

Finance Committee

Item #: 4. 1.

Date: 02/22/2011

By: Diana Lund  
Finance

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### Information

#### Title:

Consider Contract for Agent of Record for Property, Casualty, and Workers Compensation Insurance.

#### Background:

The City of Ramsey has had an agreement with T.C. Field & Company (now known as Bearence Management Group) since 1997 for agent of record services for property, casualty, and workers compensation insurance services. The last formal agreement ended on December 31, 2010. A separate fee is paid to Bearence for Workers Compensation insurance, which is 2% of premiums paid. The 2% fee is incorporated within the total premium charged. For 2011, the City's General Liability totals \$164,253 and Workers Compensation - \$115,814.

At the Finance Committee of February 8, 2011, the Finance Committee made the recommendation that the City Council authorize the agent of records fee for 2011 in the amount of \$5,800. During this same committee meeting, it was requested that staff approach the city's agent of record regarding the submittal of another two-year contract for 2012-2013 services.

The Insurance Service Agreement is attached for review. For 2012, the fee requested is \$6,000 (3.5% increase) and \$6,200 in 2013 (3.3% increase). The City's In comparison, neighboring cities such as Champlin pay \$24,000 annually, Anoka - \$10,000 + 2% of Workers Compensation premiums, and Elk River - 7% of total liability and workers compensation premiums.

#### Recommendation:

Staff recommends authorizing the contract for agent of record services for 2012-2013 and an increase of \$200 to the fee of Bearence Management Group for 2012 and \$200, for contracted amounts of \$6,000 and \$6,200, respectively. A resolution authorizing the contract and fees is attached for consideration.

#### Funding Source:

Agent of record fee is included in the annual General Fund budget under professional services.

#### Council Action:

Based on Finance Committee Discussion.

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### Attachments

Insurance Service Agreement

Resolution Authorizing Bearence Management Group Agent of Record

#### Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	02/17/2011 08:45 AM
Form Started By: Diana Lund		Started On: 02/14/2011 08:00 AM
Final Approval Date: 02/17/2011		

# **AGREEMENT**

## **Insurance Agency Services**

This agreement made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2011, by and between Bearence Management Group hereinafter called the Agent, and the City of Ramsey, a Minnesota Municipal Corporation, hereinafter called the City.

The City hereby engages the services of the Agent as its insurance servicing agent of record with respect to all insurance of the City within the scope of insurance and bond policies/coverages, including but not limited to fire; general liability, casualty, public official and law enforcement liability, marine, fidelity and surety bonds and other miscellaneous coverages as may be required by the City but will not include employee fringe benefits such as health, life, dental, disability insurance, or pensions. In consideration of the following covenants and agreements, it is mutually agreed by and between the parties hereto as follows:

### **TERM**

This agreement will be in effect for the January 1, 2012—December 31, 2013, for the insurance coverage policy year of January 1<sup>st</sup> to December 31<sup>st</sup>.

### **COMPENSATION**

The term "Total Compensation" as used in this agreement shall mean and be the sum of:

- All compensation received by the Agent from any insurance underwriter for the placement of property casualty insurance required or obtained by the City except workers compensation. Workers compensation will be on a standard commission basis.
- All compensation or reimbursement received by the Agent from the City pursuant to the provisions of this agreement.

It is also hereby agreed and understood:

- The fee for agent services is in addition to the premiums charged.
- The premiums charged do not include commission to the Agent, except workers compensation. The City hereby directs the League of Minnesota Cities Insurance Trust (L.M.C.I.T.) not to include any allowance for an agent's fee in quoting and billing the City's premium for property, liability and automotive coverage.
- Said compensation shall be payable upon execution of the contract.

Wherever possible insurance policies will be placed to allow payment of premium to be made by the City directly to the insurance company.

As total compensation for the services provided to the City as described below, the City will pay to the Agent a fee of \$6000 for the 2012 contract year and \$ 6200 for the 2013 contract year.

## SERVICES

The agent will perform for the City the following services:

- Advise and assist the City in assembling and accurately reporting underwriting data. Update property values for rating purposes.
- Advise and assist the City in evaluating and selecting among coverage alternatives, such as deductibles, limits, optional coverages, alternative coverage forms, etc.
- Review coverage documents and invoices to assure coverage has been correctly issued and billed. Advise the City on potential gaps or overlaps in coverages.
- Assist the City as requested in submitting claims and interpreting coverage as applied to particular claims.
- Review loss reports for correct reporting, appropriate reserves, etc.
- Assist the City in identifying risk exposures and developing appropriate strategies to address those exposures.

## TERMINATION

This agreement may be terminated by either party upon (60) sixty days written notice to the other party.

Bearence Management Group

City of Ramsey

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

**Finance Committee**

**Item #: 4.2.**

**Date: 02/22/2011**

**By:** Diana Lund  
Finance

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**Information**

**Title:**

Credit Card Analysis

**Background:**

Customers, residents, and staff have been inquiring regarding the city of Ramsey accepting credit cards for payments on utility bills, building permits, abatements, and various fees.

Offering the acceptance of credit cards has a fee. The fee could be absorbed by the city, thus reducing overall revenue collections, or passed onto the consumer via higher permit and/or utility fees.

An analysis of three credit card vendors is attached. The three vendors were chosen based on their experience and interfacing capability with our current utility billing vendor as the city bills over 8,000 residents and thus a high potential of future credit card use.

This will be the city's first look at the credit card process. After initial discussion, and agreement of a potential vendor, staff will be prepared to bring that vendor to a future worksession for full council input.

**Recommendation:**

Discussion only.

**Funding Source:**

Not applicable at this time.

**Council Action:**

Finance Committee Discussion only.

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**Attachments**

Credit Card Vendor Analysis

Credit Card Spreadsheet

**Form Review**

**Inbox**

Kurt Ulrich

Form Started By: Diana Lund

Final Approval Date: 02/17/2011

**Reviewed By**

Kurt Ulrich

**Date**

02/17/2011 08:45 AM

Started On: 02/14/2011 08:02 AM

	Evalon	RevTrak	Authorize.Net
<b>Credit Cards Accepted:</b>			
VISA	YES	YES	YES
MasterCard	YES	YES	YES
American Express	YES	NO	NO
Discover Card	YES	YES	YES
Debit Cards	YES	YES	YES
<b>Types of Transactions Supported:</b>			
In Person	YES	YES	YES
Phone	YES	YES	YES
Online	YES	YES	YES
Reoccurring	YES	NO	YES (+\$10/mth)
<b>System Interfacing Capability:</b>			
Interface with Opus21	YES	Upload datafile	Upload datafile
Interface with JDE	NO	NO	NO
Interface with PIMS	NO	NO	NO
<b>Processing Fees:</b>			
Qualified "Swiped" Transactions (VISA, MC, Discover)	1.74% + \$0.20	1.99% + \$0.35	1.79% + \$0.56
Signature "Swiped" Debit (with VISA/MasterCard logo)	1.44% + \$0.20	1.99% + \$0.35	1.79% + \$0.56
Reward Cards "Swiped" Debit (with VISA/MasterCard logo)	2.05% + \$0.20	1.99% + \$0.35	1.79% + \$0.56
Partial Qualified "Keyed" or "Online" Credit Card & Signature Card (VISA, MC, Discover)	2.35% + \$0.20	2.79% + \$0.35	2.19% + \$0.60
American Express	2.89% + \$0.10	NA	
Basic Monthly Fee	NA	\$ 49.95	\$ 15.00
Monthly Statement Fee	\$ 8.00	NA	\$ 19.90
Operator Assistance Fee	\$0.90/occurrence	NA	NA
Automatic Response Authorization by Phone	\$0.75/occurrence	NA	NA
Bank Referral Fee	\$4.00/occurrence	NA	NA
Minimum Monthly Processing Fee	\$ 25.00	NA	\$ 25.00
Access to Online Merchant Account	\$15.00/month	NA	NA
NSF Fee	\$ 20.00	NA	
Chargeback Fee	\$ 25.00	NA	NA
Monthly Virtual Merchant Gateway Fee	\$ 5.00	NA	\$ 20.00
<b>Setup and Annual Fees</b>			
One-Time Setup	\$ 100.00	NA	\$ 198.00
Annual Compliance Fee (Dial-up Terminal)	\$ 55.00	NA	NA
Annual Compliance Fee (Internet Terminal)	\$ 175.00	NA	NA
Application Fee	\$ 50.00	NA	NA
Annual Validation Fee	\$ 35.00	NA	NA
<b>Terminal Pricing</b>			
POS Terminal (price per terminal)	\$ 699.00	\$ 89.95	\$ 100.00
Virtual Merchant (PC-Based w/unlimited users)	\$ 978.00	NA	Included

Month	Total Amount Transactions	Total No. of Transactions	REVTRAK		EVALON		AUTHORIZE.NET	
			Processing Fee ***	Monthly Fees	Processing Fee **	Monthly Fees	Processing Fee ****	Monthly Fees
January	\$ 1,393.31	6	\$ 35.35	\$ 49.95	\$ 27.57	\$ 38.00	\$ 50.47	\$ 54.90
February	\$ 5,214.91	37	\$ 137.59	\$ 187.54	\$ 106.22	\$ 24.00	\$ 108.77	\$ 54.90
March	\$ 6,065.37	14	\$ 89.30	\$ 69.95	\$ 110.55	\$ 28.00	\$ 110.55	\$ 54.90
April	\$ 2,617.25	24	\$ 70.95	\$ 203.90	\$ 54.40	\$ 28.00	\$ 71.12	\$ 54.90
May	\$ 717.38	8	\$ 20.18	\$ 70.13	\$ 15.38	\$ 28.00	\$ 41.67	\$ 54.90
June	\$ 736.71	5	\$ 19.43	\$ 68.38	\$ 15.02	\$ 28.00	\$ 43.82	\$ 54.90
July	\$ 3,563.32	22	\$ 92.86	\$ 142.81	\$ 118.66	\$ 28.00	\$ 118.66	\$ 54.90
August	\$ 5,860.58	38	\$ 153.37	\$ 203.32	\$ 131.42	\$ 28.00	\$ 131.42	\$ 54.90
September	\$ 6,762.29	18	\$ 167.51	\$ 217.46	\$ 131.42	\$ 28.00	\$ 131.42	\$ 54.90
October	\$ 3,849.78	21	\$ 107.15	\$ 149.31	\$ 89.21	\$ 28.00	\$ 89.21	\$ 54.90
November	\$ 1,995.38	52	\$ 150.15	\$ 100.13	\$ 29.21	\$ 28.00	\$ 29.21	\$ 54.90
December	\$ 1,995.38	52	\$ 150.15	\$ 100.13	\$ 29.21	\$ 28.00	\$ 29.21	\$ 54.90
<b>Annual Total</b>	<b>\$ 61,246.89</b>	<b>302.00</b>	<b>\$ 1,545.60</b>	<b>\$ 599.40</b>	<b>\$ 1,202.98</b>	<b>\$ 316.00</b>	<b>\$ 1,216.03</b>	<b>\$ 658.80</b>
One-time Setup Fees								
Equipment								
Annual One-Time Fees								
<b>Year 2011 Estimated Expenditure (Based on 2010 volume)</b>			<b>\$ 3,127.61</b>	<b>\$ 2,325.60</b>	<b>\$ 2,463.89</b>	<b>\$ 6,575.77</b>	<b>\$ 1,432.05</b>	<b>\$ 5,372.22</b>
Estimated Volume Increase **								
Adjusted 2011 Utility Forecasted Expenditure								
<b>Total Fees, Charges &amp; Fines</b>			<b>\$ 4,682.45</b>	<b>\$ 14,082.05</b>	<b>\$ 12,916.30</b>	<b>\$ 6,385.34</b>	<b>\$ 6,385.34</b>	<b>\$ 31,979.21</b>

  

Non-Utility Charges, Fees, & Fines	2010 Revenue	Total No. of Transactions	Processing Fee	
			35% of Revenue	35% of Revenue
Liquor On-Site License	1,360.00	9.00	\$ 476.40	\$ 316.80
Liquor Off-Site License	1,360.00	4.00	\$ 476.40	\$ 316.80
Professional License	7,700.00	86.00	\$ 2,694.00	\$ 1,785.60
Pawshop License	3,000.00	6.00	\$ 1,050.00	\$ 700.00
Cigarette Sales License	4,700.00	18.00	\$ 1,638.00	\$ 1,092.00
Refuse Haulers License	1,600.00	8.00	\$ 560.00	\$ 376.00
Motor Vehicle License	7,866.25	44.84	\$ 2,753.19	\$ 1,830.59
Peddler License	2,855.00	28.55	\$ 1,004.25	\$ 672.83
Occasional Sales License	3,800.00	14.00	\$ 1,330.00	\$ 886.60
Investigation Fee	1,200.00	13.00	\$ 420.00	\$ 280.00
Building Permits	227,865.75	613.00	\$ 79,753.01	\$ 52,860.51
Plumbing Permits	21,150.87	112.00	\$ 7,402.81	\$ 4,967.11
Animal License	825.00	67.00	\$ 288.75	\$ 191.75
Heating Permits	25,799.75	157.00	\$ 9,029.81	\$ 5,984.11
Sign Permits	5,400.00	26.00	\$ 1,890.00	\$ 1,258.50
Other Permits	1,375.00	14.00	\$ 481.25	\$ 316.75
Fire Permits	2,358.80	73.00	\$ 825.58	\$ 547.13
Electrical Inspection Permit	15,437.50	196.00	\$ 5,401.63	\$ 3,601.10
Septic System Permits	14,480.00	70.00	\$ 5,028.00	\$ 3,351.00
Urban Sewer Permit	4,425.00	47.00	\$ 1,548.75	\$ 1,019.13
Urban Water Permit	4,675.00	48.00	\$ 1,636.25	\$ 1,088.63
Other Non-Business License & Permits	5,397.00	85.00	\$ 1,888.95	\$ 1,252.33
Zone and Subdivision Fees	1,335.00	39.00	\$ 467.25	\$ 311.50
Plan Checking Fees	92,494.09	11.00	\$ 32,517.93	\$ 21,346.77
Site of Map & Publication	157.32	53.00	\$ 55.06	\$ 36.39
Assessment Searches	3,150.00	105.00	\$ 1,102.50	\$ 735.00
Accident Reports	1,272.05	516.00	\$ 445.22	\$ 296.81
Dog Impounds	5,000.00	33.00	\$ 1,750.00	\$ 1,166.67
Vehicle Lock-outs	4,460.00	172.00	\$ 1,561.00	\$ 1,040.67
Background Checks	70.00	7.00	\$ 24.50	\$ 16.33
Open Burn Permit	1,125.00	45.00	\$ 393.75	\$ 262.50
Plan & Specification Fees	7,030.00	105.00	\$ 2,460.75	\$ 1,640.50
Administrative Fines	4,050.00	154.00	\$ 1,417.50	\$ 945.00
<b>Total Fees, Charges &amp; Fines</b>	<b>\$ 622,771.68</b>		<b>\$ 218,812.45</b>	<b>\$ 145,866.30</b>

Not included is the cost for Bitwise to configure online website in Authorize.Net or Evalon are selected