



# CITY OF LODI

# COUNCIL COMMUNICATION

AGENDA TITLE: Addition of Section 7 (Insurance) to Fleet Policies and Procedures

MEETING DATE: June 18, 1997

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt the attached resolution adding Section 7, Insurance, including Appendix F, to the previously adopted Fleet Policies and Procedures. A copy of Section 7 and the appendix is attached.

BACKGROUND INFORMATION: On March 19, 1997, the City Council adopted a resolution approving the Fleet Policies and Procedures with the exception of Section 7 (Insurance) which was still in draft format pending additional review by Council Member Land and the Risk Manager. The results of those reviews suggested that an "Authorization to Use Privately-Owned Vehicles on City Business" form be developed (Appendix F) to be used by all City employees who use their personal vehicle for City business.

Initially both Council Member Land and the Risk Manager, at Council's direction, explored the feasibility of requiring executive management employees to carry more than the minimum levels of insurance required by law and to name the City of Lodi as additional insured. The City Attorney was consulted when conflicting information began surfacing regarding both the availability and cost of naming the City as additional insured. Attached as Exhibit A is a memo from the City Attorney, dated May 22, 1997, that points out the potential for substantial cost increases if this practice is instituted by the City Council. Additionally, staff discovered some insurance carriers could not provide the additional insured coverage, regardless of added cost, which could require affected staff to change carriers. Some staff would choose not to use personal vehicles and would want to use City vehicles instead, putting pressure on the City to provide additional Motor Pool vehicles. Therefore, staff recommends the levels of insurance required of employees who use their personal vehicles remain at the levels required by law and that the City not require executive management or other employees to name the City as additional insured.

FUNDING: Cost impact to be determined.

  
Jack L. Ronsko  
Public Works Director

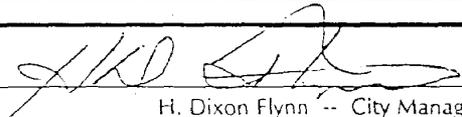
Prepared by Dennis J. Callahan, Building and Equipment Maintenance Superintendent

JLR/DJC/lm

Attachments

cc: City Attorney  
Management Team  
Purchasing Officer  
Risk Manager  
Fleet Policies and Procedures Committee

APPROVED: \_\_\_\_\_

  
H. Dixon Flynn -- City Manager

## **OVERVIEW**

The City self insures vehicle property damage (commonly referred to as collision and comprehensive damage) with the exception of those vehicles which have a high-cost risk exposure (e.g., a replacement value greater than \$50,000) which are insured for collision and comprehensive damage with an independent insurance carrier. Liability insurance is provided through the City's self-insurance plan and with the California Joint Powers Risk Management Authority (CJPRMA).

## **POLICY GUIDELINES**

- A. Employees using a personal vehicle to conduct official City business must comply with the Use of Privately-Owned Vehicles on City Business policy (located in the Administrative Policies and Procedures Manual). Employees must first complete the Authorization to Use Privately-Owned Vehicle on City Business form (Appendix F) prior to using a personal vehicle for City business.
- B. All vehicle accidents involving damage to a City vehicle, privately-owned vehicle on City business, or accidents involving third parties (persons, property, or vehicles) will be reported to the Risk Manager not later than the business day following the accident.
- C. The City will seek reimbursement from third parties for damage to City vehicles when appropriate. The funds received for reimbursement of damages to a City vehicle will be credited to the appropriate equipment replacement fund as revenue. Submit receipts for repairs to the Risk Manager.
- D. Repairs to vehicles damaged in an accident that are economically repairable will be charged to the appropriate equipment replacement fund when approved by the Risk Manager and the Fleet Manager.
- E. Vehicles damaged beyond repair, resulting from an accident, will be replaced with funds from the appropriate equipment replacement fund.
- F. Standards for drivers may be adopted under the City's risk management policies that determine an employee's eligibility to drive a vehicle while conducting City business. Accordingly, Fleet Coordinators and Department Heads will ensure that only approved drivers use a City vehicle or a personal vehicle to conduct City business.
- G. Responsibilities for administering these insurance policies are assigned to the following departments:
  - 1. Human Resources - Risk Management

- a. Identify and recommend the vehicles to be insured by an independent insurance carrier.
  - b. Process billings, maintain accounts, and prepare monthly, quarterly, and annual reports on the status of insurance accounts.
  - c. Obtain competitive collision and comprehensive insurance for City-owned vehicles.
  - d. Receive and process all Notice of Incident Reports, as appropriate, including initiating insurance claims.
  - e. Notify the City Attorney of all accidents involving City vehicles and provide the City Attorney with a copy of the Notice of Incident Report (if applicable).
  - f. Maintain a risk management file, by fiscal year, of all Notice of Incident Reports.
  - g. Ensure that proof of insurance is obtained for each City vehicle and provided to the Fleet Coordinators for each vehicle.
  - h. Prepare the insurance budget for the City's Financial Plan.
  - i. Develop and maintain procedures to be followed by employees who are involved in an accident while driving either a City vehicle or a personal vehicle on City business.
2. Department Heads/Fleet Coordinators
- a. Ensure that accidents involving assigned vehicles or employees' personal vehicles are reported to the City's Risk Manager.
  - b. Instruct employees assigned to drive City vehicles in the procedures to be followed when involved in an accident with a City vehicle or when conducting City business in a personal vehicle.
  - c. Ensure a sufficient number of blank copies of the Notice of Incident Report are available and readily accessible at the employees' principal work site.

## ACCIDENT REPORTING PROCEDURES

- A. Drivers involved in an accident driving a City vehicle or a personal vehicle on City business (or other knowledgeable employee) will complete a Notice of Incident Report and, if applicable, Worker's Compensation forms. The Notice of Incident Report must be provided to the Risk Manager not later than the business day following the accident.
- B. When an accident occurs, City employees must assume that a third party claim will be submitted for injury or damage to property. Accordingly, City employees should only make statements to their supervisor, the City Attorney, and the police.
- C. Accidents involving City property exclusively, with no injury and no tow-away, need only be reported to supervisors and a Notice of Incident Report completed. All other accidents will be reported to the Lodi Police Department or appropriate local authority immediately. The Police Department will determine if the accident will be investigated and will ensure a copy of the Police report is forwarded to the Risk Manager.

- D. When damage is the result of obvious vandalism, the Police Department, or local authority, will be notified immediately regardless of the estimated value of damage to a City vehicle.

#### **ANNUAL INSURANCE REPORTS**

The Risk Manager will prepare an annual insurance report required by insurance carriers for City-owned or City-leased vehicles.

#### **SAFETY COMMITTEE**

- A. It is the policy of the City to prevent injuries, protect property and provide for the safety of the public. Accordingly, every employee of the City is charged with the responsibility to identify unsafe practices, procedures, equipment, or facilities. To assist management in achieving this goal, the City has an appointed Safety Committee. The role of this Committee includes reviewing losses, incidents, accidents, and reviewing and developing safe work practices within the City in one of the following categories:
  - 1. On the job injury
  - 2. On the job illness
  - 3. Property damage
  - 4. Motor vehicle damage
  - 5. General liability exposure
  - 6. Contract exposure
- B. The Risk Manager will forward a copy of each Notice of Incident Report, involving a vehicle accident, damage to property resulting from the operation of a vehicle, or injury or death resulting from the operation of a City vehicle, to the Safety Committee Chairperson.






---

M E M O R A N D U M   F R O M   T H E  
O F F I C E   O F   T H E   C I T Y  
A T T O R N E Y

---

**RECEIVED**

MAY 22 1997

DATE: May 22, 1997

TO: Dennis Callahan, Building Maintenance Superintendent

FROM: Randy Hays, City Attorney *Randy*

RE: Use of Privately Owned Vehicle on City Business



Recently you and Marlon and I discussed the proposed policy relative to the use of privately owned vehicles on City business. At the time of that discussion, I raised the question of how the City was going to address the very real possibility that this policy would represent an increase in cost to an employee. That question was raised because the policy of the City that we were discussing requires limits in excess of those that are statutorily required by California law. Therefore, employees may have limits which are less than the amount demanded by the City. We left the meeting agreeing to check on the circumstance to determine whether or not in fact there would be a cost bump.

I have contacted several different insurance agents representing different insurers. The results however were basically all the same. The numbers that I quote while they are actual numbers, the more important information revolves around the differentials that develop. The numbers as well are based upon a driver who has a clean record and a multi-car discount.

With the coverage level being \$100,000/\$300,000/\$100,000 the following numbers pertain:

Non-business rate	\$460.00
-------------------	----------

Business rate providing for the City of Lodi as additionally insured is \$562.00 if the miles driven annually are 10,000 or less. The number jumps up to \$614.00 if the miles driven exceed 10,000. The dollars quoted are premium amounts for a six month period. The numbers jump up dramatically if the employee involved has a less than stellar driving record.

Hopefully you find this information helpful.

cc: Marlon Robbins

RESOLUTION NO. 97-84

A RESOLUTION OF THE LODI CITY COUNCIL  
APPROVING THE ADDITION OF SECTION 7 - INSURANCE  
TO THE FLEET POLICIES AND PROCEDURES

=====

BE IT RESOLVED, that the Lodi City Council does hereby approve the addition of Section 7 - Insurance, including Appendix F, to the Fleet Policies and Procedures, as shown on Exhibit A, attached hereto.

Dated: June 18, 1997

-----

I hereby certify that Resolution No. 97-84 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 18, 1997 by the following vote:

AYES:            Council Members -  
NOES:            Council Members -  
ABSENT:        Council Members -  
ABSTAIN:       Council Members -

ALICE M. REIMCHE  
Acting City Clerk

## OVERVIEW

The City self insures vehicle property damage (commonly referred to as collision and comprehensive damage) with the exception of those vehicles which have a high-cost risk exposure (e.g., a replacement value greater than \$50,000) which are insured for collision and comprehensive damage with an independent insurance carrier. Liability insurance is provided through the City's self-insurance plan and with the California Joint Powers Risk Management Authority (CJPRMA).

## POLICY GUIDELINES

- A. Employees using a personal vehicle to conduct official City business must comply with the Use of Privately-Owned Vehicles on City Business policy (located in the Administrative Policies and Procedures Manual). Employees must first complete the Authorization to Use Privately-Owned Vehicle on City Business form (Appendix F) prior to using a personal vehicle for City business.
- B. All vehicle accidents involving damage to a City vehicle, privately-owned vehicle on City business, or accidents involving third parties (persons, property, or vehicles) will be reported to the Risk Manager not later than the business day following the accident.
- C. The City will seek reimbursement from third parties for damage to City vehicles when appropriate. The funds received for reimbursement of damages to a City vehicle will be credited to the appropriate equipment replacement fund as revenue. Submit receipts for repairs to the Risk Manager.
- D. Repairs to vehicles damaged in an accident that are economically repairable will be charged to the appropriate equipment replacement fund when approved by the Risk Manager and the Fleet Manager.
- E. Vehicles damaged beyond repair, resulting from an accident, will be replaced with funds from the appropriate equipment replacement fund.
- F. Standards for drivers may be adopted under the City's risk management policies that determine an employee's eligibility to drive a vehicle while conducting City business. Accordingly, Fleet Coordinators and Department Heads will ensure that only approved drivers use a City vehicle or a personal vehicle to conduct City business.
- G. Responsibilities for administering these insurance policies are assigned to the following departments:
  1. Human Resources - Risk Management

- a. Identify and recommend the vehicles to be insured by an independent insurance carrier.
  - b. Process billings, maintain accounts, and prepare monthly, quarterly, and annual reports on the status of insurance accounts.
  - c. Obtain competitive collision and comprehensive insurance for City-owned vehicles.
  - d. Receive and process all Notice of Incident Reports, as appropriate, including initiating insurance claims.
  - e. Notify the City Attorney of all accidents involving City vehicles and provide the City Attorney with a copy of the Notice of Incident Report (if applicable).
  - f. Maintain a risk management file, by fiscal year, of all Notice of Incident Reports.
  - g. Ensure that proof of insurance is obtained for each City vehicle and provided to the Fleet Coordinators for each vehicle.
  - h. Prepare the insurance budget for the City's Financial Plan.
  - i. Develop and maintain procedures to be followed by employees who are involved in an accident while driving either a City vehicle or a personal vehicle on City business.
2. Department Heads/Fleet Coordinators
- a. Ensure that accidents involving assigned vehicles or employees' personal vehicles are reported to the City's Risk Manager.
  - b. Instruct employees assigned to drive City vehicles in the procedures to be followed when involved in an accident with a City vehicle or when conducting City business in a personal vehicle.
  - c. Ensure a sufficient number of blank copies of the Notice of Incident Report are available and readily accessible at the employees' principal work site.

## ACCIDENT REPORTING PROCEDURES

- A. Drivers involved in an accident driving a City vehicle or a personal vehicle on City business (or other knowledgeable employee) will complete a Notice of Incident Report and, if applicable, Worker's Compensation forms. The Notice of Incident Report must be provided to the Risk Manager not later than the business day following the accident.
- B. When an accident occurs, City employees must assume that a third party claim will be submitted for injury or damage to property. Accordingly, City employees should only make statements to their supervisor, the City Attorney, and the police.
- C. Accidents involving City property exclusively, with no injury and no tow-away, need only be reported to supervisors and a Notice of Incident Report completed. All other accidents will be reported to the Lodi Police Department or appropriate local authority immediately. The Police Department will determine if the accident will be investigated and will ensure a copy of the Police report is forwarded to the Risk Manager.

- D. When damage is the result of obvious vandalism, the Police Department, or local authority, will be notified immediately regardless of the estimated value of damage to a City vehicle.

#### **ANNUAL INSURANCE REPORTS**

The Risk Manager will prepare an annual insurance report required by insurance carriers for City-owned or City-leased vehicles.

#### **SAFETY COMMITTEE**

- A. It is the policy of the City to prevent injuries, protect property and provide for the safety of the public. Accordingly, every employee of the City is charged with the responsibility to identify unsafe practices, procedures, equipment, or facilities. To assist management in achieving this goal, the City has an appointed Safety Committee. The role of this Committee includes reviewing losses, incidents, accidents, and reviewing and developing safe work practices within the City in one of the following categories:
  - 1. On the job injury
  - 2. On the job illness
  - 3. Property damage
  - 4. Motor vehicle damage
  - 5. General liability exposure
  - 6. Contract exposure
- B. The Risk Manager will forward a copy of each Notice of Incident Report, involving a vehicle accident, damage to property resulting from the operation of a vehicle, or injury or death resulting from the operation of a City vehicle, to the Safety Committee Chairperson.



**CITY OF LODI  
AUTHORIZATION TO USE PRIVATELY-OWNED VEHICLE  
ON CITY BUSINESS**

In accordance with the City of Lodi Fleet Policies and Procedures, approval is required to use a privately-owned vehicle on official City business.

I hereby certify that:

- A. Whenever I drive a privately-owned vehicle on City business, the vehicle shall:
  - 1. be a conventional, four-wheel automobile, van, pickup, or sport utility vehicle;
  - 2. meet the legal requirements of the Federal Motor Vehicle Safety Standards for the year of manufacture and the State of California Vehicle Code requirements;
  - 3. be well maintained.
- B. I am covered by, and will maintain, liability insurance in accordance with the California Vehicle Code requirements.
- C. In the event of an accident, my insurance is primary.
- D. That all accidents will be reported within 24 hours.

I have read and understand the *Use of Privately-Owned Vehicles on City Business* policy. I understand that authorization to drive a privately-owned vehicle on City business may be suspended or revoked at any time.

\_\_\_\_\_  
Employee Name and Title (*please print*)

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Insurance Company

\_\_\_\_\_  
Policy Number

\_\_\_\_\_  
Vehicle License Plate Number

\_\_\_\_\_  
California Drivers' License Number

VIN \_\_\_\_\_ Year \_\_\_\_\_ Make \_\_\_\_\_

**APPROVAL:**

\_\_\_\_\_  
Department Head

\_\_\_\_\_  
Date

\_\_\_\_\_  
Risk Manager

\_\_\_\_\_  
Date

*Distribution: Original - Risk Management Copy - Employee Copy - Department*