

Commission on Community Investment and Infrastructure

RESOLUTION NO. 43-2013
Adopted September 3, 2013

AUTHORIZING THE OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE TO ENTER INTO A CONTRACT WITH ALLIANT INSURANCE SERVICES, INC. FOR LIABILITY INSURANCE SERVICES FOR AN AMOUNT NOT TO EXCEED \$166,000 FOR THE PERIOD SEPTEMBER 30, 2013 THROUGH SEPTEMBER 30, 2014, AND TO RENEW THE CONTRACT AT THE END OF EACH TERM FOR A PERIOD OF ONE YEAR THROUGH SEPTEMBER 30, 2018

WHEREAS, Prior to its dissolution, the Redevelopment Agency of the City and County of San Francisco (“Redevelopment Agency”), as a local governmental entity separate from the City and County of San Francisco (“City”), obtained employment practices liability coverage from the Employment Risk Management Authority (ERMA) and other insurance coverage from the Bay Cities Joint Powers Insurance Authority (BCJPIA), *see e.g.* Redevelopment Agency Resolution No. 44-1996 (April 2, 1996) (approving amendments to the joint powers agreement with the BCJPIA); and,

WHEREAS, Former redevelopment agencies were dissolved by Assembly Bill No. x1 26 (2011) (“AB 26”) (as upheld by the State Supreme Court in California Redevelopment Assoc. v. Matosantos, No. S194861 (Dec. 29, 2011)) on February 1, 2012. AB 26 established that the cities, counties, or cities and counties that originally created redevelopment agencies were successor agencies. By law, the City became the successor agency to the former Redevelopment Agency of the City and County of San Francisco (the “Redevelopment Agency”). As a result, ERMA and BCJPIA decided that coverage for the Redevelopment Agency terminated as of February 1, 2012 because the City was not a member of their respective risk pools; and,

WHEREAS, Because ERMA and BCJPIA had terminated its membership, the Office of Community Investment and Infrastructure (OCII), as successor agency to the former redevelopment agency, obtained property insurance and sought other insurance for Fiscal Year 2012-2013 using the services of the San Francisco City Administrator’s Office of Risk Management; and,

WHEREAS, In June 2012, the state adopted Assembly Bill No. 1484 (“AB 1484”), which established among other things, that successor agencies are separate entities from their sponsoring entities and the two entities shall not merge, and that neither the assets nor liabilities of the former redevelopment agencies shall transfer to sponsoring cities and counties

(Cal. Health & Safety Code § 34173 (g)); and,

- WHEREAS, On June 18, 2013, the Commission approved Resolution 29-2013 authorizing OCII to apply to rejoin ERMA and BCJPIA; and,
- WHEREAS, On June 27, 2013, BCJPIA’s governing board did not approve OCII’s application to rejoin BCJPIA and ERMA by the necessary 2/3 majority of BCJPIA’s governing board members; and,
- WHEREAS, OCII sought alternative liability insurance through Alliant Insurance Services, which had provided excess liability coverage to BCJPIA and was already familiar with OCII’s risk profile; and,
- WHEREAS, Alliant Insurance Services operates a joint purchases program for smaller public entities known as “Specialty Liability Insurance Policy” or “SLIP,” which provides favorable joint purchasing rates for smaller public entities; and,
- WHEREAS, Under the Executive Director’s contracting authority for amounts under \$50,000, OCII obtained liability insurance for the period of July 19, 2013 through September 29, 2013 for a premium of \$31,659 (the “Alliant Contract”). A copy of the Alliant Contract is on file with the Secretary of the Commission and incorporated herein; and,
- WHEREAS, In July, 2013, Alliant Insurance Services provided a preliminary annual premium quote for the period of September 30, 2013 through September 30, 2014 for no more than \$166,000 for the coverages and deductibles shown in the Special Liability Insurance Program (SLIP) Proposal attached hereto as Attachment A; and,
- WHEREAS, To balance the advantages of maintaining a relationship with an insurance company for multiple years with testing the marketplace to determine that the Agency is paying a reasonable price for insurance services, this Resolution would give the Executive Director authorization to renew the Alliant Contract through September 30, 2014, and to renew the contract at the end of each term for period of one year through September 30, 2018, provided that premium increases are below 10% on a year-over-year basis; and,
- WHEREAS, Alliant Insurance Services is familiar with OCII’s risk profile through its role providing excess coverage to BCJPIA; and
- WHEREAS, The San Francisco Redevelopment Agency Purchasing Policy as Amended July 21, 2009 states in Section IX(D)(1)(d) that the Sole Source method of procurement may be used when “[t]he proposed contractor has previously provided the needed services to the Agency and, in doing so, has performed satisfactorily and gained specific information and experience making the proposed Contractor uniquely qualified to provide

the needed goods and services,” which supports entering into the contract with Alliant Insurance Services on a sole source basis; and,

WHEREAS, Redevelopment Dissolution Law (AB 26 and AB 1484, as amended), Cal. Health & Safety Code § 34177.3 (b), authorizes successor agencies to create enforceable obligations for winding down of the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance. Enforceable obligations are defined to include “[c]ontracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part, including, but not limited to, agreements concerning litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition, and agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134,” (Cal. Health & Safety Code § 34171 (d)(1)(F)); and,

WHEREAS, Ordinance No.215-12 (Oct. 4, 2012), adopted by the City’s Board of Supervisors in its capacity as governing body of the OCII, created and delegated to the Successor Agency Commission (CCII) the authority to “take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations,” (Section 6 (a) of Ordinance No. 215-12); now, therefore, be it

RESOLVED, That the OCII Executive Director is authorized to enter into a contract with Alliant Insurance Services, Inc. from September 30, 2013 to September 30, 2014 for a premium amount not to exceed \$166,000, and to renew the contract at the end of each term for a period of one year through September 30, 2018 based upon an evaluation of OCII’s insurance needs and the Executive Director’s determination that such renewals are in the Successor Agency’s best interest, provided that any increases to premiums included in such renewals are less than 10% from the prior year on an annual basis.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of September 3, 2013.


Commission Secretary

Attachment A: Special Liability Insurance Program (SLIP) Proposal