



CITY OF LONG BEACH **R-16**

DEPARTMENT OF HUMAN RESOURCES

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

February 10, 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 January 1, 2009 through January 1, 2010, for a premium of \$557,251, payable to Veolia Environmental Services North American 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 provided by Veolia Environmental Services North American Corporation.

The current insurance is provided through Veolia Environmental Services North American Corporation, who also operates SERRF's daily operations. The requested policy, which covers the period of January 1, 2009 to January 1, 2010, provides SERRF with \$380 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 12-month premium of \$557,251.

The total premium is flat when compared to last year's 9-month pro-rated premium due to Veolia's ability to secure the best pricing possible due to the volume of insurance it procures for seven Veolia operated refuse to energy cogeneration plants in North America. Following a market evaluation of different insurance options, Veolia renegotiated and moved its cogeneration plant property insurance to Allianz as part of a three-year commitment from Allianz negotiated through 2011. The City has explored other options for insurance for SERRF, but has not identified anything that is as comprehensive or competitive as the insurance offered through Veolia.

Therefore, we are recommending payment be made to Veolia Environmental Services North America Corporation for the coverage period of January 1, 2009 through January 1, 2010, for a total amount not to exceed \$557,251. This policy is in effect and coverage is continuous.

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This matter was reviewed by Amy Burton, Deputy City Attorney, on January 15, 2009 and by Budget Management Officer Victoria Bell on January 20, 2009.

TIMING CONSIDERATIONS

City Council action is requested on February 10, 2009 to expedite the payment of this coverage.

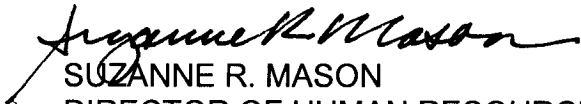
FISCAL IMPACT

The total premium cost is \$557,251 for the period of January 1, 2009 through January 1, 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,


SUZANNE R. MASON
DIRECTOR OF HUMAN RESOURCES

APPROVED:


PATRICK H. WEST
CITY MANAGER