



# CITY OF SANTA CLARA

www.santaclaraca.gov



## SPORTS AND OPEN SPACE 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 23, 2015**

**6:00 pm**

**Closed Session**

**Council Conference Room**

Conference with Legal Counsel - Existing Litigation  
Pursuant to Government Code Section 54956.9(d)(1)  
*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 SPORTS AND OPEN SPACE 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)

AB23 ANNOUNCEMENT: MEMBERS OF THE SPORTS AND OPEN SPACE AUTHORITY BOARD ARE ENTITLED TO RECEIVE \$30 FOR EACH ATTENDED MEETING.

- 1. ROLL CALL:**
- 2. APPROVAL OF MINUTES:**
  - A. June 2, 2015 - Special Meeting.
- 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. Acceptance of the Status Report for the Fiscal Operation of the Santa Clara Golf and Tennis Club for the third quarter ended March 31, 2015.
- B. Informational Memo: Approve Renewal of Property, Equipment Breakdown and Excess Liability with Select Providers for the Period of July 1, 2015 to July 1, 2016 for the City and Authorities of the City and Authorize Payment of Insurance Premiums to Alliant Insurance Services.

**6. PUBLIC PRESENTATIONS:**

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

**7. REPORTS OF SOSA MEMBERS AND SPECIAL SOSA COMMITTEES:**

- A. Reports regarding conference attendance, if any.

**8. CLOSED SESSION MATTERS:**

- A. Authority General Counsel Reports:

**9. ADJOURNMENT:**

- A. To Tuesday evening, **July 7, 2015**, at 7:00 pm for the regular scheduled meeting in the City Hall Council Chambers.

62315

6:00 pm  
SOSA

# CLOSED SESSION NOTICE

Sports and Open Space Authority



The **GOVERNING BOARD OF THE SPORTS AND OPEN SPACE AUTHORITY** will meet in closed session on **Tuesday, June 23, 2015**, 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(d)(1)

*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 23, 2015

\_\_\_\_\_  
RICHARD E. NOSKY, JR.  
Authority General Counsel

6-23-15

2A  
SOSA

**MINUTES OF THE SPORTS AND OPEN SPACE AUTHORITY OF  
THE CITY OF SANTA CLARA FOR SPECIAL MEETING  
HELD ON TUESDAY EVENING, JUNE 2, 2015**

The Sports and Open Space Authority of the City of Santa Clara met at 5:00 pm, on the above mentioned date, for a Special Meeting in the City Hall Council Chambers.

Present: Authority Members Dominic J. Caserta, Debi Davis, Lisa M. Gillmor, Patrick Kolstad (participated remotely from the Fairfield Inn, 900 24<sup>th</sup> Avenue, S.W., Minot, North Dakota 58702), Jerry Marsalli and Teresa O'Neill and Chairperson Jamie L. Matthews.

With no public input, the Sports and Open Space Authority then met for a Closed Session in the Council Conference Room (Authority Member Patrick Kolstad participated remotely from the Fairfield Inn, 900 24<sup>th</sup> Avenue, S.W., Minot, North Dakota 58702) for a Conference with Legal Counsel-Anticipated Litigation pursuant to Government Code Section 54956.9(d)(2) - Exposure to litigation, Number of potential cases: 1. FACTS AND CIRCUMSTANCES: Pursuant to Government Code Section 54956.9(e)(2), 1. Financial support and management of Santa Clara Convention Center and a Conference with Legal Counsel-Existing Litigation pursuant to Government Code Section 54956.9(d)(1), *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 (Authority General Counsel - 05/29/15).

There being no further business, the meeting was adjourned (Gillmor absent) at 5:55 pm to Tuesday evening, June 16, 2015 at 7:00 pm for the regular scheduled meeting in the City Hall Council Chambers.

ATTEST: \_\_\_\_\_  
Clerk

APPROVE: \_\_\_\_\_  
Chairperson

Meeting Date: 6-23-15

# AGENDA REPORT

City of Santa Clara, California

Agenda Item # SA  
SOSA  




**Date:** June 23, 2015

**To:** Contract Administrator for Sports and Open Space Authority Action

**From:** Director of Finance, Sports and Open Space Authority

**Subject:** Acceptance of Status Report for the Fiscal Operation of the Santa Clara Golf and Tennis Club for the Third Quarter ended March 31, 2015

## EXECUTIVE SUMMARY:

Submitted for Sports and Open Space Authority (SOSA) review and acceptance are the following reports: Santa Clara Golf and Tennis Club Income Statement, Variance Report, the Administrative and Management Fee Calculation paid to American Golf and Net Income Comparison graph for the third quarter of fiscal year 2014-15.

The Income Statement includes a summary of Golf Course attendance categorized as "Number of Rounds" that is presented at the bottom of the Statement. The Variance Report provides a narrative explanation of significant variances between actual and budgeted Golf Course revenues and expenditures. The Net Income Comparison Graph provides a graphic comparison of the current quarter and fiscal year actual, budget, and prior year actual Net Income for the Golf Course. Detailed departmental reports on the Golf Course operations are available for review in the Finance Department.

The Golf Course Net Income transferred to SOSA for the third quarter was \$209,601. This transfer to SOSA was \$24,621 greater than budgeted. Income was \$12,660 less than budgeted mainly due to parking events for Levi's® Stadium and to fewer golf tournaments. Income has been accrued in the amount of \$95,825 during this quarter to account for lost income during parking events. There is a lag between lost income due to Stadium impacts and payments by the 49ers to make up for such lost income. Operating Expenses were \$38,105 less than expected primarily attributable to a decrease in water, fertilizer and repair costs. The revenue and expense variances resulted in a total favorable variance of \$24,621 in Net Income for the third quarter.

## ADVANTAGES & DISADVANTAGES OF ISSUE:

The Status Report for the Fiscal Operation of the Santa Clara Golf and Tennis Club for the Third Quarter ended March 31, 2015 provides current information on the fiscal operation of the City's Golf and Tennis Club.

## ECONOMIC/FISCAL IMPACT:

Acceptance of this report will have no fiscal impact to the City other than administrative staff time and expense.

**RECOMMENDATION:**

That the Authority accept the Status Report for the Fiscal Operation of the Santa Clara Golf and Tennis Club for the third quarter ended March 31, 2015.



\_\_\_\_\_  
Gary Ameling  
Director of Finance, Sports and Open Space Authority

APPROVED:



\_\_\_\_\_  
Julio J. Fuentes  
Contract Administrator for  
Sports and Open Space Authority

***Documents Related to this Report:***

- 1) Santa Clara Golf & Tennis Club Income Statement***
- 2) Variance Report***
- 3) Fee Calculation***
- 4) Net Income Comparison Graph***

SANTA CLARA GOLF AND TENNIS CLUB  
INCOME STATEMENT  
FOR THE QUARTER ENDING MARCH 31, 2015

Attachment 1

	FOR THE QUARTER ENDING MARCH 31, 2015									
	QUARTER		VARIANCES		PRIOR YEAR	YEAR-TO-DATE		VARIANCES		PRIOR YEAR
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	ACTUAL	BUDGET	AMOUNT	%	Y-T-D
<b>SALES AND FEES</b>										
INSTRUCTION	\$ 1,485	\$ 1,500	\$ (15)	(1)	\$ 700	\$ 4,933	\$ 6,900	\$ (1,967)	(29)	\$ 4,275
GREEN FEES	340,701	421,000	(80,299)	(19)	191,883	1,080,863	1,465,500	(384,637)	(26)	1,184,577
CART RENTAL	87,155	87,700	(545)	(1)	42,412	290,221	314,500	(24,279)	(8)	276,541
RANGE INCOME	55,988	80,000	(24,012)	(30)	56,129	174,971	266,500	(91,529)	(34)	222,058
TENNIS INCOME	7,045	9,750	(2,705)	(28)	8,368	27,014	34,900	(7,886)	(23)	32,300
MERCHANDISE SALES	30,091	31,000	(909)	(3)	17,874	100,716	111,500	(10,784)	(10)	95,023
OTHER INCOME	109,225	13,400	95,825	715	355,250	360,509	35,100	325,409	927	373,412
<b>TOTAL INCOME</b>	<b>631,690</b>	<b>644,350</b>	<b>(12,660)</b>	<b>(2)</b>	<b>672,616</b>	<b>2,039,228</b>	<b>2,234,900</b>	<b>(195,672)</b>	<b>(9)</b>	<b>2,188,186</b>
<b>COST OF SALES</b>										
MERCHANDISE	21,586	20,762	(824)	(4)	9,557	74,721	74,675	46	0	62,165
<b>TOTAL COST OF SALES</b>	<b>21,586</b>	<b>20,762</b>	<b>(824)</b>	<b>(4)</b>	<b>9,557</b>	<b>74,721</b>	<b>74,675</b>	<b>46</b>	<b>0</b>	<b>62,165</b>
<b>GROSS PROFIT</b>	<b>610,104</b>	<b>623,588</b>	<b>(13,484)</b>	<b>(2)</b>	<b>663,059</b>	<b>1,964,507</b>	<b>2,160,225</b>	<b>(195,718)</b>	<b>(9)</b>	<b>2,126,021</b>
<b>OPERATING EXPENSES</b>										
SALARIES/WAGES	197,896	209,611	11,715	6	202,431	604,941	646,182	41,242	6	631,545
UTILITIES-WATER	12,469	20,000	7,531	38	17,915	227,352	202,000	(25,352)	(13)	219,607
UTILITIES-POWER	12,815	11,100	(1,715)	(15)	12,297	40,653	33,200	(7,453)	(22)	36,544
SEED, SOIL, FERTILIZER	17,461	22,450	4,989	22	23,547	36,822	62,475	25,653	41	60,228
REPAIR & MAINTENANCE	10,324	15,500	5,176	33	14,855	63,219	56,850	(6,369)	(11)	61,673
SUPPLIES	17,898	14,900	(2,998)	(20)	15,209	60,494	59,900	(594)	(1)	63,124
UNIFORMS/LAUNDRY	2,450	2,650	200	8	2,651	8,938	6,650	(2,288)	(34)	7,107
BANK & CARD FEES	10,168	11,800	1,632	14	6,287	27,979	40,300	12,321	31	34,189
LEASE/RENTAL	22,862	29,706	6,844	23	17,171	75,078	93,238	18,160	19	84,190
SANITATION	6,100	7,400	1,300	18	9,517	18,818	22,400	3,582	16	25,870
TELEPHONE	2,680	3,000	320	11	3,226	8,409	9,000	591	7	12,242
RANGE BALLS	(3,000)	4,000	7,000	175	0	4,324	12,000	7,676	64	4,979
OTHER EXPENSES	10,222	8,925	(1,297)	(15)	18,598	39,395	30,825	(8,570)	(28)	45,036
MGMT/ADM FEES	76,822	72,293	(4,529)	(6)	74,094	228,865	225,861	(3,004)	(1)	227,252
INSURANCE	3,337	5,274	1,937	37	3,183	10,010	15,822	5,812	37	9,547
<b>TOTAL OPERATING EXP</b>	<b>400,503</b>	<b>438,608</b>	<b>38,105</b>	<b>9</b>	<b>420,981</b>	<b>1,455,297</b>	<b>1,516,703</b>	<b>61,406</b>	<b>4</b>	<b>1,523,133</b>
<b>NET FROM OPERATIONS</b>	<b>209,601</b>	<b>184,980</b>	<b>24,621</b>	<b>13</b>	<b>242,078</b>	<b>509,210</b>	<b>643,522</b>	<b>(134,311)</b>	<b>(21)</b>	<b>602,888</b>
LESS: CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0	0
<b>NET INCOME</b>	<b>\$ 209,601</b>	<b>\$ 184,980</b>	<b>\$ 24,621</b>	<b>\$ 13</b>	<b>\$ 242,078</b>	<b>\$ 509,210</b>	<b>\$ 643,522</b>	<b>\$ (134,311)</b>	<b>\$ (21)</b>	<b>\$ 602,888</b>
<b>NUMBER OF ROUNDS</b>	<b>13,421</b>	<b>16,640</b>	<b>(3,219)</b>	<b>(19)</b>	<b>7,119</b>	<b>44,321</b>	<b>56,865</b>	<b>(12,544)</b>	<b>(22)</b>	<b>44,739</b>



June 3, 2015

Gary Ameling  
 Director of Finance  
 Sports and Open Space Authority  
 City of Santa Clara  
 1500 Warburton Avenue  
 Santa Clara, CA 95050

Re: Santa Clara Golf & Tennis Club Variance Report for the Quarter Ended March 31, 2015

Dear Mr. Ameling:

The following is a brief discussion of revenue and expense variances over/under 10% and \$200 compared to budget for the quarter ended March 31, 2015:

	FAVORABLE/ (UNFAVORABLE) VARIANCE	SUBTOTAL	VARIANCE – EXPLANATION
<b>INCOME:</b>			
GREEN FEES	(80,299)		Lower revenue due to fewer tournaments booked and to closures for parking events
RANGE INCOME	(24,012)		Lower revenue due to cold weather in January and to closures for parking events
TENNIS INCOME	(2,705)		Lower revenue due to closures for parking events and lower rental revenue from contractors
OTHER INCOME	95,825		Higher than expected revenue from 49ers for losses incurred due to parking in November and December 2014.
OTHER VARIANCES	(1,469)		Revenue categories with variances of less than 10%
TOTAL INCOME VARIANCE		(12,660)	
<b>COST OF SALES MERCHANDISE</b>	(824)	(824)	Higher expense than expected to increase inventory for peak season

June 10, 2015

Santa Clara Golf & Tennis Club Variance Report for the Quarter Ended March, 2015

Page 2 of 3

	FAVORABLE/ (UNFAVORABLE) VARIANCE	SUBTOTAL	VARIANCE – EXPLANATION
<b>OPERATING EXPENSES:</b>			
WATER	7,531		Less irrigation due to several substantial rainstorms
POWER	(1,715)		Higher utility cost for heat due to cold weather
SEED, SOIL & FERTILIZER	4,989		Less products needed than budgeted
REPAIR & MAINTENANCE	5,176		Lower repair expense than expected and credit of \$1,500 used to help offset overrun in other expenses.
SUPPLIES	(2,998)		Purchased new range mats creating a \$3,000 overrun in supply costs
BANK AND CARD FEES	1,632		Lower usage due to fewer rounds of golf sold and lower range usage
LEASE/RENTAL	6,844		Lower expense than budgeted. Annual budget based on lease costs for leases that have since expired.
SANITATION	1,300		Lower expense than budgeted
TELEPHONE	320		Lower expense than budgeted
RANGE BALLS	7,000		Postponed purchase of new balls plus a \$3,000 credit from vendor. Underrun used to help offset overrun in supplies.
OTHER EXPENSES	(1,297)		Higher expense than budgeted. Incurred \$600 fees for NCGA membership sign-ups, \$250 for rental club purchases and \$400 for T&E for GM to attend 2-day mandatory AGC meeting
INSURANCE	1,937		Billed amount less than budgeted
OTHER VARIANCES	7,386		Expense categories with variances of less than 10% including salaries and wages which were less than budgeted.
TOTAL EXPENSE VARIANCE		38,105	

June 3, 2015

Santa Clara Golf & Tennis Club Variance Report for the Quarter Ended March, 2015

Page 3 of 3

NET INCOME VARIANCE		24,621
------------------------	--	--------

Please feel free to contact me with any questions.

Sincerely,



Lynn Jones  
General Manager  
Santa Clara Golf & Tennis Club  
408-980-9515

SANTA CLARA GOLF & TENNIS CLUB  
 AMERICAN GOLF ADMINISTRATIVE & MANAGEMENT FEE CALCULATION  
 FOR THIRD QUARTER FY 2014-15 ENDED MARCH 31, 2015

REVENUE DESCRIPTION	GROSS REVENUE	3% MANAGEMENT FEE	
Instruction (1)	\$ -	\$ -	
Green Fees	340,701	10,221	
Cart Rental	87,155	2,615	
Range Income	55,988	1,680	
Tennis Income	7,045	211	
Merchandise Sales	30,091	903	
Other Income (2)	<u>109,225</u>	<u>3,277</u>	
TOTALS	<u>\$ 630,205</u>	<u>\$ 18,907</u>	\$ 18,907

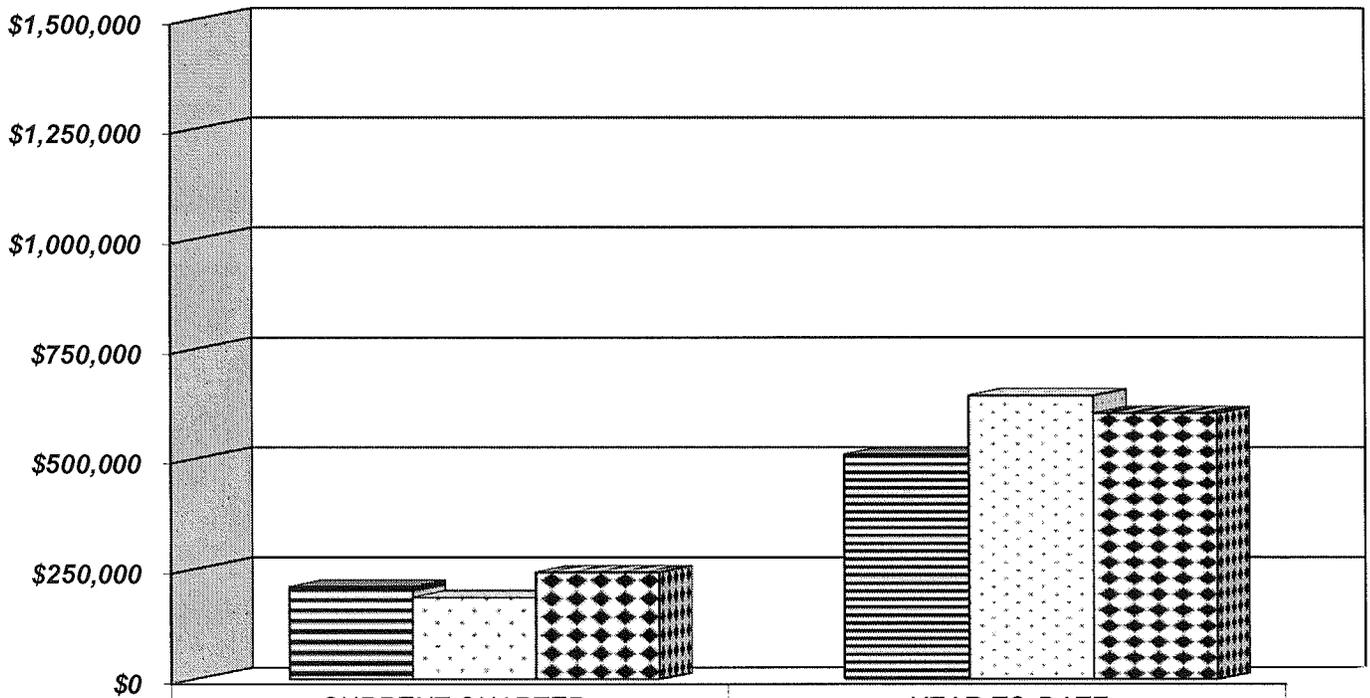
FIXED MANAGEMENT FEE (\$13,853 per month)	41,559
ADMINISTRATIVE FEE (\$4,500 per month)	<u>13,500</u>
TOTAL MANAGEMENT FEE FOR QUARTER ENDED MARCH 31, 2015	\$ 73,966
Excess Management Fee (3)	<u>2,856</u>
Management Fee per Income Statement for Quarter Ended March 31, 2015	<u>\$ 76,822</u>

(1) Instruction Revenue per the Income Statement \$ 1,485  
 Less - Revenue from instructor rent and golf lessons  
 is not subject to the 3% management fee (1,485)  
 Instruction Revenue subject to the 3% management fee \$ -

(2) Consists of pull-cart rentals, American Golf Membership fees, and accrual for lost revenue during parking events.

(3) Post-closing adjustment in revenue reimbursement from StadCo reduced the Management Fee. Since the Management Fee had already been recorded, an adjustment will be made in the 4th quarter.

SANTA CLARA GOLF & TENNIS CLUB NET INCOME COMPARISON  
 FOR THE QUARTER ENDING MARCH 31, 2015  
 ACTUAL, BUDGET, AND PRIOR YEAR ACTUAL



	CURRENT QUARTER	YEAR-TO-DATE
■ ACTUAL	\$209,601	\$509,210
□ BUDGET	\$184,980	\$643,522
▣ P/Y ACTUAL	\$242,078	\$602,888

Meeting Date: 6/23/15

# AGENDA REPORT

City of Santa Clara, California

Agenda Item # 7A12, S.B. SOSA, 4AHA  
  
2001



**Date:** June 16, 2015

**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 Property, Equipment Breakdown, and Excess Liability with Select Providers for the Period of July 1, 2015 to July 1, 2016 for the City of Santa Clara and Authorities of the City 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 from July 1, 2015 to July 1, 2016 for the following policies:

### Property and Equipment Breakdown Insurance

The City of Santa Clara, including the Convention Center Maintenance District No. 183 and Successor Agency of the Redevelopment Agency of the City of Santa Clara, and the City of Santa Clara Housing and Stadium Authorities, participate in the Public Entity Property Insurance Program (PEPIP) for property and equipment breakdown insurance. Insurance through PEPIP allows cities and counties to pool risk which lowers premiums. The insurance will be provided by several companies including: Lexington, rated A Excellent, Financial Size Category XV by A.M. Best Company; Lloyd's of London, rated A Excellent, Financial Size Category XV by A.M. Best Company; and with London, Bermudian, European and U.S. Domestic markets, all A.M. Best Company rated at least A- Excellent, Financial Size Category VII. Together, these companies will provide up to \$1 billion per occurrence of property coverage; with limited equipment breakdown (also known as Boiler and Machinery), Cyber (also known as Privacy Liability), and Pollution Coverage, and deductibles starting at \$25,000 per occurrence. The renewal premium for property and equipment breakdown insurance through PEPIP for the period of July 1, 2015 to July 1, 2016 totals \$403,867. This is a decrease of 3.3% or \$13,911 compared with the 2014-15 premium of \$417,778.

Due to the specialized equipment and operation of the City of Santa Clara's Electric Utility known as Silicon Valley Power (SVP), a separate PEPIP policy is issued for the Donald Von Raesfeld Plant and Grizzly Hydroelectric Plant, with up to \$1 billion per occurrence of property coverage; with limited equipment breakdown (also known as Boiler and Machinery), Cyber (also known as Privacy Liability), and Pollution Coverage, and deductibles starting at \$25,000 per occurrence. The renewal premium for property and equipment breakdown insurance through PEPIP for the period of July 1, 2015 to July 1, 2016 totals \$195,361. This is a decrease of 3.1% or \$6,277 compared with the 2014-15 premium of \$201,638.

City Manager for Council Action; Contract Administrator/Executive Director/Executive Officer for Authority/Agency Information

Approve Renewal of Property, Equipment Breakdown, and Excess Liability with select providers for the City of Santa Clara and Authorities of the City

June 16, 2015

Page 2

#### Equipment Breakdown Insurance for the Donald Von Raesfeld Plant

In conjunction with the PEPPI policy, which limits coverage at the Donald Von Raesfeld Plant (DVR Plant), SVP retains a separate equipment and breakdown coverage policy for the DVR Plant. The insurance with Zurich American Insurance Company, rated A+ Superior, Financial Size Category XV by A.M. Best Company, provides up to \$100 million in equipment breakdown and \$9 million in business interruption coverage per occurrence and deductibles starting at \$250,000 per occurrence and 30 days per interruption. The renewal premium for property and equipment breakdown insurance for the period of July 1, 2015 to July 1, 2016 totals \$207,953. This is a decrease of 4.5% or \$9,885 compared with the 2014-15 premium of \$217,838.

#### Excess Liability Insurance

The City of Santa Clara is self-insured for general liability up to \$3 million (also known as a retention limit or SIR). Excess insurance above this limit will be provided by Security National Insurance Company, rated A+ Superior, Financial Size Category XV by A.M. Best Company for the first \$10 million of coverage; Arch Specialty Insurance Company, rated A+ Superior by the A.M. Best Company, for the next \$15 million of coverage; and Allied World National Assurance Company rated A+ Superior by the A.M. Best Company, for the final \$20 million of coverage. The combined policy provides up to \$45 million in excess liability coverage per occurrence after the City's retention limit. The combined renewal premium for excess liability for the period of July 1, 2015 to July 1, 2016 totals \$348,965. This is an increase of 40.6% or \$100,781 compared with the 2014-15 premium of \$248,184, which reflects a reduced SIR of \$2 million from the prior year.

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

#### **ADVANTAGES AND DISADVANTAGES OF ISSUE:**

##### Property and Equipment Breakdown Insurance

It is prudent to have insurance since, without insurance, the City of Santa Clara and Authorities of the City retain full risk if damage occurs to 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 the Grizzly Plant.

##### Equipment Breakdown Insurance for the Donald Von Raesfeld Plant

The advantage of purchasing boiler and machinery insurance coverage is to protect the City's investment in the DVR 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 DVR Plant is not operational.

##### Excess Liability Insurance

It is prudent to have insurance since, without insurance, the City of Santa Clara and Authorities of the City retain full risk of liability claims. General liability claims can result in extraordinary payments, therefore maintaining excess coverage to limit that risk is a reasonable alternative to self-insuring against an unknown

City Manager for Council Action; Contract Administrator/Executive Director/Executive Officer for Authority/Agency Information

Approve Renewal of Property, Equipment Breakdown, and Excess Liability with select providers for the City of Santa Clara and Authorities of the City

June 16, 2015

Page 3

potentially large liability. For the first time in several years, the insurance markets have softened allowing for an affordable reduction in our self-insured retention from \$5 million per occurrence to \$3 million per occurrence.

There are no disadvantages.

**ECONOMIC/FISCAL IMPACT:**

Property and Equipment Breakdown Insurance

The renewal premium for the City of Santa Clara and Authorities of the City is \$403,867. Sufficient funds are available from the following: \$316,280 in Special Liability Insurance Fund (082-0142-87840); \$60,440 in the Convention Center Fund (860-8014-87840); \$22,000 in the Convention Center Maintenance District Fund (026-2961-87840); and \$5,069 in Golf Course Fund (811-8013-87840) for SOSA.

The renewal premium for Silicon Valley Power is \$195,361. Sufficient funds are available in the Special Liability Insurance Fund (082-0142-87840).

Equipment Breakdown Insurance for the Donald Von Raesfeld Plant

The renewal premium for the DVR Plant is \$207,953. Sufficient funds are available in the Special Liability Insurance Fund (082-0141-87840).

Excess Liability Insurance

The renewal premium for the City of Santa Clara and Authorities is \$348,965. Funds are available in the Special Liability Insurance Fund (082-0141-87840).

**RECOMMENDATION:**

That the Council:

- 1) Approve Renewal of Property and Equipment Breakdown Insurance with select providers for the period of July 1, 2015 to July 1, 2016 for the City of Santa Clara and Authorities of the City and authorize payment of insurance premiums to Alliant Insurance in the amount of \$403,867;
- 2) Approve Renewal of Property and Equipment Breakdown Insurance with select providers for the period of July 1, 2015 to July 1, 2016 for Silicon Valley Power and authorize payment of insurance premiums to Alliant Insurance in the amount of \$195,361;
- 3) Approve Renewal of Property and Equipment Breakdown Insurance for the Donald Von Raesfeld (DVR) Plant with Zurich America Insurance Company for the period of July 1, 2015 to July 1, 2016 and authorize payment of insurance premiums to Alliant Insurance in the amount of \$207,953;
- 4) Approve the renewal of the Excess Liability Insurance for the period of July 1, 2015 to July 1, 2016 and authorize payment of insurance premium to Alliant Insurance Services in the amount of \$348,965; and

City Manager for Council Action; Contract Administrator/Executive Director/Executive Officer for Authority/Agency Information

Approve Renewal of Property, Equipment Breakdown, and Excess Liability with select providers for the City of Santa Clara and Authorities of the City

June 16, 2015

Page 4

5) 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

<u>Certified as to Budget Form:</u>	<i>ok. LF</i>
082-0142-87840	\$511,639
860-8014-87840	\$ 60,440
026-2961-87840	\$ 22,080
811-8013-87840	\$ 5,069
082-0141-87840	\$556,918

APPROVED:

  
\_\_\_\_\_

for 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: None*