

Mayor – Sandy Sanders

City Administrator – Ray Gosack

City Clerk – Sherri Gard

Board of Directors

Ward 1 – Keith D. Lau

Ward 2 – Andre' Good

Ward 3 – Mike Lorenz

Ward 4 – George Catsavis

At Large Position 5 – Pam Weber

At Large Position 6 – Kevin Settle

At Large Position 7 – Philip H. Merry Jr.

AGENDA

Fort Smith Board of Directors Study Session

January 22, 2013 ~ 12:00 Noon

**Janet Huckabee Arkansas River Valley Nature Center
8300 Wells Lake Road**

1. Discussion regarding outdoor advertising sign regulations ~ *Joint discussion with the Planning Commission* ~
2. Review of 2013 City fleet and property insurance
3. Review preliminary agenda for the February 5, 2013 regular meeting

Note: The groundbreaking ceremony for Fire Station No. 11 will take place immediately following the study session - 8900 Massard Road



OFFICE OF THE CITY CLERK
Sherri Gard, CMC, City Clerk
Heather James, Assistant City Clerk

MEDIA RELEASE
January 17, 2013

The City of Fort Smith Board of Directors study session, scheduled for **Tuesday, January 22, 2013** will be held the Janet Huckabee Arkansas River Valley Nature Center, **8300 Wells Lake Road.**

The location change allows the members of the Board to be in the area so they can attend the groundbreaking ceremony for Fire Station No. 11, 8900 Massard Road that will take place immediately following the study session.

For agenda information, please contact the City Clerk's Office at 784-2208. Once finalized, the agenda will be posted on the city website.

A handwritten signature in black ink that reads "Heather James". The signature is written in a cursive style and is positioned above a horizontal line.

Heather James, Acting City Clerk

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Memo

To: Ray Gosack, City Administrator
From: Wally Bailey, Director of Development Services
Date: January 16, 2013
Re: Outdoor Advertising (Billboard) Regulations

As a result of the Board of Directors desire to update the city's signage regulations, planning staff proposed and the Board passed a moratorium on the construction of new outdoor advertising boards and the conversion of static signs to digital signs. Since the moratorium staff organized a group of stakeholders to provide input regarding the proposed regulations. The group consisted of the following individuals:

- ❖ Lorie Robertson – Client Services Executive – Rightmind Advertising;
- ❖ Loyd Childree – President – Clear Channel Outdoor;
- ❖ Ryan Zaloudik – Real Estate Manager – Clear Channel Outdoor;
- ❖ Craig Roberts – Managing Partner – RAM Outdoor Advertising;
- ❖ Chip Paris – Director of Client Services – Williams/Crawford;

The planning staff researched several other city ordinances and determined the issues where our ordinance was lacking on several items. We presented several issues that we have identified as being concerns that need to be addressed in the current regulations. Below are the items we discussed and the results of our discussion on each item. These items will be the baseline for our future discussions and public hearings with the Planning Commission and Board of Directors.

Height of proposed outdoor advertising signs:

The group proposed an addition to the ordinance placing a minimum height requirement of 13' and a maximum height allowance of 45' to be measured from the center/crown of the road. Currently, there is no minimum height and the maximum height requirement is dictated by the individual zoning districts.

Maximum size of outdoor advertising signs:

The maximum size allowed for an outdoor advertising sign is 300 square feet, regardless of location. The group proposed to keep the size allowance on surface (non-interstate) streets at 300 square feet but allow for a size allowance of either 378 or 480 square feet on interstates. The proposed size allowances would be applicable whether the face of the sign would be static or digital. The Board of Zoning Adjustment (PC) approved two variances in 2012 for the 378 square footage.

Distance of signs from residential:

The current ordinance does not place a prohibition on the proximity outdoor advertising signs can be to residential property. The group proposed a distance of 250' from any residential property.

V-Type outdoor advertising signs:

The present ordinance does not allow for the construction of v-type outdoor advertising sign. The group proposed with adequate restrictions to allow v-type signage. The restrictions proposed include the use of degrees and footage to ensure the angle of a v-type sign. Several v type signs already exist. We are currently researching to determine what the correct recommendation should be for the numbers that determine the maximum angle.

Digital signage:

Currently, the ordinance does not have any regulations regarding digital signage. The group proposed to allow digital signage restricting the number of lumens that are emitted from the sign. The Arkansas Highway and Transportation Department has regulations concerning electronic messaging display signs. The regulations include items such as prohibiting animation and changing the message quicker than 7 ½ or 8 seconds. The proposal includes including the AHTD regulations in the city ordinance so that for consistency we would have the same regulations as those applicable to the interstate and state highways.

Number of signs allowed within the city:

The current ordinance does not have a limit on the number of outdoor advertising signs that can be permitted within the city limits. A majority of cities have “cap and replace” provisions within their ordinance. This allows for a set number of billboards to be allowed within the city limits. Once that number is reached, in order to install a new billboard an existing billboard would need to be removed. The group agreed that if possible the billboards in the etj should be included the total number of signs. Also, that we include a banking provision for the sign companies. The sign bank is maintained by the planning department and it provides for a permitting process to ensure the proper replacement and installation of billboard signs . The sign bank regulations include provisions such as the application process, time of application, proper applicant for signs from the sign bank, etc. The group agreed with this proposed addition of a cap and replace program.

ETJ

The group agreed that all the proposed regulations should be written to be applicable within the ETJ.

We will be presenting this discussion to the Board of Directors and Planning Commission at the study session on January 22nd. At the study session we will be seeking further input about any issues that the staff has not researched or discussed with the group.

Further, we discussed with the group that we will be discussing these topics but there may be other topics or concerns that will need to be discussed as a result of the future Planning Commission and Board discussions and public hearings.

Please contact me if you have any questions.

Interoffice Memorandum

TO: Ray Gosack, City Administrator

FROM: Alie Bahsoon, Purchasing Manager 

SUBJECT: 2013 Insurance Review

DATE: January 18, 2013



The City's equipment, auto, and property insurance policies are up for renewal in March and I am providing the following information in anticipation of the board approving a resolution prior to the renewal date to approve the new policy with the new insurance rates.

As of today (1-18-13), the best estimate of our overall renewal is that rates will increase between +8% and +10% but I believe Travelers will be firm at around 8% since they typically allow for a little variance prior to the renewal due to final valuations to the property schedules.

Brown Hiller Clark and Associates (BHC) has priced the market with other carriers by either verbal conversations or submitted the City account to carriers such as CNA Insurance, Hartford Insurance, Liberty Mutual, Union Standard, United Fire Group, and others such as International Placement Services and Colemont who both target municipalities. Once again, the market is not looking too favorable for the City to consider switching carriers. Property exposures, whether it be buildings or the physical damage values of vehicles are an insurance industry concern, especially in the Midwest. For instance, last year, CNA introduced new guidelines and rating for Property coverage in high hazard Wind/Hail territories in the U.S. Arkansas and Oklahoma are two of the highest rated states in the country within their guidelines.

Overall, our account has performed well this year however we must take a longer term view to get a more accurate picture of the performance in total. The life-time loss ratio of our account is 110% as evidenced by the chart below. Based on this information, neither the property or auto loss ratio translates to a profitable performing account on a long-term, historical basis for Travelers. Because of our stable and long-standing relationship with Travelers Insurance, they are offering renewal on all portions of the policy with an acceptable 8% increase in premiums.

	All Lines		Auto		Property	
	Amount	L/R	Amount	L/R	Amount	L/R
Total of All Policy years						
Earned Premium	4,255,474		2,638,572		1,616,901	
Rept Loss/ALAE	4,370,643	103	1,643,382	62	2,727,261	169
IBNR Loss/ALAE	297,445	7	277,394	11	20,051	1
Direct Loss/ALAE	4,668,088	110	1,920,776	73	2,747,312	170

Profit & Loss Statement (as provided by Travelers Insurance)

The main driver of the City's account is the property and this has been the area in which the largest losses have occurred in the past. Unfortunately, the weather pattern in this part of the

country continues to deteriorate and we see an increasing number of storms which are exhibiting an increasing level of severity.

One cannot look at just one year's performance as any type of meaningful indicator of a risk's performance or as a barometer as to how the risk should be priced. Coupled with the increase in weather-related claims is the increase in building material and labor costs associated with re-building and repair of properties when damaged by these severe storms. Unfortunately, it seems to be a matter of not "if" the next severe storm will occur but "when" it will occur. The insurance industry is now pricing for the potential loss going forward, not for the prior losses that have already occurred.

Last year's premiums were at \$716,068 (\$327,995 for property and \$388,073 for auto) and this year's anticipated premium will be around \$773,400. Our current property rate (excluding equipment breakdown coverage) is approximately \$0.13 cents which I feel is a competitive rate based on the total values nearing \$224 Million with a \$25,000 deductible and a concentration of values conducive to large loss potential from weather-related events.

The City could consider an increase in their property deductible as one means of controlling an increase in premiums. Most Travelers accounts that have total property values of this size do have larger property deductibles but personally, I would recommend that we leave ours at \$25,000.

Regarding our equipment, the anticipated premium of \$61,555 for 2013 for the following:

- Mobile equipment: over \$10,200,000
- Fine arts: valued at \$320,000
- Miscellaneous: over \$3,500,000 worth of property such as signs, Ferris wheel, carousel at the park, Bass Reeves monument, etc.
- Radio towers and equipment: over \$5,000,000 (includes Emergency Operations Center)

Last year's overall premium for the above items was at \$54,869; therefore an increase of \$6,686, or roughly a 12% increase. Keep in mind that the underwriter paid a total loss of \$185,672 for the grinder that burned at the landfill. They also paid \$2,931 for the theft of a historical plaque. Despite the slight increase, these rates are still 23% less than they were two years ago. Thankfully, we had no major losses relative to auto and no property losses.

Despite the historical losses, we have had tremendous individual departmental successes over the last two policy periods. Mr. John Billingham, Senior Risk Control Consultant and I have had numerous reviews of fleet operations with all city departments and have been able to come up with recommendations to help the departments in their efforts to improve their departmental safety program(s) and help reduce exposure and minimize potential losses. The ultimate goal is to formulate a uniform, citywide fleet safety program.

For your convenience, I am enclosing information recapping our premiums since 2008 along with some statistical information provided by our underwriter that is attached.

SS2

If you should require any additional information, please let me know.

<u>Policy Period</u>	<u>Auto</u>	<u>Property</u>	<u>Equipment</u>	<u>TOTAL</u>
03-01-08 to 03-01-09	\$420,780.00	\$199,024.00	\$87,059.00	\$706,863.00
03-01-09 to 03-01-10	\$386,667.00	\$235,845.00	\$92,809.00	\$715,321.00
03-01-10 to 03-01-11	\$407,458.00	\$245,877.00	\$100,016.00	\$753,351.00
03-01-11 to 03-01-12	\$388,073.00	\$327,995.00	\$54,869.00	\$770,937.00
2013 Anticipated	\$419,120.00	\$354,234.00	\$61,555.00	\$834,909.00

Bahsoon, Alie

Subject: FW: Kentucky school pool fails
Attachments: Kentucky School Board Pool.docx

From: Adams,Thomas L [<mailto:TADAMS@travelers.com>]
Sent: Thursday, January 17, 2013 4:27 PM
To: Scott Clark
Subject: FW: Kentucky school pool fails

Scott, here's another article on this pool collapse.

Tom Adams, CPCU – Territory Manager



Public Sector Services

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✉: TAdams@travelers.com

From: Adams,Thomas L
Sent: Thursday, January 17, 2013 4:06 PM
To: 'Scott Clark (scottclark@bhca.com)'
Subject: Kentucky school pool fails

Scott:

Per our discussion, the website link below is for a story on the collapse of a school pool in Kentucky that will lead to as much as \$60 Million in assessment to its members. The failure is apparently due to underfunding of losses. Again, traditional insurers are prohibited for assessing insureds for losses in prior years so, unlike a pool we must strive to charge appropriate and adequate rates for losses in the current policy term.

http://www.bizjournals.com/louisville/blog/morning_call/2013/01/kentucky-schools-face-60-million-bill.html

LEXINGTON, Ky. (AP) - School districts being walloped with an unexpected bill for some \$60 million in past insurance claims are considering bonding to soften the financial blow.

The financially troubled Kentucky School Boards Insurance Trust is going out of business on June 30, forcing school districts across the state to search for new providers of workers compensation, property and liability insurance policies.

And, despite already strained budgets, they also have to find fast cash to cover the cost of the outstanding insurance claims.

"There couldn't be a worse time for this to happen," said Bill Scott, executive director of the Kentucky School Boards Association. "And we're just very, very sorry that the timing was so unfortunate."

School districts are receiving fewer federal dollars, state funding is stagnant, and, in some cases, there have been losses in local revenue. It has all added up to widespread layoffs in recent years.

About 40 percent of the state's 174 school districts participate in the insurance program, but all will share in paying past claims because all have been a part of the program at some point.

The individual shares will likely range from less than \$100,000 for some districts to more than \$1 million for others. Fayette County, the state's second largest district, is facing a bill that could be somewhere between \$1 million and \$2 million.

Scott said a proposal being looked at closely calls for the state's school districts to join together to sell bonds that could be repaid over 20 years.

The decision to disband the Kentucky School Boards Insurance Trust was announced publicly Monday in Lexington after leaders in each school district were notified.

The Kentucky School Boards Association had two years ago turned the insurance program over to the Kentucky League of Cities to be administered. KLC Executive Director Jonathan Steiner said Monday a financial review revealed the program had fiscal woes that were worse than first believed, forcing the June 30 shutdown.

Scott said the insurance plan's financial deficit has risen along with the cost of medical care. He said the economic recession and accompanying volatility in the stock market added to its problems.

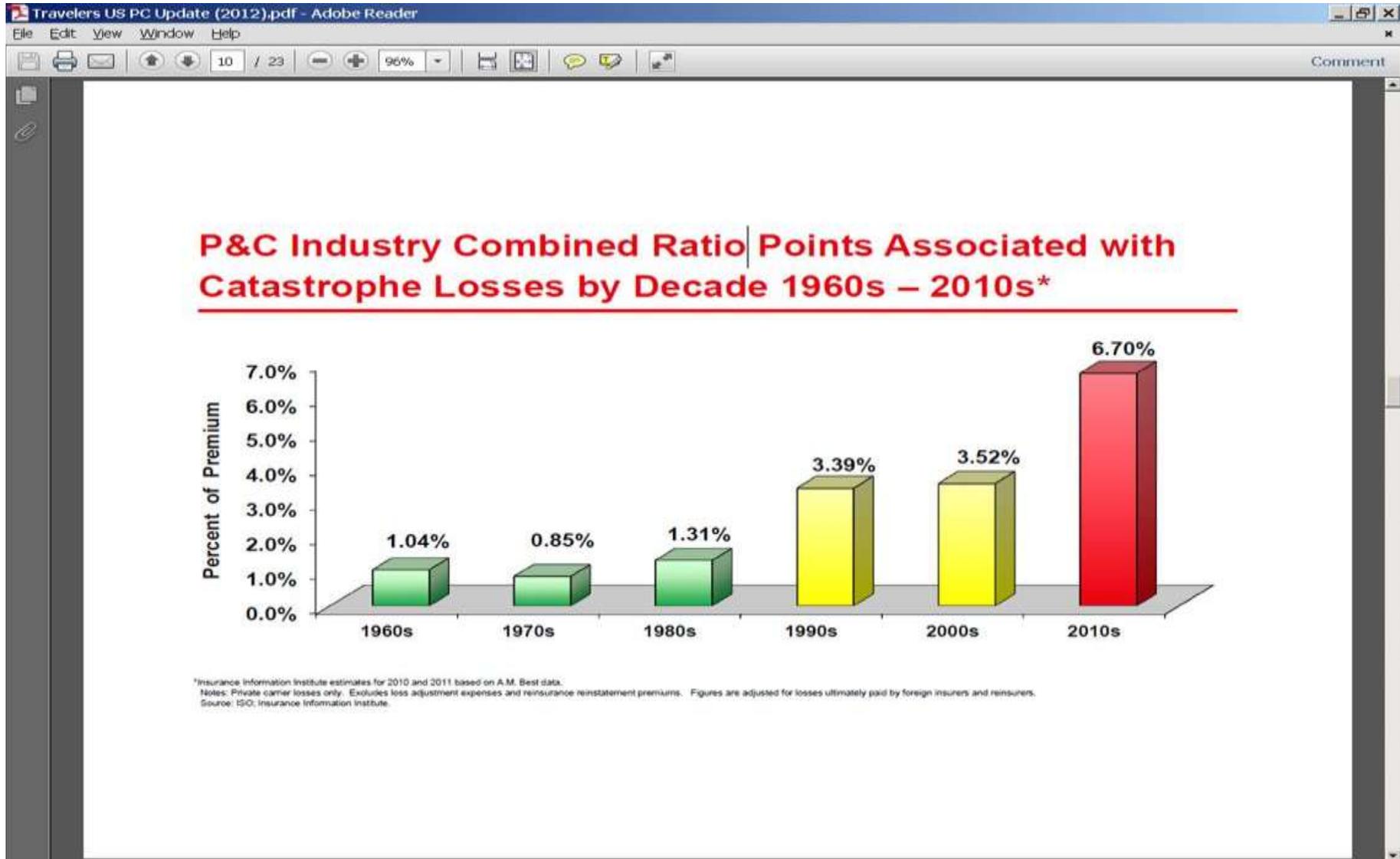
From: Adams, Thomas L [<mailto:TADAMS@travelers.com>]

Sent: Friday, January 18, 2013 12:32 PM

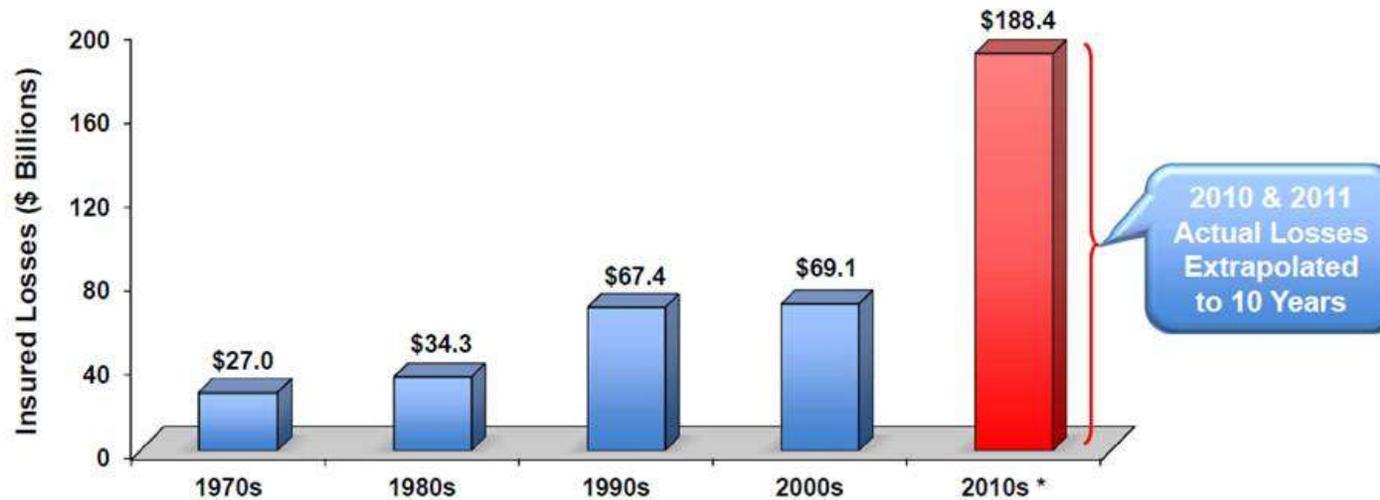
To: Scott Clark

Subject: FW: City of Fort Smith - Newspaper Article

Here's some good statistical info you can share with Alie. This is industry-wide data, not Travelers specific data. I am continuing to search for some more specific regional information.



U.S. Historical Catastrophes – Insured Tornado Losses by Decade



2010 Decade Estimated

Source: PCS Incurred Losses as of October 2011

* Incurred losses adjusted for inflation, wealth and exposure change (AIR Methodology) Methodology based on Pielke paper "Normalized Hurricane Damage: 1900-2005" (Natural Hazards Review 2008).

Tornado Facts 1950 - 2011

<u>Tornadoes per year:</u>¹		<u>Number of injuries:</u>	
Average	1,300	2011	5,400
2011 (2 nd Highest)	1,700	Record (1974)	6,000
Record (2004)	1,800		
<u>Tornadoes rated (E) F4-5:</u>		<u>Number of states:</u>	
2011 (4 th Highest)	22	2011	48
Record (1974)	36	Average	43

2011 was a Bad Year, but not Unprecedented

Source: NOAA
1 Gross reported tornadoes

Tornadoes – Comparing Severe Years

Industry Losses Adjusted For Inflation, Wealth and Exposure



Factors That Impact Amount of Losses:

- Number of tornadoes
- Strength of tornadoes
- Where they hit
- Changing behavior

Source: PCS Incurred Losses as of October 2011
Incurred losses adjusted for inflation, wealth and exposure change (AIR Methodology)
Methodology based on Pielke paper "Normalized Hurricane Damage: 1900-2005" (Natural Hazards Review 2006)

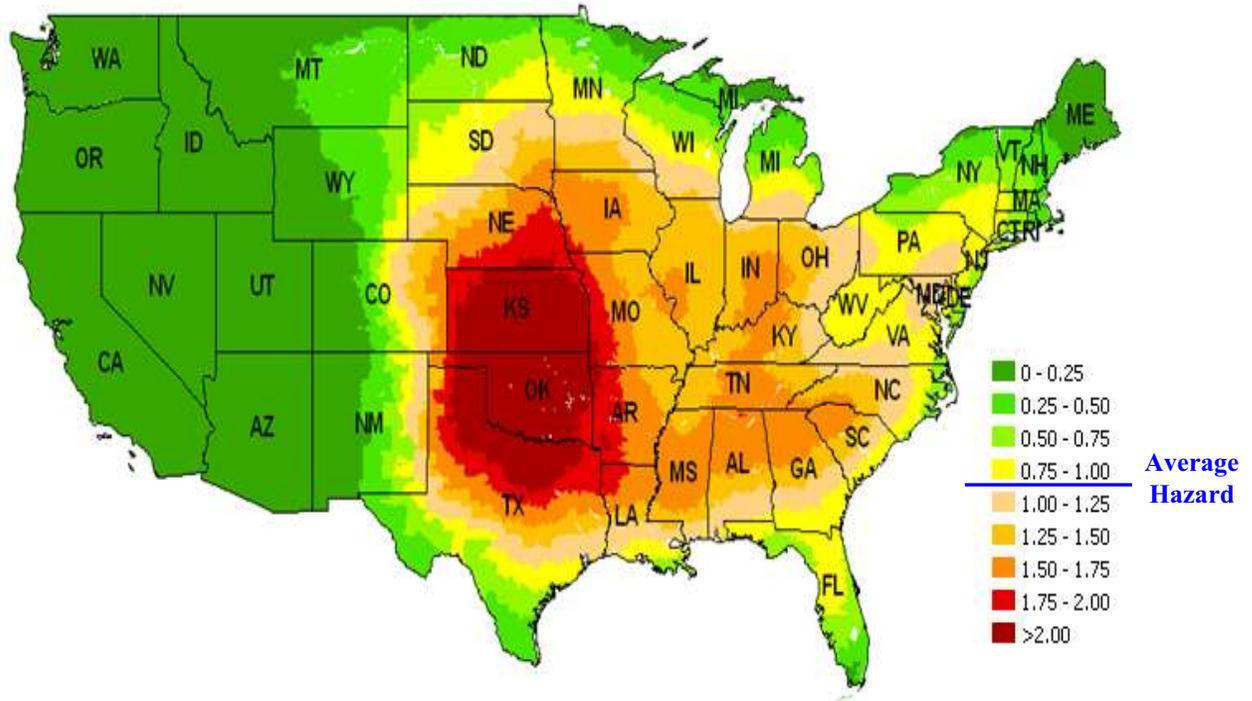
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Tornado/ Hail Hazard Map

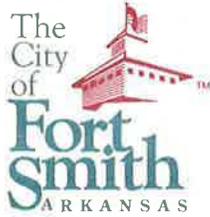
The map is a blending of NOAA data and modeled hazard. While retaining emphasis on the traditional tornado/ hail “bulls eye,” it more prominently denotes the “tornado tail.”



The map’s color coding shows tornado/ hail hazard relativities across the United States with 1.0 being the average. A hazard relativity of 1.5 reflects 50% more hazard compared to the average. These relativities tie directly to the account “weather index” lists recently distributed to the businesses. Accounts with a weather index greater than 2.0 have exposures predominately in the red area above.

NOTE: Green areas do not reflect an absence of hazard. These areas are simply *less* prone to tornado and/or hail compared to the average and, on occasion, do experience severe weather (i.e. Arizona hail).

July, 2011



January 14, 2013

TO: Members of the Board of Directors
Members of the Civil Service Commission

RE: Appointments:

The term of Orval Smith of the Civil Service Commission will expire March 31, 2013. In accordance with Ordinance No. 2926 applications for this prospective vacancy are now being received. Applicants must be residents and registered voters in the City of Fort Smith.

Please submit applications to the city administrator's office no later than the close of business on February 10, 2013. A list will be compiled for review by the Board of Directors. Applications are available on the City of Fort Smith website. Go to www.fortsmithar.gov and click on boards and commissions.

Sincerely,

A handwritten signature in blue ink that reads "Ray Gosack".

Ray Gosack
City Administrator

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