

# CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

# R-28

333 West Ocean Boulevard 13<sup>th</sup> Floor • Long Beach, CA 90802

October 20, 2009

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to make payment for property and boiler and machinery insurance for the Southeast Resource Recovery Facility for the period of October 20, 2009 through October 20, 2010, for a premium not to exceed \$650,000, payable to Covanta Holding Corporation. (District 2)

## DISCUSSION

The purchase of property and boiler and machinery insurance is required under the terms of the Southeast Resource Recovery Facility (SERRF) revenue bonds and lease, currently with Covanta Holding Corporation.

The current insurance is provided through Veolia Environmental Services North American Corporation, which the City Council previously approved in February 2009. Through a stock purchase in July 2009, Covanta acquired Veolia's North American refuse to energy plants, including the operation of SERRF. Because of this stock purchase and new SERRF operator in Covanta, the City has canceled the insurance with Veolia and has received a prorated refund. The insurance provided by Veolia will end on October 20, 2009. This cancellation will allow SERRF to enter Covanta's property program and ensure SERRF will have continual insurance coverage.

The proposed property insurance will be provided through Covanta Holding Corporation. The current Covanta program covers the property, mechanical breakdown, business interruption, flood, and earthquake coverage on Covanta's-operated refuse-to-energy plants. The requested policy, which covers the period of October 20, 2009 to October 20, 2010, is at a 12-month premium not to exceed \$650,000. The total premium will see an approximate increase of \$100,000 over last year, which was expected as property premium's have continued to rise. The City has explored other options for insurance through the City's broker, but has not identified anything that is as comprehensive or competitive as the insurance offered through Covanta.

Therefore, we are recommending payment be made to Covanta Holding Corporation for the coverage period of October 20, 2009 through October 20, 2010, for a total amount not to exceed \$650,000.

HONORABLE MAYOR AND CITY COUNCIL

October 20, 2009

Page 2

This matter was reviewed by Amy Burton, Deputy City Attorney, on September 23, 2009 and by Budget and Performance Management Bureau Manager David Wodynski on September 28, 2009.

TIMING CONSIDERATIONS

City Council action to authorize the payment of this coverage is requested on October 20, 2009.

FISCAL IMPACT

The total premium cost will not exceed \$650,000 for the period of October 20, 2009 through October 20, 2010. Sufficient funding is budgeted in the Insurance Fund (IS 390) in the Department of Human Resources (HR). This cost is allocated to the SERRF Fund as part of the annual Insurance Fund budget allocation.

SUGGESTED ACTION:


Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS  
ACTING DIRECTOR OF HUMAN RESOURCES

APPROVED:



---

PATRICK H. WEST  
CITY MANAGER