



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 23, 2015

6:00 pm

Closed Session

Council Conference Room

Conference with Real Property Negotiator

Pursuant to Government Code Section 54956.8

Property: APN 220-05-073, APN 303-04-059, APN 293-12-001,
APN 216-20-032, APN 101-22-084

City/Authority Negotiator: Julio J. Fuentes, City Manager/Executive Director (or designee)

Negotiating Party: Image Real Estate; Alain Pinel Realtors; MRL Group, Inc.; KW Bay Area Estates; Intero Real Estate

Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of payment)

and

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 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. CONTINUANCE/EXCEPTIONS:

3. UNFINISHED BUSINESS:

- A.** Possible Reconsideration of Actions Taken at Immediately Preceding Meeting. (See Summary of Actions for potential reconsideration, which is

Housing Authority - June 23, 2015

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attached to the posted Agenda and is in the Agenda Packet Binder in the Council Chambers.)

4. NEW BUSINESS

- A. 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.

5. 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.

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

- A. Reports regarding conference attendance, if any.

7. CLOSED SESSION MATTERS:

- A. Authority Counsel Reports:

8. ADJOURNMENT:

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

623-15

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 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 REAL PROPERTY NEGOTIATOR

Pursuant to Gov. Code § 54956.8

Property: APN 220-05-073; APN 303-04-059; APN 293-12-001; APN 216-20-032; APN 101-22-084

City/Authority Negotiator: Julio J. Fuentes, City Manager/Executive Director (or designee)

Negotiating Party: Image Real Estate; Alain Pinel Realtors; MRL Group, Inc.; KW Bay Area Estates; Intero Real Estate

Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of payment)

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 19, 2015



RICHARD E. NOSKY, JR.
Housing Authority Counsel

Meeting Date: 6/23/15

AGENDA REPORT

City of Santa Clara, California

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




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

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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

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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

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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