

City of Los Alamitos

Agenda Report Consent Calendar

June 20, 2016
Item No: 8G

To: Mayor Richard D. Murphy & Members of the City Council
Via: Bret M. Plumlee, City Manager
From: Jason Al-Imam, Administrative Services Director
Subject: Property Insurance for the Period of July 1, 2016 to June 30, 2017

Summary: This report recommends approval of Property Insurance with Landmark American Insurance Company for the period July 1, 2016 to June 30, 2017.

Recommendations:

1. Approve the purchase of Property Insurance from Landmark American Insurance Company in a premium amount not to exceed \$82,560 for the period July 1, 2016 to June 30, 2017; and,
2. Authorize the City Manager or designee to execute all documents necessary to purchase such property insurance.

Background

The City of Los Alamitos has historically participated in the property insurance program administered by the California Joint Powers Insurance Authority (CJPIA). However, on July 1, 2016 the City will no longer be a member of CJPIA. Therefore, the City sought quotes for property insurance coverage provided by various providers.

Discussion

As of July 1, 2016 the City will be a member of the California State Association of Counties Excess Insurance Authority (CSAC-EIA), which will provide the City with general liability and workers' compensation coverage. The City sought quotes for property insurance coverage from CSAC-EIA and from the Alliant Property Insurance Program (APIP), a joint purchase insurance program. However, the CSAC-EIA and APIP were unable to provide the City with property insurance coverage at this time due to large losses that were sustained by the City in September 2011 (\$102,219 of water damage to the Police building and Community Center) and September 2012 (\$155,488 of fire damage to the preschool building).

The City also sought quotes from various insurance carriers. Landmark American Insurance Company has agreed to provide property insurance coverage for the period July 1, 2016 to June 30, 2017 for \$82,560, which provides the best value in terms of cost and breadth of coverage. The property insurance covers the total insured value of \$12,825,298 as outlined below:

Buildings and Contents	\$12,575,298
Business Interruption	<u>250,000</u>
Total Insured Value	\$12,825,298

The schedule of insured properties includes the following City facilities:

- City Hall/ Police Station
- Public Works Office and Garage
- Maintenance Shed
- Council Chambers
- Youth Center
- Community Center
- Preschool Building
- Museum
- Administration Offices
- Laurel Park Restroom Facility and Field Lighting

The business interruption insurance and Laurel Park facility insurance is required by the 2006 and 2015 Certificates of Participation. The insurance covers “all risk”, water, earthquake and flood. The maximum insured limit on “all risk” and water coverage is the total insured value (\$12.8 million). The sub-limits on earthquake and flood insurance are \$5 million per occurrence with a \$5 million annual aggregate limit. The deductibles are as follows:


All Risk	\$5,000 Per Occurrence
Water Damage	\$50,000 Per Occurrence
Flood	\$100,000 Per Occurrence
Earthquake	\$5% or \$25,000 Minimum per Occurrence

The City has also purchased separate insurance for vehicles and equipment under the City Manager’s purchasing authority. Consistent with predominant practice infrastructure such as streets and bridges are not insured because it would be cost prohibitive and therefore repair costs are accounted for as a capital project expense. It’s also important to note that normally the federally government reimburses 75 percent of eligible costs incurred by local governments in the event of a catastrophic disaster.

Fiscal Impact

There are sufficient funds in the Fiscal Year 2016/17 Budget to cover the purchase of property insurance.

Submitted By:



Jason Al-Imam
Administrative Services Director

Approved By:



Bret M. Plumlee
City Manager