



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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**Gloria Molina
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Commissioners

Cordé D. Carrillo
Acting Executive Director

May 12, 2009

Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE PURCHASE OF PROPERTY INSURANCE, EXCESS WORKERS'
COMPENSATION AND EXCESS GENERAL AND AUTOMOBILE LIABILITY
INSURANCE FOR THE COMMUNITY DEVELOPMENT COMMISSION AND THE
HOUSING AUTHORITY (ALL DISTRICTS) (3 VOTE)**

SUBJECT

This letter recommends approval of the purchase of property insurance, excess workers' compensation insurance, and excess general and automobile liability insurance for the Community Development Commission and the Housing Authority.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the purchase of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the action will not have the potential for causing a significant effect on the environment.
2. Approve the combined purchase, with the Housing Authority, of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost not to exceed \$775,000 for the period from July 1, 2009 to June 30, 2010, through Alliant Insurance Services, Inc.
3. Authorize the Acting Executive Director to purchase the property insurance, excess workers' compensation insurance and excess

ADOPTED

Community Development Commission

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SACHI A. HAMAI
EXECUTIVE OFFICER

general and automobile liability insurance and to make payments, as needed, for workers' compensation and general liability claims, using funds requested in the Fiscal Year 2009-2010 budget.

4. Authorize the Acting Executive Director, upon Board approval of the Commission's proposed Fiscal Year 2009-2010 budget, to incorporate up to \$95,000 into the budget, as needed, due to increased insurance costs.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to purchase property insurance, excess workers' compensation insurance and excess general and automobile liability insurance for the Commission Development Commission and the Housing Authority under Joint Purchase Programs created by Alliant Insurance Services, Inc. (Alliant). The proposed purchase will provide required excess coverage above the Commission and Housing Authority's self-insured retentions. Excess coverage limits the Commission and Housing Authority's exposure in case of large losses relating to general liability and worker's compensation.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

The total approximate annual premium cost is \$775,000. The Commission's proposed Fiscal Year 2009-2010 budget includes \$680,000 for this purpose. The proposed Fiscal Year 2009-2010 budget is scheduled to be presented to your Board for approval on June 2, 2009. Due to increased insurance cost estimates, an additional \$95,000 will be incorporated into the approved budget, as needed.

This \$680,000 originally budgeted for this purpose reflects an estimated increase of premium costs by 10 to 15 percent over Fiscal Year 2008-2009 actual costs, which totaled \$595,255.82 for property, excess workers' compensation and excess general and automobile liability insurance.

Information received from Alliant after the draft budget was finalized indicates that costs are actually expected to increase by 15 to 30 percent. Due to these increased cost estimates, an additional \$95,000 will be incorporated into the approved budget, as needed, bringing the total amount budgeted for insurance premiums to \$775,000 for Fiscal Year 2009-2010. Included in the premium is a 10 to 15 percent broker fee paid to Alliant, in accordance with industry standards.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 25, 1993, the your Board approved the Community Development Commission and Housing Authority's participation in a Joint Purchase Program provided by Robert F.

Driver Company, now known as Alliant Insurance Services. The property, excess workers' compensation, and excess liability and automobile insurance programs combine the purchasing power of public agencies to obtain insurance at rates below those available individually. Programs are underwritten by numerous insurance carriers, which are all rated "A" (Superior to Excellent) by Best's Key Rating Guide. There is no sharing of limits or risk, and each participant is protected to the same extent as if separate policies had been written, with the exception of the excess workers' compensation insurance.

Excess workers' compensation insurance is provided through the California State Association of Counties (CSAC). The renewal of excess workers' compensation coverage will be placed directly with CSAC. There have been no changes to the program itself as it is a pooled program with risk sharing and is an assessable program. The program and rates offered are far superior to those available on an individual basis.

The Joint Purchase Programs provided by Alliant offers excess general, automobile liability, and property insurance. Few carriers meeting the Commission and the Housing Authority's rating requirements are prepared to offer coverage as broad as this program. These items, which are usually purchased separately for an additional premium, are included as part of the master policy.

ENVIRONMENTAL DOCUMENTATION

The purchase of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES/PROGRAMS

The proposed insurance will provide all the required coverage for Commission and Housing Authority properties and activities.

Respectfully submitted,


CORDE D. CARRILLO
Acting Executive Director