CITY OF COFFEYVILLE **BOARD OF COMMISSIONERS AGENDA ITEM**		
MEETING DATE	August 27, 2013	
RESOLUTION OR ORDINANCE NUMBER	R-13-74	
AGENDA TITLE	**A RESOLUTION TO AUTHORIZE ISSUANCE OF A PURCHASE ORDER IN THE SUM OF $_____ FOR PROPERTY INSURANCE COVERAGE ON THE ELECTRIC UTILITY SYSTEM (BUILDING AND CONTENTS), AND FOR BOILER AND MACHINERY INSURANCE COVERAGE ON THE POWER PLANT TO BE EFFECTIVE SEPTEMBER 1, 2013.**	
REQUESTING DEPARTMENT	Finance Department	
PRESENTER	Stephanie A. Richardson, Finance Director	
FISCAL INFORMATION	Cost as recommended:	
	Budget Line Item:	800-5-040-452 800-5-070-452
	Balance Available	
	New Appropriation Required:	[ ] Yes [X] No
PURPOSE	Authorizes issuance of a purchase order for property insurance coverage on the electric utility system (building and contents), and for boiler and machinery insurance coverage on the power plant.	

BACKGROUND	As requested by Chubb Insurance Company, the city approved hiring Schreiner Valuation Resources in March 2013 to perform an appraisal of the electric system building and contents as well as the power plant assets to ensure we were properly valuing our insurable assets. The company was on site in April 2013 to perform their work. To date, staff has not received a full report back from Schreiner Valuation Services. We did, however, receive an Oral Report Follow Up Letter at 3:15pm on August 23, 2013, giving us a total insurable replacement cost in the amount of $67,450,000. This letter has been sent to Coffeyville Insurance (our agent for this policy) to forward to Chubb Insurance to prepare a quote to present to the commission on Tuesday night.
SPECIAL NOTES	Staff will continue working with the appraisal company to obtain their final report as soon as possible.
ANALYSIS	The insurable replacement cost is comparable to what we have insured the assets for in the past so our statement of values should not change significantly. Any increase in premium would be an increase in the insurance rate per dollar of coverage or as a result of claims history. We do have an active claim with Chubb Insurance to repair the boiler as a result of the explosion. Staff has been working directly with Chubb personnel while repairs are being made to the boiler equipment. Once a quote is received by staff, we will distribute it to the commissioners to review prior to the meeting.
PUBLIC INFORMATION PROCESS	N/A
BOARD OR COMMISSION RECOMMENDATION	N/A
STAFF RECOMMENDATION	
REFERENCE DOCUMENTS ATTACHED	Oral Report Follow-Up Letter / Business Asset Appraisal / Insurable Values

RESOLUTION NO. R-13-74

A RESOLUTION TO AUTHORIZE ISSUANCE OF A PURCHASE ORDER IN THE SUM OF $_____ FOR PROPERTY INSURANCE COVERAGE ON THE ELECTRIC UTILITY SYSTEM (BUILDING & CONTENTS), AND FOR BOILER AND MACHINERY INSURANCE COVERAGE ON THE POWER PLANT TO BE EFFECTIVE SEPTEMBER 1, 2013.

BE IT RESOLVED, by the Board of Commissioners of the City of Coffeyville, KS, that the Finance Director be and is hereby authorized and directed to issue a purchase order in the sum of $_____ to Coffeyville Insurance Associates for Property Insurance coverage on the electric utility system (Building & Contents) and for Boiler and Machinery Insurance Coverage on the power plant to be effective September 1, 2013.

Insurance Company	Coffeyville Insurance Associates/Chubb
Policy Coverage Period	9/1/2013 to 8/31/2014

ADOPTED THIS 27TH DAY OF AUGUST 2013.

_____
David George, Mayor

ATTEST:

_____
Cindy Price, City Clerk

APPROVED AS TO FORM AND LEGALITY:

_____
Paul Kritz, City Attorney

SCHREINER VALUATION RESOURCES, LLC

Disabled American Veteran Owned

Headquarters
101 West Ohio Street, Suite 2000
Indianapolis, Indiana 46204
Telephone (317) 216-8601 or (800) 373-1210
Facsimile (317) 216-5584 or (800) 229-5143
www.s-vr.com

Date: August 23rd of 2013

To: City of Coffeyville
102 West 7th Street
Coffeyville, Kansas 67337

Re: Oral Report Follow-Up Letter / Business Asset Appraisal / Insurable Values

Power Plant & Supporting Facilities
Buildings and Machinery & Equipment
(Per Enclosed List)

Dear Ladies and/or Gentlemen:

This letter is to serve has a follow-up to our oral report delivered earlier, via telephone, to Steve McGie. We are in the process of finalizing a narrative report that will document our analysis of the noted subject property. We anticipate delivery of that report on Monday the 26th of August 2013.

Introduction

In accordance with your request, we have prepared an analysis for the purpose of estimating the insurable values (***Insurable Replacement Cost*** and ***Insurable Replacement Cost Depreciated***) of the subject property in conjunction with insurance policy placement matters.

The analysis was prepared to comply with the requirements of the following; 1) Standards Rule 9of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation, and 2) the Code of Ethics and Professional Standards of Practice promulgated by the professional organizations of which we are affiliated.

Our final written report will be prepared to comply with the requirements of the following; 1) Standards Rule 10-2A of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation, and 2) the Code of Ethics and Professional Standards of Practice promulgated by the professional organizations of which we are affiliated.

Subject Analyzed

The subject property analyzed includes various power generation building, super structures, machinery, and equipment items (set-up as an exiting gas-fired 55.5 MW plant) located in the City of Coffeyville (Kansas). This letter simply restates the insurable value of the entire asset pool, as noted during our telephone conversation (oral report). A listing of the subject assets grouping with respective values is attached to this letter.

Conclusion

We have applied only one (1) of the three (3) typically considered approaches to value for the subject analysis (the cost approach). All other approaches were considered inapplicable to the appraisal problem at hand. As a result of the analysis and pertinent data considered relevant thereto, which is fully documented in the file for this assignment, our opinion of the ***"Insurable Replacement Cost"*** of the subject property, as of the noted effective date of valuation, is reasonably stated as follows:

Current "Insurable Replacement Cost" of the Subject Property, as of August 23rd of 2013

($67,450,000)

SIXTY-SEVEN MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS

Our estimated of **"Insurable Replacement Cost Depreciated"** will be noted and detailed within the final report to be issued on Monday the 26th of 2013.

Thank you for this opportunity to be of service. Please do not hesitate to call us with any questions.

Sincerely,

William R. Schreiner, CCRA, CAGA

Manager, Sole Member & Registered Agent
Schreiner Valuation Resources, LLC

Schedule of Insurable Replacement Cost Estimates

Location	Insurable Replacement Cost Estimate
Power Generation	
Power Plant - Main Building	$9,400,000
Power Plant - Blackwater Building	$530,000
Power Plant - Machinery & Equipment Including All Generation M&E Assets and all Blackwater M&E Assets	$28,920,000
Sub-Total =	$38,850,000
Power Distribution	
Power Distribution - Elec. Dist. & Warehouse Building	$600,000
Power Distribution - Power Plant Substation Building	$265,000
Power Distribution - Power Plant Substation M&E Assets Including All Equipment and Distribution Superstructure	$5,335,000
Power Distribution - Substation A Building	$160,000
Power Distribution - Substation A M&E Assets Including All Equipment and Distribution Superstructure	$3,940,000
Power Distribution - North Industrial Park Substation Building	$85,000
Power Distribution - North Industrial Park M&E Assets Including All Equipment and Distribution Superstructure	$2,715,000
Power Distribution - South Industrial Park Substation Building	$370,000
Power Distribution - South Industrial Park M&E Assets Including All Equipment and Distribution Superstructure	$2,330,000
Power Distribution - Substation B Building	$290,000
Power Distribution - Substation B M&E Assets Including All Equipment and Distribution Superstructure	$12,510,000
Sub-Total =	$28,600,000
Total =	$67,450,000