



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

C-16

333 West Ocean Boulevard 13th Floor • Long Beach, CA 90802

March 20, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to purchase property and boiler and machinery insurance for the Southeast Resource Recovery Facility for the period of April 1, 2007 through April 1, 2008, for a premium not to exceed \$670,000, payable to Onyx North America Group or its Montenay Pacific Power Corporation Subsidiary (Citywide).

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.

The current insurance is provided through the Onyx North America Group, parent company of Montenay Pacific Power Corporation, operator of the SERRF Plant. The coverage they have proposed is combined in a group commercial package policy purchased by Onyx North America Group and underwritten by Liberty International, Commonwealth, Zurich American, Westchester, Essex Insurance Companies, and other equivalently secure insurance companies, and naming SERRF and the City as loss payees.

The requested policy, which covers the period of April 1, 2007 to April 1, 2008, provides SERRF with \$300 million in property coverage, \$50 million in boiler and machinery coverage, \$50 million in flood coverage, \$45 million in business interruption, and \$7.5 million in earthquake coverage. This policy carries a deductible of \$250,000 for property losses, a 30-day business interruption deductible, and a five percent earthquake deductible, for a total annual premium not to exceed \$670,000. The coverage remains the same as last year, with a 5% percent increase in premium.

Therefore, we are recommending coverage be purchased through Onyx North America Group for the period of April 1, 2007 through April 1, 2008, for a total amount not to exceed \$670,000.

HONORABLE MAYOR AND CITY COUNCIL

March 20, 2007

Page 2

This matter was reviewed by Lori Conway, Deputy City Attorney, on March 6, 2007 and by Budget and Performance Management Bureau Manager David Wodynski on March 8, 2007.

TIMING CONSIDERATIONS

City Council action to authorize the purchase of this coverage is requested on March 20, 2007 as the coverage period begins April 1, 2007.

FISCAL IMPACT

The total premium cost will not exceed \$670,000 for the period of April 1, 2007 through April 1, 2008. Sufficient funding is budgeted in the Insurance Fund (IS 390) in the Department of Human Resources (HR).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KEN WALKER

ACTING DIRECTOR OF HUMAN RESOURCES

APPROVED:



GERALD R. MILLER
CITY MANAGER