

CITY OF YUBA CITY
STAFF REPORT

Date: July 21, 2015
To: Honorable Mayor & Members of the City Council
From: Finance Department
Presentation By: Spencer Morrison, Accounting Manager

Summary

Subject: Approving a government crime insurance policy for the purpose of bonding City officers and employees and establishing policy limits

Recommendation: Adopt a resolution approving that the City's government crime insurance policy satisfies GC §36518 and §1463, and establishes the coverage limit of said policy to \$1 million with a maximum deductible of \$10,000 per occurrence with the premiums paid by the City of Yuba City

Fiscal Impact: None. The City has a current crime policy through NCCSIF with the required limits

Purpose:

To update existing Resolution No. 6750 to bring current with Governmental Code and City practice regarding bonding employees against criminal acts.

Background:

The City is required by its liability coverage JPA to approve a resolution that officially acknowledges its use of government crime insurance policies to address the bonding of City officers and employees and establishes policy limits. The former Resolution No. 6750 contains practice and coverage limits that require revision.

Analysis:

California Government Code (GC) §36518, requires City Council by resolution to establish the penal sum of the bond for the positions of City Clerk and City Treasurer. There are additional sections of code, GC §36519, §1480, §1481(b), and §1481(c), which elaborate on the securing of bonds. However, GC §1463 provides the City and its officers with an alternative to bonding against crime through a crime insurance policy:

“1463. For the purposes of this chapter, a government crime insurance policy or employee dishonesty insurance policy, including faithful performance, may be provided as an alternative to the official bond by any county or city...”

The City is currently covered by a crime insurance policy through its liability coverage joint powers authority, NCCSIF, with a coverage limit of \$1,000,000, and a deductible of \$5,000 per occurrence, which is in line with the GC.

Fiscal Impact:

None. The City has a current crime policy through NCCSIF with the required limits.

Alternatives:

Council may elect to not utilize a government crime insurance policy as per GC §1463, and return to the past practice of utilizing a master bond, or require City officers and employees to secure individual bonds.

Recommendation:

Adopt a resolution approving that the City's government crime insurance policy satisfies GC §36518 and §1463, and establishes the coverage limit of said policy to \$1 million with a maximum deductible of \$10,000 per occurrence with the premiums paid by the City of Yuba City.

Prepared by:

/s/ Spencer Morrison
Spencer Morrison
Accounting Manager/City Treasurer

Submitted by:

Steven C. Kroeger
Steven C. Kroeger
City Manager

Reviewed by:

Finance

/s/ RB

City Attorney

/s/ TH via email

RESOLUTION NO. 15-____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
APPROVING GOVERNMENT CRIME INSURANCE POLICY FOR THE
PURPOSE OF BONDING CITY OFFICERS AND EMPLOYEES AND
ESTABLISHING POLICY LIMITS**

BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF YUBA CITY AS FOLLOWS:

WHEREAS, California Government Code §36518 requires City Council by resolution to establish the penal sum of the bond for the positions of City Clerk and City Treasurer; and

WHEREAS, California Government Code §36519 provides that the City Council may require bonds of any other officer or employee of the City; and

WHEREAS, California Government Code §1480 provides that every officer, agent, or employee not required by statute to give an official bond may be required to give an individual official bond or other form of individual bond in the amount to be fixed by the appointing power and such bond shall inure to the benefit of the appointing power, state, county, or municipality by whom such officer, employee, or agent is employed as well as the officer under whom the employee or agent serves; and

WHEREAS, California Government Code §1463 states, a government crime insurance policy or employee dishonesty insurance policy, including faithful performance, may be provided as an alternative to the official bond by any county or city, subject to approval by the presiding judge of the superior court and recording and filing as provided in §§1457 to 1460.1, inclusive. An insurance policy procured pursuant to this section may be used as a master bond as though it were an official bond, subject to approval of the appointing power or the legislative body as provided in §1481; and

WHEREAS, California Government Code §1481 (b) provides that notwithstanding any other provision of law when deemed expedient by the legislative body of a local public agency, a master official bond or other form of master bond may be used which shall provide coverage on more than one officer, employee, or agent of the local public agency, whether elected or appointed who is required by statute, regulation, the appointing power, the governing board of a local public agency, or the board of supervisors of a chartered or general law county to give bond; and

WHEREAS, California Government Code §1481 (c) provides that a master bond under this section shall be in the form and for the term which is approved by the appointing power or the legislative body of a local public agency and shall inure to the benefit of the appointing power, state, or local public agency by whom the officer,

employee, or agent is employed as well as the officer or officers under whom the employee or agent serves.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Yuba City hereby deems:

1. That the bonding requirements for public officers and employees required by California Government Code, Yuba City Municipal Code, or City Council Resolution, shall be in the form of a Government Crime Insurance Policy that provides coverage for the City of Yuba City officers and employees;
2. That the limits of the Government Crime Policy shall be at least \$1,000,000 per occurrence for employee theft, with a deductible amount of not more than \$10,000 per occurrence, with sub-limits for other forms of loss covered by the policy as deemed appropriate; and
3. That the premiums shall be paid by the City.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 21st day of July, 2015.

AYES:

NOES:

ABSENT:

John Dukes, Mayor

ATTEST:

Terrel Locke, City Clerk