



City of Corona

400 S. Vicentia Ave.
Corona, CA 92882

Legislation Details (With Text)

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Title: City Council and Corona Utility Authority consideration of insurance claim resolution for insurance proceeds in the amount of \$957,591.78 from the City's property insurance carrier, Lexington Insurance Company, for reimbursement of damages to the Sierra Del Oro Water Treatment Plant and Communication Site during the Canyon Wildfire event that occurred on September 25, 2017 and September 26, 2017; and approval of a Fiscal Year 2018-19 General Fund revenue increase of \$153,133.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Staff Report

| Date | Ver. | Action By | Action | Result |
|------------|------|--------------|----------|--------|
| 12/19/2018 | 1 | City Council | approved | |

AGENDA REPORT REQUEST FOR CITY COUNCIL AND CORONA UTILITY AUTHORITY ACTION

DATE: 12/19/2018

TO: Honorable Mayor and City Council Members
Honorable President and Board Members

FROM: Legal and Risk Management Department

SUBJECT:
City Council and Corona Utility Authority consideration of insurance claim resolution for insurance proceeds in the amount of \$957,591.78 from the City's property insurance carrier, Lexington Insurance Company, for reimbursement of damages to the Sierra Del Oro Water Treatment Plant and Communication Site during the Canyon Wildfire event that occurred on September 25, 2017 and September 26, 2017; and approval of a Fiscal Year 2018-19 General Fund revenue increase of \$153,133.

RECOMMENDED ACTION:

That the City Council and the Corona Utility Authority:

1. City Council approve insurance claim resolution for insurance proceeds in the amount of \$957,591.78 from Lexington Insurance Company for damages caused by the Sierra Del Oro Water Treatment Plant and Communication Site building, landscaping and equipment during the Canyon Wildfire event that occurred on September 25, 2017 through September 26, 2017.
2. City Council approve Fiscal Year 2018-19 General Fund revenue increase of \$153,133 to reflect the insurance proceeds, adjusted by funds advanced and received in Fiscal Year 2017-18, totaling \$804,458.78.
3. City Council authorize the City Attorney/Legal & Risk Management Director to execute a Sworn Statement in Proof of Loss to fully and finally settle this claim.
4. Corona Utility Authority review, ratify and authorize the above actions.

ANALYSIS:

Due to the Canyon Wildfire that advanced on to the grounds of the Sierra Del Oro Water Treatment Plant and Communication Site located at 2940 Wilderness Circle, Corona, California, the water treatment plant building, its landscaping and some equipment were damaged by the smoke and fire. The Communication Site is utilized by multiple departments throughout the City, including public safety.

The City's property insurance policy covers replacement cost of the damaged and destroyed property at covered locations.

The City filed a claim for reimbursement as follows:

- \$280,708.78 for replacement or repair of damage to the water treatment plant building, equipment and communication tower at actual cash value documented by paid invoices to AAA Container Sales, Applied Technology, Center Electric, Commercial Metal Systems, Core-Rosion, Delt Builders, Grainger, Graybar, SoCal Sandbags, Tony Painting, A Cone Zone, West Coast Arborists, Tropical Plaza Nursery and Traffic Management.
- The balance paid by the insurance company is based on an estimate of the cost to repair and replace the landscaping damage. Salco Landscape Services, Inc provided a detailed estimate which totaled \$681,883 for a grand property loss total of \$962,591.78.
- Since the City has a \$5,000 deductible for property damage, Lexington is offering to settle the claim with the City in the amount of \$957,591.78.
- Lexington already advanced \$804,458.78.
- Therefore, Lexington will pay the City the balance of the claim (\$153,133) once a Sworn Statement in Proof of Loss is executed and returned to Lexington Insurance.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

The insurance proceeds of \$957,591.78 will help to offset the costs incurred for the damage to the Sierra Del Oro Water Treatment Plant and Communication Site. Lexington Insurance advanced \$804,458.78 which was received in Fiscal Year 2017-18. The remaining balance of \$153,133 will increase General Fund revenues in Fiscal Year 2018-19. The advanced funds received in Fiscal Year 2017-18 reimbursed actual costs incurred in the General Fund, DWP Funds, and LMD 84-2 Zone 10 Fund. The majority of the advance plus the remaining distribution will be used to fund repairs and replacement of the damaged landscaping. City Council authorization to appropriate project funds will be requested once plans have been finalized.

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|---|---------------------|
| GENERAL FUND | |
| Budget Workshop May 23, 2018 - Estimated Revenue Over Expenditures | \$6,626,911 |
| Previously approved budget adjustments (net) | (\$5,677,742) |
| Current Estimated Revenue Over Expenditures* | \$949,169 |
| Revenue Increase - Insurance Proceeds | \$153,133 |
| Revised Estimated Revenue Over Expenditures | \$1,102.302 |
| Budget Balancing Measures Reserve - Estimated for 07/01/18 | \$20,645,252 |
| Estimated FY 2018-19 Change in Budget Balancing Measures | \$ 1,102,302 |
| Budget Balancing Measures Reserve - Estimated Balance 06/30/19 | \$21,747,554 |
| <i>*Approved through Council Action or other operational process.</i> | |

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action authorizes acceptance of insurance proceeds and there is no possibility that this action will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: AMY RICH, RISK MANAGER

REVIEWED BY: DEAN DERLETH, CITY ATTORNEY/LRM DIRECTOR

REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES
DIRECTOR

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER/EXECUTIVE DIRECTOR