



Good Neighbors

San Diego Housing Commission

REPORT

DATE ISSUED: June 12, 2006 REPORT NO: HCR 06-43
ATTENTION: Chair and Members of the Housing Commission ITEM: 101
For the Agenda of July 7, 2006
SUBJECT: California State Association of Counties (CSAC) Excess Insurance Authority and
California Public Entity Insurance Authority

REQUESTED ACTION: Board of the Housing Commission ratification of a sole source contract with Driver/Alliant Insurance Services for the purpose of procuring, through CSAC, insurance with effective dates of March 31, 2006 to March 31, 2007.

STAFF RECOMMENDATION: That the Housing Commission ratify a sole source contact in the amount of \$107,630 with Driver/Alliant Insurance Services for the purpose of procuring, through CSAC, All Risk Property Insurance including Flood on Real & Personal Property, Rental Income, Transit, EDP, Media & Extra Expense including Sabotage and Terrorism insurance with effective dates of March 31, 2006 to March 31, 2007.

SUMMARY: The California State Association of Counties (CSAC) created a risk retention group to insure California counties against first party losses (property insurance). CSAC subsequently created the California Public Entities Insurance Authority (CPEIA) in order to allow other California public agencies to participate in the risk retention group administered by CSAC.

Risk retention groups can provide more competitive insurance rates because the risk of loss is spread among only the members of the risk retention group. Members of the same risk retention group often share common business characteristics.

The Housing Commission currently participates in the CSAC Excess Insurance Authority Property Insurance Program through CPEIA. Driver/Alliant Insurance Services is the exclusive agent for the CSAC Excess Insurance Authority Property Insurance Program, whose membership includes the City of San Diego, the County of San Diego, the San Diego Transit Corporation, and other public agencies.

The annual period extends from March 31, 2006 to March 31, 2007. Despite the annual period beginning on March 31, 2006 the premium for the policy is not billed until July, and is due by July 31, 2006. We were able to obtain an early determination of the premium amount of \$107,630 from the vendor for the annual premium.

The Housing Commission did not publish a request for qualifications in connection with its current participation in the CSAC Excess Insurance Authority Property Insurance Program since Driver/Alliant Services is the exclusive agent for this program. This item is being brought before the Housing Commission at this time because the total cost exceeds the \$100,000 threshold of the Chief Executive Officer's signature authority.



Housing Commission administrative regulation 203.100 authorizes the sole sourcing of contracts in accordance with established criteria. Among the criteria justifying the sole sourcing of a contract is: “the item is available only from a single source, based on a good faith review of available sources.”

Driver/Alliant Insurance Services is the exclusive agent for the CSAC Excess Insurance Authority Property Insurance Program. This program offers good coverage at competitive rates, and is the insurance program of choice for the City of San Diego, the County of San Diego, the San Diego Transit Corporation, and numerous other public agencies.

FISCAL CONSIDERATIONS: Approval of this action will result in an expenditure of \$107,630. Funding for this contract is contained in the FY06/07 Budget.

ENVIRONMENTAL REVIEW: This action is categorically exempt from the provisions of CEQA pursuant to State CEQA Article 19 Guidelines Section 15301 (existing facilities). It is also categorically excluded from the provisions of NEPA under the provisions of 24 Code of Federal Regulations 58.35(b).

Respectfully submitted,

Approved by,

**Signature on File
With Original Document**

Edward P. Mauk
Director of Financial Services

Elizabeth C. Morris
President & Chief Executive Officer

Attachments: #1 “Justification for Sold Source Contract with Driver/Alliant”

JUSTIFICATION FOR SOLE SOURCE CONTRACT WITH DRIVER/ALLIANT INSURANCE SERVICES FOR INSURANCE SERVICES RENDERED IN CONNECTION WITH THE CSAC EXCESS INSURANCE AUTHORITY PROPERTY INSURANCE PROGRAM

WHEREAS, the San Diego Housing Commission has an immediate need for first party property insurance coverage.

WHEREAS, the California State Association of Counties and the California Public Entities Insurance Authority administer the CSAC Excess Insurance Authority Property Insurance Program, which is only available to California public agencies.

WHEREAS, the San Diego Housing Commission currently participates in the CSAC Excess Insurance Authority Property Insurance Program along with the City of San Diego, County of San Diego, San Diego Transit Corporation, and a multitude of other public agencies.

WHEREAS, Driver/Alliant Insurance Services is the exclusive agent for the CSAC Excess Insurance Authority Property Insurance Program.

WHEREAS, the San Diego Housing Commission desires to sole source a contract with Driver/Alliant Insurance Services for services rendered in connection with the agency's participation in the CSAC Excess Insurance Authority Property Insurance Program for the period March 31, 2006 through March 31, 2007.

WHEREAS, San Diego Housing Commission administrative regulation 203.100 authorizes the sole sourcing of contracts in specified circumstances, and justification exists for the sole sourcing of a contract with Driver/Alliant Insurance Services.

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

- A. Driver/Alliant Insurance Services is the exclusive agent for the CSAC Excess Insurance Authority Property Insurance Program, and as such, satisfies AR203.100, 3.5A(a).
- B. Driver/Alliant Insurance Services receives its compensation for services rendered directly from the CSAS Excess Insurance Authority.
- C. The reasonableness of the price charged by the CSAS Excess Insurance Authority for participation in the CSAC Excess Insurance Authority Property Insurance Program has been determined in accordance with AR203.100, 3.6B(2).

Dated: May 26, 2006

Signature on File
With Original Document
Carrol Vaughan
Vice President and Chief Operating Officer