



CITY OF LONG BEACH **R-14**

DEPARTMENT OF HUMAN RESOURCES

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

October 18, 2011

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, 2011 through October 20, 2012, for a premium not to exceed \$855,000, 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. Through a stock purchase in July 2009, Covanta acquired Veolia's North American refuse to energy plants, including the operation of SERRF.

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, 2011 to October 20, 2012, is at a 12-month premium not to exceed \$855,000. The total premium will see an approximate increase of five percent over last year. 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, 2011 through October 20, 2012, for a total amount not to exceed \$855,000.

This matter was reviewed by Deputy City Attorney Amy Webber and Director of Financial Management John Gross on September 22, 2011.

TIMING CONSIDERATIONS

City Council action to authorize the payment of this coverage is requested on October 18, 2011.

FISCAL IMPACT

The total premium cost will not exceed \$855,000 for the period of October 20, 2011 through October 20, 2012. 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. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

APPROVED:



PATRICK H. WEST
CITY MANAGER

Handwritten notes:
10/18/11
10/18/11