

COMMUNICATIONS

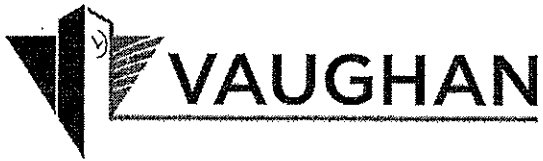
Distributed October 14, 2011

	Report No.	Item No.	Committee
C1. Memorandum from the City Clerk, dated October 18, 2011.	17	6	Finance & Administration Committee
C2. Memorandum from the Commissioner of Engineering and Public Works, dated October 12, 2011.	46	2	Committee of the Whole (Working Session)

Distributed October 18, 2011

C3. Mr. Antony Niro, dated October 17, 2011.	17	2	Finance & Administration Committee
C4. Mr. Frank Greco, dated October 18, 2011.	46	2	Committee of the Whole (Working Session)
C5. Mr. Richard Lorello, dated October 18, 2011.	17	2	Finance & Administration Committee
C6. Ms. Carrie Liddy, dated October 18, 2011.	17	2	Finance & Administration Committee

Please note there may be further Communications.



memorandum

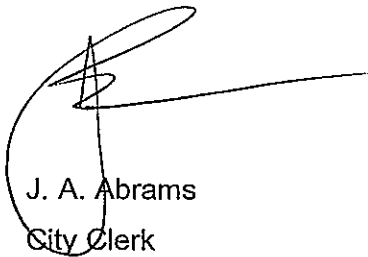
DATE: Tuesday, October 18, 2011  
TO: Mayor and Members of Council  
FROM: Jeffrey A. Abrams  
City Clerk

C	1
Item #	6
Report No.	17 F+A Comm.
Council - Oct. 18/11	

RE: COMMUNICATION  
COUNCIL MEETING – OCTOBER 18, 2011  
FINANCE AND ADMINISTRATION COMMITTEE REPORT NO. 17, ITEM 6  
RE: COUNCIL MEMBER EXPENSE POLICY 01.37

At its meeting of October 3, 2011, the Finance and Administration Committee recommended the establishment of a task force to review the Council Member Expense Policy and report the findings to a Finance and Administration Committee meeting in January 2012.

**Accordingly, it is recommended that Council approve the attached terms of reference and ratify the action taken.**



J. A. Abrams  
City Clerk

Attachment: Council Member Expense Policy Task Force - Terms of Reference

/rm



## COUNCIL MEMBER EXPENSE POLICY TASK FORCE TERMS OF REFERENCE

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### **Mandate / Objectives**

- 1) The Council Member Expense Policy Task Force is a sub-committee of the Finance and Administration Committee.
- 2) The Council Member Expense Policy Task Force will review the Council Member Expense Policy 01.37, and report its findings to a Finance and Administration Committee meeting in January 2012.

### **Term**

The term of the Council Member Expense Policy Task Force ends with the delivery of its report to the Finance and Administration Committee at a meeting in January 2012.

### **Membership**

The Council Member Expense Policy Task Force is composed of Regional Councillors Di Biase and Rosati, and Councillors Iafrate and Shefman.

### **Meeting Procedures**

The proceedings of the committee are to be governed by the City's Procedural By-law.

### **Agendas and Reporting**

Agendas shall be prepared by the City Clerk's Office in consultation with the Committee Chair. Agendas shall be posted on the City's web site one week prior to the scheduled date of the meeting or as soon as practicable.

After each meeting of the Committee, the City Clerk shall submit a report in the City's committee report format to the Finance and Administration Committee.

### **Meetings**

Meeting dates will be determined at the first meeting of the committee. The committee may meet on the schedule determined, or at the call of the Chair.

All meetings are to be open to the public in accordance with the *Municipal Act, 2001*.

### **Notice of Meetings**

Meetings will be noted on the Schedule of Meetings calendar posted on the City's website.

**Quorum**

The majority of members, including the Chair, shall constitute quorum.

**Staff Resources**

The role of staff is to act as a resource to the committee, but not to be members of the committee, or to deliberate or draft the findings of the committee. The following staff will provide advisory and technical support specific to the mandate and objectives of the committee: the City Auditor, Commissioner of Finance/City Treasurer, Commissioner of Legal and Administrative Services, and the City Clerk.

The City Clerk's Office will be responsible for agenda production and distribution, the giving of procedural advice, and the recording of the proceedings of the committee.

**Authority**

The committee may not exercise decision-making powers, or commit expenditures save for those specifically delegated by Council. The committee may not direct staff to undertake activities without authority from Council.

The Terms of Reference for the Task Force were established by Council's adoption of Item 6 of the Finance and Administration Committee Report No. 17 of October 3, 2011.

**Amendment / Expansion of Terms of Reference**

Only Council can initiate any amendment and/or expansion of the Terms of Reference.



memorandum 2
Item # 2
Report No. 46 CW(WS)
Council - Oct. 18/11

**DATE:** October 12, 2011

**TO:** Mayor and Members of Council

**RE:** City Transportation Master Plan ("New Path") City Wide Committee of the Whole (Working Session) Item #2, Report #46 Intersection Jog Elimination – Pine Valley and Teston Road Wards 1 & 3

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**Recommendation**

The Commissioner of Engineering and Public Works recommends that this report be received for information purposes.

**Purpose**

The purpose of this report is to respond to a request from the Committee of the Whole with respect to the proposed jog elimination at the intersection of Pine Valley Drive and Teston Road.

**Background – Analysis and Options**

At its meeting on October 11, 2011, the Committee of the Whole directed:

*"That staff report back to the Council meeting of October 18, 2011, on the joggle at Pine Valley and Teston Road"*

Teston Road and Pine Valley Drive are under the jurisdiction of the Region of York. In 2003, York Region completed a Class Environmental Assessment Study (Class EA) for the widening and reconstruction of Teston Road from Pine Valley Drive to Bathurst Street. This Class EA recommended that the existing jog at the intersection of Pine Valley Drive and Teston Road be eliminated by extending the north leg of Teston Road westerly as shown on Attachment No.1 to this report. This jog elimination is not required until such time as Teston Road is reconstructed between Pine Valley Drive and Weston Road. The reconstruction of this section of Teston Road is currently not included in the Region's current capital plan, with the exception of the replacement of the existing culvert that is located just east of Pine Valley Drive.

York Region recently completed the Western Vaughan Individual Environmental Assessment Study which included a review of Teston Road west of Highway 400. Staff has reviewed this study and find no specific reference to the jog elimination at Pine Valley Drive.

York Region staff has advised that before proceeding with the jog elimination at Pine Valley Drive and Teston Road, a review of the alignment alternatives would need to be undertaken given the environmentally significant lands located at the north-west corner of the intersection.

The City is currently processing the Block 40/47 proposed Block Plan submission, which borders Teston Road and this intersection as shown on Attachment No.2. This Block Plan has been submitted to York Region for review and comment. York Region staff has advised that they will address the issue of the jog elimination in their forthcoming comments.

### Conclusion

The intersection of Teston Road and Pine Valley Drive is under the jurisdiction of the Region of York. Based on the York Region 2003 Class Environmental Assessment Study for Teston Road, the existing jog at the intersection of Teston Road and Pine Valley Drive needs to be eliminated in the future. Regional staff will be addressing this job elimination in more detail through the review of the Block 40/47 proposed Block Plan submission. Staff will be reporting to a future Committee of the Whole on the Block 40/47 proposed Block Plan submission.

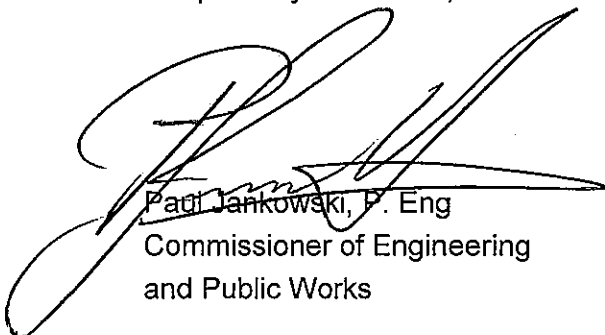
### Attachments

1. Plate 1, Teston Road Class Environmental Assessment – York Region
2. Excerpt from Block 40/47 Proposed Block Plan


Report Prepared by:

Andrew Pearce, Director of Development/Transportation Engineering, Ext. 8255  
Selma Hubjer, Transportation Engineer, Ext. 8674

Respectfully Submitted,

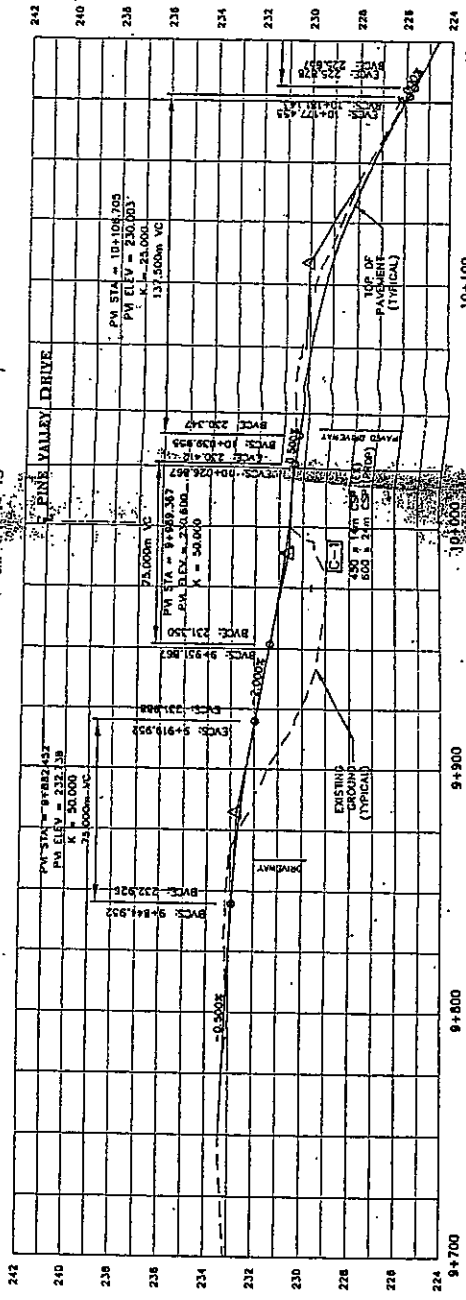
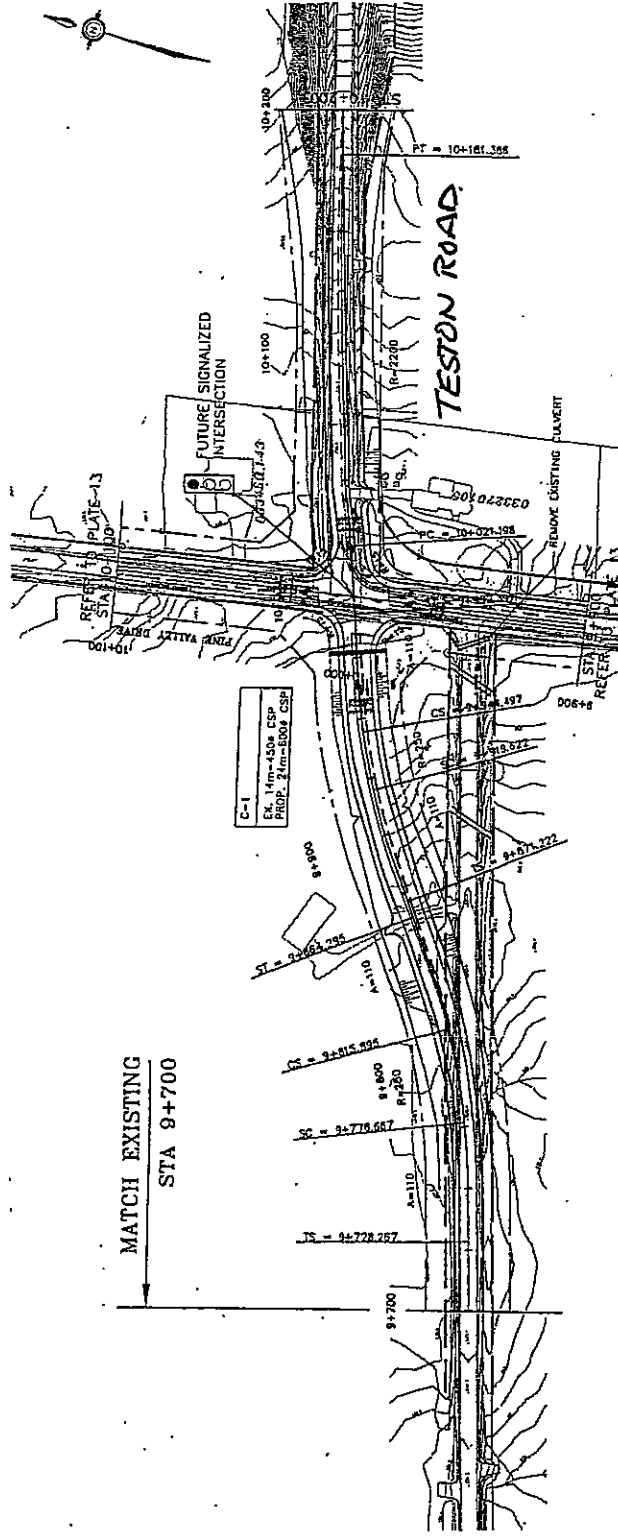


Paul Jankowski, P. Eng  
Commissioner of Engineering  
and Public Works



Andrew Pearce, C.E.T  
Director of Development and  
Transportation Engineering

# Attachment No.1

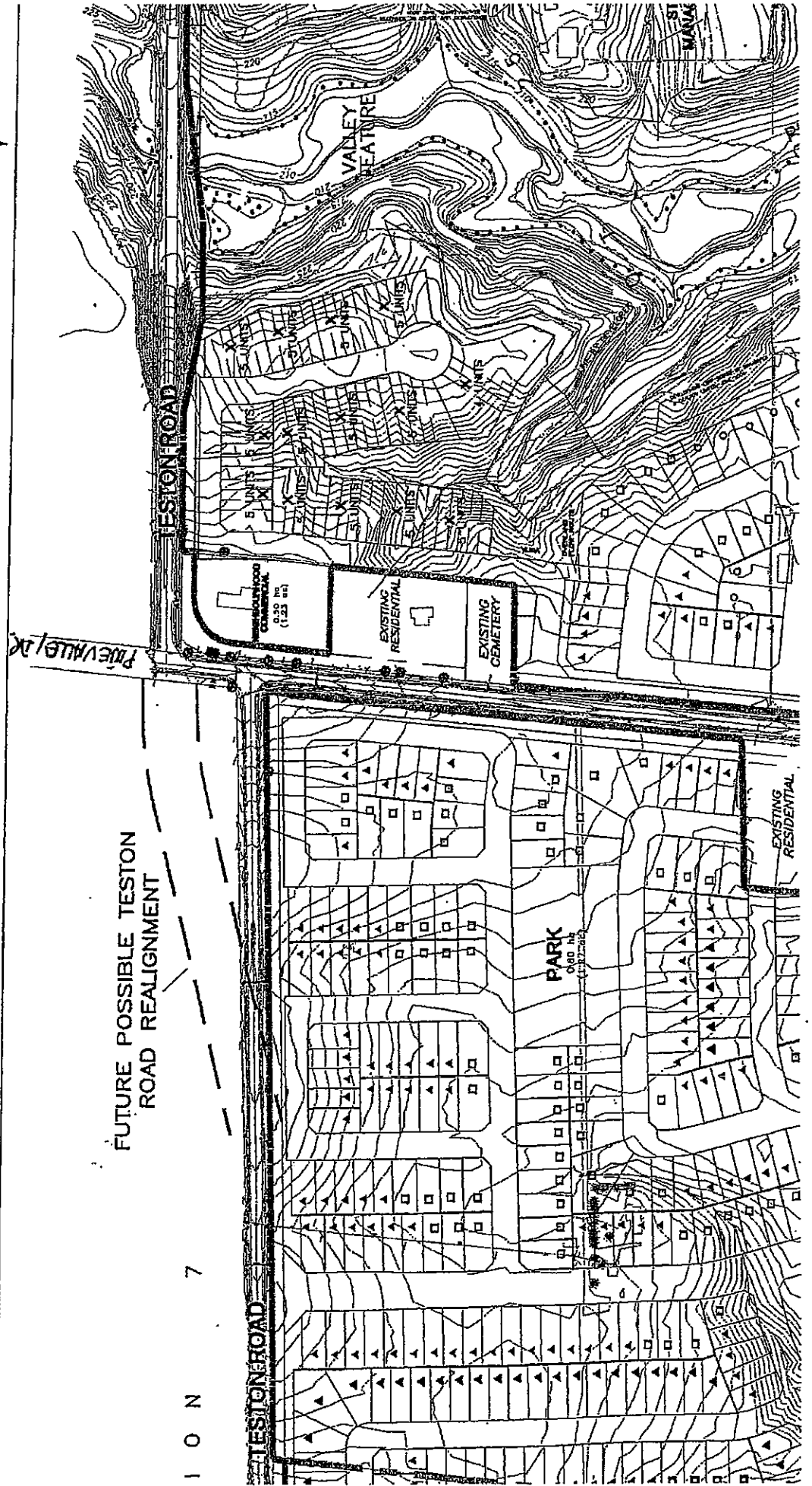


**LEGEND**  
 ——— EXISTING R.O.W.  
 - - - - - REQUIRED R.O.W.

		SCALE 1" = 40' 1" = 100'	PINE VALLEY DRIVE EASTERLY TO BATHURST STREET	TESTON ROAD CLASS ENVIRONMENTAL ASSESSMENT STA 9+700 TO STA 10+200	D9861-F19 Giffels Giffels Associates Limited Consulting Engineers and Architects
PLATE 1					W00011

Attachment No.2

Block 40/47 Proposed Block Plan





**Subject:** \$150Million Lawsuit Making Vaughan Un-Insurable

**Attachments:** City Insurance img-X14161127-0001-1.pdf

C	3
Item #	2
Report No.	17 F+A Com.
Council - Oct. 18/11	

**From:** antony.niro@timeforchangevaughan.ca [mailto:antony.niro@timeforchangevaughan.ca]

**Sent:** Monday, October 17, 2011 12:38 PM

**To:** Clerks@vaughan.ca

**Cc:** Caroline Grech; Amanda Persico; Sandie Benitah; Weekly Newspaper; Gina Chung; Ivy Cuervo; P Dowhaluk; Alessio Galletti; John Goddard; Michele Mandel; Madeline Stephenson; Iafrate, Marilyn; Bevilacqua, Maurizio; DeFrancesca, Rosanna; Di Biase, Michael; Shefman, Alan; Racco, Sandra; Carella, Tony; Rosati, Gino; Schulte, Deb

**Subject:** \$150Million Lawsuit Making Vaughan Un-Insurable

Dear Mr. Abrams,

Here are my comments for Council of October 18<sup>th</sup> on Report #17 Item 2 Finance and Administration Committee.

Members of Council,

Our insurance premiums are the second highest single overrun in the entire City budget. The item shows a cost overrun of \$1.429 Million in insurance premiums. This item is not a small matter and needs to be addressed by council. Staff wrote a memo of April 1, 2011 (which is attached) that tries to explain why this is happening, attempting to suggest that the City is simply the victim of an industry wide epidemic. I respectfully suggest that is not the case here and we may be seeing the Insurance company attempting to recoup its costs from the \$150 Million Litigation that is running out of control.

Some points I'd like to bring to councils attention that concern me and need addressing:

- A 52% increase insurance premiums is an unacceptable increase in one year
- A sole source bid. Are we so un-insurable that companies won't bid on our policy? The only qualified response to our bid is the insurance company currently defending us in the \$150 Million Lawsuit attempting to re-coup costs.
- We've completely wiped out our insurance reserve yet I seen no plan to re-fund the reserve and mitigate the risk of further double-digit premium increases.

It's obvious from the staff report we don't know the cause of the 52% increase. Staff is suggesting there is an apparent trend in the industry and the limited number of examples of comparable municipalities experiencing abrupt double digit premium increases. Could the explanation be simply that Vaughan has an abnormally high litigation rate and a massive \$150 Million lawsuit? Back in October 2010 I campaigned for change in Vaughan. I was very adamant that there was a perceived trend that our city would sue first or drive disagreement to court. Vaughan needs to get out of the courts. My concern was perception and cost of litigation but I had not considered the cost of insurance premiums or worse yet we've become un-insurable?

Mitigation of risk should begin immediately. I don't know why we continue to risk the city's reputation and incur exceptional legal and insurance premium costs when we have a prominent \$150 Million lawsuit that can be settled immediately. As a Party to the OMB Rizmi Pit hearing relating to those lands in question for that lawsuit, I know settlement discussions are ongoing in an

10/17/2011

attempt to resolve it with approvals on the land at absolutely no cost to the City. Since that is the case, why are you still in court on this matter and haven't put it on hold pending the outcome of those settlements? You are wasting away taxpayers money for absolutely no reason, which clearly only results in us being forced to pay higher insurance premiums, or worse, be labeled as un-insurable. It is clearly not in the best interest of the City to "use" the insurance company to fund that litigation because they just come back at bite us for increased premiums later. This on top of the fact that we have lost all of our motions to dismiss the case and have been slapped with costs of over \$200,000.00. My best guess is that we have squandered over \$1 Million to date between our own costs and those court ordered awards, which is roughly what the insurance company has increased our premiums by.

In summary, Council needs to issue an RFP for insurance coverage for 2012. At the very least, it will determine if we are in fact "un-insurable". Also, the "survey results" mentioned in that memo of April 1, 2011 should be made available as well as what other comparable GTA municipalities are paying and have paid.

Yours truly,

Antony Niro P.Eng.  
Founder Time for Change Vaughan  
416-846-6476



memorandum

c 4  
Item # 17  
Report No. CW # 14  
COUNCIL - APR. 5, 2011

DATE: April 1, 2011  
TO: Mayor and Members of Council  
FROM: Janice Atwood-Petkovski  
Commissioner of Legal and Administrative Services and City Solicitor  
RE: CITY OF VAUGHAN – GENERAL INSURANCE AND RISK MANAGEMENT SERVICES

**Recommendation**

The Commissioner of Legal and Administrative Services and City Solicitor, in consultation with the Commissioner of Finance and City Treasurer, Director of Purchasing Services, City Clerk and Manager of Special Projects, Licensing and Permits-Insurance Risk Management, recommends:

1. That RFP 11-028 for the provision of General Insurance and Risk Management Services for the City of Vaughan be awarded to Frank Cowan Company Limited for the period of April 30, 2011 to April 30, 2012 for an annual premium of approximately \$3,464,282, plus applicable taxes;
2. That the City Clerk be authorized to renew the said contract on a year to year basis for a maximum period of two (2) years, depending upon quality of service, mutual agreement and annual premium negotiations; and
3. That the Mayor and City Clerk be authorized to sign the necessary documents.

**Contribution to Sustainability**

The provision of General Insurance and Risk Management Services is a key component of ensuring the financial stability of the Corporation. Through having appropriate insurance coverages and the implementation of risk management practices, the Corporation's risk exposure can be contained and mitigated to avoid financial consequences.

**Economic Impact**

For 2011, staff budgeted \$ 2,300,000 for insurance premiums. Based on staffs recommendation there will be a budget shortfall of \$ 1,164,282.

Staff recommend that the funding source for 2011 for the additional insurance premium costs be the Insurance Reserve. Sufficient funding is available in the Insurance Reserve, although a transfer to cover the entire shortfall of \$1,164,282 will essentially deplete the reserve.

For 2012, staff budgeted \$ 2,500,000 for insurance premiums. Staff estimates that an additional \$900,000 be budgeted for the 2012 budget to cover the insurance premium. In an effort to minimize this cost staff will be meeting with the insurer to determine how any premium increase can be minimized. As indicated later in this report staff will be meeting with various departments in the City to review policies and procedures that can be refined to reduce the number of claims filed against the City.

**Communications Plan**

Not Applicable

### Purpose

The purpose of this report is to obtain Council authorization to award a contract to Frank Cowan Company Limited to provide General Insurance and Risk Management Services to the City of Vaughan, for the period of April 30, 2011 to April 30, 2012 for an annual premium of \$3,464,282, plus applicable taxes.

### Background- Analysis and Options

At the Council meeting of September 7, 2010, Council authorized staff to extend the applicable policies of insurance to April 30, 2010, and to issue an RFP for General Insurance and Risk Management Services for the period of April 30<sup>th</sup>, 2011 to April 30, 2012.

On February 4, 2011 a Request for Proposal (RFP) for General Insurance and Risk Management Services was issued. Notice of the RFP was advertised on Biddingo, on the Ontario Public Buyers Association website and on the City of Vaughan website with a closing date of March 4, 2010. On February 23, 2011 one addendum was issued to clarify queries and questions.

A total of two (2) proposals were received from; Frank Cowan Company Limited and Jardine Lloyd Thompson Canada Inc, (JLT)

Initial review of the two proposals was conducted on March 4, 2011. At that time, it was determined that the submission from JLT was non compliant. Accordingly, JLT's submission would not be evaluated by the evaluating committee.

The remaining proposal from Cowan was evaluated by the City's evaluation committee. The committee consisted of City staff and an independent risk management and insurance consulting firm engaged by the City to assist in the process. The submission was examined and evaluated using the following criteria, pre-established by the City and provided in the RFP package:

Table 1

<b>Criteria</b>	<b>Detail of criteria</b>	<b>Points</b>
Product	Meeting the RFP proposal specifications, scope of coverage and enhancements	35
Risk Management Services	Insurance administration, and risk management	10
Claims Management		10
Qualifications	Proponent experience, team expertise, financial stability of insurers and references	10
Value Added Services		10
Price	Annual premium cost	25

The evaluation team unanimously agreed that the proposal submitted by Cowan was comprehensive, thorough and addressed all aspects of the RFP.

The City of Vaughan and other municipalities have experienced a significant rise in premiums over the past 3 years. There are several contributing factors in the insurance industry that are contributing to this rise in premiums, some of which include the following:

1. Liability insurance damage awards are increasing as court awards for bodily injury claims have risen dramatically over the last few years. Claims that would have settled for \$ 5 million

five years ago are presently settling in the area of \$ 12-18 million. These awards are significantly driven by costs for future care for a severely injured person. The quality of life expectations of catastrophically injured claimants have changed. While the courts previously may have determined an award based on institutionalized care, they are presently basing awards on injured claimants' needs associated with 24 hour nursing care and support services in their homes.

2. The investigation of claims has become more rigorous, with increased legal and expert time being spent to determine liability. These costs add to defending claim actions resulting in increasing costs.
3. Harmonized Sales Tax introduced in July 2010 results in additional taxes being charged on costs, such as expert professional fee, which adds to the cost of claims.

Insurers have seen considerable change in the Municipal claims' experiences over the past few years. Society is becoming increasingly litigious, which results in a greater number of claims being brought against municipalities. As the cost of claims rise, premiums are being adjusted accordingly.

Aside from the above noted factors, insurers look to the claims history of municipalities when setting their premiums. Over the past 10 years the City of Vaughan has submitted approximately 640 claims to its insurer for liability, slip and fall and building inspection claims. The present estimated gross value of these claims is valued by the insurer at \$ 16,928,132. By their very nature, open claims are not static and may develop (increase or decrease) as pertinent details of the incident are made available to the insurer.

General industry trends point to increases in insurance premiums that span the entire municipal community. A recent survey conducted by municipal risk managers indicates rising insurance premiums for 2011. For example, Halton County has seen an increase of 36%, and Perth County an increase of 64%, in comparison to the premiums they paid in 2010. Trends suggest that rates have been going up prior to 2010, as Essex County experienced a 47.5% increase from their 2009 to 2010 premium, and a further increase of 41% in 2011. Vaughan's overall premium increase for 2011 is approximately 52 % over the 2010 premium.

Although the increase in premium is substantial, there are other contributing factors apart from the deteriorating claims experience noted above. In 2010, the City's insured property values stood at approximately \$ 301,215,000. The 2011 insured value for property is listed at \$412,901,000 an increase of \$ 111,686,000. This represents a 27% increase in property value. In addition, the value of insured vehicles has increased in 2011 to \$ 28,274,000 from \$25,474,000 in 2010. This represents an increase of \$ 2,800,000 (9.9%) in automobile assets.

Table 2, demonstrates the breakdown of the amount of premium paid for property and automobile for the years of 2010 and 2011. The increase noted in the Variance column correlates to the increase in coverage required for the additional assets. This increase can be attributable to the consolidation of the satellite offices and the old Civic Center into the new City Hall building. Upon renewal, staff will re-evaluate the property values and contents for the insured satellite offices to determine if any cost savings in premium can be achieved.

**Table 2**

	2010	2011	Variance	
Property	\$202,421.00	\$273,125.00	\$70,704.00	34.92%
Automobile	\$142,233.00	\$188,623.00	\$46,390.00	32.61%

In an attempt to manage the financial impact of the premium increase staff analyzed the impact of a higher deductible level. The City's present deductible is \$ 50,000. The analysis was undertaken using a deductible of \$ 100,000.

Staff analyzed the claims paid by the insurer between \$ 50K and \$ 100K for the years 2005 to 2008 inclusive, which provides a historical data for mature claims, i.e; claims that have progressed through the various stages to eventual settlement. The analysis showed that going to a higher deductible, although initially reducing the premium, would not be in the best interest of the City, as any cost savings would be eaten up in higher deductible payments by the City. Accordingly, staff is not recommending the City increase its current deductible from \$50K.

In an attempt to mitigate costs staff have reviewed the City's claims history to determine where the majority of claims originate. With the assistance of the incumbent insurer these have been identified. The majority of claims paid result from slip and falls on sidewalks due to trip ledges and slip and falls due to icy sidewalks and roadways. Staff will be meeting with these departments in the near future to review policies and procedures and service levels. The insurer has committed to working with the City and its departments to implement improvements which should reduce the frequency and seriousness of claims filed against the City. A reduction in claims will translate into a reduction in claims' cost to the insurer which should translate into decreased premium costs to the City.

#### **Relationship to Vaughan Vision 2020/ Strategic Plan**

This report is in keeping with Vaughan's vision of management excellence through the maintenance of the City's assets and infrastructure, its financial sustainability and its commitment to service excellence through the enhancement of community safety, health and wellness by the promotion of risk management initiatives.

#### **Regional Implications**

N/A

#### **Conclusion**

It is recommended that staff be authorized to award the City's General Insurance and Risk Management Services to Frank Cowan Company Limited, as outlined herein.

#### **Attachments**

N/A

#### **Report prepared by:**

Joseph A. V. Chiarelli  
Manager of Special Projects, Licensing and Permits  
Insurance Risk Management

Tricia Campbell  
Risk management Analyst

Respectfully submitted,



Janice Atwood-Petkovski  
Commissioner of Legal and Administrative Services and City Solicitor

**Subject:** Elimination of jog at Teston Rd

C	<u>4</u>
Item #	<u>2</u>
Report No.	<u>46 CW(CS)</u>
Council -	<u>Oct. 18/11</u>

**From:** frank.greco@sympatico.ca [mailto:frank.greco@sympatico.ca]

**Sent:** Tuesday, October 18, 2011 12:55 AM

**To:** Bevilacqua, Maurizio; Rosati, Gino; Deborah Shulte <deborah.shulte@vaughan.ca>; Di Biase, Michael; Iafrate, Marilyn; DeFrancesca, Rosanna; Jankowski, Paul

**Cc:** Abrams, Jeffrey; Harris, Clayton; Pearce, Andrew; denis.kelly@york.ca <denis.kelly@york.ca>; kara@kara-inc.ca <kara@kara-inc.ca>; louise zembal <louisezembal@rogers.com>; bill.fisch@york.ca <bill.fisch@york.ca>; frank.greco@sympatico.ca <frank.greco@sympatico.ca>

**Subject:** Elimination of jog at Teston Rd

Dear Mr. Mayor, Members of Vaughan Council and Commissioner Jankowski;

October 18, 2011

RE: City Transportation Master Plan

Committee of the Whole (Working Session) Item #2, Report #46

Intersection Jog Elimination- Teston Rd and Pine Valley Drive (Ward 1 & 3)

As a long time concerned resident, business owner and BIA member, I would like to make the following comments regarding this item

**IN FULL SUPPORT OF THE ELIMINATION OF THE JOG ON TESTON RD AT PINE VALLEY DRIVE ASAP:**

1. The intersection of Teston Rd and Pine Valley Drive, in its current state with the jog, is an extremely dangerous intersection that does not meet City, Regional or Provincial safety standards. The current jog poses a dangerous intersection for all cars travelling east or west along Teston Rd. and must be corrected as soon as possible to eliminate this unnecessary danger;
2. The Teston Rd. junction at Hwy 400 north and southbound are now open. The number of cars using Teston Rd to get to and off Hwy 400 from the areas of Kleinburg, Nashville, Bolton, Peel and north Woodbridge have increased dramatically, as expected. To make things worse, the amount of construction and traffic gridlock along Major Mackenzie Dr., between Hwy 400 and Pine Valley Dr. has also forced motorists to use Teston Rd as an alternate route to and from Hwy 400;
3. The visibility for motorists making a left turn onto Pine Valley Drive from either direction along Teston Rd. is simply unacceptable. The Region has left vegetation to grow uncontrolled and near the roadway blocking visibility for a safe distance up and down Pine Valley Dr. Motorists have to inch forward and into the intersection and onto the line of north/south traffic before they can attempt to turn left. This is unacceptable. This situation would be made much safer if 1. The Region cut vegetation back from the roadway to increase visibility and 2. eliminated the jog in the road.
4. The jog in the roadway causes massive confusion for motorists that think cars are going to turn onto Teston Rd at the jog and then continue straight causing a dangerous situation and potential broad side collisions.

10/18/2011

5. I strongly disagree with Regional staff or anyone who thinks that this jog at Teston Rd can wait until Teston Rd is reconstructed between Weston Rd and Pine Valley Dr. This jog needs to be eliminated as soon as possible at the cost of the Region. Until that happens, the Region of York would not be meeting proper safety standards at this intersection and I would strongly suggest that the Region of York would be at fault for any accident or fatality at this intersection caused by the jog or lack of safe visibility at this intersection.

6. Heavy trucks continue to travel along this stretch of Teston Rd. and through into the Village of Kleinburg. The signs for No Heavy Trucks are located along Teston Rd BUT west of Weston Rd when trucks have already made the turn onto Teston Rd. These No Heavy Truck signs should be located along both sides of Weston Rd AND east of Weston Rd on Teston Rd BEFORE trucks reach the intersection going west bound. These trucks are then forced to travel along Teston Rd, thru the jog at Pine Valley Dr., and into Kleinburg. Unacceptable.

7. The average speed of cars travelling north and south on Pine Valley Dr thru Teston Rd is estimated at 90-100 kph. There are no warning signs of the hidden or dangerous intersection at Teston Rd for these motorists. Many are locals, but they think that motorists turning onto Pine Valley from Teston will see them, but they do not have enough reaction time when such speeds are reached on Pine Valley Dr. I have never seen any police enforcement of speed at thru Teston Rd along Pine Valley Dr.

Regional and Municipal Councillors have the authority to make the decision to eliminate the jog on Teston Rd at Pine Valley Dr., and make this a safe intersection for the thousands of motorists who travel on this road or on Pine Valley Dr. No one else can do this. I strongly urge Vaughan Council to make this decision now, and further that the reconstruction needs to take place in 2012, not in 3-5 years.

Please do the right thing.

Thank You!

Regards,

**Frank Greco** t: 905-893-2427 fax: 905-893-3087

**E-mail: [frank.greco@sympatico.ca](mailto:frank.greco@sympatico.ca)**

This e-mail, including any attachment(s), may be confidential and is intended solely for the attention and information of the named addressee (s). If you are not the intended recipient or have received this message in error, please notify me immediately by return e-mail and permanently delete the original transmission from your computer, including any attachment(s). Any unauthorized distribution, disclosure or copying of this message and attachment(s) by anyone other than the recipient is strictly prohibited.



**Subject:** FW: City of Vaughan Insurance Premium Variance

**Attachments:** City\_Insurance\_April\_1\_2011.pdf;  
HamiltonDec14EDRMS\_n101924\_v1\_4\_1\_FCS10094\_2011\_Property\_and\_Liability\_Insuranc  
york region premium-2011-12.pdf, halton insurance - 2010.pdf, markham - 2010 renewal.htm

C	<u>5</u>
Item #	<u>2</u>
Report No.	<u>17 F + Admin</u>
<u>Council - Oct. 18/11</u>	

**From:** Richard Lorello [mailto:rlorello@rogers.com]

**Sent:** Tuesday, October 18, 2011 9:15 AM

**To:** Carella, Tony; Racco, Sandra; Rosati, Gino; Shefman, Alan; Iafrate, Marilyn; Schulte, Deb; DeFrancesca, Rosanna; Di Biase, Michael; Bevilacqua, Maurizio

**Cc:** Abrams, Jeffrey; Atwood-Petkovski, Janice; Megan (National Post)O'Toole; CarolineGrech; MichaelMcClymont; JohnGoddard; PDowhaluk; IvyCuervo; AmandaPersico; Cribbett, Barbara; Harris, Clayton

**Subject:** City of Vaughan Insurance Premium Variance

#### Mayor & Members of Council

I am forwarding my comments with respect to the Council meeting scheduled for October 18<sup>th</sup>, Report #17 of Finance and Administration Committee, Item #2 **OPERATING BUDGET QUARTERLY REPORT ENDING JUNE 30, 2011.**

Specifically, I am very concerned with the significant unfavorable variance of \$1.429 million for insurance premiums. Our annual insurance premium is \$3.5 million as per the attached report submitted to council in April 2011. Back in April 2011, council was provided with a report by staff (see attached) recommending that council approve a significant increase in insurance premiums. Based on the operating budget our insurance premiums have risen by approximately 51% per year!

Simply stated, much like driving insurance, an individual's high driving insurance premium is a reflection of their poor driving record/habits. Similarly, this applies to municipalities such as Vaughan and its loss history.

I believe that council was provided with selective information in order for staff to explain the reason for the substantial increase in insurance premiums. In other words, council and the taxpayers of Vaughan have not been presented with the complete picture.

Similar to other situations of mismanagement that have been sprung onto Council, for example, the Civic Centre construction project costs overrun, this is just one more example. The following are some key points that Council really needs to consider, particularly in the long term:

- Management, especially risk management, is set by the tone from the top. Whether it is managing the risk around a construction project, expense abuses, litigation cost mismanagement, the City's executive team sets this tone. It is clear, for several years now, that the leadership of senior management in the City of Vaughan is non-existent.
- Insurance is only one form of risk financing. Having a self insured retention or deductible

along with an effective risk management program should be the key focus. Identifying and managing the risk ultimately brings reward. Similar to any insured resident in the City of Vaughan, a municipality cannot simply rely on insurance. For example, the Town of Markham experienced a savings of \$654,910 for their most recent renewal (insurance premium is \$1,040,613), in part, by sampling increasing their retention from \$50,000 to \$100,000.

- Like any public traded company, poor leadership ultimately impacts on an organizations share value. Put aside the fact that Council has gone to great lengths to limit any news story that impacts on their reputation from local and national papers. Regardless, the City still continues to have a negative reputation. On this note, the ability to attract insurers with competitive rates because they view the City as a good risk is nowhere to be found. Where was BFL insurance brokers with their program, Zurich Insurance or Travelers Insurance . . . just to name a few.

- The increased premiums had little to do with the reasons provided by staff and had more to do with the fact that the City of Vaughan has become known by insurance companies as a poor risk. The City of Vaughan's loss record goes much deeper than simple slip/fall incidents or building inspection claims. Rather, the City of Vaughan's litigation record and other risk management issues has more to do with its inadequate governance structure, for example, policies and procedures and the expectation for management of enforcing and following these policies and procedures

- Staff provided Council insurance renewals experiences from Perth County and Essex County as benchmarks or comparisons. These counties are simply not good comparisons to the City of Vaughan; they are much smaller in population and are not cities and they do not reflect the experience and complexity of more comparative municipalities in Ontario. The percentage increase for Perth and Essex is misleading based on their premium.

A better comparison would be the City of Hamilton. For example, the City of Hamilton has a population of approximately 525,000. The City of Hamilton's annual insurance premium is approximately \$3.6 million as compared to our \$3.5 million and has significantly more claims than the average 60 claims per year. For the record, the City of Hamilton moved from being insured with the Frank Cowan Insurance Company for over 20 years to JLT (also the insurer of Markham and Richmond Hill), the insurer that was declined by the City. The City of Hamilton has a transit system which is a huge exposure/attracts many losses, has extensive/ old infrastructure and also has ambulance service. The fact remains that the City of Vaughan has new infrastructure. Many roads are insured by the Region and Vaughan and have no transit or ambulance service. The City of Hamilton has a \$250,000 retention/deductible. It is widely known that insurers charge an administrative cost ranging from 20% to 50%, on top of losses that are expected to occur. To have more control over your risk financing program and stabilize premium fluctuations, municipalities have incorporated larger retentions along with an effective risk management program into their risk financing programs. Other examples of limited rate increases include Halton Hills who is insured through BFL and City of Mississauga, who is insured through Zurich.

- Its time to take a hard look at the City's administration and not looking for examples to justify the City administration's incompetence and mismanagement. It is clear that as a poor risk, the City of Vaughan attracted limited competition for bid (i.e 2 quotes) and it is well known that JLT (which City of Vaughan disqualified) just recently managed to capture a larger number of municipalities, including Hamilton, Richmond Hill and Markham where two of these accounts were once with Cowan for more than 20 years.

All of this information is available on the internet. Surely the city could have done more research

and comparison for council. I am convinced that Council and residents alike are not getting the full picture of the City's loss history. It is further well known that risk management is not taken seriously at the City of Vaughan, such as financial risk management as well as risk management as it relates to accidental loss. The recent City Hall \$15.6 million loss, which was only brought to the attention of Council by City residents, is just another example.

I strongly suggest that council ask staff to go back and do the proper research and due diligence. I would also ask that council ask staff to request that JLT provide a new quote as well as find out why insurers like Zurich and Travellers did not provide a quote. Council represents the taxpayers and the taxpayers have demanded much higher standards from our City administration. We cannot afford to retain leaders who's fall back is that we are learning from our experiences. We need leaders who know what they are doing and are going to make the leadership decisions that are necessary. This tone starts must start from the top. As usual Council has been bamboozled into believing that a 51% increase in insurance rates are acceptable and that years and years of mismanagement have nothing to do with our now out of control insurance premiums.

Richard T. Lorello



memorandum

C 4  
Item # 17  
Report No. CW # 14  
COUNCIL - APR. 5, 2011

DATE: April 1, 2011  
TO: Mayor and Members of Council  
FROM: Janice Atwood-Petkovski  
Commissioner of Legal and Administrative Services and City Solicitor  
RE: CITY OF VAUGHAN – GENERAL INSURANCE AND RISK MANAGEMENT SERVICES

**Recommendation**

The Commissioner of Legal and Administrative Services and City Solicitor, in consultation with the Commissioner of Finance and City Treasurer, Director of Purchasing Services, City Clerk and Manager of Special Projects, Licensing and Permits-Insurance Risk Management, recommends:

1. That RFP 11-028 for the provision of General Insurance and Risk Management Services for the City of Vaughan be awarded to Frank Cowan Company Limited for the period of April 30, 2011 to April 30, 2012 for an annual premium of approximately \$3,464,282, plus applicable taxes;
2. That the City Clerk be authorized to renew the said contract on a year to year basis for a maximum period of two (2) years, depending upon quality of service, mutual agreement and annual premium negotiations; and
3. That the Mayor and City Clerk be authorized to sign the necessary documents.

**Contribution to Sustainability**

The provision of General Insurance and Risk Management Services is a key component of ensuring the financial stability of the Corporation. Through having appropriate insurance coverages and the implementation of risk management practices, the Corporation's risk exposure can be contained and mitigated to avoid financial consequences.

**Economic Impact**

For 2011, staff budgeted \$ 2,300,000 for insurance premiums. Based on staffs recommendation there will be a budget shortfall of \$ 1,164,282.

Staff recommend that the funding source for 2011 for the additional insurance premium costs be the Insurance Reserve. Sufficient funding is available in the Insurance Reserve, although a transfer to cover the entire shortfall of \$1,164,282 will essentially deplete the reserve.

For 2012, staff budgeted \$ 2,500,000 for insurance premiums. Staff estimates that an additional \$900,000 be budgeted for the 2012 budget to cover the insurance premium. In an effort to minimize this cost staff will be meeting with the insurer to determine how any premium increase can be minimized. As indicated later in this report staff will be meeting with various departments in the City to review policies and procedures that can be refined to reduce the number of claims filed against the City.

**Communications Plan**

Not Applicable

### Purpose

The purpose of this report is to obtain Council authorization to award a contract to Frank Cowan Company Limited to provide General Insurance and Risk Management Services to the City of Vaughan, for the period of April 30, 2011 to April 30, 2012 for an annual premium of \$3,464,282, plus applicable taxes.

### Background- Analysis and Options

At the Council meeting of September 7, 2010, Council authorized staff to extend the applicable policies of insurance to April 30, 2010, and to issue an RFP for General Insurance and Risk Management Services for the period of April 30<sup>th</sup>, 2011 to April 30, 2012.

On February 4, 2011 a Request for Proposal (RFP) for General Insurance and Risk Management Services was issued. Notice of the RFP was advertised on Blddngs, on the Ontario Public Buyers Association website and on the City of Vaughan website with a closing date of March 4, 2010. On February 23, 2011 one addendum was issued to clarify queries and questions.

A total of two (2) proposals were received from; Frank Cowan Company Limited and Jardine Lloyd Thompson Canada Inc, (JLT)

Initial review of the two proposals was conducted on March 4, 2011. At that time, it was determined that the submission from JLT was non compliant. Accordingly, JLT's submission would not be evaluated by the evaluating committee.

The remaining proposal from Cowan was evaluated by the City's evaluation committee. The committee consisted of City staff and an independent risk management and insurance consulting firm engaged by the City to assist in the process. The submission was examined and evaluated using the following criteria, pre-established by the City and provided in the RFP package:

Table 1

Criteria	Detail of criteria	Points
Product	Meeting the RFP proposal specifications, scope of coverage and enhancements	35
Risk Management Services	Insurance administration, and risk management	10
Claims Management		10
Qualifications	Proponent experience, team expertise, financial stability of Insurers and references	10
Value Added Services		10
Price	Annual premium cost	25

The evaluation team unanimously agreed that the proposal submitted by Cowan was comprehensive, thorough and addressed all aspects of the RFP.

The City of Vaughan and other municipalities have experienced a significant rise in premiums over the past 3 years. There are several contributing factors in the Insurance Industry that are contributing to this rise in premiums, some of which include the following:

1. Liability insurance damage awards are increasing as court awards for bodily injury claims have risen dramatically over the last few years. Claims that would have settled for \$ 5 million

five years ago are presently settling in the area of \$ 12-18 million. These awards are significantly driven by costs for future care for a severely injured person. The quality of life expectations of catastrophically injured claimants have changed. While the courts previously may have determined an award based on institutionalized care, they are presently basing awards on injured claimants' needs associated with 24 hour nursing care and support services in their homes.

2. The investigation of claims has become more rigorous, with increased legal and expert time being spent to determine liability. These costs add to defending claim actions resulting in increasing costs.
3. Harmonized Sales Tax introduced in July 2010 results in additional taxes being charged on costs, such as expert professional fee, which adds to the cost of claims.

Insurers have seen considerable change in the Municipal claims' experiences over the past few years. Society is becoming increasingly litigious, which results in a greater number of claims being brought against municipalities. As the cost of claims rise, premiums are being adjusted accordingly.

Aside from the above noted factors, insurers look to the claims history of municipalities when setting their premiums. Over the past 10 years the City of Vaughan has submitted approximately 640 claims to its insurer for liability, slip and fall and building inspection claims. The present estimated gross value of these claims is valued by the insurer at \$ 16,928,132. By their very nature, open claims are not static and may develop (increase or decrease) as pertinent details of the incident are made available to the insurer.

General industry trends point to increases in insurance premiums that span the entire municipal community. A recent survey conducted by municipal risk managers indicates rising insurance premiums for 2011. For example, Halton County has seen an increase of 36%, and Perth County an increase of 64%, in comparison to the premiums they paid in 2010. Trends suggest that rates have been going up prior to 2010, as Essex County experienced a 47.5% increase from their 2009 to 2010 premium, and a further increase of 41% in 2011. Vaughan's overall premium increase for 2011 is approximately 52 % over the 2010 premium.

Although the increase in premium is substantial, there are other contributing factors apart from the deteriorating claims experience noted above. In 2010, the City's insured property values stood at approximately \$ 301,215,000. The 2011 insured value for property is listed at \$412,901,000 an increase of \$ 111,686,000. This represents a 27% increase in property value. In addition, the value of insured vehicles has increased in 2011 to \$ 28,274,000 from \$25,474,000 in 2010. This represents an increase of \$ 2,800,000 (9.9%) in automobile assets.

Table 2, demonstrates the breakdown of the amount of premium paid for property and automobile for the years of 2010 and 2011. The increase noted in the Variance column correlates to the increase in coverage required for the additional assets. This increase can be attributable to the consolidation of the satellite offices and the old Civic Center into the new City Hall building. Upon renewal, staff will re-evaluate the property values and contents for the insured satellite offices to determine if any cost savings in premium can be achieved.

**Table 2**

	2010	2011	Variance	
Property	\$202,421.00	\$273,125.00	\$70,704.00	34.92%
Automobile	\$142,233.00	\$188,623.00	\$46,390.00	32.61%

In an attempt to manage the financial impact of the premium increase staff analyzed the impact of a higher deductible level. The City's present deductible is \$ 50,000. The analysis was undertaken using a deductible of \$ 100,000.

Staff analyzed the claims paid by the insurer between \$ 50K and \$ 100K for the years 2005 to 2008 inclusive, which provides a historical data for mature claims, i.e. claims that have progressed through the various stages to eventual settlement. The analysis showed that going to a higher deductible, although initially reducing the premium, would not be in the best interest of the City, as any cost savings would be eaten up in higher deductible payments by the City. Accordingly, staff is not recommending the City increase its current deductible from \$50K.

In an attempt to mitigate costs staff have reviewed the City's claims history to determine where the majority of claims originate. With the assistance of the incumbent insurer these have been identified. The majority of claims paid result from slip and falls on sidewalks due to trip ledges and slip and falls due to icy sidewalks and roadways. Staff will be meeting with these departments in the near future to review policies and procedures and service levels. The insurer has committed to working with the City and its departments to implement improvements which should reduce the frequency and seriousness of claims filed against the City. A reduction in claims will translate into a reduction in claims' cost to the insurer which should translate into decreased premium costs to the City.

#### Relationship to Vaughan Vision 2020/ Strategic Plan

This report is in keeping with Vaughan's vision of management excellence through the maintenance of the City's assets and infrastructure, its financial sustainability and its commitment to service excellence through the enhancement of community safety, health and wellness by the promotion of risk management initiatives.

#### Regional Implications

N/A

#### Conclusion

It is recommended that staff be authorized to award the City's General Insurance and Risk Management Services to Frank Cowan Company Limited, as outlined herein.

#### Attachments

N/A

#### Report prepared by:

Joseph A. V. Chiarelli  
Manager of Special Projects, Licensing and Permits  
Insurance Risk Management

Tricia Campbell  
Risk management Analyst

Respectfully submitted,



Janice Atwood-Petkovski  
Commissioner of Legal and Administrative Services and City Solicitor



Hamilton

**CITY OF HAMILTON**

**CORPORATE SERVICES DEPARTMENT  
Treasury Services Division  
(Risk Management Services)**

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> December 14, 2010	
<b>SUBJECT/REPORT NO:</b> FCS10094 2011 Property and Liability Insurance Renewal (City Wide)	
<b>SUBMITTED BY:</b> Tony Tollis Corporate Services Department	<b>PREPARED BY:</b> Jody Boyd 5735
<b>SIGNATURE:</b>	

**RECOMMENDATION:**

- (a) That the Liability and Property Insurance coverage for the term January 1, 2011, to January 1, 2012, be renewed through Jardine Lloyd Thompson Canada Inc (JLT). at a cost of \$3,658,415 (net of applicable taxes) in accordance with Appendix "A" to report FCS 10094;
- (b) That the General Manager, Finance and Corporate Services, be authorized and directed to execute all associated documents on behalf of the City; and
- (c) That the 2011 Premium Costs in the amount of \$3,658,415 (net of Applicable taxes) be funded through the 2011 Risk Management Services Budget.



**EXECUTIVE SUMMARY**

For the City's 2011 Insurance policy renewal, the City's insurance broker, Pearson Dunn Insurance Inc. (PDI), requested insurance quotes from the following Municipal Insurers:

The Frank Cowan Company; (FCC) (Incumbent insurance underwriting manager)  
Jardine Lloyd Thompson (JLT)  
Travelers Insurance Company  
Lloyds of London (Brits Syndicate)

Traditionally, the insurance market available for Municipal Entities has been a small one; the four insurers shown expressed interest in quoting the City's 2011 Insurance program, and, after reviewing the underwriting information provided to them by the City, only two, JLT and FCC, ultimately offered submissions;

The broker's review of JLT and FCC's submissions included reviews of policy limits, deductibles, terms and conditions as well as a comparison of premiums and premium rate guarantees.

It is the opinion of City's Broker of Record, Pearson Dunn Insurance Inc. that JLT, in addition to offering policy wordings, limits and deductibles that are comparable to those offered by FCC, also offered a more favourable premium submission and premium rate guarantee.

The JLT proposal is approximately \$259,000 or 7% lower than FCC's proposal. This alone represents a significant saving.

In addition, the JLT submission freezes the premiums for municipal liability coverage at their proposed level until 2013 (subject to specified Loss Ratios). Municipal liability coverage represents about 19% of the total premiums. FCC does not offer a freeze on premiums but proposes annual increases of 8% (subject to specified loss ratio). The FCC proposal would result in a total increase of approximately \$200,000 over 3 years. Thus, the total difference or gap between the guaranteed rate of JLT and the FCC proposal would then amount to approximately \$1.0 million over 3 years.

It is therefore the recommendation of the City's insurance Broker or Record (PDI) and City staff that the Liability and Property Insurance coverage for the term January 1, 2011, to January 1, 2012, be renewed through the Jardine Lloyd Thompson Canada Inc.

*Alternatives for Consideration Not Applicable*

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS** (for Recommendation(s) only)

**Financial:** The 2011 Premium Costs of \$3,658,415 will be funded through the 2011 Risk Management Services Budget. The 2010 Insurance premium budget is \$3,787,562. Accordingly the 2011 renewal represents a budget savings of \$129,147.25 or 4% with respect to the Premium costs. It should be noted that there are other significant costs (ie claims costs) that impact on this Budget that will result in an overall increase in the 2011 Insurance cost budget.

**Staffing:** None

**Legal:** None

**HISTORICAL BACKGROUND** (Chronology of events)

For the City's 2011 Insurance policy renewal, the City's insurance broker, Pearson Dunn Insurance Inc. (PDI) procured quotes from the Municipal Insurance market. Traditionally, the market for Municipal Insurance providers has been a limited one. Municipal operations pose a unique challenge to insurers arising out of the wide array of exposures which fall within the scope of coverage under any one policy. In Hamilton alone we have such diverse operations as Emergency Services (EMS, Police Services, and Fire), Public Works (Construction, Roads Maintenance etc.), Parks, Recreation, Water and Wastewater, Public Health, Entertainment (HECFI) and so on. Given that most insurers prefer to concentrate their expertise on one sector of an industry, it is easy to see why a municipal entity the size of Hamilton with its variety of operations would not meet their underwriting criteria. The availability of markets willing to insure municipalities has been further complicated by provincial downloading of services to municipalities, by legislative changes and by broader court decisions.

Even among those insurers who will insure a municipality, market options for the City are further limited as many do not have the capacity to insure a large municipality such as Hamilton.

Given the extensive application, inspection and underwriting process required to provide a quote on a municipal account, it is not customary or practical in the insurance market to seek competitive marketplace bids on premiums every year. Instead most municipalities seek market submissions through their Insurance Broker every 3 to 5 years. The City last reviewed the available insurance markets for the City of Hamilton insurance market in 2007.

Given the small number of insurers who have in the past been willing to provide coverage to the municipal market, and especially large municipalities like the City of Hamilton, staff in conjunction with our broker of record has negotiated the City's previous insurance renewals through The Frank Cowan Company Inc. (FCC) who was one of few companies who had the capacity to insure the City of Hamilton. FCC placed the Region's insurance from the early 1970's and subsequently insured both the City and the Region separately for one year prior to amalgamation and the City since amalgamation.

For the 2011 term, the markets shown below expressed interest in providing insurance submissions for the City's municipal insurance account. The process provided PDI and staff with the opportunity to explore other insurers who could possibly provide the City with equitable coverages and limits while addressing our goal of achieving premium savings and stability.

Commencing in January 2010, the City provided underwriting information to the following interested markets:

- The Frank Cowan Company (FCC) (Incumbent insurance underwriting manager)
- Jardine Lloyd Thompson (JLT);
- Travelers Insurance Company
- Lloyds of London (Brits Syndicate)

PDI also considered the reciprocal insurance option presented by the Ontario Municipal Exchange (OMEX), but determined that due to the financial impact of the retroactive assessment model of premium funding it did not meet our long term goal of achieving rate stability.

After reviewing the City's insurance submission and needs, Travelers Insurance Company declined to provide a submission citing their lack of capacity to underwrite a risk the size and scope of the City of Hamilton.

Brits Syndicate Lloyds of London (BSL) proposed alternative risk financing options in place of the City's current insurance program for consideration. These options required actuarial studies which could not be completed by Lloyds in time to provide a quote for the 2011 renewal term. As with Travelers, BSL indicated that they did not, at the time of the submission, have the capacity under their current program to meet the City's insurance limits.

The Frank Cowan Company and Jardine Lloyd Thompson (JLT) submitted proposals to the City.

**POLICY IMPLICATIONS**

N/A

**RELEVANT CONSULTATION**

Pearson Dunn Insurance Inc.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

The Current Canadian Liability and Property Insurance market has softened somewhat for most standard lines of business, however, specialty markets which include Transportation (such as HSR) and Public Entity (Municipal Liability) insurance still continue to pose a challenge to insurers and municipalities alike.

As noted, traditionally, the insurance market available for municipal entities has been a small one; four insurers expressed interest in quoting the City's 2011 Insurance program, and, after reviewing the underwriting information provided to them by the City, only two, JLT and FCC, ultimately offered the following submissions.

**PREMIUMS**

JLT provided a renewal premium for the City of Hamilton 2011 policy term of \$3,658,415.

FCC provided a renewal premium quote for the City of Hamilton 2011 policy term of \$3,917,189.

Therefore JLT's proposal is less than FCC's by \$258,774.00

(All numbers quoted are net of taxes)

Premium Summary Table (Net of Taxes)

2010	2011	
FCC	FCC	JLT
\$ 3,787,562	\$ 3,917,189	\$ 3,658,415

**PREMIUM GUARANTEES**

Both insurers offered premium guarantees on portions of the Municipal Liability premiums. Premium guarantees are important to assist staff to effectively forecast

insurance budgets. However, both companies note that the rate guarantees are contingent upon conditions such as the City's claims experience (loss ratio) that could impact on their ability to provide the guaranteed premiums.

JLT's submission freezes the premiums for municipal liability coverage at their proposed level until 2013 (subject to loss ratios), which represents about 19% of the total premium cost.

FCC does not offer a freeze on premiums but proposes annual increases of 8% (subject to loss ratios). The FCC proposal would result in a total increase of approximately \$200,000 over 3 years. Thus, the total difference or gap between the guaranteed rate of JLT and the FCC proposal would then amount to approximately \$1.0 million over 3 years.

Therefore, based on JLT's favourable premium submission and their favourable premium rate guarantee it is the recommendation of staff that the Liability and Property Insurance coverage for the term January 1, 2010, to January 1, 2011, be renewed through the Jardine Lloyd Thompson Canada Inc.

#### JARDINE LLOYD THOMPSON

JLT Canada was formed in 1900. Their Public Sector division manages insurance on behalf of 375 municipal clients across Canada and has been in the business of underwriting municipalities for over 30 years. Public sector clients include Richmond Hill, Sudbury, County of Northumberland, North Bay and Markham. For the purposes of financial stability, it is the City's policy to only deal with insurers who have an "A+" AM Best or "A" Standard and Poor's rating. JLT's insurers meet the criteria. JLT have provided financial statements in support of their financial capacity within the industry.

#### 2011 INSURANCE POLICY CHANGES

The City has reinstated its Municipal Liability limit of \$50,000,000 (increased from \$25,000,000) in keeping with current industry practices (as illustrated in Chart A shown below). Even with the additional premium charge to increase to \$50,000,000, the overall premium is still below the 2010 Actual Premiums paid.

Municipality	Population	Municipal Liability Limit (Primary and Excess)
Oakville	175,000	\$15,000,000
Barrie	125,000	\$20,000,000
Kingston	120,000	\$25,000,000
Sudbury	160,000	\$25,000,000

Ottawa	840,000	\$40,000,000
Cornwall	50,000	\$50,000,000
Richmond Hill	185,000	\$50,000,000
Windsor	208,000	\$50,000,000
London	355,000	\$50,000,000
Brampton	444,000	\$50,000,000
Mississauga	700,000	\$50,000,000
Toronto	2,500,000	\$100,000,000

As well staff will procure a new Crime policy of insurance to insure against dishonest acts committed by third parties entrusted with the City's money. The premium cost is estimated at \$30,000.

**ALTERNATIVES FOR CONSIDERATION:**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

PDI and staff reviewed increased deductible options offered by both JLT and FCC and recommend that we proceed to insure through JLT at our present deductibles. Based on historic claims costs, increased deductibles would not be of financial benefit to the City as the additional claims costs incurred would exceed the reduction in premiums.

**CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)**

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

***Financial Sustainability***

- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

***Growing Our Economy***

- ◆ Competitive business environment

**APPENDICES / SCHEDULES**

Appendix "A" to report **FCS 10094**.

**CITY OF HAMILTON  
2011 PROPERTY AND LIABILITY INSURANCE RENEWAL  
COVERAGES AND LIMITS**

TYPE OF COVERAGE	COVERAGE (\$)	DEDUCTIBLE (\$)
Municipal Liability	25,000,000	250,000
Errors & Omissions Liability	Included	
Non Owned Auto	Included	
Excess Liability	Included	
Municipal Conflict of Interest	100,000	
Legal Expense	250,000	
Comprehensive Crime	10,000,000	10,000
Crime Excess	Included	
Property	\$2.55 Billion Replacement Value	500,000
Boiler	See note below	100,000
City Auto	25,000,000	500,000
Garage Liability Insurance	25,000,000	
Excess Auto & Garage Liability Insurance	Included	
Environmental Impairment Liability (including WWTP)	10,000,000	500,000
HSR Rolling Stock (Transit)	43,000,000	50,000
HSR Auto Fleet	25,000,000	100,000
HSR Excess Transit Auto	Included	
Excess Umbrella	25,000,000	NIL
Directors' And Officers' Liability (HECFI - stand alone policy)	3,000,000	35,000

**NOTES**

**Legal Expense :**

- FCC standard limit \$100,000.
- JLT standard limit \$250,000.

**Boiler:**

- JLT Includes Boiler Insurance as part of Property Policy to limit of coverage.
- FCC insures under separate policy for a limit of \$100,000,000.

**Rolling Stock (Transit) :**

- JLT Includes Rolling Stock as part of Property Policy
- FCC insures under separate policy.

CITY OF HAMILTON  
2011 PROPERTY AND LIABILITY INSURANCE RENEWAL  
INSURANCE PREMIUM COMPARISON

	2010-2011	2011-2012	
	FCC. 2010	FCC 2011 PROPOSAL	JLT 2011 PROPOSAL
Total of all policies with maximum \$25,000,000 limit for liability. (Net of Taxes)	3,787,562	3,652,189	3,511,335
Cost for additional \$25,000,000 Liability (Total \$50,000,000)		265,000	147,080
Total of all policies with maximum \$50,000,000 limit for liability. (Net of Taxes)	N/A	3,917,189	<b>3,658,415</b>
Taxes		182,411	144,948
Grand Total (\$50,000,000)	N/A	4,099,600	3,803,362



## 5

### INSURANCE COVERAGE RENEWAL FOR YORK REGION

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated May 25, 2011, from the Director of Financial Services and Deputy Treasurer.

#### 1. RECOMMENDATION

It is recommended that Council authorize insurance coverages as identified in Table 1 be renewed with Travelers Canada (St. Paul Fire & Marine Insurance Company) for the period of July 1, 2011 to December 31, 2012 at a cost of approximately \$8,075,000.00 (which includes applicable premium tax of 8% on all coverages except automobile) with no change to coverages or the level of Self Insured Retention at this time.

#### 2. PURPOSE

This report presents the results of the insurance marketing exercise conducted by BFL Canada, the Region's Insurance broker.

#### 3. BACKGROUND

Travelers Canada has provided the insurance coverages as noted in Table 1 for the Corporation since January 1, 2010, for a term of eighteen months. These coverages expire as of July 1, 2011 and renewal quotations were obtained by the Region's broker, BFL Canada, in order to bind coverage for the next eighteen month period.

The Owner Controlled Insurance Program (OCIP) for most construction projects was not reviewed in this report as it was addressed in a separate RFP.

#### **Self-insured retentions directly impact insurance premiums**

For most coverages the Corporation currently carries a Self-Insured Retention of \$100,000 (similar to a deductible) for each loss. Retaining such a Self Insured Retention requires the Corporation to ensure it has sufficient funds in the Insurance Reserve to pay for incurred losses up to this amount potentially for each and every loss. It also means that the premiums charged should be reduced since the Corporation is taking on some of the risk. The insurers are responsible for loss amounts over the \$100,000 for each loss. In addition, the Corporation has some input into the handling and settlement of the claims that do occur. Part of BFL's mandate for renewal was to secure higher Self Insured

Retention options so that the feasibility of increasing the retention level could be examined.

#### 4. ANALYSIS AND OPTIONS

##### Two comprehensive insurance proposals were received

BFL Canada approached insurers who understand and provide coverage for municipalities and received two comprehensive insurance proposals; Zurich Canada and the incumbent Travelers Canada. Table 1 summarizes the premiums for each policy offered by each insurer. Insurance premiums shown are for an 18 month period.

**Table 1**  
Quotations for Eighteen Month Period

Policy	Existing Premium	Traveler's Quotation	Zurich's Quotation
Property	493,818	536,853	490,501
Boiler	35,001	65,646	Incl.
Crime	76,000	35,001	37,875
Liability	1,555,952	1,969,100	2,824,669
Excess Liability	375,000	400,000	400,000
Public Entity	239,063	256,846	Incl.
Medical Malpractice	31,875	45,000	45,000
Corporate Automobile	1,541,722	1,592,748	4,077,620
Transit Automobile	2,912,205	2,971,741	Incl.
Garage Automobile	3,040	2,970	3,030
AD&D	7,000	9,000	9,000
Marine	12,099	6,079	9,120
<b>TOTALS*</b>	<b>\$7,282,775</b>	<b>\$7,890,984</b>	<b>\$7,896,815</b>

\* Does not include 8% PST which is applicable to all premiums except Automobile.

##### Recommend existing coverage levels until further review is completed

It is recommended that the insurance coverages should be renewed from July 1, 2011 to December 31, 2012 with Travelers Canada. Staff will explore whether to modify the Self Insured Retention to gauge whether overall cost benefits would be achieved after the additional cost of staffing and reserve contributions are factored in. Travelers Canada have agreed to hold their quotations open until October 2011 and adjust the premium on a pro rata basis should the analysis results be favourable for increasing the Self Insured Retention level.

**5. FINANCIAL IMPLICATIONS**

The eighteen month premium from Travelers of approximately \$7,891,000 represents an increase of 8% over expiring premiums. This increase is primarily as a result of increased property values, the addition of buildings and automobiles, and the additional professionals requiring coverage under corporate policies. The cost of insurance as well as the cost to fund the self insured retention, is allocated to all departments on a yearly basis based on underwriting experience and is included in every Annual Budget.

**6. LOCAL MUNICIPAL IMPACT**

There is no direct local municipal impact resulting from this report.

**7. CONCLUSION**

It is recommended that our current insurance policies with Travelers Canada be renewed for a further eighteen month term with no change in coverage or Self Insured Retention at this time. A cost benefit analysis will be conducted to determine if an increase to the Self Insured Retention level is warranted. The results of this analysis will be available by August 31, 2011.

For more information on this report, please contact Tina Gardiner, Manager Insurance & Risk at Ext. 1656.

The Senior Management Group has reviewed this report.



## REPORT

**REPORT TO:** Mayor and Members of Council

**REPORT FROM:** Cor Buikema, Manager of Accounting

**DATE:** November 6, 2009

**REPORT NO.:** CS-2009-0083

**RE:** General Insurance Review and Renewal  
File No.: L06/IN

### **RECOMMENDATION:**

THAT Report No. CS-2009-0083 dated November 6, 2009 regarding the General Insurance Review and Renewal be received;

AND FURTHER THAT the various insurance coverages and risk management services outlined within the Request for Proposal #P-035-09 be awarded to BFL Canada Risk and Insurance Services Inc. at a first year annual premium of \$429,401.00, plus applicable taxes. The term is for three years covering the period of January 1, 2010 to January 1, 2013, with an option to renew for an additional two years, subject to successful negotiations;

AND FURTHER THAT the amount of \$64,184.25 be transferred from the Tax Rate Stabilization Reserve to cover the OMEX supplementary assessment for the years 2006 and 2007;

AND FURTHER THAT any future OMEX supplementary assessments be funded from the Tax Rate Stabilization Reserve.

### **BACKGROUND:**

Report No. FIN-2005-0028, dated August 15, 2005 regarding General Insurance Renewal was approved September 6, 2005 by Council. One of the recommendations was that the existing insurance contract with Ontario Municipal Insurance Exchange (OMEX) be extended for an additional three years for the period of January 1, 2006 to January 1, 2009, with an option to renew for an additional two years, subject to successful negotiations.

Report No. CS-2009-0006 dated January 5, 2009, regarding the Insurance Review was approved by Council on February 2, 2009. One of the recommendations was that staff go out for Request for Proposal in 2009 for the Town's insurance needs commencing January 1, 2010.

**COMMENTS:**

**Insurance Renewal**

The Request for Proposal # P-035-09 closed on October 20, 2009. Thirteen (13) firms downloaded the bid document. Submissions were received and evaluated by staff members from the Corporate Services Department.

Submissions were received from firms indicated below. In total, three (3) responses were received. The responding firms are identified as follows:

<b>Respondent</b>	<b>Location</b>
BFL Canada Risk and Insurance Services Inc.	Toronto, ON
Jardine Lloyd Thompson Ltd.	Toronto, ON
Ontario Municipal Insurance Exchange (OMEX)	Markham, ON

Due to the complexities of the insurance response and dealing with traditional and reciprocal insurers staff also contracted the firm of Cameron & Associates to give an overview of the coverage and the premium. After reviewing and evaluating the submissions, BFL Canada Risk and Insurance Services Inc. (BFL) was determined to be the highest ranked respondent. BFL's proposal was well presented and in line with what was requested. Staff has checked their references and is satisfied with the results. The municipalities that were contacted for a reference are the City of Mississauga, Town of Aurora and Town of Penetanguishene. Halton Hills also use them for outside groups requiring insurance. The company has been in the insurance business for 29 years with Ontario Municipalities and has a world-wide presence.

The annual premium will be fixed for a one year term based on existing property values. BFL have advised that they have also been successful with many of their municipalities, of negotiating premium stabilization. The premium is also subject to change if there are significant additions to the policy. This can be anticipated when the new two new fire facilities are included. On renewal staff will negotiate any changes, with a view of keeping the premium competitive.

**OMEX Supplementary Assessment**

Under the Insurance Act, OMEX, of which Halton Hills is a prescribing member, is required to maintain sufficient reserves to fund the cost of all known and potential claims for which it may be liable. The need of the supplementary assessment was the result of a requirement by the Financial Services Commission of Ontario (FSCO), which regulates Ontario's insurance industry. In the current economic environment, FSCO has required OMEX to increase their surplus reserves.

OMEX's 2008 business plan included the strategic decision to review all existing claims, assess their position, and dispose of those that have the potential to become more costly over time. While this reduces the costs to members in the long run, it has decreased the Reciprocal's surplus reserve. Given the precedent down-turn in the economy, FSCO directed OMEX in early December 2008 to increase its surplus. In response, OMEX's management prepared and presented an appropriate plan to FSCO that has been endorsed by OMEX's actuary and Board. The supplementary assessment to increase surplus reserves for the Ontario Municipal Insurance Exchange Program group for the 2006 and 2007 underwriting periods, Halton Hills share is \$64,184.25.

It should be noted that the Director of Corporate Services and Treasurer sits on the Board of Directors and Audit Committee of OMEX. He has not been involved in any aspect of the proposal call or the report and has refrained from any discussion on this matter. Any questions regarding this report should be directed to Cor Buikema.

#### **RELATIONSHIP TO STRATEGIC PLAN:**

This is an operational issue and does not have a relationship to the Strategic Plan.

#### **FINANCIAL IMPACT:**

There will be zero impact to the 2010 operating budget. The 2010 premium will be \$429,401.00 plus PST of \$30,503.60 (\$459,904.60) plus additional premium for changes to property values. The 2009 Budget was \$469,100.00. The OMEX Supplementary Assessment of \$64,184.25 is recommended to come from the Tax Rate Stabilization Reserve. There may be future supplementary assessments that the Town will be liable for as members of the Reciprocal to December 31, 2009.

#### **COMMUNICATIONS IMPACT:**

Staff will be notified of the new insurance providers and that any potential claims to December 31, 2009 are reported to Corporate Services so that they can advise OMEX of any potential future claims.

#### **ENVIRONMENTAL IMPACT:**

There is no environmental impact.

#### **CONSULTATION:**

A staff team from Corporate Services evaluated the proposals and had a review also done by the firm of Cameron & Associates.

**CONCLUSION:**

Staff have spent a numerous amount of effort preparing the RFP, analyzing responses and checking references. Staff is of the opinion that the recommended company represents good value and will provide the service the Town requires from an insurance provider.

Staff will be working with BFL to implement a plan of risk management training and claims processing.

Respectfully submitted,

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Cor Buikema  
Manager of Accounting

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Dennis Y. Perlin  
Chief Administrative Officer

***MINUTES***  
**GENERAL COMMITTEE**  
**December 14, 2009**  
**Meeting No. 27**

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**Finance & Administrative Issues**

Chair: Reg. Councillor J. Virgilio  
Chair, Budget Sub-Ctte: Councillor D. Horchik  
Chair: IT Sub-Ctte: Reg. Councillor J. Jones  
Chair: Grants Sub-Ctte: Councillor V. Burke

**Community Services Issues**

Chair: Councillor A. Chiu  
Environment & Sustainability Issues  
Chair: Councillor E. Shapero

**Attendance**

Mayor F. Scarpitti  
Regional Councillor G. Landon  
Regional Councillor J. Virgilio  
Councillor V. Burke  
Councillor E. Shapero  
Councillor C. Moretti  
Councillor J. Webster  
Councillor D. Horchik  
Councillor L. Kanapathi  
Councillor A. Chiu

J. Livey, Chief Administrative Officer  
C. Conrad, Town Solicitor  
A. Taylor, Commissioner of Corporate Services  
B. Librecz, Commissioner of Community & Fire Services  
J. Baird, Commissioner of Development Services  
K. Kitteringham, Town Clerk  
B. Cribbett, Treasurer  
S. Andrews, Director Asset Management  
A. Brouwer, Deputy Town Clerk  
A. Tari, Committee Clerk

**Regrets**

Deputy Mayor J. Heath  
Regional Councillor J. Jones  
Councillor D. Hamilton

-

The General Committee convened at 1:00 PM with Regional Councillor J. Virgilio in the Chair.



**1. MINUTES OF THE NOVEMBER 10, 2009  
PARKING ADVISORY COMMITTEE (16.0)  
Minutes**

Moved by Regional Councillor G. Landon  
Seconded by Councillor A. Chiu

- 1) That the Minutes of the November 10, 2009 Parking Advisory Committee be received.

CARRIED

**2. APPOINTMENTS AND RESIGNATIONS  
TO ADVISORY COMMITTEES (16.24)**

Moved by Regional Councillor G. Landon  
Seconded by Councillor A. Chiu

The Friends of the Markham Museum

- 1) That the appointment of the following persons to The Friends of the Markham Museum Foundation for the term of expiry noted, at the First Annual General Meeting held on November 24, 2009, be received for information:

Genny Landis - 2010

Gunter Langhorst - 2010

Ardy Reid - 2010

Martha Mingay - 2011

Glenn Schick - 2011

Vince Tortorici - 2011

Bob Baird - 2012

Randy Barber - 2012

John Buie, Chair - 2012

Councillor Carolina Moretti - November 10, 2010

**3. AMENDMENT TO BANK SIGNING AUTHORITY (7.0)**  
**Report**

Moved by Regional Councillor G. Landon  
Seconded by Councillor A. Chiu

- 1) That the report dated entitled "Amendment to Bank Signing Authority" be received; and,
- 2) That cheques issued by the Corporation for the Town of Markham be signed by the Mayor, and one of the Treasurer or the Commissioner of Corporate Services; and,
- 3) That the Mayor, and one of the Treasurer or the Commissioner of Corporate Services be authorized to sign contracts for new banking services with the Town of Markham's Council approved financial institution (bank); and,
- 4) That the Mayor, and one of the Treasurer or the Commissioner of Corporate Services be authorized to approve the set up of new vendor templates for repetitive on-line wire transfers; and,
- 5) That the Treasurer or the Commissioner of Corporate Service be authorized to approve on-line wire transfers, once payment has been approved in accordance with the Expenditure Control Policy; and,
- 6) That the Treasurer or the Commissioner of Corporate Services be authorized to approve investing of Town funds in accordance with the Town's Investment Policy; and further,
- 7) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

CARRIED

**4. APPOINTMENT OF TREASURER (7.0)**

Moved by Regional Councillor G. Landon  
Seconded by Councillor A. Chiu

- 1) That, in accordance with Subsection 286 (1) of the Municipal Act, 2001, a by-law be passed to appoint Andy Taylor as Treasurer for the Corporation of the Town of Markham effective January 8, 2010;
- 2) That By-law 2001-20 be repealed effective January 8, 2010.

CARRIED

**5. STAFF AWARDED CONTRACTS  
FOR THE MONTH OF NOVEMBER 2009 (7.12)  
Report**

Moved by Regional Councillor G. Landon  
Seconded by Councillor A. Chiu

- 1) That the report entitled "Staff Awarded Contracts for the Month of November 2009" be received.

CARRIED

**6. MUNICIPAL ELECTION CANDIDATE CONTRIBUTION  
REBATE PROGRAM (14.0)  
Report Presentation**

Mr. Andrew Brouwer, Deputy Clerk, delivered a PowerPoint presentation providing a high-level overview of options for a municipal election candidate contribution rebate program.

The Committee suggested that the authorizing by-law be written without any reference to a particular term of Council.

There was discussion with respect to the rebate program being an incentive for individuals to participate as contributors for municipal election campaigns. The Committee discussed whether the rebate program should only apply to Markham residents.

There was brief discussion regarding the rebate program excluding candidates, their spouses and children from eligibility.

Moved by Mayor F. Scarpitti  
Seconded by Regional Councillor G. Landon

- 1) That the Report entitled "Municipal Election Candidate Contribution Rebate Program" be received; and,
- 2) That Council adopt **Option 1 as outlined in the Report entitled "Municipal Election Candidate Contribution Rebate Program"**; and further,
- 3) **That a By-law be enacted to implement a Town of Markham Municipal Election Candidate Contribution Rebate Program based on Option 1.**

CARRIED

**7. ISSUANCE OF TAX REBATES FOR MUNICIPAL ELECTION CAMPAIGN CONTRIBUTIONS (14.0)**

Moved by Mayor F. Scarpitti  
Seconded by Councillor E. Shapero

**That the Town of Markham request the Province of Ontario to grant municipalities the authority to issue income tax receipts to municipal election campaign contributors.**

**CARRIED**

**8. CONTRACT EXTENSION FOR STREET LIGHTING MAINTENANCE RE, REPAIR AND RELAMPING PROGRAM (5.19)**  
**Report 1 2 3**

Moved by Councillor A. Chiu  
Seconded by Councillor D. Horchik

- 1) That the report entitled "Contract Extension for Streetlighting Maintenance , Repair and Relamping Program" be received; and,
- 2) That the Contract Extension for 2010 Streetlight Maintenance and Repair be awarded to PowerStream in the estimated amount of \$780,000 exclusive of GST; and,
- 3) That the 2010 Streetlight Relamping Program contract be awarded to PowerStream in the estimated amount of \$145,000 exclusive of GST; and,
- 4) That the tender process be waived in accordance with Purchasing By-Law 2004-341 Part II, Section 7(1) C which states" when the extension of an existing contract would prove more cost effective or beneficial"; and,
- 5) That funds be provided from account #720 720 5497 Streetlighting Maintenance and Repair in the total amount of \$925,000 of the Town's 2010 Operating Budget; and,
- 6) That the Town and PowerStream continue to work together on an ongoing basis to review options to enhance service delivery and cost efficiencies, share information and exchange data to control the 2010 expenditures; and further,
- 7) That staff be authorized and directed to do all things necessary to give effect to this resolution.

**CARRIED**

**9. 2010 GENERAL INSURANCE AND RISK MANAGEMENT PROGRAM (7.0)**  
**Report**

Moved by Councillor A. Chiu  
Seconded by Councillor D. Horchik

- 1) That the report dated December 14, 2009 entitled "2010 General Insurance and Risk Management Program" be received; and,

- 2) That the 2010 General Insurance Program commencing January 1, 2010 to December 31, 2010 be awarded to Jardine Lloyd Thompson (“JLT”) the highest ranked and lowest priced proponent in the amount of \$1,040,613 inclusive of PST where applicable (\$973,958 exclusive of PST), provided JLT enters into a contract with the Town in a form acceptable to the Treasurer and the Town Solicitor (“Contract”); and,
- 3) That the Mayor and Clerk be authorized to execute the Contract on behalf of the Town, in a form acceptable to the Treasurer and the Town Solicitor; and,
- 4) That Staff obtain a premium quote for the heritage replacement cost on Town heritage buildings and implement coverage after obtaining independent professional appraisals on all heritage properties and/or historic buildings; and,
- 5) That the Town’s insurance liability deductible be increased from \$50,000 to \$100,000 and be funded from the existing 2010 insurance budget; and,
- 6) That the net savings (currently \$654,910) related to the difference between 2010 insurance budget (\$1,745,523) and the RFP award (\$1,040,613) be transferred to the Insurance Reserve, account number 086 2700 300; and,
- 7) That Staff retain the services of RiskPro Risk Management Consulting (RiskPro), at an upset limit of \$5,000, to ensure that the Town receives the upgraded coverage endorsements agreed to by JLT, and to review the final policy wordings for completeness and accuracy; and,
- 8) That the Treasurer be authorized to extend the contract for General Insurance and Risk Management Program for the period January 1, 2011 to June 30, 2011 at 50% of the 2010 expiring premium; and,
- 9) That the Treasurer be authorized to extend the contract for General Insurance and Risk Management Program for three (3) additional one year periods, provided that it is in the best interest of the Town and the premium increase per year does not exceed 5% of the cost of the previous years' insurance program, exclusive of annual coverage changes; and further,
- 10) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

CARRIED

**10. EXTENSION OF 092-S-04 SUPPLY  
INSTALLATION AND  
MAINTENANCE OF WATER METERS (5.3)  
Report**

Moved by Regional Councillor G. Landon

Seconded by Councillor D. Horchik

- 1) That the report “Extension of 092-S-04 Supply, Installation and Maintenance of Water Meters be received”;
- 2) That contract 092-S-04 for Supply, Installation and Maintenance of Water Meters be extended to Neptune Technology Group (Canada) Ltd. for a 2-year term from November 1, 2009 to October 31, 2011, for an estimated annual contract amount of \$1,000,000 exclusive of GST;
- 3) That the Director of Operations be authorized to extend the contract for Supply, Installation and Maintenance of Water Meters for one (1) additional year period, provided that it is in the best interest of the Town

- 4) That the tendering process be waived in accordance with Purchasing By-Law 2004-341, Part II, Section 7, Non Competitive Procurement, “ When the extension of an existing contract would prove more cost-effective or beneficial”;
- 5) That Staff be authorized to retain an external consultant during the contractual period to assess the best business model beyond this contractual term;
- 6) That the November to December 2009 costs, estimated at \$257,795 shall be funded from the respective operating and capital accounts shown in the financial considerations section; and,
- 7) This contract be funded annually from the Waterworks capital accounts for water meter replacement, and the Waterworks operating accounts for meter repair and maintenance as shown in the financial considerations section; and,
- 8) That the 2011 purchase order be adjusted for growth (number of water meters) based on the approved budget; and,
- 9) That pricing for the first and second year term in 2010 and 2011 be at the same 2009 itemized pricing; and,
- 10) That the Mayor and the Clerk be authorized to execute the contract with Neptune Technology Group (Canada) Ltd. in a form acceptable to the Town Solicitor; and further,

That staff be authorized and directed to do all things necessary to give effect to this resolution.

CARRIED

**11. APPLICATION TO BUILDING CANADA FUND  
STIMULUS FUND FOR THE  
BIRCHMOUNT ENERGY CENTRE (7.0)  
Report**

Moved by Councillor J. Webster  
Seconded by Councillor C. Moretti

- 1) That the report entitled “Application to Building Canada Fund Stimulus Fund the Birchmount Energy Centre” be received; and,
- 2) That the Commissioner of Corporate Services be directed to submit an application for the Birchmount Energy Centre project as outlined in the report to the Government of Canada and the Province of Ontario under the Building Canada Fund Stimulus Fund program
- 3) That the Town proceed with the project at an upset limit of \$13,055,000 (\$14,624,000 less land cost of \$1,569,000) on a 1/3 shared basis with the Province of Ontario, and Government of Canada and the Town of Markham; and,
- 4) That the Town of Markham’s share of \$4,351,667 for the project be funded from the Lifecycle Replacement and Capital Reserve Fund; and,
- 5) That staff report back to Council with a draft lease agreement for the Birchmount Energy Centre with Markham District Energy Inc; and further,
- 6) That Staff be authorized and directed to do all things necessary to give effect to this resolution

CARRIED

## **12. INFRASTRUCTURE PROJECTS UPDATE (5.0)**

### **Report 1 Presentation**

Ms. Brenda Librecz, Commissioner of Community & Fire Services delivered a PowerPoint presentation providing an update with respect to the Infrastructure Projects.

The Committee inquired if the new bubble tennis structure that will be built at Angus Glen can be shared/used at the St. Roberts project for soccer purposes. Ms. Librecz advised that the bubble structure at Angus Glen will be a permanent structure.

There was discussion regarding whether the Civic Centre pond should be drained and cleaned. Staff advised that draining the pond will be considered as part of the long term plans for this location. The Committee discussed wildlife issues related to the Civic Centre Pond. It was noted that there have been discussions to increase the natural features around the pond to ensure it is friendlier to the wildlife and individuals and to assist in lowering the overall maintenance costs.

There was brief discussion regarding the elevator at the Thornhill Community Centre.

Moved by Councillor A. Chiu

Seconded by Councillor V. Burke

- 1) That the presentation by B. Librecz, Commissioner Community & Fire Services, entitled "Infrastructure Programs: RinC and Stimulus Programs be received; and,
- 2) That the report entitled "Infrastructure Projects Update" be received.

CARRIED

## **13. EAST MARKHAM COMMUNITY CENTRE LIBRARY- TENDER (6.6)**

### **Report Presentation**

Mr. Duff Balmer, Shore Tilbe Irwin & Partners delivered a PowerPoint presentation providing a status of the design for the East Markham Community Centre & Library.

There was brief discussion regarding the possibility of salt water pool in place of chlorine. Mr. Balmer advised that there is an entire report on that issue and will forward it to the Members of Committee.

The Committee suggested that the following be considered:

- Reducing light pollution further (retractable blinds)
- Provide an area for nursing mothers in bathrooms
- Provide toddler toilet in bathroom close to the children's area
- Source locally and sustainably for furniture where possible

There was brief discussion regarding the site plan approvals for the Community Centre and the one for the Markham District Energy (MDE) site.

Moved by Councillor J. Webster

Seconded by Councillor C. Moretti

- 1) That the presentation by D. Balmer, Partner, Shore Tible Irwin & Partners, entitled "East Markham Community Centre" be received.



- 2) That the report titled “East Markham Community Centre & Library – Tender” be received; and,
- 3) That the presentation by Shore Tilbe Irwin & Partners highlighting the final design and colours and finishes be received; and,
- 4) That Council approval of the site plan application for the EMCC&L be delegated to the Director of Planning and Urban Design, or her designate; and,
- 5) That Council confirm delegation of site plan approval for the abutting Markham District Energy building to the Director of Planning and Urban Design, or her designate; and,
- 6) That Council authorizes Staff to proceed with tendering to the pre-qualified General Contractors for the construction phase of the project; and,
- 7) That Council authorizes Staff to award a construction contract to the lowest compliant bidder if the price is within the approved budget; and further,
- 8) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

CARRIED

**14. AWARD OF CONTRACT 345-S-09 –  
INFRASTRUCTURE STIMULUS ENERGY  
RETROFIT – IMPLEMENTATION OF  
FACILITY IMPROVEMENT MEASURES (5.0)**

Staff together with Mr. John Southwood, O.P. McCarthy & Associate delivered a PowerPoint presentation with respect to the Infrastructure Stimulus Energy Retrofit – Implementation of Facility Improvement Measures.

There was discussion regarding funds that are being placed in 8100 Warden’s Operating Budget and lost interest towards the Lifecycle Reserve.

The Committee suggested including the tracking of decreasing Greenhouse Gas Emissions and the carbon offsets (credits for emission reduction achieved by these projects) as part of the report and future presentations.

Moved by Regional Councillor G. Landon  
Seconded by Councillor E. Shapero

- 1) That the report titled, “Award of Contract 345-S-09 - Infrastructure Stimulus Energy Retrofit – Implementation of Facility Improvement Measures” be received; and,
- 2) That Council authorize the installation of energy saving *Facility Improvement Measures* (FIM) in nine Town of Markham Facilities, as listed in the attached itemized breakdown (see Appendix B) for a total investment of \$1,265,814; and,
- 3) That the tendering process be waived for the contractual agreements with Johnson Controls L.P. and Siemens Building Technologies for the implementation of the energy saving measures in accordance with Purchasing By-Law 2004-341, Part II, Section 7 Non Competitive Procurement, item 1 (g) where it is in the Town’s best interest not to solicit a competitive bid;
- 4) That contract 345-S-09 be awarded to Johnson Controls LP in the amount of \$724,507.00 inclusive of bonding and insurance coverage and excl. of GST for the following facilities;

- Angus Glen Community Centre
  - Civic Centre
  - Rouge River Community Centre
  - Morgan Pool
- 5) That contract 345-S-09 be awarded to Siemens Building Technologies, Ltd. in the amount of \$541,307.00 inclusive of bonding and insurance coverage and excl. of GST for the following facilities;
- 8100 Warden Avenue
  - Markham Village Library
  - Thornlea Pool
  - Thornhill Community Centre
  - Armadale Community Centre
- 6) That Council authorize the retrofit of sport lighting in Town-owned arenas for a total estimated investment budget of \$210,000; and,
- 7) That Council authorize the planning for installation of photovoltaic solar panel system on 8100 Warden Avenue warehouse roof, for a total estimated investment budget of \$1,125,515; and,
- 8) That the Director of Sustainability Office be authorized to apply for Ontario Feed-in tariff and other applicable incentives; and,
- 9) That Council authorize the installation of an additional photovoltaic solar panel system on 8100 Warden Avenue warehouse roof, for a total upset limit of \$1,400,000 to be funded from the Life Cycle reserve fund, this amount being over and above the recommendation 7; and,
- 10) That the estimated annual energy rebate from Ontario's Feed-in-Tariff (FIT) program for the 250kW roof top array (in amount of \$178,250 a year) be built into 8100 Warden's Operating Budget with the first \$1,400,000 (dependant upon tender award) plus lost interest going towards the Lifecycle Reserve for the capital project payback, the rest of which will be used to offset annual hydro costs. This estimated amount will be adjusted in future years' budgets based on the actual amount received; and,
- 11) That Council authorize Staff to complete design, contract documents and tender for construction of the photovoltaic solar panel system on 8100 Warden Avenue warehouse roof. Staff will report back to Council for the award of the construction tender; and,
- 12) That Council authorize Staff to retain Consultants for preparation of design drawings, preparation of tender documents and services of construction contract administration at an estimated cost of \$100,000; and,
- 13) That the remaining project budget of \$150,000 be allocated as contingency for all of the above listed energy retrofit and green initiatives, and expended in accordance to the Town's Expenditure Control Policy"; and,
- 14) That the proposed energy savings from the *Energy Services Companies* (ESCO) (Johnson Controls - \$137,604/year & Siemens - \$55,779/year as shown in Appendix B) be tracked by Asset Management and reported by the Sustainability Office annually and a portion of the dollar savings go toward the evaluation and potential purchase of an enterprise energy management system with automated data acquisition. A report will be brought forward for approval of the enterprise energy management system purchase once evaluation is complete; and further,

- 15) That the awards be funded from capital budget account 056-5350-9517-005 (345-S-09 Energy Retrofit & Green Initiatives (Federal Stimulus); and,
- 16) That Staff be authorized and directed to do all things necessary to give effect to this resolution.  
CARRIED

**IN CAMERA MATTERS**

Moved by Regional Councillor G. Landon  
Seconded by Councillor V. Burke

That, in accordance with Section 239 (2) (a) of the *Municipal Act*, General Committee resolve into an in-camera session to discuss the following confidential matters (3:25 PM):

- 1) A proposed or pending acquisition or disposition of land by the municipality or local board regarding a proposed cell tower site with Rogers Communication Inc;
- 2) The security of the property of the municipality regarding infrastructure stimulus energy retrofit – implementation of facility improvement measures;
- 3) The security of the property of the municipality regarding solar photovoltaic roof top leases with PowerStream;

CARRIED

Moved by Councillor V. Burke  
Seconded by Councillor J. Webster

That the Committee rise from the in-camera session (3:47 PM)

CARRIED

**15. MICROPHONE AND SOUND SYSTEM  
IN THE COUNCIL CHAMBERS (7.13)**

Regional Councillor Gord Landon advised the Committee that the Town should find a way to finance the cost to upgrade the audio in the Council Chambers that will avoid the disruption that are currently faced when someone has their cell phones or blackberries on.

Staff confirmed that a report outlining the audio improvements for the Council Chambers and Canada Room will be presented to Committee in January 2010.

**16. CERTIFICATES ((16.23.2)**

Councillor Valerie Burke requested that staff provide an update with respect to the Town’s guidelines and/or policy for constituents wanting to present a certificate to a friend or family member who have turned 90 years old (or older) and for couples who have reached a marriage anniversary of 40 years or more.

**ADJOURNMENT**

The General Committee meeting adjourned at 3:50 PM.

**Subject:** City of Vaughan Insurance Premium Variance

C	<u>6</u>
Item #	<u>2</u>
Report No.	<u>17 Fin + Adm.</u>
<u>Council - Oct. 18/11</u>	

**From:** Carrie Liddy [mailto:carrie.liddy@sympatico.ca]

**Sent:** Tuesday, October 18, 2011 10:30 AM

**To:** Richard Lorello <rlorello@rogers.com>; Carella, Tony; Racco, Sandra; Rosati, Gino; Shefman, Alan; Iafrate, Marilyn; Schulte, Deb; DeFrancesca, Rosanna; Di Biase, Michael; Bevilacqua, Maurizio

**Cc:** Abrams, Jeffrey; Atwood-Petkovski, Janice; Megan (National Post)O'Toole <motoole@nationalpost.com>; Caroline Grech <cgrech@yrmg.com>; MichaelMcClymont <michaelmcclymont@hotmail.com>; JohnGoddard <jgoddard@thestar.ca>; PDowhaluk <pdowhaluk@globeandmail.com>; IvyCuervo <ivy.cuervo@cbc.ca>; AmandaPersico <apersico@yrmg.com>; Cribbett, Barbara; Harris, Clayton

**Subject:** Re: City of Vaughan Insurance Premium Variance

Dear Mr Bevilacqua and members of council

I note that there are several lawsuits that the city is fighting, using taxpayer money. The Ruffolo matter, where the city sued the Ruffolos, lost the lawsuit and paid the Ruffolo's a "reported" \$150,000 plus costs, has NEVER been addressed. This matter cost the residents hundreds of thousands of dollars and it is clear abuse of taxpayer money.

To make matters worse: documents have been provided to council that substantiate a "pecuniary" connection between DiBiase and Ruffolo and given the vote to settle the matter narrowly passed, with DiBiase voting in favor of settlement, this matter has to be addressed.

Mr Bevilacqua: you have not responded to even ONE email I have sent about these very serious matters. I demand a response.

**From:** Richard Lorello <rlorello@rogers.com>

**Reply-To:** Richard Lorello <rlorello@rogers.com>

**Date:** Tue, 18 Oct 2011 06:14:37 -0700 (PDT)

**To:** TonyCarella <Tony.Carella@vaughan.ca>, SandraRacco <sandra.racco@vaughan.ca>, Rosatti Rosatti <Gino.Rosatti@vaughan.ca>, AlanShefman <alan.shefman@vaughan.ca>, MarilynIafrate <Marilyn.Iafrate@Vaughan.ca>, DeborahSchulte <Deb.Schulte@vaughan.ca>, RosannaDeFrancesca <Rosanna.DeFrancesca@vaughan.ca>, MichaelDiBiase <Michael.DiBiase@vaughan.ca>, MaurizioBevilacqua <Maurizio.Bevilacqua@vaughan.ca>

**Cc:** JeffreyAbrams <jeffrey.abrams@vaughan.ca>, JaniceAtwood-Petkovski <Janice.Atwood@vaughan.ca>, "Megan (National Post)O'Toole" <motoole@nationalpost.com>, CarolineGrech <cgrech@yrmg.com>, MichaelMcClymont <michaelmcclymont@hotmail.com>, JohnGoddard <jgoddard@thestar.ca>, PDowhaluk <pdowhaluk@globeandmail.com>, IvyCuervo <ivy.cuervo@cbc.ca>, AmandaPersico <apersico@yrmg.com>, "barbara.cribbett@vaughan.ca" <barbara.cribbett@vaughan.ca>, ClaytonHarris <clayton.harris@vaughan.ca>

**Subject:** City of Vaughan Insurance Premium Variance

Mayor & Members of Council

I am forwarding my comments with respect to the Council meeting scheduled for October 18th, Report #17 of Finance and Administration Committee, Item #2

**OPERATING BUDGET QUARTERLY REPORT ENDING JUNE 30, 2011.**

<[http://ca.mg206.mail.yahoo.com/vaughan/council/minutes\\_agendas/committee](http://ca.mg206.mail.yahoo.com/vaughan/council/minutes_agendas/committee)>

10/18/2011

Specifically, I am very concerned with the significant unfavorable variance of \$1.429 million for insurance premiums. Our annual insurance premium is \$3.5 million as per the attached report submitted to council in April 2011. Back in April 2011, council was provided with a report by staff (see attached) recommending that council approve a significant increase in insurance premiums. Based on the operating budget our insurance premiums have risen by approximately 51% per year!

Simply stated, much like driving insurance, an individual's high driving insurance premium is a reflection of their poor driving record/habits. Similarly, this applies to municipalities such as Vaughan and its loss history.

I believe that council was provided with selective information in order for staff to explain the reason for the substantial increase in insurance premiums. In other words, council and the taxpayers of Vaughan have not been presented with the complete picture.

Similar to other situations of mismanagement that have been sprung onto Council, for example, the Civic Centre construction project costs overrun, this is just one more example. The following are some key points that Council really needs to consider, particularly in the long term:

- Management, especially risk management, is set by the tone from the top. Whether it is managing the risk around a construction project, expense abuses, litigation cost mismanagement, the City's executive team sets this tone. It is clear, for several years now, that the leadership of senior management in the City of Vaughan is non-existent.
- Insurance is only one form of risk financing. Having a self insured retention or deductible along with an effective risk management program should be the key focus. Identifying and managing the risk ultimately brings reward. Similar to any insured resident in the City of Vaughan, a municipality cannot simply rely on insurance. For example, the Town of Markham experienced a savings of \$654,910 for their most recent renewal (insurance premium is \$1,040,613), in part, by sampling increasing their retention from \$50,000 to \$100,000.
- Like any public traded company, poor leadership ultimately impacts on an organizations share value. Put aside the fact that Council has gone to great lengths to limit any news story that impacts on their reputation from local and national papers. Regardless, the City still continues to have a negative reputation. On this note, the ability to attract insurers with competitive rates because they view the City as a good risk is nowhere to be found. Where was BFL insurance brokers with their program, Zurich Insurance or Travelers Insurance just to name a few.
- The increased premiums had little to do with the reasons provided by staff and had more to do with the fact that the City of Vaughan has become known by insurance companies as a poor risk. The City of Vaughan's loss record goes much deeper than simple slip/fall incidents or building inspection claims. Rather, the City of Vaughan's litigation record and other risk management issues has more to do with its inadequate governance structure, for example, policies and procedures

and the expectation form management of enforcing and following these policies and procedures

- Staff provided Council insurance renewals experiences from Perth County and Essex County as benchmarks or comparisons. These counties are simply not good comparisons to the City of Vaughan; they are much smaller in population and are not cities and they do not reflect the experience and complexity of more comparative municipalities in Ontario. The percentage increase for Perth and Essex is misleading based on their premium.

A better comparison would be the City of Hamilton. For example, the City of Hamilton has a population of approximately 525,000. The City of Hamilton's annual insurance premium is approximately \$3.6 million as compared to our \$3.5 million and has significantly more claims than the average 60 claims per year. For the record, the City of Hamilton moved from being insured with the Frank Cowan Insurance Company for over 20 years to JLT (also the insurer of Markham and Richmond Hill), the insurer that was declined by the City. The City of Hamilton has a transit system which is a huge exposure/attracts many losses, has extensive/old infrastructure and also has ambulance service. The fact remains that the City of Vaughan has new infrastructure. Many roads are insured by the Region and Vaughan and have no transit or ambulance service. The City of Hamilton has a \$250,000 retention/deductible. It is widely known that insurers charge an administrative cost ranging from 20% to 50%, on top of losses that are expected to occur. To have more control over your risk financing program and stabilize premium fluctuations, municipalities have incorporated larger retentions along with an effective risk management program into their risk financing programs. Other examples of limited rate increases include Halton Hills who is insured through BFL and City of Mississauga, who is insured through Zurich.

- Its time to take a hard look at the City's administration and not looking for examples to justify the City administration's incompetence and mismanagement. It is clear that as a poor risk, the City of Vaughan attracted limited competition for bid (i.e 2 quotes) and it is well known that JLT (which City of Vaughan disqualified) just recently managed to capture a larger number of municipalities, including Hamilton, Richmond Hill and Markham where two of these accounts were once with Cowan for more than 20 years.

All of this information is available on the internet. Surely the city could have done more rearch and comparison for council. I am convinced that Council and residents alike are not getting the full picture of the City's loss history. It is further well known that risk management is not taken seriously at the City of Vaughan, such as financial risk management as well as risk management as it relates to accidental loss. The recent City Hall \$15.6 million loss, which was only brought to the attention of Council by City residents, is just another example.

I strongly suggest that council ask staff to go back and do the proper research and due diligence. I would also ask that council ask staff to request that JLT provide a new quote as well as find out why insurers like Zurich and Travellers did not provide a quote.

Council represents the taxpayers and the taxpayers have demanded much higher

standards from our City administration. We cannot afford to retain leaders who's fall back is that we are learning from our experiences. We need leaders who know what they are doing and are going to make the leadership decisions that are necessary. This tone starts must start from the top.

As usual Council has been bamboozled into believing that a 51% increase in insurance rates are acceptable and that years and years of mismanagement have nothing to do with our now out of control insurance premiums.

Richard T. Lorello