



CITY OF SANTA CLARA

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HOUSING AUTHORITY

AGENDA

A complete agenda packet with back-up reports is available at either City Library beginning Saturday before the Tuesday meeting or at the City Clerk's Office on weekdays. A complete agenda packet is also available at the City Council meeting and on the City's website.

June 24, 2014

6:00 pm

Closed Session

Council Conference Room

Conference with Legal Counsel - Existing Litigation

Pursuant to Government Code Section 54956.9(a)

Vinod K. Sharma, et al. v. Successor Agency to the Redevelopment Agency of the City of Santa Clara, et al.

Sacramento County Superior Court Case No. 34-2013-80001396

REGULAR MEETING

7:00 PM in the City Hall Council Chambers

APPEAL OF HEARING DECISIONS OF THE HOUSING AUTHORITY MUST BE MADE TO THE SUPERIOR COURT WITHIN 90 CALENDAR DAYS OF FINAL ACTION. BECAUSE OF THE AGENDA PROVISION FOR RECONSIDERATION, FINAL ACTION IS DEEMED TO OCCUR AT THE END OF THE NEXT REGULAR MEETING PURSUANT TO CITY COUNCIL POLICY (P&P 042). (CODE OF CIVIL PROCEDURE SECTION 1094.6)

1. ROLL CALL:

2. APPROVAL OF MINUTES:

A. May 13, 2014.

B. May 20, 2014.

3. CONTINUANCE/EXCEPTIONS:

4. UNFINISHED BUSINESS:

A. Possible Reconsideration of Actions Taken at Immediately Preceding Meeting. (See Summary of Actions for potential reconsideration, which is attached to the posted Agenda and is in the Agenda Packet Binder in the Council Chambers.)

5. NEW BUSINESS

- A. Approval of the renewal of the City's Master Property Insurance and Excess Boiler and Machinery Insurance for the period July 1, 2014 - July 1, 2015 and authorize payment of insurance premium to Alliant Insurance Services, in the amount of \$619,416; approval of the renewal Boiler and Machinery Insurance for the Donald Von Raesfeld (DVR) Power Plant for the period of July 1, 2014 - July 1, 2015 and authorize payment of insurance premium to Alliant Insurance Services, in the amount of \$217,838; approval of the renewal of the Excess Liability Insurance for the period July 1, 2014 - July 1, 2015 and authorize payment of insurance premium to Alliant Insurance Services, in the amount of \$168,710.

6. PUBLIC PRESENTATIONS:

This item is reserved for persons to address the Housing Authority on any matter not on the agenda that is within the subject matter jurisdiction of the City. The law does not permit Housing Authority action on, or extended discussion of, any item not on the agenda except under special circumstances. The Housing Authority, or staff, may briefly respond to statements made or questions posed, and the Housing Authority may request staff to report back at a subsequent meeting. Although not required, please submit to the Housing Authority Secretary your name and subject matter on forms available by the door in the Council Chambers.

7. REPORTS OF HOUSING AUTHORITY MEMBERS AND SPECIAL HOUSING AUTHORITY COMMITTEES:

- A. Reports regarding conference attendance, if any.

8. CLOSED SESSION MATTERS:

- A. Authority Counsel Reports:

9. ADJOURNMENT:

- A. To Tuesday evening, **July 1, 2014** at 7:00 pm for the regular scheduled meeting in the City Hall Council Chambers.

6/24/14

6:00PM
HA

CLOSED SESSION NOTICE

City of Santa Clara Housing Authority



The **GOVERNING BOARD OF THE HOUSING AUTHORITY** will meet in closed session on **Tuesday, June 24, 2014, at 6:00 p.m.**, or as soon thereafter as the matter can be discussed, in the Council Conference Room located in the East Wing of City Hall at 1500 Warburton Avenue, Santa Clara, California, to consider the following matter(s) and to potentially take action with respect to it/them:

CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION

Pursuant to Gov. Code § 54956.9(a)

Vinod K. Sharma, et al. v. Successor Agency to the Redevelopment Agency of the City of Santa Clara, et al., Sacramento County Superior Court Case No. 34-2013-80001396

Date: June 20, 2014

A handwritten signature in black ink, appearing to read "R. Nosky".

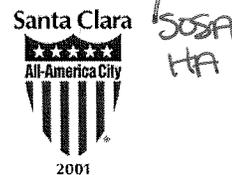
RICHARD E. NOSKY, JR.
Housing Authority Counsel

Meeting Date: 6/24/14

AGENDA REPORT

City of Santa Clara, California

Agenda Item # 7A-9/SA



Date: June 4, 2014

To: City Manager for Council Action
Contract Administrator for Sports and Open Space Authority Information
Executive Director for Housing Authority Information
Executive Officer for Successor Agency Information

From: Director of Finance/Assistant City Manager
Director of Finance for Sports and Open Space Authority
Housing Authority Treasurer

Subject: Approve Renewal of City's Insurance for the Period July 1, 2014 – July 1, 2015, and Authorize Payment of Insurance Premiums to Alliant Insurance Services

EXECUTIVE SUMMARY:

The City's insurance broker, Alliant Insurance Services, Inc. sought competitive quotes from several insurance companies for renewal for the following three policies:

Master Property Insurance and Excess Boiler & Machinery Insurance-

The City's Master Property Insurance includes the Golf Course, Convention Center, Convention Center Maintenance District, the Grizzly Hydro Plant and Donald Von Raesfeld Power Plant in the Public Entity Property Insurance Program (PEPIP). The policy is being renewed for the period July 1, 2014 – July 1, 2015 through Alliant Insurance Services, the City's insurance broker. The coverage limit is for \$1 billion per occurrence based on a Total Insurable Value (TIV) of \$1.109 billion. The annual premium, including Surplus Lines Taxes and Fees, is \$594,996, a decrease of \$8,546 or approximately 1.4% from last year.

The primary \$2.5 million layer will continue to be placed with Lexington (Best Rated A XV), and Lexington will also continue to provide the majority of capacity in the \$22.5 million excess \$2.5 million layer, with Lloyd's of London (Best Rated A XV) as its quota-share partner. Excess limits will be placed with London, Bermudian, European and U.S. Domestic markets (Best Rated minimum of A- VII) up to a limit of \$1 billion.

The Excess Boiler and Machinery Policy for the City includes Electric (except the Donald Von Raesfeld Plant which has a separate policy), Golf Course, Convention Center, Convention Center Maintenance District and the Grizzly Hydro Plant. The policy is being renewed for July 1, 2014 - July 1, 2015. The annual premium is \$24,420, an increase of \$78 or approximately 0.3% above last year.

Total annualized premiums for these two policies are \$619,416 for fiscal year 2014-15 compared to \$627,884 for fiscal year 2013-14, a decrease of \$8,468 or approximately 1.3%. The decrease is primarily due to:

- 5.17% decrease in insurance rates, from \$0.0590 per \$100 valuation to \$0.0559 per \$100 valuation
- 4.11% increase in the total insurable value from \$1.065 billion to \$1.109 billion.

Boiler and Machinery Insurance for the Donald Von Raesfeld (DVR) Power Plant-

In conjunction with the commercial operation of the Donald Von Raesfeld Power Plant (the "Power Plant"), the City retains a boiler and machinery insurance policy for the Plant. The current insurance expires on July 1, 2014. The boiler and machinery coverage provides a limit for property damage of \$100 million and a sub limit for business interruption of \$11,804,141. The premium is \$217,838 for the coverage from July 1, 2014 to July 1, 2015 on a Total Insurable Value (TIV) of \$204.5 million for replacement cost and business interruption.

City Excess Liability Insurance-

The policy is being renewed for the period of July 1, 2014 to July 1, 2015 with the Alliant National Municipal Liability Program (ANML). The excess liability insurance has an aggregate and per occurrence coverage of \$20 million with the City's self insured retention limit (deductible) being \$5 million. The coverage is provided by Starr Indemnity Insurance Company, rated A, Excellent by the A.M. Best Company and Arch Specialty Insurance Company, rated A+, Superior by the A.M. Best Company for \$10 million each for a total of \$20 million. The annual premium is \$168,710, an increase of \$4,900 or approximately 3% compared to last year.

The full insurance proposals are available for review in the Finance Department.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

Master Property Insurance and Excess Boiler & Machinery Insurance-

The coverage for PEPPIP remains at \$1 billion per occurrence, the same as last year's policy. The coverage for the Excess Boiler and Machinery is \$100 million, also the same as last year's policy. It is prudent to have insurance since, without insurance, the City retains full risk if damage occurs to City property or its boilers and machinery. In addition, insurance is required per the terms of the Grizzly Development and Mokelumne Settlement Agreement for commercial operation of that Plant. The City would not be able to operate the Plant without the required insurance.

Boiler and Machinery Insurance for the Donald Von Raesfeld (DVR) Power Plant-

The advantage of purchasing boiler and machinery insurance coverage is to protect the City's investment in the Power Plant and its components, especially from the risk of loss due to mechanical or accidental breakdown. The policy provides business interruption protection for a period of time so that lost generation capacity will be covered while the Plant is not operational. The deductible amount for this policy is \$500,000 for the gas turbines, \$250,000 for property damage and a 30-day waiting period for business interruption. The recommended insurance carrier, Zurich American Insurance Company, has A.M Best Guide Rating of A+, Superior.

City Excess Liability Insurance-

One advantage of insuring the City for liability is that for a charge of \$168,710 a year, the City has protection against large liability claims, which can amount to millions of dollars. Another advantage is that it is a reasonable alternative to fully self-insuring given the size of the premium. There are no disadvantages.

ECONOMIC/FISCAL IMPACT:

Master Property Insurance and Excess Boiler & Machinery Insurance-

The total cost for the City's Master Property Insurance and Boiler & Machinery Policy (including the City, Golf Course, Convention Center, Convention Center Maintenance District, Tasman Drive Parking Structure, and Grizzly Hydro Plant) is \$619,416. This figure also includes property but not boiler and machinery insurance for the Donald Von Raesfeld power plant which is under a separate policy.

Funds are available as follows: \$525,547 in Special Liability Insurance (082-0142-87840) for the City (including Electric); \$63,236 in the Convention Center Insurance Account, \$17,517 in the Convention Center Parking Structure (026-2961-87840); \$5,603 in the Convention Center Maintenance District Insurance Account (026-2961-87840); and \$7,513 in Golf Course Insurance Account (811-8013-87840) for SOSA.

Boiler and Machinery Insurance for the Donald Von Raesfeld (DVR) Power Plant-

The fiscal impact is the payment of the annual premium of \$217,838, a decrease of \$12,615 or 5.5% from last year's \$230,453. The renewal rate decreased slightly and the premium decrease is attributed to the decrease of 0.4% in the total insured value. Funds required to pay this premium are available in the General Liability Internal Service Fund Insurance Premiums account (082-0141-87840).

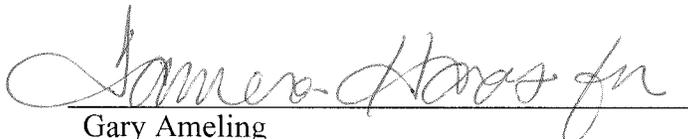
City Excess Liability Insurance-

The policy premium is a total of \$168,710 for coverage from July 1, 2014 to July 1, 2015. Funds are available in the Special Liability Fund Contractual Services (082-0141-87840).

RECOMMENDATION:

That the Council:

- 1) Approve the renewal of the City's Master Property Insurance and Excess Boiler & Machinery Insurance for the period July 1, 2014 – July 1, 2015 and authorize payment of insurance premium to Alliant Insurance Services in the amount of \$619,416;
- 2) Approve the renewal of Boiler and Machinery Insurance for the Donald Von Raesfeld (DVR) Power Plant for the period July 1, 2014 – July 1, 2015 and authorize payment of insurance premiums to Alliant Insurance Services in the amount of \$217,838;
- 3) Approve the renewal of the Excess Liability Insurance for the period July 1, 2014 to July 1, 2015 and authorize payment of insurance premium to Alliant Insurance Services in the amount of \$168,710; and
- 4) Authorize the City Manager to execute any and all documents necessary to complete the transactions.



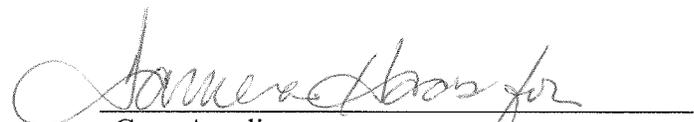
Gary Ameling
Director of Finance/Assistant City Manager
Director of Finance for Sports and Open
Space Authority
Housing Authority Treasurer

Certified as to Budget Form: 
082-0142-87840 \$525,547
860-8014-87840 \$ 63,236
026-2961-87840 \$ 23,120
811-8013-87840 \$ 7,513
082-0141-87840 \$386,548

APPROVED:



Julio J. Fuentes
City Manager
Contract Administrator for Sports and Open
Space Authority
Executive Director for Housing Authority
Executive Officer for Successor Agency



Gary Ameling
Director of Finance/Assistant City Manager
Director of Finance for Sports and Open
Space Authority
Housing Authority Treasurer
MAJORITY VOTE OF COUNCIL

Documents Related to this Report:

- 1) *Executive Summary for PEPiP and B&M*
- 2) *Executive Summary for DVR B&M*
- 3) *Executive Summary for Excess Liability*

Executive Summary for PEPiP and B&M

Attachment 1

	<u>2013-14</u>	<u>2014-15</u>	<u>Y-T-Y change</u> <u>(\$)</u>	<u>Y-T-Y change</u> <u>(%)</u>
<u>Insurance Premium</u>				
PEPiP	\$603,542	\$594,996	-\$8,546	-1.4%
B&M	\$24,342	\$24,420	\$78	0.3%
<u>Total Insurance Cost</u>	<u>\$627,884</u>	<u>\$619,416</u>	<u>-\$8,468</u>	<u>-1.3%</u>

Total Insurable Value (TIV \$ in M)	\$1,065,175,954	\$1,108,939,334	\$43,763,380	4.11%
Account rate (per \$100)	\$0.0590	\$0.0559	-\$0.003	-5.17%

Executive Summary for DVR B&M

Attachment 2

	<u>2013-14</u>	<u>2014-15</u>	<u>Y-T-Y change</u> <u>(\$)</u>	<u>Y-T-Y change</u> <u>(%)</u>
Total Insurance Premium	\$230,453	\$217,838	(\$12,615)	-5.5%
Total Insurable Value (\$ in M)	\$205,312,561	\$204,571,427	(\$741,134)	-0.4%
Total Insurable Value (TIV \$ in M)	\$205,312,561	\$204,571,427	-\$741,134	-0.36%
Account rate (per \$100)	\$0.00113	\$0.10649	\$0.10536	9323.89%

Executive Summary for Excess Liability

Attachment 3

	<u>2013-14</u>	<u>2014-15</u>	<u>Y-T-Y</u> <u>change (\$)</u>	<u>Y-T-Y</u> <u>change (%)</u>
Total Insurance Premium	\$163,810	\$168,710	\$4,900	3.0%