



**Item 7B
Board Synopsis
February 15, 2024**

From: Christopher Fisher, SRWA General Manager

Prepared by: Christopher Fisher, SRWA General Manager

1. ACTION RECOMMENDED:

Resolution: Approve the purchase and issuance of a property insurance policy between the Stanislaus Regional Water Authority (SRWA) and Starr Surplus Lines for property insurance coverage at the SRWA Treatment Plant located at 1235 Aldrich Road, Hughson, California 95326, for the remainder of Fiscal Year 2023/2024 and Fiscal Year 2024/2025 in an amount not to exceed \$247,807.41, appropriation of \$247,807.41 from Fund 950 "SRWA - JPA" Unassigned Reserves to Expense Account Number 950-53-550.43100_001 "Insurance Property," and authorize the General Manager to execute all necessary documents for the purchase and issuance of that policy.

2. DISCUSSION OF ISSUE:

Background

The State of California Department of Insurance requires that all properties, including city-owned locations, be covered by property insurance to protect the City, officials, and employees from various forms of property damage, earthquakes, floods, and other accidents or natural disasters that may occur at the subject property.

The Stanislaus Regional Water Authority (SRWA) Treatment Plant completed construction in November, 2023. While under construction, the location was insured under the construction company's builders' insurance that they were required to maintain. Now that the SRWA Treatment Plant is open and fully operational, the plant needs to obtain all of the proper insurance coverages required by the State of California.

Insurance broker, Winton-Ireland, Strom & Green Insurance Agency, assisted the City of Turlock in soliciting and obtaining quotes to include Property, Earthquake, Pollution, Boiler & Machinery, and other various coverages necessary at the policy limits needed for the various operations that the SRWA provides.

Winton-Ireland, Strom & Green obtained and submitted quotes (Attachment B) to the City of Turlock for the 2024-2025 term from the following insurance companies: Starr Surplus Lines, AEGIS, and Munich RE.

Based on the policy coverage and policy limits quoted on the attached Property Insurance Proposal for the remainder of Fiscal Year 2023/2024 and Fiscal Year 2024/2025 term period, the City of Turlock is recommending that the SRWA Board approve the insurance carrier Starr Surplus Lines based on the following findings:

- Starr Surplus Lines offers a \$65,000,000 property loss limit compared to the \$50,000,000 and \$25,000,000 offered by the other companies;
- Boiler and Machinery coverage is included;
- Flood and Earthquake coverage is included;
- Starr Surplus Lines has inspected the site already, so there will not be any unexpected policy terms or policy limit changes with the quote that they have provided.

Finally, Starr Surplus Lines came in as the lowest responsive bidder and are offering many more areas of coverage that is not being offered by the other insurance companies.

3. BASIS FOR RECOMMENDATION:

- A. Property insurance is required by the State of California and, now that the SRWA Treatment Plant Facility has completed construction, the site will no longer be covered under the contractor's insurance, so the SRWA Plant needs to obtain adequate property insurance.
- B. Starr Surplus Lines not only offers higher policy limits than the other quotes submitted, but they came in as the lowest responsive bidder while offering additional coverage in other areas that were not included with the other quotes.
- C. Starr Surplus Lines has already inspected the site, so there will not be any surprise changes with the policy terms or policy limits quoted.

4. FISCAL IMPACT:

If adopted, the budget amendment will reflect an appropriation in the amount of \$247,807.41 from unassigned reserves to Expense Account Number 950-53-550.43100_001 "Insurance Property" for the remainder of Fiscal Year 2023/2024 and Fiscal Year 2024/2025.

5. GENERAL MANAGER’S COMMENTS:

Recommend approval

6. ENVIRONMENTAL DETERMINATION:

This action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378 (Project) of the CEQA guidelines. This action consists of “organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment” and therefore is not considered a project.

7. ALTERNATIVES:

A. The Board may choose not to approve the proposed Property Insurance Proposal; however, Winton-Ireland, Strom & Green Insurance Agency will have to go back out to bid which will extend the time that the SRWA will be on the construction company’s builders’ insurance.

8. ATTACHMENTS:

A. Draft Resolution

B. Property Insurance Proposal

STANISLAUS REGIONAL WATER AUTHORITY - SRWA

PROPERTY INSURANCE PROPOSAL

EFFECTIVE DATE: 2/16/24

Property Location: 1235 Aldrich Rd., Hughson, CA 95326



2024 - 2025

Insurance Carrier	STARR SURPLUS LINES
Rating	AM Best Rating A XV
Admitted	No
Co-Insurance	None
Coverage:	
POLICY LIMIT	\$65,000,000
TOTAL INSURED VALUES - PER SOV	\$119,335,000
VALUATION - Real & BPP, excluding Stock	Replacement Cost*
SUBLIMITS:	
Sublimits are per occurrence unless indicated otherwise. Limits below are part of and not in addition to the Policy Limit	
Business Interruption	No Coverage
Extra Expense	\$1,000,000
Earthquake / Earth Movement - Annual Agg.	\$5,000,000
Flood - Including Storm Surge - Annual Agg	\$20,000,000
Flood in Zones A & V, including subzones agg	\$5,000,000
Property in Transit	\$250,000
Debris Removal	\$5,000,000
Increased Cost of Construction, Demolition	\$1,000,000
Accounts Receivable	\$500,000
Valuable Papers	\$500,000
Off Premises Power (excluding T&D lines)	\$500,000
Civil/Military Authority	2 Consecutive Weeks
EDP Equipment & Media	\$100,000
Fire Brigade Charges	\$100,000
Ingress/Egress	2 Consecutive Weeks
Pollution Clean Up - annual aggregate	\$100,000
BOILER & MACHINERY BREAKDOWN	Included
Ammonia Contamination	\$100,000
Expediting Expenses	\$100,000
Hazardous Substances	\$100,000
Water Damage	\$100,000
Consequential Damage	\$100,000

B&M Jurisdictional Inspection Fee Not Included in premium below	\$1,475.00
DEDUCTIBLES	
Property Damage Deductible	250,000, except:
Earthquake Deductible	5% of Total Insurable Values at Risk
Flood Deductible	\$250,000
Time Element	240 hours per Occurrence
Off Premises Power (Service Interruption)	24 consecutive hour period
Certified Terrorism / Not Included in Premium	\$6,363

Minimum Earned Premium in event of cancellation:	25%
Policy Term	12 months
Total Premium:	\$235,670.00
Loss Control Fee	\$4,500.00
Surplus Lines Taxes/Fees	\$7,637.41
Combined Total Premium:	\$247,807.41
*Fiscal Year 23/24	\$92,184.36
*Fiscal Year 24/25	\$155,623.05
<p>*Replacement Cost not to exceed policy limit. Replacement w/identical prop at same location, use & occupancy. ACV if not repaired/replaced within 2 years. See Policy Exclusions List</p>	

*Payment due in full - Not broken out by fiscal year

SUBJECTIVITIES PRIOR TO BINDING:

1. Signed and Dated Application
2. Signed Terrorism Form
3. Signed/Dated Statement of Values

This illustration contains only a brief description of coverages. For full terms, provisions, definitions, and exclusions, please refer to the policy.



BEFORE THE BOARD OF THE STANISLAUS REGIONAL WATER AUTHORITY

IN THE MATTER OF APPROVING
THE PURCHASE OF A PROPERTY
INSURANCE POLICY BETWEEN THE STANISLAUS
REGIONAL WATER AUTHORITY (SRWA) AND STARR
SURPLUS LINES FOR PROPERTY INSURANCE
COVERAGE AT THE SRWA TREATMENT PLANT
LOCATED AT 1235 ALDRICH ROAD, HUGHSON,
CALIFORNIA 95326, FOR THE REMAINDER OF
OF FISCAL YEAR 2023/2024 AND FISCAL YEAR
2024/2025 IN AN AMOUNT NOT TO EXCEED
\$247,807.41, APPROPRIATING \$247,807.41
FROM FUND 950 "SRWA - JPA" UNASSIGNED
RESERVES TO EXPENSE ACCOUNT NUMBER
950-53-550.43100_001 "INSURANCE PROPERTY,"
AND AUTHORIZING THE GENERAL MANAGER TO
EXECUTE ALL NECESSARY DOCUMENTS RELATED
TO THE PURCHASE

RESOLUTION NO. 2024-001

WHEREAS, the State of California requires property insurance to protect the City, officials, and employees from various forms of property damage, earthquakes, floods, and other accidents or natural disasters that may occur at the subject property; and

WHEREAS, currently, the Stanislaus Regional Water Authority (SRWA) Treatment Plant has property insurance coverage under the construction builders' insurance policy. With construction of the SRWA Treatment Plant being completed in November 2023, the SRWA Treatment Plant must acquire adequate insurance coverage of their own; and

WHEREAS, insurance broker, Winton-Ireland, Strom & Green Insurance Agency, has obtained property insurance proposals (Attachment B) from Starr Surplus Lines, AEGIS, and Munich RE; and

WHEREAS, after review of the property insurance proposals obtained, staff has found that Starr Surplus Lines is able to provide the insurance coverage needed at a higher policy limit while coming in at the lowest responsive bidder for the remainder of the Fiscal Year 2023/2024 term and the Fiscal Year 2024/2025 term, respectively, as outlined in Attachment B.

NOW, THEREFORE, BE IT RESOLVED that the Board of the Stanislaus Regional Water Authority does hereby approve the purchase of a property insurance policy between the Stanislaus Regional Water Authority (SRWA) and Starr Surplus Lines for property insurance

coverage at the SRWA Treatment Plant located at 1235 Aldrich Road, Hughson, California 95326, for the remainder of Fiscal Year 2023/2024 and Fiscal Year 2024/2025 in an amount not to exceed \$247,807.41 and appropriate \$247,807.41 from Fund 950 "SRWA - JPA" Unassigned Reserves to Expense Account Number 950-53-550.43100_001 "Insurance Property". The General Manager is authorized and directed to execute all necessary documents to enable the Authority to purchase and have issued the subject property insurance policy from Starr Surplus Lines.

PASSED AND ADOPTED at a special meeting of the Board of the Stanislaus Regional Water Authority this 15th day of February, 2024, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Nichole Fiez, Board Secretary