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MEMBER AGENCY OF THE  
METROPOLITAN WATER  
DISTRICT  
OF SOUTHERN CALIFORNIA

**Glen D. Peterson**  
MWD Representative

Call and Notice of Special Meeting of the Board of Directors of Las Virgenes Municipal Water District

A Special Meeting of the Board of Directors of Las Virgenes Municipal Water District is hereby called and notice of said Special Meeting is hereby given for **3:30 p.m. on Thursday, September 26, 2019**, at Las Virgenes Municipal Water District, 4232 Las Virgenes Road, Calabasas, California 91302 to consider the following:

1. Call to Order and Roll Call
2. Special Meeting of September 26, 2019 (Agenda attached)
3. Adjourn

By Order of the Board of Directors  
JAY LEWITT, President

David W. Pedersen, P.E.  
Deputy Secretary of the Board

c: Each Director

Dated: September 23, 2019



**LAS VIRGENES MUNICIPAL WATER DISTRICT**  
4232 Las Virgenes Road, Calabasas, CA 91302

**AGENDA**  
**SPECIAL MEETING**

Members of the public wishing to address the Board of Directors are advised that a statement of Public Comment Protocols is available from the Clerk of the Board. Prior to speaking, each speaker is asked to review these protocols, complete a speakers' card, and hand it to the Clerk of the Board. Speakers will be recognized in the order the cards are received. A live webcast of the meeting will be available at LVMWD.com. Also, a web-based version of the speaker card is available for those who would like to submit written comments electronically or request to make public comment by telephone during the meeting.

The Public Comments agenda item is presented to allow the public to address the Board on matters not on the agenda. The public may also present comments on matters on the agenda; speakers for agendized items will be recognized at the time the item is called up for discussion.

Materials prepared by the District in connection with the subject matter on the agenda are available for public inspection at 4232 Las Virgenes Road, Calabasas, CA 91302. Materials prepared by the District and distributed to the Board during this meeting are available for public inspection at the meeting or as soon thereafter as possible. Materials presented to the Board by the public will be maintained as part of the records of these proceedings and are available upon request to the Clerk of the Board.

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3:30 PM

September 26, 2019

**PLEDGE OF ALLEGIANCE**

- 1 **CALL TO ORDER AND ROLL CALL**
- 2 **APPROVAL OF AGENDA**

3 **PUBLIC COMMENTS**

Members of the public may now address the Board of Directors **ON MATTERS NOT APPEARING ON THE AGENDA**, but within the jurisdiction of the Board. No action shall be taken on any matter not appearing on the agenda unless authorized by Subdivision (b) of Government Code Section 54954.2

4 **ACTION ITEMS**

A **Liability and Property Insurance Renewal (Pg. 4)**

Accept the proposal from Tolman & Wiker Insurance Services, LLC; appropriate an additional \$652,380; and authorize the General Manager to execute the necessary contracts and forms from Allied World Assurance Company/Joint Powers Risk and Insurance Management Authority (JPRIMA), in the first year aggregate amount of \$1,518,847, to purchase liability and property insurance for the three-year term of October 1, 2019 through March 31, 2023, with future year premium increases not to exceed 15 percent.

B **Jim Bridger Pipeline Replacement Project: Revised Declaration of Emergency (Pg. 22)**

Repeal Resolution No. 2562; pass, approve and adopt proposed Resolution No. 2563; find that the proposed work is exempt from the California Environmental Quality Act; authorize the General Manager to award a construction contract to Toro Enterprises Inc., in the amount of \$200,660; and appropriate \$230,759 for the Jim Bridger Road Water Main Replacement Project.

**RESOLUTION NO. 2563**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT FINDING THAT AN EMERGENCY WILL NOT PERMIT A DELAY RESULTING FROM A COMPETITIVE SOLICITATION FOR REPLACEMENT OF A DETERIORATED WATER MAIN ALONG JIM BRIDGER ROAD IN THE CITY OF HIDDEN HILLS**

(Reference is hereby made to Resolution No. 2563 on file in the District's Resolution Book and by this reference the same is incorporated herein.)

5 **PUBLIC COMMENTS**

Members of the public may now address the Board of Directors **ON MATTERS NOT APPEARING ON THE AGENDA**, but within the jurisdiction of the Board. No action shall be taken on any matter not appearing on the agenda unless authorized by Subdivision (b) of Government Code Section 54954.2

6 **OPEN SESSION AND ADJOURNMENT**

Pursuant to Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and applicable federal rules and regulations, requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting, should be made to the Executive Assistant/Clerk of the Board in advance of the meeting to ensure availability of the requested service or accommodation. Notices, agendas, and public documents related to the Board meetings can be made available in appropriate alternative format upon request.



September 26, 2019 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Finance & Administration

**Subject : Liability and Property Insurance Renewal**

**SUMMARY:**

Tolman & Wiker Insurance Services, LLC, the District's insurance broker, prepared the attached proposal for renewal of the District's liability and property insurance policies, which expire on September 30, 2019. Allied World Assurance Company/Joint Powers Risk and Insurance Management Authority (JPRIMA) is recommended to provide insurance for the next three-year period.

The total cost of the insurance package for the first year is \$1,518,847, which is 69% more than the current term. The large premium increase is due to market conditions that were impacted by the number of severe wildfires experienced in California. Based on an analysis of the options, staff recommends that the Board accept the proposal as submitted by Allied World Assurance Company/JPRIMA. Mr. Jeff Dodds of Tolman & Wiker will be available at the Board meeting to review the proposal, discuss the current insurance environment and answer any questions.

**RECOMMENDATION(S):**

Accept the proposal from Tolman & Wiker Insurance Services, LLC; appropriate an additional \$652,380; and authorize the General Manager to execute the necessary contracts and forms from Allied World Assurance Company/Joint Powers Risk and Insurance Management Authority (JPRIMA), in the first year aggregate amount of \$1,518,847, to purchase liability and property insurance for the three-year term of October 1, 2019 through March 31, 2023, with future year premium increases not to exceed 15 percent.

**FISCAL IMPACT:**

Yes

**ITEM BUDGETED:**

No

## **FINANCIAL IMPACT:**

The total annualized first-year cost of the proposed liability and property insurance is \$1,518,847, which is \$618,961 or 69% more than the current premium of \$899,886. An additional appropriation, in the amount of \$652,380, based on the adopted Fiscal Year 2018-19 Budget, which included \$866,467 for liability and property insurance.

## **DISCUSSION:**

### Background:

The District has historically taken a risk-adverse approach when reviewing insurance policy coverage options, seeking to transfer as much risk as possible to third parties. In 2016, the District completed an extensive competitive process to evaluate traditional insurance options with those offered by the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) and the Joint Powers Risk and Insurance Management Authority (JPRIMA). At that time, the District renewed its policy with Argonaut Insurance Company/Trident Public Risk Solutions, opting to continue with traditional insurance.

Since 2016, the District has continued to actively manage its insurance coverage to ensure that proper coverages were secured and that risk was properly managed. In 2017, the District completed an extensive review of its Statement of Values, which identified that the District was underinsuring numerous assets, and began a process to adjust its asset valuation annually. In 2018, following an analysis of small claims and the District's success in resolving those claims in a fair and reasonable manner for its ratepayers, the District raised its self-insured retention (SIR), the maximum amount of claims that the District investigates and processes internally, to \$100,000.

### Current Insurance Market Conditions:

The large number of devastating wildfires over the last couple years, culminating with the November 2018 Woolsey Fire, have had a direct impact on the insurance market in California and the District's ability to secure insurance. The District's current carrier, Argonaut Insurance Company/Trident Public Risk Solutions, will no longer provide the District with property insurance. The District's currently has a \$6.5 million outstanding claim related to the Woolsey Fire that is also affecting the District's ability to receive competitive insurance quotes, as many carriers are opting not to insure clients in markets with the threat of wildfire.

The marketplace for water and wastewater utilities is also being impacted by risk associated with inverse condemnation, which has been an important coverage to protect the District's ratepayers from losses. The perceived risk by carriers associated with inverse condemnation is high due to the District having a dam upstream of a community with expensive homes, potential exposure to system failures in hillside areas and risk is losses from wildfire. There is also a perceived risk associated with a potential failure of the sanitation system in an ecologically sensitive area. Although the carriers recognize the District as well-managed organization, the potential for inverse condemnation liability has resulted in a significant impact to premiums.

Collectively, these above-described factors have negatively affected the District's ability to secure insurance coverage.

## Options for 2019 Insurance Renewal:

The District has continued to focus on the following three factors during this challenging insurance renewal period:

1. Minimize risk exposure for the District's ratepayers.
2. Transfer an appropriate amount of risk to third parties.
3. Maintain control of small dollar claims (less than \$100,000).

The District's broker, Tolman & Wiker Insurance Services, LLC, marketed the District's insurance needs to multiple carriers and received quotes for two options as more fully described below. Under both options, coverage for excess, cyber and earthquake insurance would be provided by the same carrier.

For both options considered, it was important that the District maintain coverage for inverse condemnation including claims resulting from Board action, dam spillage and failure to supply liability arising from management or Board actions. Additionally, neither option allows for a retrospective premium adjustment.

Following is a summary of the two options:

### Program A – Allied World Assurance Company/JPRIMA (Recommended):

Allied World Assurance Company/Joint Powers Risk and Insurance Management Authority (JPRIMA) is a joint powers authority that offers liability and property coverage to public and mutual water agencies. JPRIMA's Board is comprised of member agency representatives. Unlike other JPA programs, the JPRIMA Program is fully reinsured, and the District's risk is not shared among the pool. The program requires a three-year commitment with the District having an option to exit if premiums increase by more than 15%. The JPRIMA Board has approved dividends of up to 10% to participants.

Other non-insurance benefits offered by JPRIMA include on-line water and distribution operator training classes that meet state standards and provide for continuing educational units (CEU) credits, various on-line management training videos and background checks for prospective employees.

The JPRIMA Program has a common anniversary date of April 1st for all participants. As a result, the District would purchase a prorated policy for the period of October 1, 2019 through March 31, 2020, to align with the program's anniversary. No premium increase would be applied effective April 1, 2020 provided the District maintains a favorable claim history.

### Program B – Glatfelter Insurance Group/Trident Public Risk Solutions (Alternative):

The second option is a blended option with Glatfelter Insurance Group providing property insurance, and the District's current provider, Trident Public Risk Solutions, providing liability insurance. The option is a traditional insurance program; however, the property policy would transition to a deductible program, and the liability policy would involve an initial increase in the self-insured retention from \$100,000 to \$250,000. A second increase in the self-insured retention, from \$250,000 to \$500,000, is expected after the first year in 2020.

Comparison of Key Program Differences:

|                      | <u>JPRIMA</u>           | <u>Glatfelter/Trident</u> |
|----------------------|-------------------------|---------------------------|
| Property             | \$100,000 SIR           | \$100,000 Deductible      |
| General Liability    | \$20M Aggregate         | \$13M Aggregate           |
| General Liability    | \$100,000 SIR           | \$250,000 SIR             |
| Management Liability | \$20M Aggregate         | \$13M Aggregate           |
| Management Liability | \$100,000 SIR           | \$250,000 SIR             |
| Auto                 | \$100,000 SIR           | \$15,000 deductible       |
| Premium              | \$1,518,847             | \$1,213,685               |
| Other                | Dividends and Trainings | None                      |

Attached for reference is a summary and comparison of the quotations provided by Tolman & Wiker.

Conclusion:

The 2019 insurance renewal is occurring during a very challenging time in the marketplace. Both program options offered involve significant increases over the District's current cost. The programs also have significant differences with respect to risk profile for the District and control of claims. Staff's recommendation for Program A – Allied World Assurance Company/JPRIMA is driven by a strategy to minimize risk exposure and provide cost certainty for the District and its ratepayers. However, recognizing the significant increase in cost and the District's claims history (copy attached), the Board could consider accept a slightly higher risk profile in exchange for lower cost by selecting Program B – Glatfelter Insurance Group/Trident Public Risk Solutions.

**GOALS:**

Ensure Effective Utilization of the Public's Assets and Money

Prepared by: Donald Patterson, Director of Finance and Administration

**ATTACHMENTS:**

Summary and Comparison of Quotations  
Claims History



## Joint Powers Risk and Insurance Management Authority

Allied Public Risk (APR) has developed a 100% fully-reinsured (A XV carrier) Joint Powers Authority: Joint Powers Risk and Insurance Management Authority (JPRIMA). Tolman and Wiker Insurance Services is offering this program as an option to the current program with Trident Public Risk.

Coverage is essentially the same in both programs, though there are some differences which are outlined on the following page.

Claims expected to exceed the self-insured retention can be handled by a Third-Party Claims handling (York and Sierra West).

### Policy Term:

- There is a common anniversary date of April 1<sup>st</sup>. All policies in the JPRIMA program renew on this common date. If LVMWD enters the program at the October 2019 anniversary, the first policy term will be prorated with the policy to expire April 1, 2020. Premiums presented in this proposal would be prorated from 10-1-19 to 4-1-20

### Program:

- JPRIMA is a Joint Powers Authority 100% backed by an A XV reinsurer

### Program Exit Conditions:

- There is a three-year initial Program commitment, however, if a rate increase exceeds 15%, an exit is allowable
- Standard notification for Program exit is 180 days, after the three-year commitment

### Joint and Several Liability:

- Unlike many JPA's, JPRIMA has no Joint and Several Liability or assessment liability

### Premium Adjustment:

- There is no retrospective adjustable premium (RAP), upward or downward. The premiums quoted are the firm and final costs
- No rate increase 4-1-20 (subject to favorable claim history), equating to an 18-month rate freeze
- JPRIMA has agreed to lower the Aggregate Stop Loss to \$750,000 on 4-1-22 and to \$500,000 on 4-1-23
- JPRIMA has agreed to reduce the Inland Marine/Equipment deductible to \$10,000 on 4-1-22 and to \$5,000 on 4-1-23

### Claims and Loss Control:

- Allied Public Risk has agreed to hire Scott Towns, who has claims-handling experience with LVMWD, to be the Field Adjuster
- Current LVMWD house counsel is acceptable

### Coverage Form:

- Paul Fuller, CPCU, is the Chief Executive Officer of Public Risk, authored the coverage forms for the JPRIMA program



# Program Comparison

|   | Program A                                | Program B                                |
|---|--|--|
| <b>Property/Equipment/Computers</b>               |  |  |
| Carrier   | Allied World Assurance Company           | American Alternative Insurance Corp      |
| Limit   | 215,952,641                              | 215,952,641                              |
| Deductible / Retention                            | 100,000 Self-Insured Retention           | 100,000 Deductible                       |
| Premium   | 233,222                                  | 206,567                                  |
| <b>DIC (Earthquake / Flood)</b>                   |  |  |
| Carriers  | Steadfast / General Security / Princeton | Steadfast / General Security / Princeton |
| Limit   | 40,000,000                               | 40,000,000                               |
| Deductible  | 10%                                      | 10%                                      |
| Premium   | 255,971                                  | 255,971                                  |
| <b>General Liability &amp; Lead Excess</b>        |  |  |
| Carrier   | Allied World Assurance Company           | Argonaut                                 |
| Limits: Per Occurrence / Aggregate                | 11,000,000 / 20,000,000                  | 11,000,000 / 13,000,000                  |
| Self Insured Retention                            | 100,000                                  | 250,000                                  |
| Premium   | 355,926                                  | 161,634                                  |
| <b>Management Liability: Primary &amp; Excess</b> |  |  |
| Carrier   | Allied World Assurance Company           | Argonaut                                 |
| Limits: Per Occurrence / Aggregate                | 11,000,000 / 20,000,000                  | 11,000,000 / 13,000,000                  |
| Self Insured Retention                            | 100,000                                  | 250,000                                  |
| Premium   | 28,122                                   | 23,746                                   |
| <b>Auto</b>                                       |  |  |
| Carrier   | Allied World Assurance Company           | American Alternative Insurance Corp      |
| SIR / Deductible: Auto Liability                  | 100,000 Self-Insured Retention           | 15,000 Deductible                        |
| Deductible: Physical Damage                       | 5,000                                    | 5,000                                    |
| Premium   | 96,274                                   | 88,109                                   |
| <b>Cyber Package</b>                              |  |  |
| Carrier   | Lloyds                                   | Lloyds                                   |
| Limit   | 1,000,000                                | 1,000,000                                |
| Premium   | 9,848                                    | 9,848                                    |
| <b>Crime</b>                                      |  |  |
| Carrier   | Zurich                                   | Zurich                                   |
| Limit   | 3,000,000                                | 3,000,000                                |
| Premium   | 5,577                                    | 5,577                                    |
| <b>Stop Loss</b>                                  | none quoted                              | included                                 |
| <b>Program Fees</b>                               | 71,674                                   | 0  |
| <b>Subtotal</b>                                   | <b>1,056,614</b>                         | <b>751,452</b>                           |

## Excess Liability

|   |                                 |                                 |
|---|---------------------------------|---------------------------------|
| Carrier   | RSUI                            | RSUI                            |
| Limits  | 10,000,000 excess of 11,000,000 | 10,000,000 excess of 11,000,000 |
| Excess Coverage                                   | General, Auto, Subsidence       | General, Auto, Subsidence       |
| Premium   | 156,515                         | 156,515                         |
| Carrier   | Berkley National                | Berkley National                |
| Limits  | 10,000,000 excess of 21,000,000 | 10,000,000 excess of 21,000,000 |
| Excess Coverage                                   | General, Auto                   | General, Auto                   |
| Premium   | 110,000                         | 110,000                         |
| Carrier   | Navigators                      | Navigators                      |
| Limits  | 5,000,000 excess of 31,000,000  | 5,000,000 excess of 31,000,000  |
| Excess Coverage                                   | General, Auto                   | General, Auto                   |
| Premium   | 42,518                          | 42,518                          |
| Carrier   | Allied World                    | Allied World                    |
| Limits  | 15,000,000 excess of 36,000,000 | 15,000,000 excess of 36,000,000 |
| Excess Coverage                                   | General, Auto                   | General, Auto                   |
| Premium   | 103,200                         | 103,200                         |
| Carrier   | Endurance                       | Endurance                       |
| Limits  | 10,000,000 excess of 51,000,000 | 10,000,000 excess of 51,000,000 |
| Excess Coverage                                   | General, Auto                   | General, Auto                   |
| Premium   | 50,000                          | 50,000                          |
| <b>Grand Total at 61,000,000 Liability Limits</b> | <b>1,518,847</b>                | <b>1,213,685</b>                |

**TOLMAN | WIKER**

INNOVATIVE RISK ADVICE SINCE 1923

## Deductibles / Retentions

| <u>Coverage</u>  | <u>Expiring</u>           | <u>Renewal</u>            |
|--|---------------------------|---------------------------|
| Property   | \$50,000                  | \$100,000                 |
| Scheduled Equipment  | \$50,000                  | \$25,000                  |
| Equipment Breakdown  | \$50,000                  | \$100,000                 |
| DIC- Earthquake*   | 10% Per Unit of Insurance | 10% Per Unit of Insurance |
| DIC- Flood   | \$100,000                 | \$100,000                 |
| General Liability  | \$100,000                 | \$100,000                 |
| Management Liability   | \$100,000                 | \$100,000                 |
| Auto- Liability  | \$100,000                 | \$100,000                 |
| Auto- Physical Damage  | \$10,000                  | \$5,000                   |
| Crime  | \$25,000                  | \$25,000                  |
| Cyber Package  | \$10,000                  | \$10,000                  |
| Deductible Stop Loss<br>(maximum deductible- all lines of coverage,<br>Subject to a \$10,000 Maintenance Deductible) | \$500,000                 | \$1,000,000               |
| *Minimum Earthquake Deductible \$50,000  |                           |                           |

| <b>Premium Summary 2019-2020</b>  |                  |  |                    |
|---|------------------|--|--------------------|
| <b>Coverage</b>   | <b>Expiring</b>  |  | <b>Renewal</b>     |
| Property  | \$148,290        |  | \$233,222          |
| Scheduled Equipment   | Included         |  | Included           |
| EDP   | Included         |  | Included           |
| Equipment Breakdown   | Included         |  | Included           |
|   |                  |  |                    |
| DIC (Earthquake & Flood)  | \$251,644        |  | \$255,971          |
|   |                  |  |                    |
| General Liability   | \$145,185        |  | \$165,158          |
|   |                  |  |                    |
| Stop Loss Aggregate   | \$10,552         |  | \$0                |
|   |                  |  |                    |
| Management Liability  | \$22,317         |  | \$28,122           |
|   |                  |  |                    |
| Auto  | \$70,011         |  | \$96,274           |
|   |                  |  |                    |
| Crime   | \$7,823          |  | \$5,577            |
|   |                  |  |                    |
| Cyber Package   | \$10,367         |  | \$9,849            |
|   |                  |  |                    |
| Excess Liability (First Layer: 10M x 1M)                                  | \$66,261         |  | \$190,768          |
|   |                  |  |                    |
| Excess Liability #2   | \$99,245         |  | \$156,515          |
| Excess Liability #3   | \$48,800         |  | \$110,000          |
| Excess Liability #4   |                  |  | \$42,518           |
| Excess Liability #5   |                  |  | \$103,200          |
| Excess Liability #6   |                  |  | \$50,000           |
| Program Fees  |                  |  | \$71,674           |
|   |                  |  |                    |
| <b>Total</b>  | <b>\$880,495</b> |  | <b>\$1,518,848</b> |
| <b>Features:</b>  |                  |  |                    |
| Earthquake & Flood  |                  |  | Covered            |
| Dam Failure Liability- Including Spillage, Overtopping or from Earthquake |                  |  | Covered            |
| Inverse Condemnation- Including Intentional Acts by Management and Board  |                  |  | Covered            |
| Failure To Supply- Services and Board Decisions                           |                  |  | Covered            |
| Defense Costs- unlimited (outside of limits)                              |                  |  | Yes                |
| Multi-Year Commitment & Program Exit Conditions                           |                  |  | 3 Years            |
| Selection of Claims Counsel & Administration                              |                  |  | Yes                |
| Retrospectively Adjustable Premium  |                  |  | No                 |
| Joint and Several Liability   |                  |  | No                 |
| Subsidence  |                  |  | Covered            |
| <b>Notes:</b>   |                  |  |                    |
| Property rates: 2018: .0704; 2019: .1080                                  |                  |  |                    |
| DIC rates: 2018: .1195; 2019: .1185                                       |                  |  |                    |
|   |                  |  |                    |
|   |                  |  |                    |
|   |                  |  |                    |
|   |                  |  |                    |
|   |                  |  |                    |
|   |                  |  |                    |



**LAS VIRGENES MUNICIPAL WATER DISTRICT 2019 PROPOSAL SUMMARY**

| EXPIRING 2018-2019          |  | RENEWAL 2019-2020  |
|-----------------------------|--|--|
| <b>Coverage/Policy Type</b> | <b>Carrier/AM Best Rating Limits &amp; Coverages</b>   | <b>Carrier/AM Best Rating Limits &amp; Coverages</b>   |
| <b>Property</b>             | <p><b>Argonaut Insurance Co. A XII, Admitted</b><br/> <b>\$210,560,500</b> Real and Personal Property <b>\$50,000 deductible</b></p> <p>Business Income: \$1,000,000<br/>                     Extra Expense: \$1,000,000<br/>                     Rental Income Coverage- Limit: \$62,000- (4232-B Las Virgenes Rd.)<br/>                     Property in Transit: \$100,000<br/>                     Valuable Papers and Records: \$250,000 on premises / \$50,000 off premises<br/>                     Outdoor Property: \$50,000<br/>                     Water Plus 360 enhancement endorsement.<br/>                     Building Ordinance or Law: 125% Margin Clause;<br/>                     Demolition Costs and/or Undamaged Portion of Building: \$10,000,000<br/>                     Increased Cost of Construction: 10% of building value; Replacement Cost; Agreed Amount, Terrorism is covered</p> <p><b>\$148,290</b></p> | <p><b>Allied World Assurance Company, A +, XV, Admitted</b><br/> <b>\$215,952,641</b> Real and Personal Property <b>\$100,000 deductible</b></p> <p>Business Income: \$2,000,000<br/>                     Extra Expense: included<br/>                     Rental Income Coverage- Limit: \$62,000- (4232-B Las Virgenes Rd.)<br/>                     Property in Transit: covered<br/>                     Valuable Papers and Records: included<br/>                     Outdoor Property: covered<br/>                     Agreed Value (no coinsurance)<br/>                     Building Ordinance or Law: Blanket Limits<br/>                     Demolition Costs and/or Undamaged Portion of Building: covered<br/>                     Increased Cost of Construction: Included; Replacement Cost; Agreed Amount; Terrorism is covered</p> <p><b>\$233,222</b></p> |
| <b>Premium</b>              | <b>\$148,290</b>   | <b>\$233,222</b>   |
| <b>Scheduled Equipment</b>  | <b>Argonaut Insurance Co. A XII, Admitted</b>  | <b>Allied World Assurance Company</b>  |
| Limits                      | <p>Inland Marine/Contractors Equipment – \$649,000<br/>                     \$50,000 Deductible<br/>                     Borrowed Equipment limit - \$250,000<br/>                     Equipment Leased or Rented From Others:<br/>                     \$250,000 (up to 12 months in your CCC); Actual Cash Value; includes Terrorism</p>   | <p>Inland Marine/Contractors Equipment – \$744,000<br/>                     \$25,000 Deductible<br/>                     Borrowed Equipment limit - \$125,000<br/>                     Equipment Leased or Rented From Others:<br/>                     Actual Cash Value; including Terrorism</p>   |
| <b>Premium</b>              | <b>Included</b>  | <b>Included</b>  |

|                                |   |   |  |
|--------------------------------|---|---|--|
|                                |   |   |  |
| <b>Coverage/Policy Type</b>    | <b>Carrier/AM Best Rating Limits &amp; Coverages</b>  | <b>Carrier/AM Best Rating Limits &amp; Coverages</b>  |  |
| <b>EDP Computer Protection</b> | Argonaut Insurance Co. A XII, Admitted  | Allied World Assurance Company  |  |
| <b>Premium</b>                 | \$1,602,422<br>Included   | \$1,602,422<br>Included   |  |
| <b>Equipment Breakdown</b>     | Argonaut Insurance Co. A XII, Admitted  | Allied World Assurance Company  |  |
| Limit/Deductible               | \$205,382,500 limit with \$50,000 Deductible<br>Sublimits: \$100,000 as respects the following:<br>Ammonia / Refrigeration Contamination<br>Expediting Expenses<br>Hazardous Substances<br>Data Restoration<br>\$250,000 as respects to Building Ordinance, Demolition and Increased Cost of Construction         | \$215,952,641 limit with \$100,000 Deductible<br>Sublimits: \$100,000 as respects the following:<br>Ammonia / Refrigeration Contamination<br>Expediting Expenses<br>Hazardous Substances<br>Data Restoration<br>Building Ordinance, Demolition and Increased Cost of Construction- covered                          |  |
| <b>Premium</b>                 | Included  | Included  |  |
| <b>DIC (Earthquake/Flood)</b>  | Empire Indemnity 62.5% - Non-Admitted A XV; General Security Indemnity 25%- Non-Admitted A XV;<br>Princeton E&S 12.5% - Non Admitted A + XV   | Steadfast 50% - Non-Admitted A XV; General Security Indemnity 25%- Non-Admitted A XV;<br>Princeton E&S 25% - Non Admitted A + XV  |  |
| Limits                         | \$40,000,000 Loss Limit, Covers Buildings, BPP and EDP. \$1,000,000 Extra Expense; Rental Income Coverage- Limit \$62,000- (4232-B Las Virgenes Rd.). Building Ordinance \$4,000,000 sublimit; Total Insurable Value (rating basis): \$210,560,500; Terrorism excluded;<br>Replacement Cost; Foundations included | \$40,000,000 Loss Limit, Covers Buildings, BPP and EDP. \$1,000,000 Extra Expense; Rental Income Coverage- Limit \$62,000- (4232-B Las Virgenes Rd.). Building Ordinance \$4,000,000 sublimit<br>Total Insurable Value (rating basis): \$216,014,641; Terrorism excluded;<br>Replacement Cost; Foundations included |  |
| Deductible                     | Earthquake - 10% Deductible Per Unit of Insurance, Minimum \$50,000, All Other Perils \$25,000<br>Flood - \$100,000 except Tapia which is \$5,000,000 retention plus 10% deductible per building.   | Earthquake - 10% Deductible Per Unit of Insurance; Minimum \$50,000, All Other Perils \$25,000<br>Flood - \$100,000 except Tapia which is \$5,000,000 retention plus 10% deductible per building.   |  |
| <b>Premium</b>                 | \$232,000 Premium<br>\$ 600 Policy Fee<br>\$ Inspection Fee<br>\$ 7,444 Surplus Taxes/Fees<br>11600 Surplus Broker Fee<br>\$251,644   | \$236,000<br>\$ 600 Policy Fee<br>\$ Inspection Fee<br>\$ 7,571 Surplus Taxes/Fees<br>\$ 11,800 Surplus Broker Fee<br>\$255,971   |  |



| Coverage/Policy Type   | Argonaut Insurance Co. A XII, Admitted  | Allied World Assurance Company  |
|--|---|---|
| <b>General Liability</b>   | Water Plus 360" coverage enhancement endorsement included; Dam Failure coverage; Failure to Supply- Services & Board Decisions; Professional Liability coverage; Sewer Backup; Pollution; Employee Benefits Liability; Waiver of Subrogation; Subsidence; Occurrence Form; includes Terrorism | JPRIMA coverage enhancements, including: Dam Failure Liability; Failure To Supply- Services and Board Decisions Professional Liability coverage; Sewer Backup; Pollution; Employee Benefits Liability; Waiver of Subrogation; Subsidence; Occurrence Form; includes Terrorism |
| Limits   | \$1,000,000 Premises Operations – Per Occurrence<br>\$1,000,000 Personal and Advertising Injury<br>\$1,000,000 Damages to Premises Rented By You<br>\$3,000,000 General Aggregate Per Location<br>\$3,000,000 Products Completed Operations Aggregate   | \$1,000,000 Premises Operations – Per Occurrence<br>\$1,000,000 Personal and Advertising Injury<br>\$1,000,000 Damages to Premises Rented By You<br>\$10,000,000 General Aggregate Per Location<br>\$10,000,000 Products Completed Operations Aggregate                       |
| Pollution Coverage   | Per Location Aggregate; Pollution Coverage for: Hostile Fire, Heating/Air Conditioning, Mobile Equipment, Pesticides/Herbicides, Water, Sewer and Compost operations  | Per Location Aggregate; Pollution Coverage for: Hostile Fire, Heating/Air Conditioning, Mobile Equipment, Pesticides/Herbicides, Water, Sewer and Compost operations  |
| Deductible   | \$50,000 SIR Occurrence   | \$100,000 SIR Occurrence  |
| Premium  | \$145,185   | \$165,158   |
| Stop Loss  | Stop Loss of \$500,000 (max payout- all lines of coverage); \$10,000 Maintenance Ded  | Stop Loss of \$1,000,000 (max payout- all claims- all lines of coverage); \$10,000 Maintenance Ded  |
| Premium  | \$10,552  | \$0   |
| <b>Management Liability/ Public Officials Liability/Employment Practices Liability</b> | Argonaut Insurance Co. A XII, Admitted<br>Includes coverage for: Directors & Officers; Employment Practices; Employee Benefits Administration; Inverse Condemnation; Occurrence Form  | Allied World Assurance Company<br>Includes coverage for: Directors & Officers; Employment Practices; Employee Benefits Administration; Inverse Condemnation; Occurrence Form  |
| Limits   | \$1,000,000 Per occurrence<br>\$1,000,000 Aggregate   | \$1,000,000 Per occurrence<br>\$10,000,000 Aggregate  |
| Deductible/SIR   | \$50,000 SIR  | \$100,000 SIR   |
| Premium  | \$22,317  | \$28,122  |
| <b>Auto</b>  | Argonaut Insurance Co. A XII, Admitted  | Allied World Assurance Company  |
| Limits   | \$1,000,000 Combined Single Limit Owned Auto Liability<br>\$1,000,000 Per Accident Hired & Non-owned Auto<br>\$1,000,000 Per Accident Uninsured/Underinsured<br>\$10,000 Deductible- Physical Damage; \$25,000 Deductible Liability; 92 vehicles  | \$1,000,000 Combined Single Limit Owned Auto Liability<br>\$1,000,000 Per Accident Hired & Non-owned Auto<br>\$1,000,000 Per Accident Uninsured/Underinsured<br>\$5,000 Deductible- Physical Damage; \$100,000 Deductible Liability; 87 vehicles                              |
| Auto Premium   | Hired Auto Physical Damage<br>\$70,011  | Hired Auto Physical Damage<br>\$96,274  |

|                |  |  |
|----------------|--|--|
|                |  |  |
| <b>Crime</b>   | <b>Zurich - Fidelity and Deposit Co of Maryland - A XV Admitted</b>  | <b>Zurich - Fidelity and Deposit Co of Maryland - A XV Admitted</b>  |
| Limits         | \$3,000,000 Employee Dishonesty<br>\$3,000,000 Forgery or Alteration<br>\$100,000 Theft, Disappearance & Destruction<br>\$1,000,000 Computer Fraud<br>\$1,000,000 Funds Transfer Fraud<br>\$3,000,000 Faithful Performance of Duty | \$3,000,000 Employee Dishonesty<br>\$3,000,000 Forgery or Alteration<br>\$100,000 Theft, Disappearance & Destruction<br>\$1,000,000 Computer Fraud<br>\$1,000,000 Funds Transfer Fraud<br>\$3,000,000 Faithful Performance of Duty |
| Deductible     | \$25,000 Employee Theft, Faithful Performance and Forgery or Alteration<br>\$10,000 all other coverages  | \$25,000 Employee Theft, Faithful Performance and Forgery or Alteration<br>\$10,000 all other coverages  |
| <b>Premium</b> | <b>\$7,823</b>   | <b>\$5,577</b>   |

|                      |  |  |
|----------------------|--|--|
|                      |  |  |
| <b>Cyber Package</b> | <b>Lloyds of London markets</b>  | <b>Lloyds of London markets</b>  |
| Limits               | \$1,000,000 Policy Aggregate<br>\$1,000,000 Multimedia Liability<br>\$1,000,000 Privacy Regulatory Defense & Penalties<br>\$1,000,000 Breach Event & Notification Costs<br>\$1,000,000 Cyber Extortion<br>Unknown Prior Acts Covered; Includes PCI Liability | \$1,000,000 Policy Aggregate<br>\$1,000,000 Multimedia Liability<br>\$1,000,000 Privacy Regulatory Defense & Penalties<br>\$1,000,000 Breach Notification Costs<br>\$1,000,000 Cyber Extortion<br>Unknown Prior Acts Covered; Includes PCI Liability |
| Deductible           | \$10,000 Deductible  | \$10,000 Deductible  |
| <b>Premium</b>       | <b>\$10,367</b>  | <b>\$9,849</b>   |

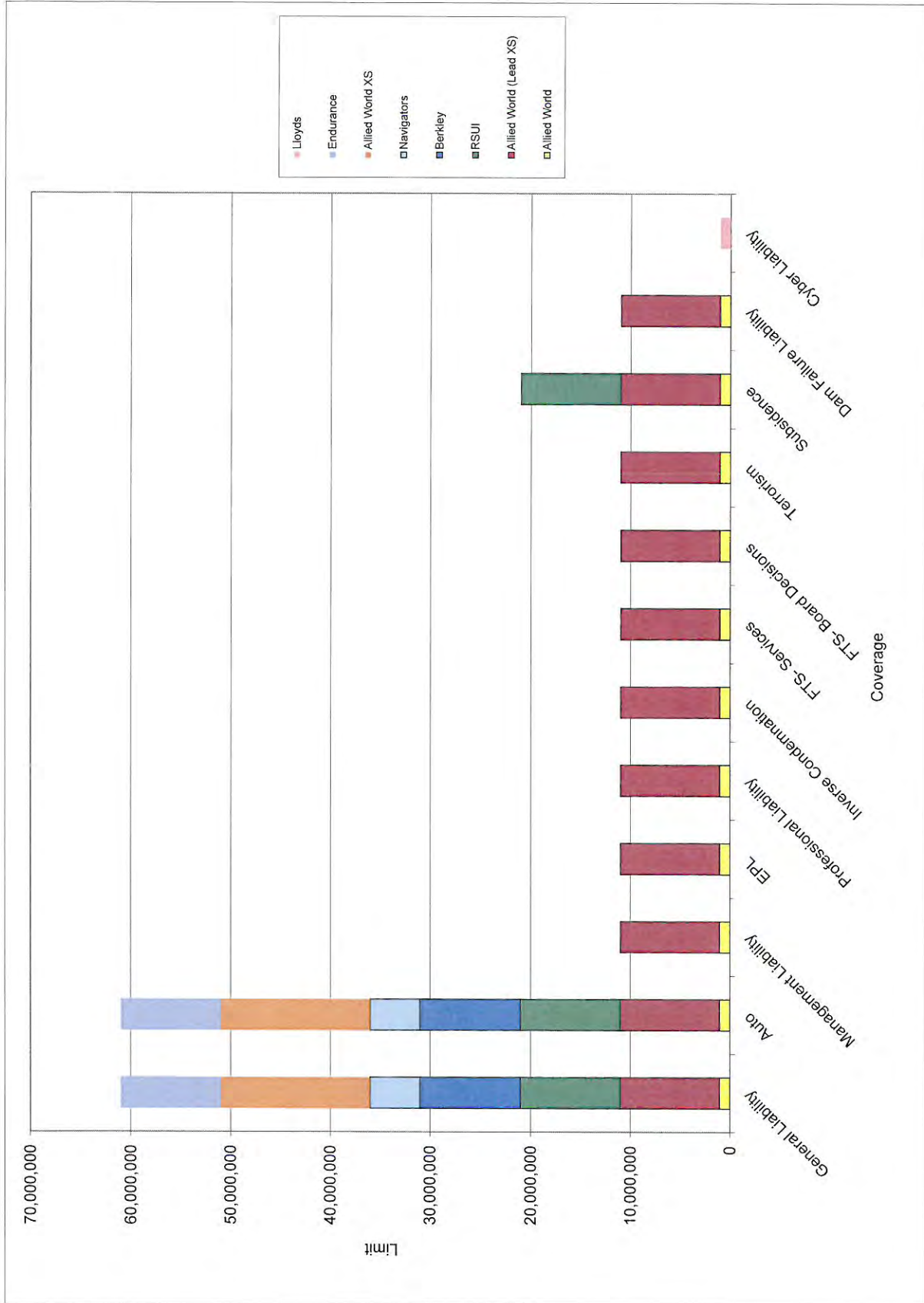


|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  |  |
| <b>Excess Liability (Lead Excess)</b>      | <b>Argonaut Insurance Co. A XII, Admitted</b>  |  |  | <b>Allied World Assurance Company</b>  |
| Excess Limit                               | \$10,000,000 Excess of \$1,000,000   |  |  | \$10,000,000 Excess of \$1,000,000   |
| Coverage                                   | Excess of underlying Liability Limits: <b>Includes Sewer Backup, Failure to Supply, Professional Liability, Dam Failure; Inverse Condemnation; Subsidence; Includes Terrorism</b>  |  |  | Excess of underlying Liability Limits: <b>Includes Sewer Backup, Failure to Supply, Professional Liability, Dam Failure; Inverse Condemnation; Subsidence; Includes Terrorism</b>  |
| Premium                                    | \$66,261   |  |  | \$190,768  |
| <b>Excess Liability #2</b>                 | <b>RSUI Indemnity Company - A XIII; Admitted</b>   |  |  | <b>RSUI Indemnity Company - A XIII, Admitted</b>   |
| Excess Limit                               | \$25,000,000 Excess of \$11,000,000 for total of \$36,000,000  |  |  | \$10,000,000 Excess of \$11,000,000 for total of \$21,000,000  |
| Exclusions Include but are not limited to: | Exclusions: Asbestos, D&O, EPLI, Terrorism, Eminent Domain or Condemnation, Failure to Supply, Professional Services, Public Officials, Uninsured or Underinsured Motorists; Inverse Condemnation; Dam Failure; NO Subsidence exclusion  |  |  | Exclusions: Asbestos, D&O, EPLI, Terrorism, Eminent Domain or Condemnation, Failure to Supply, Professional Services, Public Officials, Uninsured or Underinsured Motorists; Inverse Condemnation; Dam Failure; NO Subsidence exclusion  |
| Premium                                    | \$99,245   |  |  | \$156,515  |
| <b>Excess Liability #3</b>                 | <b>Endurance Insurance Co. -- A+ XV; Admitted</b>  |  |  | <b>Berkley National Ins Co- A+ XV, Admitted</b>  |
| Excess Limit                               | \$25,000,000 Excess of \$36,000,000 for a total of \$61,000,000  |  |  | \$10,000,000 Excess of \$21,000,000 for a total of \$31,000,000  |
| Exclusions Include but are not limited to: | Lead, Silica, Fungi and Bacteria, Earth Movement or Subsidence, Errors & Omissions, EPLI, D&O, Failure to Supply, Punitive Damages, Communicable Disease, Discrimination, Eminent Domain/Condemnation, Dam Failure; Inverse Condemnation |  |  | Lead, Silica, Fungi and Bacteria, Earth Movement or Subsidence, Errors & Omissions, EPLI, D&O, Failure to Supply, Punitive Damages, Communicable Disease, Discrimination, Eminent Domain/Condemnation, Dam Failure; Inverse Condemnation |
|  | \$48,800   |  |  | \$110,000  |
| <b>Excess Liability #4</b>                 | <b>Navigators Insurance Company, A XV, Non-Admitted</b>  |  |  | <b>Navigator's Insurance Company, A XV, Non-Admitted</b>   |
| Excess Limit                               | \$5,000,000 Excess of \$31,000,000 for total of \$36,000,000   |  |  | \$5,000,000 Excess of \$31,000,000 for total of \$36,000,000   |
| Exclusions Include but are not limited to: | Exclusions: Asbestos, D&O, EPLI, Terrorism, Eminent Domain or Condemnation, Failure to Supply, Professional Services, Public Officials, Uninsured or Underinsured Motorists; Inverse Condemnation; Dam Failure; Subsidence               |  |  | Exclusions: Asbestos, D&O, EPLI, Terrorism, Eminent Domain or Condemnation, Failure to Supply, Professional Services, Public Officials, Uninsured or Underinsured Motorists; Inverse Condemnation; Dam Failure; Subsidence               |
| Premium                                    | \$42,518   |  |  | \$42,518   |
| <b>Excess Liability #5</b>                 | <b>Allied World Assurance Company, A+ XV, Admitted</b>   |  |  | <b>Allied World Assurance Company, A+ XV, Admitted</b>   |
| Excess Limit                               | \$15,000,000 Excess of \$36,000,000 for total of \$51,000,000  |  |  | \$15,000,000 Excess of \$36,000,000 for total of \$51,000,000  |
| Exclusions Include but are not limited to: | Exclusions: Asbestos, D&O, EPLI, Terrorism, Eminent Domain or Condemnation, Failure to Supply, Professional Services, Public Officials, Uninsured or Underinsured Motorists; Inverse Condemnation; Dam Failure; Subsidence               |  |  | Exclusions: Asbestos, D&O, EPLI, Terrorism, Eminent Domain or Condemnation, Failure to Supply, Professional Services, Public Officials, Uninsured or Underinsured Motorists; Inverse Condemnation; Dam Failure; Subsidence               |
| Premium                                    | \$103,200  |  |  | \$103,200  |
| <b>Excess Liability #6</b>                 | <b>Endurance Insurance Company, A+ XV, Admitted</b>  |  |  | <b>Endurance Insurance Company, A+ XV, Admitted</b>  |
| Excess Limit                               | \$10,000,000 Excess of \$51,000,000 for total of \$61,000,000  |  |  | \$10,000,000 Excess of \$51,000,000 for total of \$61,000,000  |
| Exclusions Include but are not limited to: | Exclusions: Asbestos, D&O, EPLI, Terrorism, Eminent Domain or Condemnation, Failure to Supply, Professional Services, Public Officials, Uninsured or Underinsured Motorists; Inverse Condemnation; Dam Failure; Subsidence               |  |  | Exclusions: Asbestos, D&O, EPLI, Terrorism, Eminent Domain or Condemnation, Failure to Supply, Professional Services, Public Officials, Uninsured or Underinsured Motorists; Inverse Condemnation; Dam Failure; Subsidence               |
| Premium                                    | \$50,000   |  |  | \$50,000   |

## Quotes

|   | <u>Expiring</u> | <u>Trident</u> | <u>Allied Pub Risk</u> | <u>Glatfelter</u> | <u>Chubb</u> | <u>Excess Layers</u>    |
|---|-----------------|----------------|------------------------|-------------------|--------------|-------------------------|
| Property  | 148,290         |                | 233,222                | 206,567           | 200,000      | <u>Various Carriers</u> |
| Equipment   | incl            |                | incl                   | 5,308             |              |                         |
| EDP   | incl            |                | incl                   | incl              |              |                         |
| DIC/Earthquake  | 251,644         | 255,971        | 255,971                |                   |              |                         |
| General Liability   | 145,185         | 150,100        | 165,158                |                   |              |                         |
| Stop Loss   | 10,552          | 8,325          | incl                   |                   |              |                         |
| Management Liab / EPL   | 22,317          | 23,746         | 28,122                 |                   |              |                         |
| Auto  | 70,011          | 78,104         | 96,274                 | 88,109            |              |                         |
| Crime   | 7,823           | 5,577          | 5,577                  |                   |              |                         |
| Cyber   | 10,367          | 9,848          | 9,848                  |                   |              |                         |
| Excess: 10 x 1  | 66,261          | incl           | 190,768                |                   |              |                         |
| Excess #2   | 99,245          |                |                        |                   |              | 156,515                 |
| Excess #3   | 48,800          |                |                        |                   |              | 110,000                 |
| Excess #4   |                 |                |                        |                   |              | 42,518                  |
| Excess #5   |                 |                |                        |                   |              | 103,200                 |
| Excess #6   |                 |                |                        |                   |              | 50,000                  |
| Program Fees  |                 |                | 71,674                 |                   |              |                         |
| Total   | 880,495         |                | 1,056,614              |                   |              |                         |
| <u>Options:</u>   |                 |                |                        |                   |              |                         |
| 30m DIC limit   | 233,000         |                |                        |                   |              |                         |
| Lower Excess Limits   |                 |                |                        |                   |              |                         |
| <u>Notes:</u>   |                 |                |                        |                   |              |                         |
| 1. Trident SIR \$250,000  |                 |                |                        |                   |              |                         |
| 2. Allied Public Risk SIR \$100,000   |                 |                |                        |                   |              |                         |
| 3. Allied Public Risk program fees are to support running the pool: Two attorneys, two CPAs plus administrative staff |                 |                |                        |                   |              |                         |
| 4. Glatfelter deductibles: \$100,000 property; \$25,000 Inland Marine; \$15,000 Auto Liability                        |                 |                |                        |                   |              |                         |
| 5. Chubb Property quote is at \$100,000,000 Stop Loss Limit   |                 |                |                        |                   |              |                         |
| 6. Glatfelter must write auto line along with property and equipment  |                 |                |                        |                   |              |                         |


# Limits Chart 2019






# Liability Retentions

Attachment B

| <br><small>INNOVATIVE RISK ADVICE SINCE 1923</small> |                     |                   | 100k Retention  | 250k Retention  |  |
|--|---------------------|-------------------|-----------------|-----------------|--|
| <u>Policy Term</u>   | <u>Date of Loss</u> | <u>Line</u>       | <u>Exposure</u> | <u>Exposure</u> | <u>Additional Cost at 250k Retention</u> |
| <b>2018-2019</b>   | 5/3/2018            | EPL               | 100,000         | 182,000         |  |
| <b>TOTAL</b>   |                     |                   | <b>100,000</b>  | <b>182,000</b>  | <b>82,000</b>                            |
| <b>2017-2018</b>   | 9/28/2017           | EPL               | 100,000         | 250,000         |  |
| <b>TOTAL</b>   |                     |                   | <b>100,000</b>  | <b>250,000</b>  | <b>150,000</b>                           |
| <b>2016-2017</b>   |                     | No Claims         |                 |                 |  |
| <b>TOTAL</b>   |                     |                   | <b>0</b>        | <b>0</b>        | <b>0</b>                                 |
| <b>2015-2016</b>   | 9/16/2015           | General Liability | 4,809           | 4,809           |  |
|  | 10/22/2015          | General Liability | 144             | 144             |  |
|  | 1/30/2016           | General Liability | 100,000         | 250,000         |  |
| <b>TOTAL</b>   |                     |                   | <b>104,953</b>  | <b>254,953</b>  | <b>150,000</b>                           |
| <b>2014-2015</b>   | 5/1/2015            | Auto Liability    | 718             | 718             |  |
| <b>TOTAL</b>   |                     |                   | <b>718</b>      | <b>718</b>      |  |
| <b>2013-2014</b>   | 2/14/2014           | General Liability | 1,835           | 1,835           |  |
|  | 3/1/2014            | General Liability | 100,000         | 115,000         |  |
|  | 3/1/2014            | General Liability | 4,625           | 4,625           |  |
| <b>TOTAL</b>   |                     |                   | <b>106,460</b>  | <b>121,460</b>  | <b>15,000</b>                            |
| <b>2012-2013</b>   | 3/14/2013           | Auto Liability    | 69,695          | 69,695          |  |
|  | 7/26/2013           | General Liability | 221             | 221             |  |
|  | 5/13/2013           | General Liability | 100,000         | 250,000         |  |
|  | 9/23/2013           | General Liability | 188             | 188             |  |
|  | 11/19/2012          | General Liability | 2,405           | 2,405           |  |
| <b>TOTAL</b>   |                     |                   | <b>172,509</b>  | <b>322,509</b>  | <b>150,000</b>                           |
| <b>2011-2012</b>   | 8/13/2011           | General Liability | 934             | 934             |  |
| <b>TOTAL</b>   |                     |                   | <b>934</b>      | <b>934</b>      |  |
| <b>2010-2011</b>   | 6/14/2011           | Auto Liability    | 0               | 0               |  |
|  | 6/7/2011            | General Liability | 11,236          | 11,236          |  |
|  | 7/6/2011            | General Liability | 1,094           | 1,094           |  |
| <b>TOTAL</b>   |                     |                   | <b>12,330</b>   | <b>12,330</b>   |  |



# Liability Retentions

|  <p style="text-align: center; margin-top: 5px;">INNOVATIVE RISK ADVICE SINCE 1923</p> |                  |                   |                       |                       |                                   |
|--|------------------|-------------------|-----------------------|-----------------------|-----------------------------------|
|  |                  |                   | <b>100k Retention</b> | <b>250k Retention</b> |                                   |
| Policy Term  | Date of Loss     | Line              | Exposure              | Exposure              | Additional Cost at 250k Retention |
|  |                  |                   |                       |                       |                                   |
| <b>2009-2010</b>   | 2/2/2010         | General Liability | 95,126                | 95,126                |                                   |
|  | 2/5/2010         | General Liability | 100,000               | 184,430               |                                   |
|  | 2/17/2010        | General Liability | 3,861                 | 3,861                 |                                   |
|  | 3/21/2010        | General Liability | 0                     | 0                     |                                   |
|  | 7/8/2010         | EPL               | 0                     | 0                     |                                   |
| <b>TOTAL</b>   |                  |                   | <b>198,987</b>        | <b>283,417</b>        | <b>84,430</b>                     |
|  |                  |                   |                       |                       |                                   |
| <b>2008-2009</b>   | 10/15/2008       | Auto Liability    | 1,387                 | 1,387                 |                                   |
|  | 11/4/2008        | Auto Liability    | 845                   | 845                   |                                   |
| <b>TOTAL</b>   |                  |                   | <b>2,232</b>          | <b>2,232</b>          |                                   |
|  |                  |                   |                       |                       |                                   |
| <b>2007-2008</b>   | 9/2/2008         | Auto Liability    | 1,719                 | 1,719                 |                                   |
| <b>TOTAL</b>   |                  |                   | <b>1,719</b>          | <b>1,719</b>          |                                   |
|  |                  |                   |                       |                       |                                   |
| <b>Retention Total Difference</b>  |                  |                   |                       |                       | <b>631,430</b>                    |
| <b>Average: 12 years</b>   |                  |                   |                       |                       | <b>52,619</b>                     |
| <b>Incurred Loss</b> = Claim payments plus loss reserves, including carrier legal expenses   |                  |                   |                       |                       |                                   |
| <b>Actual SIR Payments</b> = Actual payment of Self Insured Retention or Deductible  |                  |                   |                       |                       |                                   |
| Source of information: insurance carrier-produced loss runs dated July, 2019   |                  |                   |                       |                       |                                   |
| <b>Deductibles &amp; Retentions:</b>   |                  |                   |                       |                       |                                   |
|  | <b>2007-2011</b> | <b>2012-2014</b>  |                       |                       |                                   |
| Auto Liability   | 0                | 10,000            |                       |                       | assumes going to \$250,000 SIR    |
| Auto Phys Dmg  |                  | 10,000            |                       |                       |                                   |
| GL   | 10,000           | 50,000            |                       |                       |                                   |
| Mgmt & EPL   | 10,000           | 50,000            |                       |                       |                                   |
| Property   | 10,000           | 50,000            |                       |                       |                                   |



September 26, 2019 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Engineering and External Affairs

**Subject : Jim Bridger Pipeline Replacement Project: Revised Declaration of Emergency**

**SUMMARY:**

On September 17, 2019, the Board adopted Resolution No. 2562, declaring an emergency that required immediate action without delay to install a temporary above-ground pipeline on Jim Bridger Road from Jed Smith Road to the nearest valve. At the time, staff had requested but not yet received quotations from contractors for the work. The recommendation was based on the costs of above-ground pipeline work performed along Long Valley Road in 2012. Shortly after the Board meeting, staff received quotations for installation of an above-ground pipeline, as well as permanent replacement of the existing pipeline, from three contractors. The relatively low price for the permanent pipeline replacement provides value and added benefits to the District and community over the originally proposed above-ground pipeline alternative.

Due to the new information received, staff proposes a revised strategy for the project to proceed immediately with the permanent pipeline replacement and avoid the need for a costly, temporary above-ground pipeline. As a result, staff recommends repealing Resolution No. 2562, which called for installing the above-ground pipeline on an emergency basis, and adopting proposed Resolution No. 2563, which calls for emergency installation of the permanent pipeline. The revised strategy will lower the overall costs for the work and minimize inconveniences to the community.

**RECOMMENDATION(S):**

Repeal Resolution No. 2562; pass, approve and adopt proposed Resolution No. 2563; find that the proposed work is exempt from the California Environmental Quality Act; authorize the General Manager to award a construction contract to Toro Enterprises Inc., in the amount of \$200,660; and appropriate \$230,759 for the Jim Bridger Road Water Main Replacement Project.

**RESOLUTION NO. 2563**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT FINDING THAT AN EMERGENCY WILL NOT PERMIT A DELAY RESULTING FROM A COMPETITIVE SOLICITATION FOR REPLACEMENT OF A DETERIORATED WATER MAIN ALONG JIM BRIDGER ROAD IN THE CITY OF HIDDEN HILLS**

(Reference is hereby made to Resolution No. 2563 on file in the District's Resolution Book and by this reference the same is incorporated herein.)

**FISCAL IMPACT:**

Yes

**ITEM BUDGETED:**

No

**FINANCIAL IMPACT:**

The proposed project was not included in the adopted Fiscal Year 2019-20 Budget. The Board approved an initial appropriation of \$50,000 to provide funding for the preparation of plans, specifications and bidding documents. Staff recommends an additional appropriation, in the amount of \$230,759, to construct replacement pipeline. The appropriation includes a 15% contingency for change orders that may arise during construction.

**DISCUSSION:**

On September 3, 2019, the Board authorized the award of a professional services agreement to Cannon Corp Engineering Consultants (Cannon) for the design of a new 8-inch diameter water main along Jim Bridger Road, from Jed Smith Road to Ashley Ridge Road. Since the award of the design work, there have been two additional water main failures on the same stretch of pipe with the most recent one on September 10, 2019. This incident was the fifth main break along the section of pipeline with the first occurring on March 25, 2007. Four of the failures occurred within the course of the past month.

Design of a new pipeline is already underway, but it was not be expected to be completed until late October 2019. Construction of the new water main was not expected to start until late December with completion by February 2020. Due to the frequency of water main failures along this stretch of Jim Bridger Road, staff proposed to install a temporary above-ground pipeline or "highline" along Jim Bridger Road, from Jed Smith Road to the nearest shutoff valve, to provide reliable water service to the ten homes affected while the new water main was being designed and constructed.

The recommendation was brought to the Board with the best available information at the time; however, quotations from contractors for the work had not yet been received. Shortly after the Board meeting on September 17th, staff received quotations from three contractors for two different options. The first option consisted of the installation of a temporary above-ground pipeline; the second option involved permanent replacement of 1,000 feet of pipeline without first installing an above-ground pipeline. Following is a summary of the

informal bids received:

| <u>Contractor</u>        | <u>Above-Ground Pipeline</u> | <u>Permanent Replacement</u> |
|--------------------------|------------------------------|------------------------------|
| Toro Enterprises Inc.    | \$86,800                     | \$200,660                    |
| Sam Hill & Sons, Inc.    | \$94,575                     | \$244,165                    |
| Blois Construction, Inc. | \$206,927                    | \$312,429                    |

After receiving the quotations, staff met to discuss the costs and evaluated both options in their entirety. The above-ground pipeline costs came in significantly higher than anticipated. The increased costs are likely due to the need to bore the pipeline beneath the driveways, in addition to the escalation of construction costs. In addition, the above-ground pipeline costs do not include the removal of the temporary pipeline after the completion of work or the repair that will likely be needed for the decomposed granite equestrian trails where its would be placed. Staff estimates the total above-ground pipeline cost could exceed \$150,000 once these additional components are considered.

Alternatively, the proposals received for the permanent replacement of the pipeline were competitive. The total cost quoted by Toro provides an overall cost-savings and value to the District when compared to the alternative of installing the above-ground pipeline. The District's Potable Water Master Plan estimates the cost of 8-inch pipeline for existing development to be \$240 per linear foot. The proposed cost from Toro corresponds to approximately \$200 per linear foot, which is less than the expected range identified within District's Potable Water Master Plan.

Proceeding with the replacement of the pipeline in-lieu of the above-ground pipeline will expedite the overall schedule to replace the portion of pipeline that has experienced the most failures and will shorten the duration of construction, which will reduce the impact to the community. Toro is tentatively prepared to mobilize on Tuesday, October 1st and anticipates completion of the work within 15 working days. Staff feels that this proposed alternative will maximize the use of the District's funds, while minimizing the impact to the community of Hidden Hills.

While Toro Enterprises, Inc. begins the construction to install the first 1,000 feet of the new 8-inch pipeline along Jim Bridger (Phase 1), Cannon Corp will continue to design the remaining 1,000 feet of pipeline along Jim Bridger to Ashley Ridge Road and will add the replacement of affected portions of water main along Long Valley Road (Phase 2) to the scope of work. Construction of the Phase 2 work will take place in early 2020 and will be competitively bid through a formal process.

At this time, a revised emergency declaration is required to proceed with the work expeditiously by waiving the competitive bid process for the installation of a replacement pipeline to mitigate future water main failures along Jim Bridger Road.

The project is statutorily exempt from the California Environmental Quality Act pursuant to Section 21080.21 of California Public Resources Code that provides: "(a) This division does not apply to any project of less than one mile in length within a public street or highway or any other public right-of-way for the installation of a new pipeline or the maintenance, repair, restoration, reconditioning, relocation, replacement, removal, or demolition of an existing pipeline. (b) For purposes of this section, "pipeline" means subsurface pipelines and subsurface or surface accessories or appurtenances to a pipeline, such as mains, traps, vents, cables, conduits, vaults, valves, flanges, manholes, and meters."

Staff presented the proposed strategy to the Hidden Hills City Council on September 23, 2019. The City Council was supportive of the new plan to move forward immediately with the permanent replacement and upsizing of the first 1,000 feet of water main on Jim Bridger Road. Pending Board approval, staff will distribute a community flyer for the work including door hangers for the affected customers. A draft of the community flyer is attached for reference. In addition, staff has notified the Hidden Hills Homeowners Association of the upcoming work and will coordinate construction activities with them and City staff for the duration of the work.

**GOALS:**

Construct, Manage and Maintain All Facilities and Provide Services to Assure System Reliability and Environmental Compatibility

Prepared by: Eric Schlageter, P.E., Interim Principal Engineer

**ATTACHMENTS:**

Proposed Resolution No. 2563

Community Flyer

**RESOLUTION NO. 2563**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF LAS VIRGENES MUNICIPAL WATER DISTRICT FINDING THAT AN EMERGENCY  
WILL NOT PERMIT A DELAY RESULTING FROM A COMPETITIVE SOLICITATION  
FOR REPLACEMENT OF A DETERIORATED WATER MAIN ALONG JIM BRIDGER  
ROAD IN THE CITY OF HIDDEN HILLS**

WHEREAS, on March 25, 2007 the first water main failure occurred along Jim Bridger Road from Jed Smith Road to Ashley Ridge Road located in the City of Hidden Hills;

WHEREAS, on September 10, 2019, Las Virgenes Municipal Water District staff repaired the fifth main failure along Jim Bridger Rd from Jed Smith Road to Ashley Ridge Road - the fourth main failure since August 16, 2019;

WHEREAS, aging non-standard asbestos cement pipe, installed in 1961 by the Hidden Hills Mutual Water Company, with non-standard dimensions, has lost its strength to withstand water pressure and the water main has reached the end of its service life;

WHEREAS, due to the frequency of the main failures along Jim Bridger Road, continued repairs to the 6-inch asbestos cement pipe would contribute to further deterioration of pipeline, and continue to disrupt water service along Jim Bridger Road;

WHEREAS, the District recommends an emergency declaration to complete the necessary work required to replace the deteriorated water main along Jim Bridger Road, from Jed Smith Road to the nearest shutoff valve, with a new 8-inch polyvinyl chloride (PVC) pipeline;

WHEREAS, a competitive bidding process is normally required for construction projects involving an amount of \$35,000 or more pursuant to California Public Contract Code §20642;

WHEREAS, one exception to the requirement to give notice for bids to let such contracts is in the case of emergency;

**WHEREAS, "emergency"** means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services (California Public Contract Code §1102);

WHEREAS, in an emergency, the District may, pursuant to California Public Contract Code §22050, repair or replace a public facility, take any directly related and immediate action required, and procure the necessary equipment, services, and supplies for those purposes without engaging in the competitive bidding process; and

WHEREAS, consistent with the provisions set forth in the **District's Administrative Code** at sections 2-6.401 and 2-6.402, staff recommends an emergency declaration to perform emergency repairs, including the replacement of a deteriorated asbestos cement water main to maintain adequate and reliable water service to 10 homes along Jim Bridger Road.



**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERINING BOARD OF DIRECTORS OF THE LAS VIRGENES MUNICIPAL WATER DISTRICT AS FOLLOWS:**

1. Substantial evidence supports a finding that the above-described circumstances constitute an emergency that will not permit a delay resulting from a competitive solicitation for bids and the above-described actions are necessary to respond to this emergency.
2. The Board authorizes the General Manager to proceed with the above-described actions in response to this emergency.
3. The Board shall review these emergency actions at a future Board meeting and, if those actions continue, shall terminate those actions at the earliest possible date that conditions warrant.

**PASSED, APPROVED, AND ADOPTED** this 26th day of September 2019.

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Jay Lewitt, President

ATTEST:

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Charles P. Caspary, Secretary

APPROVED AS TO FORM:

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W. Keith Lemieux, District Counsel



DRAFT

# LAS VIRGENES MUNICIPAL WATER DISTRICT INFORMATION REGARDING THE JIM BRIDGER WATER MAIN REPLACEMENT



Las Virgenes Municipal Water District (LVMWD) will be constructing a new 8-inch water main along Jim Bridger Rd. from Jed Smith Rd. to Ashely Ridge Rd. This will replace the existing 6-inch water main that has been in service since 1961, which has experienced four failures in the past month.

The District constantly identifies and monitors areas where older infrastructure exists to determine when parts of our distribution system need updating. This main replacement is part of an on-going effort by LVMWD to ensure all customers receive high-quality, reliable water at all times.

The construction of the first 1,000 linear feet of water main is expected to begin as early as September 30, 2019 and will take approximately 3 – 4 weeks to complete. All construction work will occur weekdays between the hours of 7:30am – 5:00pm.

All roadways and equestrian paths will remain accessible, but there may be delays during construction hours. An additional 1,000 linear feet of water main along Jim Bridger Rd. to Ashley Ridge Rd. will be replaced after the holiday season in early 2020.

We apologize for any inconvenience and thank you for your patience. After the installation, it will be normal to temporarily experience some air pockets when your water flows. Dust and construction noise associated with the work should be expected. If you have any questions, please call Las Virgenes Municipal Water District headquarters at 818-251-2200.

An interruption to your water service MAY require you take some actions to prevent damage to equipment that depends upon the presence of water. Learn how to protect your home's equipment during a shutdown.

[LVMWD.com/ProtectYourEquipment](http://LVMWD.com/ProtectYourEquipment)

## MAP OF IMPACTED CUSTOMERS FOR JIM BRIDGER WATER MAIN REPLACEMENT

