



REPORT

DATE ISSUED: February 10, 2015

REPORT NO: HCR15-005

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of March 13, 2015

SUBJECT: 2015-2016 Procurement of Property Insurance Coverage

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Approve the sole source procurement of property insurance coverage from the California State Association of Counties Excess Insurance Authority (CSAC EIA) in an amount not to exceed \$250,000 with effective dates of March 31, 2015 to March 31, 2016.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) approve the procurement of property insurance coverage for the San Diego Housing Commission from CSAC EIA through a sole source contract in an amount not to exceed \$250,000 with effective dates of March 31, 2015 to March 31, 2016.

SUMMARY

Housing Commission staff is asking for authorization to procure property insurance coverage from CSAC EIA through a sole source contract in an amount not to exceed \$250,000 with effective dates of March 31, 2015 to March 31, 2016. A Sole Source Justification Memo is Attachment 1 to this report as required by the Housing Commission's Statement of Procurement Policy.

The Housing Commission currently procures its property insurance coverage from the CSAC EIA insurance pool through a contract awarded based on competitive marketing of the Housing Commission's coverage in 2014 by its insurance broker, Alliant Insurance Services. The marketing process resulted in five bids received, and CSAC EIA was determined to provide the most comprehensive and lowest price coverage available.

CSAC EIA has provided the Housing Commission with a preliminary premium estimate of \$250,000 for the 2015-2016 policy year. Staff anticipates receiving its final renewal premium notice in mid-February 2015.

Alliant Insurance Services has advised the Housing Commission that standard insurance industry practice is to market a particular insurance line of coverage every three years in order to maintain bidding interest from insurance company underwriters. Therefore, since the Housing Commission marketed its property insurance coverage in 2014, and because the CSAC EIA insurance pool allows members to access preferred insurance premium rates, staff is seeking the Housing Commission Board's approval to procure property insurance coverage from CSAC EIA through a sole source contract in an amount not to exceed \$250,000.

In the event that the final CSAC EIA property renewal premium should exceed \$250,000, staff will initiate Housing Authority review and approval of the revised premium in March 2015.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action were approved in the Fiscal Year (FY) 2015 Housing Authority Approved Budget. Approving this action will not change the FY 2015 Total Budget. Funding sources for the portion of the policy year from July 1, 2015, to March 31, 2016, will be budgeted in FY 2016.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

On February 25, 2014, the Housing Authority approved a contract with CSAC EIA for property insurance coverage for the period of March 31, 2014, to March 31, 2015.

On January 17, 2014, the Housing Commission approved a recommendation to the Housing Authority to approve a contract with CSAC EIA for property insurance coverage for the period of March 31, 2014, to March 31, 2015.

ENVIRONMENTAL REVIEW

The purchase of insurance is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b)(5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action.

Respectfully submitted,

Leslie R. Levinson

Leslie R. Levinson
Vice President of Finance &
Chief Financial Officer
Financial Services Department

Approved by,

Jeff Davis

Jeff Davis
Executive Vice President &
Chief Operating Officer
San Diego Housing Commission

Attachments: 1) Justification of Sole Source Contract

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.

**JUSTIFICATION FOR SOLE SOURCE CONTRACT WITH
CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXCESS INSURANCE AUTHORITY
FOR PROPERTY INSURANCE**

WHEREAS, the San Diego Housing Commission has an immediate need for property insurance coverage; and

WHEREAS, the San Diego Housing Commission is a member of the California State Association of Counties Excess Insurance Authority (CSAC EIA), which is a Joint Powers Authority (JPA); and

WHEREAS, the San Diego Housing Commission retained an insurance broker to market its property insurance coverage in 2014, and determined based on five quotes received that CSAC EIA provided the most comprehensive and lowest price coverage available; and

WHEREAS, on January 17, 2014, the San Diego Housing Commission Board of Commissioners approved a recommendation to the Housing Authority of the City of San Diego to approve the procurement of property insurance coverage from CSAC EIA for the period of March 31, 2014, through March 31, 2015; and

WHEREAS, on February 25, 2014, the Housing Authority of the City of San Diego approved the procurement of property insurance coverage from CSAC EIA for the period of March 31, 2014, through March 31, 2015; and

WHEREAS, standard insurance practice is to market a particular insurance line of coverage every three years in order to maintain bidding interest from insurance company underwriters; and

WHEREAS, the San Diego Housing Commission desires to sole source a contract with CSAC EIA to renew its Property All Risk insurance coverage for the period of March 31, 2015 through March 31, 2016, in the estimated amount of \$250,000; and

WHEREAS, San Diego Housing Commission Statement of Procurement Policy (PO-PUR-373.1) Section 14.1.1 authorizes the sole sourcing of contracts in specified circumstances, and justification exists for the sole sourcing of a contract with CSAC EIA;

WHEREFORE, the San Diego Housing Commission makes the following findings:

- A. The Commission is a member of the CSAC EIA JPA which allows it to access preferred rates offered to members of the JPA, and as such, satisfies Statement of Procurement Policy Section 14.1.1(A).
- B. The reasonableness of the price charged by the CSAC EIA for participation in the property insurance program has been determined in accordance with Statement of Procurement Policy Section 14.1.3.

Dated: _____, 2015

Leslie R. Levinson
Vice President & Chief Financial Officer

Jeff Davis
Executive Vice President &
Chief Operating Officer

Maurcell L. Gresham
Director of Procurement