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CITY COUNCIL MEETING  
SEPTEMBER 2, 1987

PURCHASE OF BOILER  
AND MACHINE INSURANCE  
COVERAGE AUTHORIZED

CC-21(c)  
CC-21.1(f)

Council was apprised that through the City's association with the California Joint Power Insurance Authority (CJPIA), the City has learned of a void in its insurance coverage. The City has not had coverage of its mechanical and electric equipment. The type of coverage the City is looking for will provide coverage to all of the City's electric substations and distribution systems, the electric and mechanical components of the sewer plant, air conditioning equipment, pumps on water wells, generators and the like. This coverage covers repair or replacement of equipment destroyed in an incident.

Following discussion, Council on motion of Council Member Hinchman, Snider second, authorized the purchase of boiler and machinery insurance coverage and appropriated dollars from the following funds to fund this purchase:

Electric	\$20,589
Water	1,000
Sewer	4,000

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\$25,589

## COUNCIL COMMUNICATION

TO: THE CITY COUNCIL

COUNCIL MEETING DATE

FROM: THE CITY MANAGER'S OFFICE

September 2, 1987

NO.

SUBJECT:

AUTHORIZE PURCHASE OF BOILER AND MACHINERY INSURANCE COVERAGE

PREPARED BY: Assistant City Manager

RECOMMENDED ACTION: That the City Council authorize the purchase of boiler and machinery insurance coverage.

BACKGROUND INFORMATION: Through the City's association with the California Joint Power Insurance Authority (CJPIA) we learned of a void in our insurance coverage.

We have not had coverage of our mechanical and electric equipment. The type of coverage we are looking for will provide coverage to all of our electric substations and distribution systems, the electric and mechanical components of the sewer plant, air conditioning equipment, pumps on water wells, generators and the like. This is much like the fire insurance on your home or collision insurance on your automobile - it covers repair or replacement of equipment destroyed in a incident.

Through our agent, Mike Ramsey, we were put in touch with the Hartford Steam Boiler Inspection and Insurance Company. A representative of the company has inspected our electric substations, sewer plant, City Hall, and Public Safety Building.

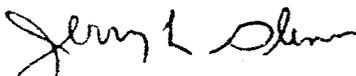
On Wednesday, August 3, 1987, I met with Mr. Ramsey and the representative. After our meeting Mr. Ramsey and I concluded that for the coverage provided, the premium quoted, it is in the best interest of the City to purchase this coverage. We asked Hartford Steam Boiler to bind the coverage.

I have included the proposed coverage document which quotes an annual premium of \$25,589. Council should be aware the deductible on other transformers and miscellaneous electric equipment located in substations, is reduced to \$2,500.

I strongly recommend the Council authorize the purchase of this insurance and appropriate dollars from the following funds for purchase of boiler and machinery insurance:

. Electric	\$20,589
. Water	1,000
. Sewer	4,000

Respectfully submitted,



Jerry L. Glenn  
Assistant City Manager

JLG:br

Attachment

TXTA.07A COUNC256



BOILER AND MACHINERY INSURANCE

PROPOSAL FOR

CITY OF LODI  
221 WEST PINE STREET  
LODI, CALIFORNIA 95240

SUBMITTED TO: NEWMAN & RAMSEY  
INSURANCE AGENCY  
402 PINE STREET  
LODI, CA 95240

SUBMITTED BY: FRASER R. SELLSTROM  
SENIOR ACCOUNT EXECUTIVE  
HARTFORD STEAM BOILER  
2785 MITCHELL DR., SUITE 200  
WALNUT CREEK, CA 94598

DATE: AUGUST 25, 1987

CITY OF LODI - ALL LOCATIONS

PROPOSED COVERAGE

POLICY FORM : Extended Comprehensive

PROPERTY DAMAGE LIMIT : \$5,000,000.

RECOVERY : Repair or Replacement on  
all objects except Electric  
Transformers 25 years or older.  
ACV on these Transformers.

DEDUCTIBLE : \$1,000. except Electric  
Transformers in Sub-Stations  
which will be \$25,000. and ~~\$2,500~~  
~~\$5,000~~ on all other Transformers  
and Miscellaneous Electrical  
Apparatus located in Sub-Stations.

SUB LIMITS

WATER DAMAGE : \$5,000.

AMMONIA CONTAMINATION : \$5,000.

EXPEDITING EXPENSE : \$5,000.

ADDITIONAL EXPENSE : \$5,000.

(HAZARDOUS SUBSTANCE) : \$5,000.

PCP's : \$5,000.

\* TOTAL ANNUAL PREMIUM \$25,589.00

\* Bound Coverage 8/27/87 12:00PM  
Frank B. Pellatone HSB  
Senior Account Executive