



## REPORT

**DATE ISSUED:** June 4, 2015

**REPORT NO:** HCR15-059

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of June 25, 2015

**SUBJECT:** Fiscal Year 2016 Procurement of Commercial General Liability Insurance Coverage

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

Approve the purchase of Commercial General Liability, Pesticide Liability, Sexual Abuse Liability, Terrorism Liability, and Mold/Fungi/Bacteria Liability Insurance coverage from Housing Authority Risk Retention Group in an amount not to exceed \$183,090, with effective dates of July 1, 2015, to June 30, 2016.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) authorize the President & Chief Executive Officer to purchase Commercial General Liability, Pesticide Liability, Sexual Abuse Liability, Terrorism Liability, and Mold/Fungi/Bacteria Liability Insurance coverage (Commercial Liability and related Liability coverages) for the Housing Commission from Housing Authority Risk Retention Group (HARRG) in an amount not to exceed \$183,090, with effective dates of July 1, 2015, to June 30, 2016.

### **SUMMARY**

Housing Commission staff is asking for authorization to purchase Commercial Liability and related Liability coverages from HARRG in an amount not to exceed \$183,090, with effective dates of July 1, 2015, to June 30, 2016.

The Housing Commission currently procures its Commercial Liability and related Liability coverages from HARRG. Staff worked with the Housing Commission's insurance broker, Alliant Insurance Services, Inc., to competitively market its Commercial General Liability and related Liability coverages to all carriers who write policies for similar classes of business (habitational) during the insurance renewal process for the period of July 1, 2014, to June 30, 2015. Based upon this competitive process for the July 1, 2014, renewal, staff does not recommend a new competitive process again for the policy year beginning July 1, 2015. Generally, staff considers it best practice to remarket its insurance coverages every two to three years to continue to obtain the most competitive pricing.

Staff recommends procuring coverage from HARRG for the Fiscal Year (FY) 2016 policy year renewal based on a combination of pricing, continuity of coverage, coverage terms, exclusions, policy form, sub-limits and the fact that the policy was competitively marketed for FY 2015. The premium is increasing from \$173,830 for FY 2015 to \$183,090 for FY 2016, an increase of \$9,260 or 5.3 percent. This pricing increase is reflective of an increase in the number of units owned by the Housing Commission. On May 1, 2015, the Housing Commission purchased Village North Senior Garden Apartments, which increased

the number of Housing Commission owned units from 2,221 to 2,341, an increase of 120 units or 5.4 percent, resulting in the premium increase.

**FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action were included in the FY 2016 Housing Commission Budget. Approving this action will not change the FY 2016 Total Budget.

**Funding sources approved by this action will be:**

All Housing Commission operational funds, as ratably charged per the Housing Commission's federal Office of Management and Budget Circular A-87-compliant allocation methodology - \$183,090

**Funding uses approved by this action will be as follows:**

Insurance Expense - \$183,090

**PREVIOUS COUNCIL and/or COMMITTEE ACTION**

On May 21, 2014, the Housing Commission, based upon a competitive process, approved a contract in an amount not to exceed \$173,830 with HARRG for the purpose of procuring Commercial Liability, Pesticide Liability, Sexual Abuse Liability, Terrorism Liability, and Mold/Fungi/Bacteria Liability Insurance effective from July 1, 2014, through June 30, 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 Levinson*

Leslie Levinson  
Vice President of Financial Services &  
Chief Financial Officer

Approved by,

*Jeff Davis*

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

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](http://www.sdhc.org).