



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • (562) 570-6621

March 22, 2005

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 April 1, 2005 through April 1, 2006, for a premium not to exceed \$650,000, payable to Onyx North America Group or its Montenay Pacific Power Corporation subsidiary.

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, and Essex Insurance Companies, and naming SERRF and the City as loss payees.

The requested policy, which covers the period of April 1, 2005 to April 1, 2006, provides SERRF with \$200 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 \$650,000. The coverage remains the same as last year, with no increase in premium.

Therefore, we are recommending coverage be purchased through Onyx North America Group for the period of April 1, 2005 through April 1, 2006, for a total amount not to exceed \$650,000.

This matter was reviewed by Lisa Malmsten, Deputy City Attorney, on March 7, 2005 and Budget Management Officer David Wodynski, on March 8, 2005.

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TIMING CONSIDERATIONS

City Council action is requested on March 22, 2005 to bind insurance coverage by the April 1, 2005 policy renewal date.

FISCAL IMPACT

The total premium cost will not exceed \$650,000 for the period of April 1, 2005 through April 1, 2006. Sufficient funding has been budgeted in the Insurance Fund (IS 390) in the Department of Human Resources (HR), which will be reimbursed in full by SERRF.

SUGGESTED ACTION:

Approve recommendation.


Respectfully submitted,



KEVIN BOYLAN
DIRECTOR OF HUMAN RESOURCES

KPB:mva
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APPROVED:



GERALD R. MILLER
CITY MANAGER