

Governing Board Communication

Agenda Item B-3

**TO: MERA Governing Board**  
**FROM: Heather Plamondon, Executive Officer**  
**SUBJECT: Approval of Insurance Premiums for Next Gen Site Leases**

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**Recommended Action:**

Staff recommends that the Governing Board:

1. Consider the Options of adjusted Deductibles for the seven (7) sites to reduce the cost of the annual premiums.
2. Provide direction to the Executive Officer on accepting adjusted deductibles or staying with the standard that has been set for exiting sites.
3. Authorize the Executive Officer to bind the insurance for the seven (7) sites, to include Coyote Peak, Mill Valley, Muir Beach, Sky View Terrace, Tomales Wolf back Ridge, and Emergency Operations Facility/San Rafael, per the terms of each lease.
4. Approve the transfer of the premium amount to be moved from the Emergency Fund.

**Background:**

In the past few months seven leases have been finalized and approved by the Governing Board. These leases all require insurance to be carried by MERA. Staff was provided a quote to insure the seven new sites under the Special Property Insurance Program (SPIP) which is used to insure the other MERA Sites. The cost of this additional insurance was not factored in to the FY22-23 Budget, so this expense will require a transfer of funds from the Emergency Fund.

The quote to cover all seven sites at the same level and with the same \$10K deductible as the existing MERA sites is \$69,184.73 for an annual premium. This could be pro-rated to match the existing Premium Cycle.

Given that this was an unbudgeted expense staff asked for additional quotes with greater deductibles to determine if there was a significant cost saving upfront with a higher deductible should a claim need to be filed.

Staff was provided with the following options:

**Option One: (Same as Current)**

**\$50MM AR Limit with \$10K Deductible Annual Premium**

\$66,850.00 Annual Premium

\$ 157.00 Excess Boiler

\$ 2,177.73 SL&T Fees (Estimated)

\$ 0.00 ABS Fee

**\$69,184.73 Total Cost**

**Option Two:**

**\$50MM AR Limit with \$25,000 Deductible Annual Premium:**

\$59,004.00 Annual Premium

\$ 157.00 Excess Boiler

\$ 00.00 ABS Fee

\$ 1,922.73 SLT&F Fees (Estimated)

**\$61,083.73 Total Cost**

**Option Three:**

**\$50MM AR Limit with \$50,000 Deductible:**

\$56,338.00 Annual Premium

\$ 157.00 Excess Boiler

\$ 00.00 ABS Fee

\$ 1,836.09 SLT&F Fee (Estimated)

**\$58,331.09 Total Cost**

Staff recommends that the Governing Board select Option One, and approve the transfer of \$69,184.73 from the Emergency Fund to cover the full cost of the recommended insurance to match the exiting policy specifications and to maintain the \$10K deductible.

The total cost of the insurance for all MERA Sites will fluctuate over the next 3 years as old sites are decommissioned when no longer being used and Gen1 equipment is removed.

Attachment:

B-3A) SPIP Quote for New Sites