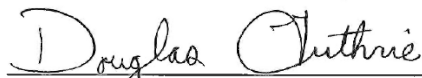


Report of the President & CEO

May 28, 2020

**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR HIS DESIGNEE, TO
PURCHASE ONE YEAR OF AUTOMOBILE LIABILITY INSURANCE COVERAGE FROM
THE HOUSING AUTHORITY INSURANCE GROUP AND EXECUTE RELATED DOCUMENTS**



Douglas Guthrie
President & Chief Executive Officer



Annie Markarian, Director of
Labor and Employee Relations

Purpose: The purpose of this item is to obtain authorization to purchase one year of automobile liability insurance coverage from the Housing Authority Insurance Group (“HAI”) for the estimated cost of \$324,300. The automobile liability coverage provides financial protection for the Authority and its employees against claims resulting from bodily injury liability and property damage to other drivers and vehicles.

Regarding: On May 23, 2019, the Board of Commissioners authorized via Resolution No. 9507 the purchase of \$5,000,000 in automobile liability insurance coverage from HAI for three hundred and twenty-two (322) vehicles at a composite rate of \$899 per vehicle, at a total one (1) year estimated annual premium of \$289,780.

Issues: The State of California and the U.S. Department of Housing and Urban Development (“HUD”) requires the Authority to maintain automobile liability insurance for any vehicles owned and/or operated by the Housing Authority of the City of Los Angeles (the “Authority”).

The Authority currently owns and/or operates a fleet of three hundred and thirty-five (335) vehicles for business use. Of these, one hundred four (104) are electric scooters and two hundred thirty-one (231) are automobiles, trucks, trailers and vans. During the expiring policy period, some older vehicles, including a portion of the 2007 Toyota Priuses fleet) were removed from service, and new scooters and the Chevrolet Bolts were added.

Automobile insurance premiums are subject to market fluctuations. For the 2020-2021 policy period, we saw a premium increase of twelve percent (12%) - \$34,520 - increasing the cost of coverage from \$289,780 to \$324,300. This year’s premium increase is due to reinsurance costs increased in California. The new composite rate per vehicle is \$968.05. Note, when adding and removing vehicles from the policy, the composite rate per vehicle will vary depending on the type of vehicle.

The liability coverage and deductibles remain the same. The following chart sets forth the comparison between the expiring policy and the proposed new policy.

	Current Program 2019/2020	Renewal Program 2020/2021
Coverages and deductibles	Automobile - owned \$5,000,000 coverage Uninsured Motorist and Non-owned-hire auto \$1MM Coverage \$50k deductible	Automobile - owned \$5,000,000 coverage Uninsured motorist and Non-owned-hire auto \$1mmCoverage \$50k deductible
Units	322	335
Annual Premium	\$289,780	\$324,300
Composite Rate	\$899.00	\$968.05

The current automobile policy term expires on June 15, 2020. The proposed new term begins at 12:00 am on June 15, 2020, and expires at 12:00 am on June 15, 2021.

HUD waives the bidding requirements of the Annual Contributions Contract with regard to insurance purchase for any public housing agency that joins and remains a member of HAI.

Vision Plan: Purchase of automobile insurance is administrative in nature and required to comply with regulatory requirements and best practices.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: The cost of automobile liability insurance is allocated to the various programs of the Authority by number of vehicles assigned to each program. Amounts by program/funding source are as follows:

Public Housing	Section 8	Strategic Development	Central Office	Total
\$ 246,028	\$ 14,747	\$ 6,806	\$ 56,719	\$ 324,300

Budget and Program Impact: The necessary funds are available and included in the 2020 operating budget and will be budgeted in 2021 as required.

Environmental Review: Not applicable

Section 3: Not applicable

Attachments:

1. Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR HIS DESIGNEE, TO PURCHASE ONE YEAR OF AUTOMOBILE LIABILITY INSURANCE COVERAGE FROM HOUSING AUTHORITY INSURANCE GROUP AND EXECUTE RELATED DOCUMENTS

WHEREAS, the Authority currently owns and/or operates a fleet of 335 motorized vehicles (automobiles, trucks, trailers, vans and scooters) for business use; and

WHEREAS, the State of California and the U.S. Department of Housing and Urban Development ("HUD") require the Authority to maintain automobile liability insurance; and

WHEREAS, HUD has waived the bidding requirements for public housing agencies who wish to insure with Housing Authority Insurance Group ("HAI").

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners Authorizes the President and CEO, or his designee, to: 1) Purchase one year of automobile liability insurance coverage from HAI for an estimated cost of \$324,300; 2) Authorize deductible payments of \$50,000 per occurrence for any claim arising out of this policy; 3) Authorize enrollment coverage for any vehicle purchased or leased during the policy period; and 4) Execute related documents.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
Chairperson

APPROVED AS TO FORM:

BY: _____
General Counsel

DATE ADOPTED: _____