

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE DIRECTOR OF FINANCE TO (A) PURCHASE INSURANCE POLICIES FOR THE SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY CAPITAL IMPROVEMENT PROGRAM, WITH TOTAL COST NOT TO EXCEED \$7,221,283 INCLUDING ESTIMATED INSURANCE PREMIUMS OF \$4,661,872 AND A TOTAL MAXIMUM DEDUCTIBLE OF \$2,559,411, AS WELL AS A CASH COLLATERAL FUND OF \$1,496,471, WITH PREMIUMS TO BE PAID IN FOUR ANNUAL INSTALLMENTS AND SUBJECT TO THE ANNUAL APPROPRIATION OF FUNDS; AND (B) EITHER RENEW AN EXISTING, OR SECURE QUOTES AND PURCHASE A NEW, MASTER BUILDERS RISK INSURANCE POLICY WITH SPECIAL ENDORSEMENT FOR FLOOD TO PROVIDE BUILDER'S RISK COVERAGE THROUGH 2026 AS NECESSARY, WITH A PROJECTED \$906,000 IN PREMIUMS

WHEREAS, on December 13, 2016, the City Council approved an agreement with Alliant Risk Insurance Services, Inc. ("Alliant") to provide broker, administrative, and claims management services to assist the City of San José ("City") with the marketing and implementation of a multiline owner-controlled insurance program ("OCIP") to provide a centralized insurance program for losses associated with onsite construction of projects for the Capital Improvement Program ("CIP") at the San José-Santa Clara Regional Wastewater Facility ("RWF"); and

WHEREAS, on June 20, 2017, the City Council approved the purchase of insurance products for an OCIP at the RWF, including commercial general liability, excess liability, workers' compensation, builder's risk, and pollution liability insurance, and in July 2017, the City implemented an OCIP with the Cogeneration Facility being the first capital project covered by the program; and

WHEREAS, in May 2021, staff began evaluating the feasibility of implementing a second OCIP to cover projects that concluded after March 30, 2023, including the Digested Sludge Dewatering Facility project, which is expected to commence in early 2022 but is not projected to achieve beneficial use until January 2025; and

WHEREAS, due to available insurance products and policy terms, capital improvement projects at the RWF concluding after March 30, 2023 would be covered through a second OCIP or through the requirement of contractor provided insurance; and

WHEREAS, the City has compared and reviewed insurance quotes presented by Alliant in November 2021, and desires to authorize the selection and purchase of the policies of insurance as described in the memorandum from the Director of Finance dated December 15, 2021 to generate program savings and enhance safety, risk, and claims management services during the next five years of capital projects at the RWF;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

The Director of Finance is hereby authorized to:

- A. Purchase insurance policies for the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program, with total cost not to exceed \$7,221,283 including estimated insurance premiums of \$4,661,872 and a total maximum deductible of \$2,559,411, as well as a cash collateral fund of \$1,496,471, with premiums to be paid in four annual installments and subject to the annual appropriation of funds, as follows:

1. Federal Insurance Company: Commercial General Liability Insurance and Workers' Compensation Insurance with a Program Agreement Endorsement stipulating terms of the cash collateral fund management.
 2. Allied World Assurance Company, Inc.: Commercial Excess Liability Insurance.
 3. Endurance Risk Solutions Assurance Company: Commercial Excess Liability Insurance.
 4. Liberty Surplus Insurance Corporation: Commercial Excess Liability Insurance.
 5. Great American Assurance Company: Commercial Excess Liability Insurance.
 6. Westchester Surplus Lines Insurance Company: Commercial Excess Liability Insurance.
 7. Ironshore Specialty Insurance Company: Contractors Pollution Liability Insurance.
 8. Berkley Assurance Company: Owners Protective Professional Liability Insurance.
- B. Either renew an existing, or secure quotes and purchase a new, Master Builder's Risk Insurance policy with special endorsement for Flood to provide builder's risk coverage through 2026 as necessary, with a projected \$906,000 in premiums, the cost of which is included in the estimated insurance premiums above.

ADOPTED this _____ day of _____, 2022, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk