SAN JOSÉ/SANTA CLARA TREATMENT PLANT ADVISORY COMMITTEE

CHUCK REED, CHAIR
PETE McHUGH, MEMBER
KEVIN MOORE, MEMBER
JAMIE MATTHEWS, MEMBER
MADISON NGUYEN, MEMBER
KEN YEAGER, MEMBER
JOHN GATTO, MEMBER
ED SHIKADA, MEMBER
KANSEN CHU, MEMBER

AGENDA/TPAC

4:30p.m. **October 11, 2012** **Room 1734**

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1. ROLL CALL

2. APPROVAL OF MINUTES

A. September 13, 2012

3. UNFINISHED BUSINESS/REQUEST FOR DRFERRALS

4. AGREEMENTS/ACTION ITEMS

A. Environmental Services Department Audit

Recommendation: TPAC Approval of:

Environmental Services Department Audit referred by the Public Safety, Finance and Strategic Committee on August 16, 2012, and accepted by the City Council on August 28, 2012.

The San Jose City Council accepted the Audit on August 28, 2012.
(Audit Report to be handed out to TPAC members only.)

B. Approval of Citywide Insurance Renewals

Recommendation: TPAC Approval of:

Adopt a resolution authorizing the City Manager to select and purchase certain City property and liability insurance policies for the period October 1, 2012 to October 1, 2013, at a total cost not to exceed $1.6 million for all policies, with the following insurance carriers:

1. Lexington Insurance Company, (Boston, MA) - or other insurers that the City is currently in negotiations with - for Property Insurance, including Boiler & Machinery.

2. National Union Fire Insurance Company (New York, NY) to provide the following coverage:

- Airport Owners and Operators Liability including War Risks & Extended Perils Coverage (Primary and Excess).
- Police Aircraft Hull & Liability including War Risks & Extended Perils.

3. St Paul/Travelers Insurance Company, (Hartford, CT) - or other insurers that the City is currently in negotiations with - for Automobile Liability (Airport fleet vehicles including Shuttle Buses, and Water Pollution Control Plant (WPCP) fleet vehicles) and Airport Shuttle Bus physical damage.

4. Indian Harbor Insurance Company, (Stamford, CT) for Secondary Employment Law Enforcement Professional Liability.

The San Jose City Council approved this matter on September 25, 2012.

C. Agreement with the Santa Clara Valley Water District for the Operation and Maintenance of the Silicon Valley Advanced Water Purification Center

Recommendation: TPAC Approval of:

Adopt a resolution authorizing the City Manager to execute an agreement between the City of San José and the Santa Clara Valley Water District for the operation and maintenance of the Silicon Valley Advance Water Purification Center.

The San Jose City Council is scheduled to consider this matter on October 16, 2012.

D. First Amendment to ESA + J&S Joint Venture Agreement to Expedite Plant Master Plan Implementation

Recommendation: TPAC Approval of:

Approve a First Amendment to the Agreement between the City of San José and Environmental Science Associates, Inc. and Jones & Stokes Associates, Inc. (ESA + J&S) to expand their services on the Plant Master Plan environmental documentation to include a) a separate CEQA process for a co-generation facility, b) coordination with regulatory agencies, and c) minor additional work within the original scope. The amendment would increase the maximum compensation by $453,971 not to exceed $2,453,971, and to extend the term through June 30, 2014.

The San Jose City Council is scheduled to consider this matter on October 16, 2012.

5. REPORTS

Open Purchase Orders Greater Than $100,000

A. The attached monthly Procurement and Contract Activity Report summarizes the purchase and contracting of goods with an estimated value between $100,000 and $1 million and of services between $100,000 and $250,000.

6. <u>OTHER BUSINESS/CORRESPONDENCE</u>

7. <u>STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC</u>

A. <u>Master Consultant Agreement With RMC Water And Environment to develop a master plan for the South Bay Water Recycling Program</u>

Recommendation: TPAC Approval of:

Approval of a master agreement with RMC Water and Environment to develop a Master Plan (Plan) for the South Bay Water Recycling (SBWR) Program for a total compensation not-to exceed amount of $2,400,000, and for a term upon execution of the agreement through June 30, 2014.

The San Jose City Council approved this matter on September 18, 2012.

8. <u>MISCELLANEOUS</u>

A. The next TPAC meeting is November 8, 2012, at 4:30 p.m. City Hall, City Manager's Office, 17th Floor, Room 1734.

9. <u>OPEN FORUM</u>

10. <u>ADJOURNMENT</u>

NOTE: If you have any changes or questions, please contact Monica Perras, Environmental Services, 408-975-2515.
To request an accommodation or alternative format for City-sponsored meetings, events or printed materials, please call Monica Perras at (408) 975-2515 or (408) 294-9337 (TTY) as soon as possible, but at least three business days before the meeting/event.

<u>Availability of Public Records</u>. All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at San Jose City Hall, 200 East Santa Clara Street, 10th Floor, Environmental Services at the same time that the public records are distributed or made available to the legislative body.

MINUTES OF THE
SAN JOSE/SANTA CLARA
TREATMENT PLANT ADVISORY COMMITTEE
City Hall, City Manager's Office, 17th Floor, Room 1734
Thursday, September 13, 2012 at 4:30 p.m.

1. ROLL CALL

Minutes of the Treatment Plant Advisory Committee convened this date at 5:00 p.m. Roll call was then taken, with the following members in attendance:

Committee members: Pete McHugh, Kevin Moore, Madison Nguyen, Ed Shikada, Chuck Reed, Kansen Chu

Staff present: Monica Perras, Joanna De Sa, Rene Eyerly, Rosa Tsongtaatarii, Kerrie Romanow, Ashwini Kantak, Linda Charfauros

Others present: Jon Newby (West Valley Sanitation), Kathleen Phalen, (City of Milpitas), Chris de Groot, (City of Santa Clara), Josh Warland, (Student), David Wall (member of the public).

2. APPROVAL OF MINUTES

A. August 2, 2012
David Wall presented a speaker card on this item
Item 2.A was approved unanimously.

3. UNFINISHED BUSINESS/REQUEST FOR DEFERRALS

4. AGREEMENTS/ACTION ITEMS

A. Master Consultant Agreement With RMC Water And Environment to develop a master plan for the South Bay Water Recycling Program

Recommendation: TPAC Approval of:

Approval of a master agreement with RMC Water and Environment to develop a Master Plan (Plan) for the South Bay Water Recycling (SBWR) Program for a total compensation not-to exceed amount of $2,400,000, and for a term upon execution of the agreement through June 30, 2014.

The San Jose City Council is scheduled to consider this matter on September 18, 2012.
David Wall presented a speaker card on this item
Item 4.A was approved unanimously.

5. REPORTS

A. Open Purchase Orders Greater Than $100,000

The attached monthly Procurement and Contract Activity Report summarizes the purchase and contracting of goods with an estimated value between $100,000 and $1 million and of services between $100,000 and $250,000.
Item 5.A was approved to note and file

6. OTHER BUSINESS/CORRESPONDENCE

7. STATUS OF ITEMS *PREVIOUSLY* RECOMMENDED FOR APPROVED BY TPAC

A. Report on Request for Qualification (RFQ) for temporary staffing resources at the Water Pollution Control Plant (WPCP):

Recommendation: TPAC Approval of:

1. Accept Telstar Instruments' proposal to provide Instrumentation Control Technicians, and Industrial Electricians; and adopt a resolution authorizing the City Manager to negotiate and execute an agreement with Telstar Instruments, not to exceed $3,000,000 for the first twelve months of the agreement, subject to the appropriation of funds and

2. Reject all proposals for temporary staffing resources for Plant Operators and Plant Mechanics, and authorize the City Manager to enter into negotiations with any firm that can provide temporary staffing resources without further competition, with the final agreement(s) subject to Council approval.

The San Jose City Council is scheduled to consider this matter on August 14, 2012.
David Wall presented a speaker card on Item 7.A
Item 7 A, 1-2 was approved to note and file.

8. MISCELLANEOUS

A. The next TPAC meeting will be October 11, 2012, at 4:30p.m., City Hall, City Manager's Office, 17th Floor, Room 1734.

9. PUBLIC COMMENT

David Wall presented a speaker card on various topics.

10. ADJOURNMENT

A. The Treatment Plant Advisory Committee adjourned at 4:40 p.m.

Chuck Reed, Chair

Treatment Plant Advisory Committee

COUNCIL AGENDA: 8-28-12
ITEM: 7.1

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Dennis Hawkins, CMC
City Clerk

SUBJECT: **SEE BELOW**

DATE: 8-23-12

SUBJECT: ENVIRONMENTAL SERVICES DEPARTMENT AUDIT

RECOMMENDATION

As referred by the Public Safety, Finance and Strategic Support Committee on August 16, 2012 and outlined in the attached memos previously submitted to the Public Safety, Finance and Strategic Support Committee, accept the Environmental Services Department Audit.

COUNCIL AGENDA: 9-25-12
ITEM: 3.6

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: APPROVAL OF CITYWIDE INSURANCE RENEWALS

DATE: September 5, 2012

Approved

Date 9/11/12

RECOMMENDATION

Adopt a resolution authorizing the City Manager to select and purchase certain City property and liability insurance policies for the period October 1, 2012 to October 1, 2013, at a total cost not to exceed $1.6M for all policies, with the following insurance carriers:

1. Lexington Insurance Company, (Boston, MA) - or other insurers that the City is currently in negotiations with - for Property Insurance, including Boiler & Machinery.

2. National Union Fire Insurance Company (New York, NY) to provide the following coverage:

    - Airport Owners and Operators Liability including War Risks & Extended Perils Coverage (Primary and Excess).
    - Police Aircraft Hull & Liability including War Risks & Extended Perils.

3. St Paul/Travelers Insurance Company, (Hartford, CT) - or other insurers that the City is currently in negotiations with - for Automobile Liability (Airport fleet vehicles including Shuttle Buses, and WPCP fleet vehicles) and Airport Shuttle Bus physical damage.

4. Indian Harbor Insurance Company, (Stamford, CT) for Secondary Employment Law Enforcement Professional Liability.

OUTCOME

Approval of these insurance policies will ensure the City maintains appropriate insurance coverage to provide financial protection from catastrophic loss for the City.

EXECUTIVE SUMMARY

The recommended insurance policies will provide the City with protection against loss due to a catastrophic event. Annually, the Finance Department, on behalf of the City, analyzes the City's insurance coverage with their Insurance Broker, Marsh Risk and Insurance Services (Marsh USA). Marsh receives competitive quotes from the insurance market and presents them to the City for consideration. After reviewing the scope of coverage, cost, financial strength to pay claims and resources available to provide services, the Finance Department determines the appropriate insurance coverage and recommends the most advantageous insurance polices. All policies are for a one year term.

BACKGROUND

Every year, the City of San Jose ("City") purchases insurance to protect the City against a catastrophic event, when the frequency of events cannot be predicted, the severity of potential loss could seriously hamper operations, and where the cost of the insurance policy is not prohibitive.

The insurance polices are for a one year term. Annually, the City utilizes its insurance broker, Marsh Risk and Insurance Services to review and analyze the City's insurance and coverage requirements, and obtain competitive insurance quotes.

The insurance policies addressed in this memorandum have an annual renewal date of October 1, 2012. The annual premiums are subject to change during the term due to changes in property schedules, equipments lists, etc.

ANALYSIS

Annually, the Finance Department reviews the City's risk exposures with the City's insurance broker. In June, 2008, Marsh Risk & Insurance Services ("Marsh") was selected through a competitive RFP process as the City' s broker. Marsh's responsibilities include working with Staff to analyze the City's needs, and issuing competitive quotes to obtain the most cost effective insurance coverage.

Major insurance companies were solicited to provide quotes for the aforementioned policies. The quotes were compared and evaluated with respect to scope of coverage, cost, the financial strength to pay claims, and the availability of resources to provide services such as property inspections and loss control. Appendix A reflects the best value coverage, renewal premiums and insurance carriers available. The quoted renewal premiums are subject to market fluctuations prior to October 1, 2012. Additionally, premiums may change based upon the addition or deletion of covered properties during the policy term. Appendix B provides a comparison of insurance premiums by fund and type of insurance. This comparison shows that the aggregate insurance quotes received are 6.6% higher than last year. This incorporates a 1% increase in City insured property values, a 10% decrease in the number of police officers in the secondary employment program, a 12% decrease in the number of vehicles insured, and no change in the number of enplanements at the Airport. However, this renewal has also been adversely impacted by a $2.5M insured property loss (Kelley House fire) and an internal audit of the management of the Police Secondary Employment program. The audit has thirty recommendations for improvement.

A. Insurance Coverage Recommended

1. All Risk including Boiler & Machinery Property Insurance

Provides coverage for City owned and leased real and personal property (including buildings, contents, business interruption, boiler and machinery, EDP equipment and media, fine arts, loss of rents, expediting expenses, off premises services interruption, unnamed locations, transit, accounts receivable, valuable papers, and other coverage as detailed in the policy forms subject to sub-limits as defined in the policy). This includes property previously owned by the Redevelopment Agency of the City of San José which as a result of the dissolution of the Redevelopment Agency on February 1, 2012 is now owned by the City as Successor Agency to the Redevelopment Agency. The property insurance limit is $1 billion each occurrence with a $100,000 deductible per occurrence. The annual rate for the 10/1/2012 renewal is .0375 per $100 of insured value.

Insurance Carrier: Currently Lexington Insurance Company. Negotiations with other insurance providers are currently in-process.

2. Airport Owners and Operators Liability including War Risks & Extended Perils Coverage

Provides coverage for those sums that the City becomes legally obligated to pay as damage because of bodily injury, property damage and personal injury resulting from airport operations. Additionally, program provides coverage for bodily injury or property damage caused by war and other perils.

Insurance Carrier: National Union Fire Insurance Company

3. Secondary Employment Law Enforcement Professional Liability

Provides coverage for an actual or alleged error or omission, negligent act, neglect or breach of duty by the City's police officers who have been approved to participate in the Secondary Employment program by the City's Secondary Employment Unit (SEU) while conducting law enforcement activities on behalf of an approved third party secondary employer, which result in bodily injury, property damage or personal injury.

Insurance Carrier: Indian Harbor Insurance Company

4. **Automobile Liability**

   Provides coverage for bodily injury, property damage and personal injury for claims arising out of the operation of the Airport and Water Pollution Control Plant auto fleets.

   Currently St. Paul / Travelers Insurance Company. Negotiations with other insurance providers are currently in-process.

5. **Airport Shuttle Bus –Physical Damage**

   Provides comprehensive physical damage (i.e. fire, theft, vandalism, malicious mischief) and collision damage subject to a $25,000 deductible.

   Currently Insurance Carrier: St. Paul / Travelers Insurance Company. Negotiations with other insurance providers are currently in-process.

6. **Police Aircraft Hull and Liability including War Risks & Extended Perils Coverage**

   Provides coverage for those sums that the City becomes legally obligated to pay as damages because of bodily injury (including passengers), property damage and hull coverage for the Cessna 182 and American Eurocopter EC 120B. Additionally, program provides coverage for bodily injury or property damage caused by war and other perils resulting from aviation operations. Provides coverage for two (2) aircraft, N408DC and N2705 with current hull values of $1,750,000 and $275,000 respectively and limit of liability of $50,000,000. War coverage was included within this policy. Insurers who previously declined to quote this renewal include Starr Aviation, Global Aerospace and Allianz.

   Insurance Carrier: National Union Fire Insurance Company

Appendix A provides a detailed table comparing the current insurance program by coverage levels, carrier(s) and premiums to the recommended renewal program. Please note that with respect to Property (including Boiler & Machinery), Automobile Liability (Airport fleet vehicles including Shuttle Buses, and WPCP fleet vehicles) and Airport Shuttle Bus physical damage coverages, final coverage levels, carriers and/or premiums may be modified depending on the outcome of pending negotiations. However, the total cost will not exceed $1.6M for all policies which are the subject of this memorandum, without further authorization from Council.

B. Insurance Coverage Not Recommended

The insurance coverages described below were reviewed and analyzed by staff and were determined to be cost prohibitive. Staff, in consultation with our insurance broker, will continue to review the market on a periodic basis and make the appropriate recommendations to Council should anything change.

1. Terrorism Risk Insurance Act of 2002 (TRIA)

Provides coverage for insured losses resulting from certified acts of terrorism as defined by TRIA. For those participating, coverage is currently provided through a temporary Federal program. TRIA was extended by Congress on December 31, 2005 for an additional two years to expire on December 31, 2007, and has since been further extended and amended.

Under TRIA, there is a $5 million aggregate requirement. Total damages suffered by all insureds from an "Act of Terrorism" as defined by TRIA must be at least $5 million. If the $5 million threshold is met, coverage applies subject to specific policy terms and conditions..

The cost of purchasing TRIA coverage is summarized below:

All Risk and Boiler & Machinery Property Insurance	$ 170,094
Airport Owners and Operators Liability	$ 4,732
Police Aircraft Hull & Liability	$434
Total estimated TRIA Premium	**$ 175,260**

See Appendix A for detailed description on costs associated with TRIA.

2. Excess Workers' Compensation

Excess insurance indemnifies the City for Workers' Compensation Claims. In the spring of 2004, the City's previous insurance broker evaluated the benefits and costs of obtaining Excess Workers' Compensation insurance. The cost of purchasing Worker's Compensation insurance was determined to be prohibitive at that time.

In the last six months, the Risk Management Staff have been working with the insurance broker (Alliant) of the California State Association of Counties Excess Insurance Authority (CSAC-EIA), a large statewide joint powers authority of California public entities, including cities, to evaluate the cost of excess workers' compensation insurance. For a limit of $5M in employer's liability and statutory for workers' compensation, the evaluation yields the following coverage indications:

Self-Insured Retention per Occurrence	Annual Premium
$5M	$416,906
$3M	$768,000
$2M	$1,002,000
$1M	$1,387,000

The City has not had a single workers' compensation claim costing over $2M in the last 20 years. Given the high self-insured retentions and annual premiums, it is staff's opinion that it is not cost effective to purchase excess worker's compensation insurance at this time in light of the City's claim cost history.

3. Excess Liability

Liability insurance indemnifies the City for third-party claims alleging Bodily Injury, Property Damage, and Personal Injury arising from City premises, operations and vehicles.

The City has historically been self-insured for its exposures to third-party liability claims, with the exception of the Airport Owners and Operators Liability Insurance program.

The Finance Department working with the insurance broker of CSAC-EIA recently obtained the following coverage indications for excess liability insurance for a coverage **limit of $25M**:

Self-Insured Retention per Occurrence	Annual Premium
$10M	$586,823
$5M	$1,236,823
$3M	$1,546,059
$2M	$1,962,477
$1M	$2,802,274

This insurance would extend to provide coverage for such potentially high damage exposure matters as automobile accidents, as well as police and paramedic actions. However, the City has not experienced any single loss which would be covered by such insurance over $2M in the last 10 years; and the City's finances continue to be constrained, it is not recommended that excess liability insurance be purchased at this time.

In the event the City experiences a catastrophic loss, options exist for payment of claim(s). Options include the issuance of so-called judgment bonds (no greater than 40 year term), as well as court-ordered installment payments (no greater than 10 year period). It should be noted that these options require either a successful validation action for the first option, and court approval is required for the second option.

In the event that Council directs, staff will continue to explore excess workers' compensation and/or liability coverage options with private carriers, although based on discussions with Marsh USA, staff's understanding is that there are very few private companies offering such insurance to California public entities presently, and the City should generally not expect premiums to vary significantly from those of CSAC-EIA without a corresponding reduction in coverage. As a further point of reference, Marsh USA informed staff that the City should expect that present private carrier indications for excess liability coverage would be in excess of those provided in 2010[1], and that based on the City's negative response to private insurers' 2010 indications, there would likely be reluctance to provide refreshed quotes and, if so, only if the City was prepared to invest significant staff resources into a detailed formal application procedure.

4. Earthquake

Provides coverage for damage caused by the peril of earthquake or volcanic action. The coverage is limited to direct damage caused by an earthquake.

Earthquake insurance is another type of coverage that has become cost prohibitive. During last year's marketing efforts, we found that the cost for $5 Million in coverage was in excess of $500,000 annually. The insurance markets that write catastrophic covers (flood, wind, and earthquake) have reduced available capacity along with increasing insurance rates. This pricing level, the minimum deductible of 5% of the values at risk, and the relatively low limits of coverage available, make it uneconomical to purchase coverage citywide.

Appendix B provides a comparison of the allocation of insurance premiums by fund and insurance type between October 2011 renewal and the proposed October 2012 renewal.

[1] Recap of the 2010 private commercial insurance premium indications included the following[1]:

- $50M limit/$2M SIR $723,418 annual premium
- $50M limit/$5M SIR $542,000 annual premium
- $50M limit/$10M SIR $240,000 annual premium

EVALUATION AND FOLLOW-UP

The City Council will be informed as to the status of these policies as part of the annual renewal process each September or by Supplemental Memorandum if necessary.

PUBLIC OUTREACH/INTEREST

☒ **Criterion 1**: Requires Council action on the use of public funds equal to $1 million or greater. **(Required: Website Posting)**

☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This memo has been coordinated with the following departments: Airport, Transportation, Police, Housing, Environmental Services, City Manager's Budget Office, and the City Attorney's Office.

BUDGET REFERENCE

The insurance policies are funded by appropriations in the 2012-2013 Proposed Operating Budget.

In addition to the appropriations listed below, costs associated with insuring remaining Successor Agency assets are estimated to be $10,125 in 2012-2013. The anticipated payment of these costs associated with asset management for the Successor Agency is reflected on line 85 of the Recognized Obligation Payment Schedule 3 for the period of January 2013 through June 2013. However, due to the nature of these costs, they should be reflected as part of the Administrative Budget of the Successor Agency and will be trued-up in subsequent ROPS periods and reconciliations. As a result of the known insufficiency in redevelopment property tax increment to meet all obligations in 2012-2013, the Successor Agency anticipates relying on the City's General Fund support to provide funding for this obligation as part of the reimbursement agreement which will provide a mechanism for reimbursement to the City of all financial support (beginning July 1, 2012) once sufficient funding remains in the priority of obligations.

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Contract[2]	2012-2013 Proposed Operating Budget Page[1]	Last Budget Action (Date, Ord. No.)
001	2001	Insurance Premiums	$535,000	$521,795	IX-21	06/19/2012, Ord. No. 29102
001	2864	Police Officers Professional Liability	$165,000	$155,125	IX-18	06/19/2012, Ord. No. 29102
001	0502	Non-Personal (Police)	$21,327,755	$36,017	VIII-247	06/19/2012, Ord. No. 29102
523	0802	Non-Personal (Airport)	$34,316,753	$502,763	XI-5	06/19/2012, Ord. No. 29102
536	3405	Insurance Expenses	$130,000	$103,286	XI-28	06/19/2012, Ord. No. 29102
518	4722	Rancho Del Pueblo Debt Services (PRNS)	$455,000	$686	XI-76	06/19/2012, Ord. No. 29102
533	0512	Non-Personal (DOT)	$4,699,933	$46,177	XI-43	06/19/2012, Ord. No. 29102
513	0762	Non-Personal (ESD)	$29,754,290	$146,215	XI-85	06/19/2012, Ord. No. 29102
346	0562	Non-Personal (Housing)	$804,634	$2,163	XI-1	06/19/2012, Ord. No. 29102
Total				**$1,524,352**		

[1] The 2012-2013 Proposed Operating Budget was approved by the City Council on June 19, 2012.

[2] The Amount for Contract is subject to change up until the beginning date of the contract. Therefore, current estimates are lower than the recommended contract amount not to exceed $1.6 million.

CEQA

Not a Project, File No.PP 10-066 (a) Agreements and Contracts for purchase of insurance.

/s/
JULIA H. COOPER
Acting Director of Finance

If you have questions, please contact John Dam, Risk Manager, at 408-975-1438.

Appendix A
Appendix B

APPENDIX A

1.) ALL RISK AND BOILER & MACHINERY PROPERTY INSURANCE

	Current Program 10/1/2011 – 10/1/2012	**Renewal Program 10/1/2012– 10/1/2013**
Carrier	Lexington Insurance Company Boston, MA	Lexington Insurance Company Boston, MA
Total Insurable Values	$ 2,890,588,227	$ 2,915,840,625
Limit of Liability	$1,000,000,000 subject to a $100,000 Deductible Per Occurrence	$1,000,000,000 subject to a $100,000 Deductible Per Occurrence
Boiler & Machinery	Included	Included
Earthquake	Excluded. Relatively low limits available, 5% deductible, high premium – not recommended	Excluded. Relatively low limits available, 5% deductible, high premium – not recommended
Flood	$100,000,000 but not to exceed $25,000,000 in Zone B and $15,000,000 in Zone A. Locations Specified in the insurance policy on file in Risk Management	$100,000,000 but not to exceed $25,000,000 in Zone B and $15,000,000 in Zone A. Locations Specified in the insurance policy on file in Risk Management
Other Sub-limits	Other sub-limits as outlined in the insurance policy on file in Risk Management	Other sub-limits as outlined in the insurance policy on file in Risk Management
Terrorism and Non Certified Act of Terrorism	Excluded	Excluded
Average Rate Per $100 of Values	.0336 (account rate per two-year rate guarantee)	.0375 (two-year rate guarantee not available)
Annual Premium	$ 971,238 Annual Premium $ 31,565 surplus lines taxes, fees (3.25%) **$ 1,017,029 Total Annual**	$ 1,093,440,Annual Premium $ 35,537 surplus lines taxes, fees (3.25%) **$ 1,128,977 Total Annual**
Engineering Services	Included	Included
Multiyear Agreement	2nd year of two year rate guarantee – Refer to policy for terms and conditions.	Not available
Optional TRIA Premium (not recommended for purchase)	$ 146,779 Additional	$ 170,094 Additional

2.) AIRPORT OWNERS AND OPERATORS LIABILITY – ACE USA QUOTE

	Current Program 10/1/2011 – 10/1/2012	**Renewal Program 10/1/2012 – 10/1/2013**
Carrier	National Union Fire Insurance Company, New York, NY	National Union Fire Insurance Company, New York, NY
Coverage and Deductible	Airport Liability - $200,000,000 each occurrence combined single limit for bodily injury and property damage, with a $50,000,000 each occurrence limit for personal injury, war risk liability at $100,000,000 each occurrence and in the annual aggregate and $50,000,000 Excess Automobile and Excess Employers Liability. Deductible: $ 0 each occurrence	Airport Liability - $200,000,000 each occurrence combined single limit for bodily injury and property damage, with a $50,000,000 each occurrence limit for personal injury, war risk liability at $100,000,000 each occurrence and in the annual aggregate and $50,000,000 Excess Automobile and Excess Employers Liability. Deductible: $ 0 each occurrence
Annual Premium	$114,723	$114,723
Current War Risk & Extended Perils, Terrorism	$ 7,170	$ 7,170
Total (Including Taxes/Fees)	**$ 124,560**	**$ 121,893**
Optional TRIA premium (not recommended for purchase)	$ 4,732	$ 4,732

3.) SECONDARY EMPLOYMENT LAW ENFORCEMENT PROFESSIONAL LIABILITY

	Current Program 10/1/2011 – 10/1/2012	**Renewal Program 10/1/2012 – 10/1/2013**
Carrier	Indian Harbor Insurance Company Stamford, CT	Indian Harbor Insurance Company Stamford, CT
Limits of Insurance and Deductibles	\$2,000,000 Each Occurrence \$2,000,000 Annual Aggregate Subject to a \$100,000 Deductible Each Claim	\$2,000,000 Each Occurrence \$2,000,000 Annual Aggregate Subject to a \$100,000 Deductible Each Claim
Average Rate per Officer	\$171 (942 officers at policy inception)	\$177 (849 officers at policy inception)
Annual Premium	\$151,074	\$ 150,000
Surplus Lines Taxes and Fees	\$ 4,910	\$ 4,875
Fees (if any)	\$ 250	\$ 250
Total Annual Premium	**\$ 157,887**	**\$ 155,125**

4.) AUTOMOBILE LIABILITY FOR THE AIRPORT FLEET & AIRPORT SHUTTLE BUS FLEET PHYSICAL DAMAGE

	Current Program 10/1/2011 – 10/1/2012	**Renewal Program 10/1/2012 – 10/1/2013**
Carrier	St. Paul/Travelers Hartford, CT	St. Paul/Travelers Hartford, CT
Coverage and Deductibles	**Auto Liability** – Fleet Only \$1,000,000 Combined Single Limit (Any Auto) \$1,000,000 UM/UIM (Owned Autos) \$ 5,000 Medical Payments (Any Auto – No Buses) **Physical Damage** – Buses Only Per Schedule Subject to \$25,000 Comp/Coll Deductible \$500 Comp/Coll Deductible for Hired Physical Damage	**Auto Liability** – Fleet Only \$1,000,000 Combined Single Limit (Any Auto) \$1,000,000 UM/UIM (Owned Autos) **Physical Damage** – Buses Only Per Schedule Subject to \$10,000 Comp/\$25,000 Coll Deductible \$500 Comp/Coll Deductible for Hired Physical Damage
Exposure	Number of Units 106	Number of Units 82
Average Rate Per Unit	\$641	**\$675**
Annual Premium	**\$69,131**	**\$55,340**

5.) AUTOMOBILE LIABILITY - WATER POLLUTION CONTROL PLANT FLEET

	Current Program 10/1/2011– 10/1/2012	**Renewal Program 10/1/2012– 10/1/2013**
Carrier	St. Paul/Travelers Hartford, CT	St. Paul/Travelers Hartford, CT
Coverage	\$1,000,000 Combined Single Limit (Any Auto) \$1,000,000 UM/UIM (Owned Autos) \$ 5,000 Medical Payments (Any Auto) \$ 3,500 Property Damage UM	\$1,000,000 Combined Single Limit (Any Auto) \$1,000,000 UM/UIM (Owned Autos) \$ 5,000 Medical Payments (Any Auto) \$ 3,500 Property Damage UM
Exposure	Number of Units 41	Number of Units 43
Average Rate Per Unit	\$589	\$628
Annual Premium	**\$24,605**	**27,000**

6.) POLICE AIRCRAFT HULL AND LIABILITY

	Current Program 10/1/2011– 10/1/2012	**Renewal Program 10/1/2012– 10/1/2013**
Carrier	National Union Fire Insurance Company New York, NY	National Union Fire Insurance Company New York, NY
Coverage	Aircraft Hull and Liability - \$50,000,000 each occurrence for liability. Hull coverage: Cessna \$250,000 Eurocopter \$1,750,000 Deductible: Liability – NIL • Hull/Cessna - \$500 per occurrence (in-motion) • Hull/Cessna - \$100 per occurrence (not in-motion) • Hull/Eurocopter –\$25,000 per occurrence (rotors in-motion) • Hull/Eurocopter - \$500 per occurrence (rotors not in-motion)	Aircraft Hull and Liability - \$50,000,000 each occurrence for liability. Hull coverage: Cessna \$ 275,000 Eurocopter \$1,750,000 Deductible: Liability – NIL • Hull/Cessna - \$500 per occurrence (in-motion) • Hull/Cessna - \$100 per occurrence (not in-motion) • Hull/Eurocopter –\$25,000 per occurrence (rotors in-motion) • Hull/Eurocopter - \$500 per occurrence (rotors not in-motion)
Annual Premium	\$ 34,544	\$ 34,539
Surplus Lines Taxes and Fees	N/A	N/A
War Liability & Hull – both aircraft	\$ 1,473	\$ 1,478
Total	**\$ 36,805**	**\$36,017**
TRIA (if purchased with War	\$ 434	\$ 434

APPENDIX B

Insurance Policies with October 1 Renewal Date
Allocation of Insurance Premiums by Fund & Type of Insurance

	FY 2011-12 Premiums 12 Months	FY 2012-13 Premiums 12 Months	Percentag e Increase/ Decrease
General Fund - Fund 001			
Property Insurance	$ 471,259	$ 521,795	11%
Police Secondary (1)	$ 157,887	$ 155,125	-2%
Police Air Support (Hull & Liability.)	$ 36,805	$ 36,017	-2%
Subtotal	**$ 665,951**	**$ 712,937**	**7%**
Airport - Fund 523			
Property Insurance	$ 295,812	$ 325,530	10%
Liability Insurance	$ 124,560	$ 121,893	-2%
Auto Liability Insurance	$ 69,131	$ 55,340	-20%
Subtotal	**$ 489,503**	**$ 502,763**	**3%**
ESD - Fund 513			
Property Insurance	$ 101,089	$ 119,215	18%
Auto Insurance	$ 24,605	$ 27,000	10%
Subtotal	**$ 125,694**	**$ 146,215**	**16%**
Convention and Cultural Affairs - Fund 536			
Property Insurance	$ 93,857	$ 103,286	10%
Subtotal	**$ 93,857**	**$ 103,286**	**10%**
Municipal Golf Course - Fund 518			
Property Insurance	$ 623	$ 686	10%
Subtotal	**$ 623**	**$ 686**	**10%**
General Purpose Parking - Fund 533			
Property Insurance	$ 41,962	$ 46,177	10%
Subtotal	**$ 41,962**	**$ 46,177**	**10%**
Successor Agency			
Property Insurance (2)	$ 9,412	$ 10,125	8%
Subtotal	**$ 9,412**	**$ 10,125**	**8%**

Housing			
Property Insurance (3)	$ 3,014	$ 2,163	-28%
Subtotal	**$ 3,014**	**$ 2,163**	
TOTAL	**$ 1,430,016**	**$ 1,524,352**	**6.6%**

(1) Each Police Officer participating in the secondary employment program pays $110 toward the premium cost. Renewal premium is based on 872 officers at policy inception.
(2) The City as Successor Agency to the Redevelopment Agency, has assumed operations previously performed by the Redevelopment Agency.
(3) Allocated premium for Housing will be invoiced directly to Housing for payment.

COUNCIL AGENDA: 10-16-12
ITEM: 2.10

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: October 1, 2012

Approved

Date 10/4/12

SUBJECT: AGREEMENT WITH THE SANTA CLARA VALLEY WATER DISTRICT FOR THE OPERATION AND MAINTENANCE OF THE SILICON VALLEY ADVANCED WATER PURIFICATION CENTER

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute an agreement between the City of San José and the Santa Clara Valley Water District for the operation and maintenance of the Silicon Valley Advance Water Purification Center.

OUTCOME

Expanding upon 2010 cost sharing and property use agreements, this agreement will define the roles and responsibilities between the City and District to effectively connect and operate our respective water recycling facilities.

BACKGROUND

The City's Environmental Services Department operates South Bay Water Recycling (SBWR), which includes the distribution and wholesale of recycled water generated by the Plant. The Plant is a regional wastewater treatment facility serving the communities of San José and Santa Clara, the Plant's co-owners, and the cities of Milpitas, Campbell, Cupertino, Los Gatos, Saratoga, and Monte Sereno, who are administratively represented through tributary agencies (i.e. the City of Milpitas, West Valley Sanitation District, Cupertino Sanitary District, County Sanitation District 2-3, and the Burbank Sanitary District).

SBWR currently delivers approximately 10,000 acre-feet per year (AFY) or 9,000,000 gallons per day (mgd) of recycled water through 130 miles of distribution pipelines throughout San José, Santa Clara, and Milpitas. Over 640 customers use recycled water for a variety of different purposes including industrial cooling, landscape irrigation, and dual plumbed buildings.

The City and District support the production and use of recycled water consistent with each party's own interests, wastewater diversion for the City and water supply for the District, and have collaborated in various ways since 1998. In March 2010, Council approved the Recycled Water Facilities and Integration Agreement (Integration Agreement) and the Ground Lease and Property Use Agreement (Ground Lease Agreement) with the District to develop and operate the Silicon Valley Advanced Water Purification Center (SVAWPC) on Plant bufferlands. These two 40 year agreements establish the legal framework to promote cooperation between the City and District on the management and operation of their respective recycled water facilities. Per the Integration Agreement, the City contributed up to $11,000,000 towards the construction of the SVAWPC, and the City and District will share operating costs of their respective water recycling facilities once the SVAWPC becomes operational.

The SVAWPC will process secondary treated effluent delivered from the Plant and further treat it by passing it through microfiltration and reverse osmosis facilities. Orange County has been using microfiltration-reverse osmosis technology to replenish groundwater since 2008. The SVAWPC product water will then be blended with tertiary-treated recycled water from the Plant to improve the quality of recycled water delivered. For current SBWR customers, the most noticeable effect will be the reduction in total dissolved solid (TDS), or the "hardness" of the water. SBWR currently delivers recycled water with a TDS level of approximately 715 mg/l (milligrams/liter). With this blending, facility operators are aiming for a TDS total of 500 mg/l. Lowering the TDS will open up more areas within Santa Clara County for expanded recycled water use. The SVAWPC is expected to become operational in early 2013.

In late 2010 City and District staff initiated discussions to determine the most efficient approaches toward integrating the SCAWPC with SBWR, with special emphasis on the operation and maintenance of the SVAWPC and connection to Plant facilities and infrastructure. The complexity of integrating two facilities necessitated the development of a legal structure to memorialize our decisions regarding the operation and maintenance of the SCAWPC.

ANALYSIS

The term for the proposed "Agreement between the City of San José and the Santa Clara Valley Water District for Operation and Maintenance of the Silicon Valley Advance Water Purification Center" aligns with the Ground Lease Agreement through June 30, 2050. The new agreement describes in more detail the roles and responsibilities for the City and District in the operation and maintenance of the SVAWPC, in addition to the terms and conditions found in the Integration and Ground Lease agreements. The agreement describes the District's obligations for the operation and maintenance of the SVAWPC; the City's obligations to supply secondary treated wastewater and recycled water; communication and coordination activities; and monitoring, regulatory, and water quality requirements. The agreement further specifies the quality of advance treated recycled water produced, SVAWPC waste stream discharge provisions, product water sampling and monitoring, and facility documentation and reporting requirements. This agreement expands upon the roles and responsibilities of earlier City/District agreements, therefore no costs will result from implementation of this new agreement.

EVALUATION AND FOLLOW-UP

Staff will be presenting an update on City-District collaboration supporting the production and use of recycled water in Santa Clara County at the April 2013 meeting of the Recycled Water Policy Advisory Committee.

PUBLIC OUTREACH/INTEREST

☐ **Criteria 1:** Requires Council action on the use of public funds equal to $1 million or greater. **(Required: Website Posting)**

☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Councilor a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This recommendation does not meet any of the above criteria, however it will be heard at the October 11, 2012 Treatment Plant Advisory Committee (TPAC) meeting, and will be posted on the City's website for the October 16, 2012 City Council meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office. This item is scheduled to be heard at the October 11, 2012 Treatment Plant Advisory Committee meeting.

CEQA

Not a Project, File No.PP10-066, Agreements.

/s/
KERRIE ROMANOW
Director, Environmental Services Department

For questions please contact David Tucker, SBWR Program Manager, at (408) 795-1865.

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

COUNCIL AGENDA: 10-16-12
ITEM:

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: September 24, 2012

Approved

Date 10/2/12

SUBJECT: FIRST AMENDMENT TO ESA + J&S JOINT VENTURE AGREEMENT TO EXPEDITE PLANT MASTER PLAN IMPLEMENTATION

RECOMMENDATION

Approve a First Amendment to the Agreement between the City of San José and Environmental Science Associates, Inc. and Jones & Stokes Associates, Inc. (ESA + J&S) to expand their services on the Plant Master Plan environmental documentation to include a) a separate CEQA process for a co-generation facility, b) coordination with regulatory agencies, and c) minor additional work within the original scope. The amendment would increase the maximum compensation by $453,971 not to exceed $2,453,971, and to extend the term through June 30, 2014.

OUTCOME

The proposed amendment enables City staff to expedite critical infrastructure projects at the Plant as well as streamline implementation of Plant Master Plan projects. The amendment allows a more rapid construction of the critically-needed new co-generation facility and enables additional support on CEQA and other permitting work.

BACKGROUND

The Plant Master Plan (PMP) is the outcome of a three-year public engagement process to determine the best way to rebuild the aging San Jose/Santa Clara Water Pollution Control Plant (Plant) and identify the best land uses of the Plant's 2,600-acre site. The Plant is a critical facility that protects the public health, Bay, and economy.

On September 14, 2010, Council approved an agreement with ESA + J&S for the first phase of environmental documentation services related to the PMP.

On April 19, 2011, Council provided direction to proceed with the preparation of the Environmental Impact Report (EIR) for the Plant Master Plan Preferred Alternative. The City exercised its option with ESA + J&S for support in preparing the EIR. The agreement was extended through December 31, 2013, with a compensation increase from $600,000 to $2,000,000 to accommodate more extensive EIR-related tasks.

Staff anticipates that Council will consider the EIR in June 2013, for certification. Prior to implementation of PMP projects, detailed project-level CEQA analyses will be necessary to supplement the program-level analysis in the EIR, including such analyses on critically-needed projects.

ANALYSIS

ESA + J&S has developed expertise with Plant processes and projects and has staffing capacity to accommodate the proposed expanded scope of work that includes the following:

Amendment Enables Separate CEQA Process for New Co-generation Facility.
The Plant's aging electrical generation equipment is failing more quickly than anticipated. The decreased reliability of this equipment necessitates earlier than planned replacement. The project proposes to replace this equipment with a system that generates electricity by capturing and using waste heat. The facility would involve construction of a new building that would house three gas turbines with generation capacity of up to 4.6 MW of electricity each, a standby power system, and a gas treatment system for onsite uses. Because of the Plant's critical need for reliable energy, staff recommends that this construction project begin in 2013. For this to happen, a separate CEQA analysis must be developed for the co-generation facility. Without the new facility, the Plant is vulnerable to the loss of electrical operating power in the event that PG&E supplied power is interrupted.

Amendment Enables Coordination with Regulatory Agencies.
The original contract allowed only CEQA-related tasks for the EIR. The proposed amendment enables ESA + J&S to handle the securing of various permits that will be necessary for several PMP projects. ESA + J&S would coordinate the permit process with agencies such as the U.S. Army Corps of Engineers, Regional Water Quality Control Board, US Fish and Wildlife Service, State Historic Preservation Office, Bay Conservation and Development Commission, Bay Area Air Quality Management District, California Department of Fish and Game, and others.

Amendment Provides Compensation for Minor Additional Work.
At the direction of City staff, the consultant was asked to perform a small amount of additional work on tasks related to EIR alternate options covered in the original agreement. This amendment provides for compensation of $25,287 to cover this additional work.

EVALUATION AND FOLLOW UP

Staff will present an update on the Plant Master Plan CEQA process and Capital Improvement Projects (CIP) to the Transportation and Environment Committee in November 2012.

PUBLIC OUTREACH/INTEREST

- ☐ Criterion 1: Requires Council action on the use of public funds equal to $1 million or greater. (Required: Website Posting)
- ☐ Criterion 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- ☐ Criterion 3: Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

Since this recommendation has no direct or indirect impact on the community at large, no public outreach was performed. This recommendation only seeks to amend an existing consultant agreement with additional funds and an expanded scope of work, thereby streamlining and expediting Plant Master Plan projects.

COORDINATION

This memo was coordinated with the Department of Planning, Building & Code Enforcement, the City Manager's Budget Office, and the City Attorney's Office.

The proposed First Amendment to the Agreement with ESA+J&S Joint Venture will be agendized on October 11, 2012, for consideration and recommendation by the Treatment Plant Advisory Committee (TPAC).

COST IMPLICATIONS

The proposed First Amendment to the Agreement would increase the compensation by $453,971 to a maximum amount of $2,453,971. The proposed increase of $453,971 would pay for the cost of an expanded scope of work that includes a) a separate CEQA process for a co-generation facility, b) coordination with regulatory agencies, and c) c) minor additional work within the original scope.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	Amount for Agreement	Adopted 2012-2013 Budget Page	Last Budget Action (Date, Ord. No.)
512	4120	Plant Master Plan	$900,000	$453,971	V-182	6/19/2012 Ord. 29102
Total Funding Available				**$453,971**		

CEQA

Not a Project, File No.PP10-066(a), Agreements and Contracts for purchase of professional services.

/s/
KERRIE ROMANOW
Director, Environmental Services Department

For questions please contact René Eyerly, Acting Environmental Sustainability Manager at (408) 975-2594.

City Manager's Contract Approval Summary
For Procurement and Contract Activity between $100,000 and $1 Million for Goods and $100,000 and $250,000 for Services

September 1 - September 30, 2012

Description of Contract Activity [1]	Fiscal Year	Req#/ RFP#	PO#	Vendor/Consultant	Original $ Amount	Start Date	End Date	Additional $ Amount	Total $ Amount	Comments
NEW:										
TEMP PERSONNEL - OPERATIONS & MAINTENANCE SUPPORT; EXTENSION FROM 6/30/12 TO 12/31/12	FY11-12	15169	46836	TRENDTEC INC	$135,130	12/6/11	12/30/12	$73,195	$208,325	
ANIONIC EMULSION POLYMER	FY12-13	15701	48004	KEMIRA WATER SOLUTION	$150,000	7/1/12	6/30/13			
PRIMARY TANK OVERHAUL	FY12-13	16654			$520,000					
DAFT TANK OVERHAUL	FY12-13	16655			$1,100,000					
ONGOING:										
INSPECTIONS, TECHNICAL ASSISTANCE, RECONDITION & REPAIR ENGINE/ENGINE PARTS	FY12-13	15616		NRG ENERGY SERVICES LLC	$150,000					
AS NEEDED MAINTENANCE MECHANICAL REPAIR SERVICES	FY12-13	15698	48011	NICHOLSON, D W	$250,000	7/1/12	6/30/13			
REPLACE DEHUMIDIFICATION UNITS	FY12-13	16332			$100,000					
FERRIC CHLORIDE (FECL3) SOLUTION	FY12-13	16435		KEMIRA WATER SOLUTIONS, INC	$515,270					
TEST, TROUBLESHOOT, REPAIR SERVICE	FY12-13	16583		VINCENT ELECTRIC	$120,000					
LIQUID SODIUM HYPOCHLORITE 12.5%	FY12-13	16613	47975	SIERRA CHEMICAL CO	$995,000	10/1/12	9/30/13			

[1] This report captures in process contract activity (Requisition Number or RFP Number) and completed contract activity (Purchase Order Number, Contract Term, and Contract Amount)