

City of Ramsey
Agenda
Finance Committee
Tuesday February 22, 2011
5:00 p.m.
Trott Brook Room, 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Citizen Input**
- 3. Approve Agenda**
- 4. Committee Business**
 1. Consider Contract for Agent of Record for Property, Casualty, and Workers Compensation Insurance.
 2. Credit Card Analysis
- 5. Adjournment**

Finance Committee

Item #: 4. 1.

Date: 02/22/2011**By:** Diana Lund
Finance

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.

Attachments

Insurance Service Agreement

Resolution Authorizing Bearence Management Group Agent of Record

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 08:00 AM

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 1st to December 31st.

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: _____

Councilmember introduced the following resolution and moved for its adoption:

RESOLUTION #11-02-XXX

RESOLUTION AUTHORIZING CONTRACT WITH BEARENCE MANAGEMENT GROUP (FORMERLY T.C. FIELD & COMPANY) FOR AGENT OF RECORD SERVICES FOR PROPERTY, CASUALTY, AND WORKERS COMPENSATION INSURANCE

WHEREAS, Bearence Management Group has requested contract renewal for agent of records services for property/casualty/workers compensation for the 2012-2013 agreement year; and

WHEREAS, the current fee for these services is \$5,800; and

WHEREAS, city staff is recommending an increase of \$200 for 2012 and \$200 for 2013 which reflects an average increase of 3.4% for each contract year.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RAMSEY, ANOKA COUNTY, STATE OF MINNESOTA:

- 1) That the City Council of the City of Ramsey authorizes contract renewal with T.C. Field & Company for agent of record services for 2012 and 2013; with fees of \$6,000 and \$6,200, respectively.

The motion for the adoption of the foregoing resolution was duly seconded by, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

and the following abstained:

and the following were absent:

Whereupon said resolution was declared duly passed and adopted by the Ramsey City Council this the 22nd day of February 2011.

Mayor

ATTEST:

City Clerk

Finance Committee

Item #: 4. 2.

Date: 02/22/2011

By: Diana Lund
Finance

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.

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
Credit Cards Accepted:			
VISA	YES	YES	YES
MasterCard	YES	YES	YES
American Express	YES	NO	NO
Discover Card	YES	YES	YES
Debit Cards	YES	YES	YES
Types of Transactions Supported:			
In Person	YES	YES	YES
Phone	YES	YES	YES
Online	YES	YES	YES
Reoccurring	YES	NO	YES (+\$10/mth)
System Interfacing Capability:			
Interface with Opus21	YES	Upload datafile	Upload datafile
Interface with JDE	NO	NO	NO
Interface with PIMS	NO	NO	NO
Processing Fees:			
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
Setup and Annual Fees			
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
Terminal Pricing			
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 Fees ***	Monthly Fees	Total Fees	Processing Fee *	Monthly Fees	Total Fees	Processing Fee ****	Monthly Fees	Total Fees
January	\$ 1,391.31	6	\$ 35.35	\$ 49.95	\$ 85.30	\$ 27.57	\$ 28.00	\$ 55.57	\$ 50.47	\$ 54.90	\$ 105.37
February	5,214.91	37	137.59	49.95	187.54	106.22	28.00	134.22	109.77	54.90	164.67
March	2,686.37	14	69.10	49.95	119.05	53.71	28.00	81.71	70.05	54.90	124.95
April	15,622.81	71	398.24	49.95	448.19	310.25	28.00	338.25	260.94	54.90	315.84
May	2,617.25	24	70.95	49.95	120.90	54.40	28.00	82.40	71.12	54.90	126.02
June	727.38	8	20.18	49.95	70.13	15.38	28.00	43.38	41.67	54.90	96.57
July	739.71	5	19.43	49.95	69.38	15.02	28.00	43.02	41.23	54.90	96.13
August	3,563.32	22	92.86	49.95	142.81	71.92	28.00	99.92	83.83	54.90	138.73
September	5,860.58	38	153.37	49.95	203.32	118.66	28.00	146.66	118.92	54.90	173.82
October	6,745.29	18	167.51	49.95	217.46	131.42	28.00	159.42	127.12	54.90	182.02
November	13,082.28	52	330.87	49.95	380.82	258.31	28.00	286.31	221.87	54.90	276.77
December	1,995.78	7	50.15	49.95	100.10	39.22	28.00	67.22	59.05	54.90	113.95
Annual Total	60,246.99	302.00	1,545.60	599.40	2,145.00	1,202.08	336.00	1,538.08	1,256.03	658.80	1,914.83
One-time Setup Fees					-			150.00			198.00
Equipment					180.00			1,060.00			200.00
Annual One-Time Fees					-			210.00			-
Total 2011 Estimated Expenditure (Based on 2010 volume)					\$ 2,325.00			\$ 2,958.08			\$ 2,312.83
Estimated Volume Increase **	127,772.56	211.00	3,127.61	-	5,551.70	2,463.49	-	6,575.77	1,832.06	-	5,372.22
Adjusted 2011 Utility Forecasted Expenditure	188,019.55	513.00			\$ 7,696.71			\$ 8,113.85			\$ 7,287.05
* For analytical purposes, Evalon's tiered rates were averaged at 1.895% and did not include American Express ** Represents the increase from 2010 total transactions based on a total of 5% of total revenues paid by credit card *** For analytical purposes, RevTrak's two rates (1.99% and 2.79%) where averaged at 2.39% **** For analytical purposes, Authorize.Net's two rates (1.79% and 2.19%) where averaged at 1.99%											
Non-Utility Charges, Fees, & Fines	2010 Revenue	Total No. of Transactions	Processing Fee 35% of Revenue			Processing Fee 35% of Revenue			Processing Fee 35% of Revenue		
Liquor On-Sale License	42,940.00	9.00			362.34			286.60			304.30
Liquor Off-Sale License	1,300.00	4.00			12.27			9.42			11.37
Non-Intoxicating Liquor License	200.00	1.00			2.02			1.53			1.97
Mechanical License	7,700.00	80.00			92.41			67.07			100.03
Pawnshop License	3,000.00	6.00			27.20			21.10			24.38
Cigarette Sales License	4,700.00	18.80			45.90			34.93			43.64
Refuse Haulers License	1,600.00	8.00			16.18			12.21			15.78
Motor Vehicle License	7,846.25	44.84			81.33			61.01			80.65
Peddlers License	2,855.00	28.55			33.87			24.65			36.44
Gasoline Sales License	3,600.00	14.40			35.15			26.76			33.43
Other Business License & Permits	3,935.00	240.00			116.92			74.10			166.61
Investigation Fees	1,203.00	13.00			14.61			10.58			15.92
Building Permits	227,885.75	613.00			2,120.81			1,634.05			1,942.76
Plumbing Permits	21,150.87	112.00			162.68			126.13			162.28
Animal License	825.00	67.00			30.35			18.87			44.61
Heating Permits	25,799.75	157.00			270.76			202.52			270.76
Conditional Use Permits	5,400.00	26.00			54.27			41.02			52.69
Sign Permits	1,375.00	14.00			16.40			11.92			17.70
Rental License	2,025.00	81.00			45.29			29.63			61.08
Fire Permits	2,365.80	73.00			45.34			30.29			58.82
Electrical Inspection Permit	15,437.50	196.00			197.73			141.59			221.20
Septic System Permits	14,440.00	70.00			145.29			109.77			141.17
Urban Sewer Permit	4,425.00	47.00			53.47			38.75			58.08
Urban Water Permit	4,675.00	48.00			55.91			40.61			60.40
Other Non-Business License & Permits	5,387.00	85.00			74.81			52.73			86.82
Rental Fees	91,022.30				761.40			603.71			633.97
Zoning and Subdivision Fees	1,325.00	39.00			24.73			16.59			31.85
Plan Checking Fees	92,494.09	11.00			777.56			615.67			650.60
Sale of Map & Publication	157.32	53.00			53.00			19.87			31.84
Assessment Searches	3,150.00	105.00			63.10			41.89			82.84
Accident Reports	1,272.05	516.00			191.24			111.64			308.14
Dog Impounds	5,060.00	33.00			53.88			40.16			54.38
Vehicle Lock-outs	3,440.00	172.00			88.98			57.22			123.72
Hunting Permits	505.00	63.00			26.27			15.95			40.06
Background Checks	70.00	7.00			3.04			1.86			4.55
Open Burn Permit	1,125.00	45.00			25.16			16.46			33.94
Plan & Specification Fees	7,030.00	105.00			95.56			67.63			109.86
Administrative Fines	4,050.00	154.00			87.78			57.66			117.53
Total Fees, Charges & Fines	622,771.68				6,385.34			4,802.45			6,286.16
Combines Adjusted 2011 Utility & City Fees, Charges, & Fines Forecasted Expenditure **					\$ 14,082.05			\$ 12,916.30			\$ 13,573.21

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