



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Increase Liability Insurance Limits for Transit Services

MEETING DATE: April 17, 1996

PREPARED BY: Public Works Director

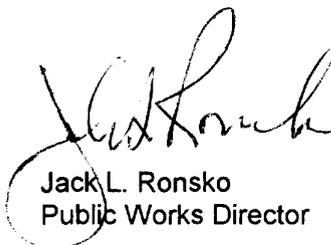
RECOMMENDED ACTION: Council is requested to authorize increasing the liability insurance limits for transit operations from \$5,000,000 to \$10,000,000 per occurrence. This insurance is purchased through the California Transit Insurance Pool (CALTIP), a joint-power agency which insures our transit system.

BACKGROUND INFORMATION: The City presently purchases liability insurance from CALTIP. This is an organization made up of many publicly operated transit systems in California. We have a pooled layer of insurance of \$500,000 and presently purchase excess coverage of \$4,500,000. Our present cost is \$57,106 per year for our seventeen transit vehicles. We can purchase an additional \$5,000,000 at a cost of \$179 per vehicle per year, or a total additional cost of \$3,043.

The Lodi Transit System is now carrying over 200,000 passengers per year. At times we have standing room only on the GRAPELINE, which certainly increases our exposure to risk. If we had a judgment over \$5,000,000 as a result of an accident, the amount of money over the \$5,000,000 would have to be paid from City revenues. The amount of Federal and State dollars are insignificant to the potential liability. It is a good risk management practice to transfer the risks to an insurance company. It seems that the cost of \$3,043 is an excellent expenditure of funds to provide an additional \$5,000,000 of protection. The City's Risk Manager and City Attorney are in agreement with this recommendation.

The insurance policy runs from May to May which is the reason this request is being made now rather than in July with our other liability policies. Council is respectfully requested to approve this increase in our liability insurance.

FUNDING: FTA and TDA funds



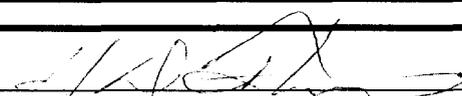
Jack L. Ronsko
Public Works Director

Prepared by Jerry L. Glenn, Assistant City Manager

JLR/JLG/lm

cc: City Attorney
Risk Manager

APPROVED: _____



H. Dixon Flynn -- City Manager