets.*

*2. Establish a Suburban Transportation Zone that will apply to all other areas within the City of Basehor urban growth management area that are outside of the urban transportation zone. It **should encourage** no less than four (4) street intersections per mile on section line or arterial streets.*

Commissioner Harrison seconded. Chair Flower called for a vote. Motion passed 6-1. Commissioner Povilonis voted no.

**Proposed Amendments to the Streets/Transportation Element  
of the Comprehensive Plan**

**February 5, 2008  
Dustin Smith, Planning Director**

Proposed Street Policy

*Strategy: Plan for a sufficient number of street intersections on major streets to allow adequate traffic circulation throughout the city.*

*Action Steps:*

- 1. Establish an Urban Transportation Zone that is bound by Donahoo Road on the north; Evans Road on the south; 147 Street on the east; and 163 Street on the west. No less than eight (8) street intersections per mile on section line or arterial streets should be provided.*
- 2. Establish a Suburban Transportation Zone that will apply to all other areas within the City of Basehor urban growth management area that are outside of the urban transportation zone. No less than four (4) street intersections per mile on section line or arterial streets should be provided.*

## Agenda Item

Date: March 3, 2008

To: Mayor, City Council, & City Administrator

Subject: Tree trimming in right of ways

Submitted by: Gene Myracle Jr., City Superintendent

Public works department is proposing a plan to trim trees that are imposing into street driving lanes. This plan presented will cover cost for a professional tree service to trim and grind all brush removed from areas designated by my department.

The plan was first to contract with a tree service with a bucket truck to perform these task until the location of some of the trees needing trimmed involved driving on private property and that was not going to be acceptable.

A professional tree trimmer was contacted that climbs all trees being trimmed and a price was given to perform trimming throughout the old portions of Basehor, and East of 155<sup>th</sup> Street. The bid included 2 climbers, and 2 ground men running a chipper.

Attached is the cost to trim 57 trees at \$ 3,250.00 from Alan's Tree Service which is around \$ 57.00 per tree. As to other conversations with tree companies pertaining to their costs, and consulting with Alan's Tree Service, I would like to increase the total amount for approval to not exceed \$ 4,500.00 dollars which would allow the trimming of trees in Rickel Subdivision also.



# Alan's Tree

## Service

# 413-915-8498

## Quotation Sheet

Todays Date: 2-12-07

Work Date:

Alan's Rep: Scott Wilson 413-915-8498

Customer Name:	City of Basehor
Address:	2200 N 158th St.
City, State:	Basehor Ks. 66007
Phone Number:	913-208-3235

OnSite Contact:

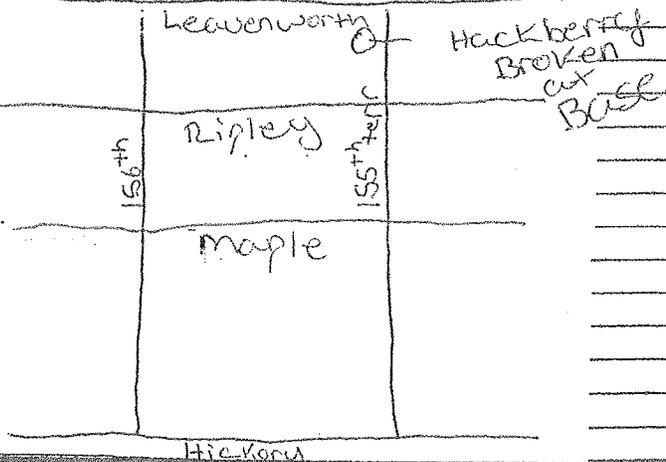
	Work Description	Cost	Qty:	Total
1.)	City of Basehor			
2.)	Office (913) 724-2000			
3.)	Estimate Date			
4.)	2-11-07			
5.)	Estimated Tree			

# 57 Tree's

Estimated Hrs.  
26 Hrs.

Estimated cost 3,250

Hourly Rate 125<sup>00</sup> hr.



### Additional Info.

- Customer agrees, by signing below, to pay for all pricing listed above. trimming/removal not listed above is subject to additional fees. All additional fees will be designated by an Allen's Tree Service Representative.
- Customer agrees to the designated date listed above, for work performed, and any change in the agreed upon date will be subject to an additional fee if the customer does not give at least a 48 hour notification.
- We appreciate your business and your satisfaction is our number one priority.

Customer Signature:

X \_\_\_\_\_

Pre Tax Total	
Total Cost	

Date: \_\_\_\_\_

<b>ACORD™ CERTIFICATE OF LIABILITY INSURANCE</b>		DATE (MM/DD/YYYY) 02/12/2008
DUCER Affordable Insurance Services 7800 Shawnee Mission Parkway Suite 12 Overland Park, KS 66202 Phone: (913) 722-2111 Fax: (913) 722-6307		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
INSURED ALAN'S TREE SERVICE SCOTT WILSON DBA 5233 CREST DR KANSAS CITY KS 66106-		
		INSURERS AFFORDING COVERAGE
		NAIC #
		INSURER A: WESTERN HERITAGE
		INSURER B:
		INSURER C:
		INSURER D:
		INSURER E:

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	SCP0650178	06/13/2007	06/13/2008	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 1,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		//	//	COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO		//	//	AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$		//	//	EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below		//	//	WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE POLICY LIMIT \$
		OTHER		//	//	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

**CERTIFICATE HOLDER**

**CANCELLATION**

THE CITY OF BASEHOR 2300 N 158TH ST P O BOX 406 BASEHOR, KS 66007	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>10</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE
--	---

**IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

**DISCLAIMER**

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.