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ORDINANCE 12-34

COUNCIL ITEM 10e
DATE 6/25/12

AN ORDINANCE PROVIDING FOR THE AMENDMENT OF SECTION 31.01, PORT ST. LUCIE CITY CODE; AMENDING THE REQUIREMENT FOR BONDING OF CERTAIN CITY OFFICIALS, PROVIDING COMPARABLE INSURANCE IS IN PLACE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, Section 9.08 of the Port St. Lucie City Charter provides for fidelity bonds for such employees of the City as may be considered necessary; and

WHEREAS, Section 31.01 of the City Code provides for bonding of the Mayor, City Manager, City Treasurer and any other officer or employee of the City prior to having access to any demand or time account or safe deposit box in the name of the City; and

WHEREAS, the City has, and has had, policies of insurance providing public official liability and crime and fidelity insurance coverage with coverage far in excess of any coverage that would be provided by the bonds as required by Section 31.01; and

WHEREAS, were the City to provide a bond as set forth in Section 31.01, it would void any coverage under the insurance policies as to the bonded individuals; and

WHEREAS, it is determined to be in the best interest of the City to maintain appropriate insurance coverage in lieu of fidelity bonds.

NOW THEREFORE, THE CITY OF PORT ST. LUCIE HEREBY ORDAINS:

Section 1. That Section 31.01, Port St. Lucie City Code is hereby amended to read as follows:

Section 31.01. Bonding of city officials.

The Mayor, City Manager, City Treasurer, and any other officer or employee of the City, prior to having access to any demand or time account or any safe deposit box in the name of the City, shall be bonded in the amount of $50,000. All bonds shall be procured from a regularly-accredited surety company authorized to do business under the laws of the State and the City, the premiums on the bonds shall be paid by the City. All such bonds shall be filed in the Office of the City Clerk. Providing, however, no bond shall be required, secured or maintained if the City has in effect a public official liability insurance policy and a crime insurance policy providing coverage equal to or exceeding that which would be provided by the bonds set forth herein.

Section 2. This Ordinance shall become effective ten (10) days after its final adoption.

PASSED AND APPROVED by the City Council of the City of Port St. Lucie, Florida, this _____ day of_____, 2012.

CITY COUNCIL
CITY OF PORT ST. LUCIE

BY:_____
JoAnn M. Faiella, Mayor

ATTEST:

_____
Karen A. Phillips, City Clerk

APPROVED AS TO FORM:

By:_____
Roger G. Orr, City Attorney

MEMORANDUM

TO: GREGORY J. ORAVEC, CITY MANAGER

FROM: ROGER G. ORR, CITY ATTORNEY

DATE: JUNE 18, 2012

SUBJECT: BONDING OF CITY OFFICIALS

Attached is an ordinance proposed to amend Section 31.01 of the City Code.

Section 9.08 of the City's Charter provides for bonding of such City employees as the City deems appropriate. The purpose of the bonds is to protect the City against the theft of City funds by City employees.

This Charter provision was implemented through the adoption of Section 31.01 of the City Code. This section provides for the bonding of the Mayor, City Manager, City Treasurer and any other office or employee having access to any demand or time account of safe deposit box in the name of the City.

While the "bonding" of City officials has traditionally been the procedure used by local governments to protect against employee financial theft, it is suggested that it is no longer effective considering the size of the City's business operations and the manner in which financial affairs are now conducted. Most of the City's financial transactions take place electronically and frequently involve staff other than those enumerated in the City's Code. Recognizing this, the City has secured insurance coverage that provides far more protection of the City's assets. That having been said, these insurance policies exclude coverage of claims resulting from the conduct of "bonded" officials.

The attached ordinance is intended to conform the City's code to its actual practice. The bonds will not be acquired or maintained so long as the City has insurance covering the same risk exposure. Should the City no longer carry that insurance the City would be required to acquire the appropriate fidelity bonds.

This ordinance is presented for Council consideration. Please advise if anything further is needed in this regard.

RGO/dmf
Attach.

c: Ed Fry, Finance Director / City Treasurer
Renée Major, Director, Risk Management
Karen A. Phillips, City Clerk

RECEIVED
JUN 19 2012
City Manager's Office

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