



## REPORT

**DATE ISSUED:** June 9, 2016

**REPORT NO:** HCR16-059

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of June 17, 2016

**SUBJECT:** Fiscal Year 2017 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 \$203,898, with effective dates of July 1, 2016, to June 30, 2017.

### **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 \$203,898, with effective dates of July 1, 2016, to June 30, 2017.

### **SUMMARY**

Housing Commission staff is asking for authorization to purchase Commercial Liability and related Liability coverages from HARRG in an amount not to exceed \$203,898, with effective dates of July 1, 2016, to June 30, 2017.

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.

Generally, staff considers it best practice to remarket its insurance coverages every three years to continue to obtain the most competitive pricing. Based upon the competitive process for the July 1, 2014, renewal, staff does not recommend a new competitive process again for the policy year beginning July 1, 2016. Staff plans to competitively market its Commercial Liability and related Liability coverages to all carriers who write policies for similar classes of business next year. Staff recommends procuring coverage from HARRG for the Fiscal Year (FY) 2017 policy year (July 1, 2016 – June 30, 2017) based on a combination of pricing, continuity of coverage, coverage terms,

exclusions, policy form and sub-limits. Based on the current policy, the premium would increase from \$183,090 for FY 2016 to \$185,362 for FY 2017, an increase of \$2,272 or 1.2 percent (Table 1).

Due to the proposed changes in FY 2017 to the Housing Commission's operations (performing all property management with Housing Commission staff instead of contracting with private management), staff recommends allowing for an additional 10 percent contingency increase (\$18,536) for the premium shown above (Table 2). Staff recommends approving a Liability insurance contract not to exceed \$203,898.

**Table 1**

	<b>FY16</b>	<b>FY17</b>	<b>Difference in \$</b>	<b>Difference in %</b>
Premium	\$183,090	\$185,362	\$2,272	1.2%

**Table 2**

	<b>FY17</b>	<b>10% Contingency</b>	<b>Total</b>
Premium	\$185,362	\$18,536	<b><u>\$203,898</u></b>

### **FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action were included in the FY 2017 Housing Commission Budget. Approving this action will not change the FY 2017 Total Budget.

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

Ratably applied per the Housing Commission's current allocation methodology (as approved by HUD) - 203,898.

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

Insurance Expense - \$203,898

### **EQUAL OPPORTUNITY/CONTRACTING**

HARRG is a nonprofit risk retention group that is owned by the members it insures (housing authorities) and is not subject to the requirement to submit a Workforce Report.

### **PREVIOUS COUNCIL and/or COMMITTEE ACTION**

On June 25, 2015, the Housing Commission, approved a contract in an amount not to exceed \$183,090 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, 2015, through June 30, 2016.

### **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.

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Respectfully submitted,



Tracey McDermott  
Vice President of Financial Services &  
Chief Financial Officer

Approved by,



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

Hard copies are available for review during business hours at the security information desk 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 in the “Public Meetings” section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).