

**SAN DIEGO CONVENTION CENTER CORPORATION  
BUDGET COMMITTEE MEETING  
OF THE BOARD OF DIRECTORS**

**Director Jeff Gattas, Chair  
Director Carlos Cota  
Director Carol Kim  
Director Will Rodriguez-Kennedy**

**MONDAY, APRIL 18, 2022, 11:00 A.M.  
111 W. Harbor Drive, 2<sup>nd</sup> Floor, Executive Boardroom  
San Diego, California 92101**

**AGENDA**

Pursuant to Government Code section 54953(e)(1)(B), City of San Diego City Council Resolution R-2022-396, and San Diego Convention Center Corporation Resolution No. 2022-04 approved on April 14, 2022, members of the San Diego Convention Center Corporation Board and all of its legislative bodies may participate in public meetings via teleconference or video conference. In the interest of reducing the spread of COVID-19, in-person public participation is prohibited at this time. Board meetings are held live via teleconference at the number indicated at the top of the agenda. Members of the public may participate live in the Board meeting and submit comments live on this teleconference line.

**Telephone number for members of the public  
to observe, listen, and address the meeting telephonically:  
1(888) 251-2909 – Access code is 6724115#**

1. **Call to Order** - Jeff Gattas, Chair
2. **Non-Agenda Public Comment:**  
This portion of the agenda provides an opportunity for members of the public to address the Board on items of interest within the jurisdiction of the Board that have not previously been before the Board. Pursuant to the Brown Act, no discussion or action shall be taken by the Board on items not posted on the agenda.
3. **Approval of Proposed Minutes of March 14, 2022 Budget Committee Meeting**
4. **Chair's Report**

5. **Action Item(s):**

A. **Recommendation to Authorize Placement of Property, General and Umbrella Liability, Workers' Compensation and Directors & Officers Insurance Through the Brokerage Services of Marsh & McLennan Agency**

B. **Recommendation to Authorize Contract for Arc Flash Analysis**

6. **Staff Updates:**

- CFO
- President & CEO

7. **Urgent non-agenda items** (must meet the requirements of Government Code, Section 54954.2)

8. **Budget Committee Comment** [Govt. Code §54954.2(a)(2)]

**Adjournment**

This information is available in alternative formats upon request. To request an agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device ("ALD") for the meeting, please call Pat Evans at (619) 525-5131 at least five working days prior to the meeting to ensure availability.

In compliance with Government Code section 54957.5, non-exempt written material that is distributed to the Board prior to the meeting will be available at the meeting or it may be viewed in advance of the meeting at the corporation's offices at 111 West Harbor Drive, San Diego, CA. Materials distributed to the board after the posting of this agenda also will be available online at [visitsandiego.com](http://visitsandiego.com). Please contact Pat Evans at (619)525-5131 or [pat.evans@visitsandiego.com](mailto:pat.evans@visitsandiego.com) if you would like to pick up a copy of any material related to an item on this agenda.

Action items on this agenda may be consolidated for voting purposes into a single vote of the Board, to the extent they are routine or otherwise do not require further deliberation. A Board member may comment on an action item before it is voted upon as part of the consolidated vote; however, if a Board member wishes to discuss an action item, that item will not be included in the consolidated vote. If a member of the public wishes to comment upon an action item, they should so advise the Board chair at or before the public comment portion of the meeting, in which case that item will not be included in any consolidated vote.

### Agenda Item 3

## MINUTES

# SAN DIEGO CONVENTION CENTER CORPORATION BUDGET COMMITTEE OF THE BOARD OF DIRECTORS

## COMMITTEE MEETING OF MARCH 14, 2022

**BOARD MEMBERS PRESENT:** Chair Jeff Gattas and Directors Carlos Cota and Carol Kim

**BOARD MEMBERS ABSENT:** Director Will Rodriguez-Kennedy

**STAFF PRESENT:** Rip Rippetoe, Mardeen Mattix, Corey Albright and Pat Evans (Recorder)

**ALSO PRESENT:** Julie Coker, SDTA President & CEO

1. **Call to Order:** Chair Jeff Gattas called the meeting to order at 11:05 a.m. at 111 West Harbor Drive, San Diego, California.

Chair Gattas announced that since this meeting is being conducted via teleconference, the first action is to perform a roll call to determine which Board members are present on this call:

Director Jeff Gattas – Present  
Director Carlos Cota - Present  
Director Carol Kim – Present  
Director Will Rodriguez-Kennedy – Absent

Chair Gattas noted that all Directors were present except Director Rodriguez-Kennedy. Chair Gattas further noted that all votes would be recorded via roll-call vote.

2. **Non-Agenda Public Comment:** None
3. **Approval of Minutes of February 14, 2022 Budget Committee Meeting:**

Directors Cota and Kim moved and seconded, respectively, to approve the minutes from the February 14, 2022 meeting.

**Director Jeff Gattas – Aye**  
**Director Carlos Cota - Aye**  
**Director Carol Kim – Aye**  
**Director Will Rodriguez-Kennedy – Absent**

**Vote: Unanimous**

**AYES: 3                      NAYS: 0                      ABSTENTIONS: 0**

4. **Chair's Report:** Chair Gattas thanked the Finance and Executive teams for their collaboration with City staff, their contract negotiations with SDTA staff and for their efforts related to preparing the FY 2023 Budget. He further indicated that while it is difficult to assemble the budget due to the many unknown elements, staff is moving in the right direction. Once the budget and the Sales & Marketing contract become action items, more details will be provided.

Director Rodriguez-Kennedy joined the meeting at 11:07 a.m.

5. **Action Item(s):** Chair Gattas requested public comment regarding any of the agendaized action items. Hearing none, presentations regarding the items commenced.

Chair Gattas inquired if any member of the public wished to comment on Agenda Item 5.A. No members of the public responded to the request for comment.

**A. Recommendation to Authorize Approval of Fiscal Year 2023 Budget**

**Directors Kim and Cota moved and seconded, respectively, to recommend authorizing Approval of the Fiscal Year 2023 Budget.**

**Director Jeff Gattas – Aye**  
**Director Carlos Cota - Aye**  
**Director Carol Kim – Aye**  
**Director Will Rodriguez-Kennedy – Aye**

**Vote: Unanimous**

**AYES: 4                      NAYS: 0                      ABSTENTIONS: 0**



Chair Gattas inquired if any member of the public wished to comment on Agenda Item 5.B. No members of the public responded to the request for comment.

**B. Recommendation to Authorize Approval of the FY 2023 CIP/Infrastructure and O & M Projections**

**Directors Kim and Rodriguez-Kennedy moved and seconded, respectively, to recommend authorizing Approval of the FY 2023 CIP/Infrastructure and O & M Projections**

**Director Jeff Gattas – Aye  
Director Carlos Cota - Aye  
Director Carol Kim – Aye  
Director Will Rodriguez-Kennedy – Aye**

**Vote: Unanimous**

**AYES: 4                      NAYS: 0                      ABSTENTIONS: 0**

Chair Gattas inquired if any member of the public wished to comment on Agenda Item 5.C. No members of the public responded to the request for comment.

**C. Recommendation to Authorize Award of Contract for Talent Acquisition**

**Directors Cota and Kim moved and seconded, respectively, to recommend authorizing an Award of Contract for Talent Acquisition**

**Director Jeff Gattas – Aye  
Director Carlos Cota - Aye  
Director Carol Kim – Aye  
Director Will Rodriguez-Kennedy – Aye**

**Vote: Unanimous**

**AYES: 4                      NAYS: 0                      ABSTENTIONS: 0**

Chair Gattas inquired if any member of the public wished to comment on Agenda Item 5.D. No members of the public responded to the request for comment.

**D. Recommendation to Authorize Contract for Repairs to Chiller No. 1**

**Directors Kim and Cota moved and seconded, respectively, to recommend authorizing Contract for Repairs to Chiller No. 1.**

**Director Jeff Gattas – Aye**  
**Director Carlos Cota - Aye**  
**Director Carol Kim – Aye**  
**Director Will Rodriguez-Kennedy – Aye**

**Vote: Unanimous**

**AYES: 4**

**NAYS: 0**

**ABSTENTIONS: 0**

**6. Staff Updates:**

**CFO:** Ms. Mattix noted that Directors could review her CFO report for the Corporation's financial status update.

- **Revision to FY21 Audited Financial Statement**

Ms. Mattix reported that every year she has to complete a private payment analysis with the City which includes SDCCC audited financial statements that, in turn, roll up to the City's Consolidated Annual Finance Report.

During a final review of the signed-off financial statements, Staff noticed that the auditors missed adding a negative designation in the debt loan repayment schedule. This oversight made it appear that the Corporation added debt to the principal payment the Corporation made to the I-Bank instead of reducing the Corporation's I-Bank debt by the amount of the payment. Staff has contacted NGO and they have corrected the error. The error occurred between final review of the financials and when they were printed. The auditors explained what happened, they own the error, and Staff will forward the auditor's full commentary regarding the incident.

Staff will need to replace all copies of the audited financial statements from last year including those in Directors' possession and they will also place a corrected version of the statements on the website. The City is aware of the situation and will be making corrections to their notes as needed.

**President & CEO:** Mr. Rippetoe reported the following:

- The Corporation has made an offer to a candidate for the position of Director of People and Culture and he has accepted the position. As soon as the candidate passes all of the background checks, Staff will make the announcement and will plan to introduce him to the entire Board at the next Board meeting. The new Director will be working with our consultant to resolve some organizational development and structure issues and that person will begin reporting to the CFO effective Monday, March 21st.

**7. Urgent non-agenda items (must meet the requirements of Government Code, Section 54954.2) – None**

8. **Budget Committee Comment** [Govt. Code §54954.2(a)(2)]: **None**

There being no further business, the meeting adjourned at 11:58 a.m.

**CERTIFICATION**

I, Jeff Gattas, Chair of the Budget Committee of the Board of the Directors of San Diego Convention Center Corporation, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the business transacted by the Budget Committee of the Board of Directors of the San Diego Convention Center Corporation, Inc. at a duly noticed meeting held on March 14, 2022.

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Jeff Gattas, Chair

## Agenda Item 5.A

### SAN DIEGO CONVENTION CENTER CORPORATION

#### MEMORANDUM

**TO:** Budget Committee

**FROM:** Mardeen Mattix, Chief Financial Officer

**DATE:** For the Agenda of April 18, 2022

**RE:** Review of Property, General and Excess Liability, Workers' Compensation, Cyber, Assailant, Auto, Underground Storage Tank and Directors & Officers Insurance through the Brokerage Services of Marsh & McLennan Agency

#### **BACKGROUND**

The Corporation's Property, General & Excess Liability, Workers' Compensation, and Directors & Officers insurance policies expire April 30, 2022.

Four years ago, the Corporation issued a formal Request for Proposal (RFP) to brokers and awarded Marsh & McLennan Agency (Marsh) an initial term of three years with the option to extend for two additional one-year periods. This year staff exercised the final one-year option.

#### **DISCUSSION**

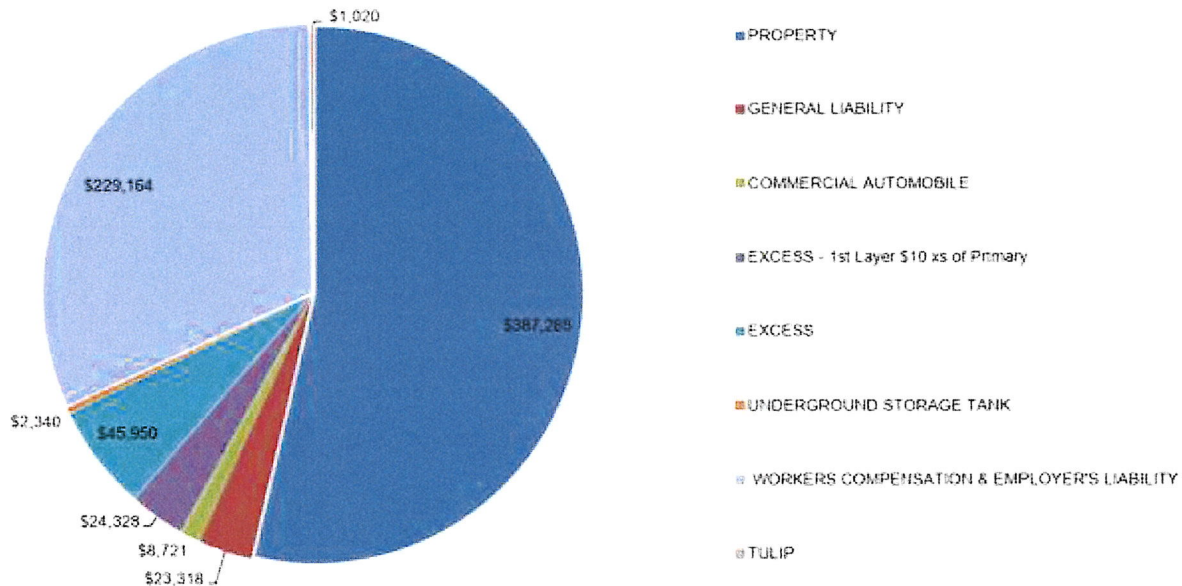
Staff, comprised of the CFO, Executive Director of Procurement and Strategic Relations, and the Director of Finance & Accounting, reviewed the submitted quotes. Final evaluation results considered package premium costs, claims and loss control services, the extent to which coverage meets specifications, and financial stability.

Below is an overview of our current program coverage, deductible limits and incumbent carriers:

Total Insured Value \$810,259,049									
Excess Liability \$24,000,000									
Workers' Comp Limit Statutory									
Affiliated FM Property	Scottsdale General Liability Limit: \$1M/\$2M	Scottsdale Automobile Liability Limit: \$1,000,000	Travelers Employer's Liability Limit: \$1,000,000	Scottsdale Employee Benefits Liability Limit: \$1,000,000/\$2,000,000	Seazley Cyber Liability Limit: \$3,000,000	Travelers Work Comp	Liberty Surplus UST Limit: \$1,000,000	Zurich Crime Limit: \$250,000	Zurich D & O & EPL Limit: \$3,000,000 Fiduciary - \$2M
Deductible \$25,000 Flood \$100,000	SIR: \$100,000	Deductible \$1,000 Comp. \$1,000 Coll.	Deductible \$250,000	Deductible \$1,000	Retention \$50,000	Deductible \$250,000	Deductible Tank 1- \$100,000 Tank 2 - \$25,000	Retention \$15,000 Fraudulent Impersonation \$35,000	Deductible D & O-\$100,000 EPL-\$250,000 EPL 3rd Party - \$250,000 Fiduciary - \$15,000

## Overview Of Current Property & Casualty Program

COVERAGE	EXPIRING		RENEWAL		CHANGE
POLICY TERM	05/01/21 - 05/01/22		05/01/22 - 05/01/23		
PROPERTY	\$	351,782	\$	387,285	10.09%
GENERAL LIABILITY	\$	20,287	\$	23,318	14.94%
COMMERCIAL AUTOMOBILE	\$	7,729	\$	8,721	12.83%
EXCESS - 1st Layer \$10 xs of Primary	\$	21,679	\$	24,328	12.22%
EXCESS	\$	42,567	\$	45,950	7.95%
UNDERGROUND STORAGE TANK	\$	2,053	\$	2,340	3.16%
WORKERS COMPENSATION & EMPLOYER'S LIABILITY	\$	190,668	\$	229,164	20.19%
<del>TULIP</del>	\$	<del>1,020</del>	\$	<del>1,020</del>	
CYBER	\$	20,134	\$	30,954	53.74%
EXECUTIVE LIABILITY	\$	65,532	\$	65,654	0.19%
BROKER FEE	\$	81,250	\$	71,250	-12.31%
TOTAL PROGRAM COST	\$	804,702	\$	889,985	10.60%





## Property

Affiliated FM (Incumbent) submitted a comprehensive all risk property package, with a total insured value of \$810,259,049. Total premiums (before allocations to the City of San Diego and the Port of San Diego) came in at \$387,285, which is \$35,503, or 10% higher than the expiring policy. The Corporation's share of net premium (after deducting for amounts to be billed back to the City and the Port) is \$308,205. This year's increased rate is due to the continued hardening property market, with shrinking capacity and increasing insurance costs. Coverage terms remain unchanged from prior year with the exception of Data Restoration coverage which is now covered as part of Cyber coverage.

PROPERTY	EXPIRING	RENEWAL	CHANGE
	Affiliated FM	Affiliated FM	
Coverage Term	05/01/21 - 05/01/22	05/01/22 - 05/01/23	
Personal Property	\$ 4,425,000	\$ 5,125,000	15.82%
Electronic Data Property	\$ 1,500,000	\$ 1,500,000	
Building	\$ 735,594,100	\$ 772,373,805	5.00%
Business Income	\$ 7,000,000	\$ 7,000,000	
Leasehold Rental Payments	\$ 24,296,244	\$ 24,296,244	
DEDUCTIBLE			
All other Perils not specifically listed	\$ 25,000	\$ 25,000	
Earthquake Sprinkler Leakage	\$ 25,000	\$ 25,000	
Flood	\$ 100,000	\$ 100,000	
Business Interruption	2 day equivalent	2 day equivalent	
Premium	\$ 384,003	\$ 422,299	9.97%
Terrorism	\$ 45,000	\$ 50,000	11.11%
Premium	\$ 429,003	\$ 472,299	10.09%
Engineering Fee	\$ -	\$ -	
Commission	18%	18%	
RATING BASIS			
Total Insurable Values	\$ 772,815,344	\$ 810,295,049	4.85%
Rate for Comparison - per \$100 of Values	0.0455	0.0478	5.00%
<b>Premium (NET)</b>	<b>\$ 351,782</b>	<b>\$ 387,285</b>	<b>10.09%</b>

Staff recommends authorizing Marsh to renew property policy with the incumbent, Affiliated FM.

## General Liability & Excess Liability

The recommended package is written through Scottsdale Indemnity for the \$1,000,000 base coverage including a single occurrence deductible of \$100,000, for a premium cost of \$23,318 - 15% above last year's expense.

Historically, the Corporation has been required to maintain comprehensive excess liability insurance with limits of \$50 million. For the second year, the City of San Diego and The Unified Port District agreed to reduce the liability limit temporarily to \$25 million through an Operating Memorandum. Marsh proposed a \$10 million excess policy renewal for \$24,328 (an increase of 12% from the prior year), a second equal excess policy from HDI Global Specialty for \$29,136 (an increase of 8% from last year), and a third \$4 million excess policy from Capitol Specialty for \$16,814 (a change of 8% over last year).

	EXPIRING		RENEWAL		CHANGE
GENERAL LIABILITY	K & K-Scottsdale		K & K-Scottsdale		
Coverage Term	05/01/21 - 05/01/22		05/01/22 - 05/01/23		
General Aggregate	\$	5,000,000	\$	5,000,000	
Products Completed Operations Aggregate Limit	\$	2,000,000	\$	2,000,000	
Personal and Advertising Injury	\$	1,000,000	\$	1,000,000	
Each Occurrence Limit	\$	1,000,000	\$	1,000,000	
Damage to Premises Rented to You Limit	\$	300,000	\$	300,000	
Medical Expense		Excluded		Excluded	
Deductible - Each Occurrence	\$	100,000	\$	100,000	
EMPLOYEE BENEFITS LIABILITY - CLAIMS MADE Retro Date: 5/1/2006 \$1,000 ded	\$1,000,000/\$2,000,000		\$1,000,000/\$2,000,000		
RATING BASIS					
Net Rental Income (Included in Gross Revenue)					
Admissions		160,240		160,240	
Gross Revenue	\$	25,000,000	\$	25,000,000	
TPA Fee	\$	1,500.00	\$	1,500	
Premium	\$	18,787.00	\$	21,818	16.13%
Total Premium - Includes TRIA	\$	20,287.00	\$	23,318	14.94%

	EXPIRING	RENEWAL	CHANGE
EXCESS - 1st Layer \$10 xs of Primary	National Casualty Co	National Casualty Co	
Coverage Term	05/01/21 - 05/01/22	05/01/22 - 05/01/23	
Each Occurrence	\$10,000,000	\$ 10,000,000	
General Aggregate	\$10,000,000	\$ 10,000,000	
Premium	\$ 21,679	\$ 24,328	12.22%

	EXPIRING		RENEWAL		CHANGE
EXCESS	HDI Global Specialty SE		HDI Global Specialty SE		
Coverage Term	05/01/21 - 05/01/22		05/01/22 - 05/01/23		
Each Incident Limit	\$	10,000,000	\$	10,000,000	
Aggregate Limit	\$	10,000,000	\$	10,000,000	
RATING BASIS					
Premium with commission	\$	25,000	\$	27,000	8.00%
Commission					
Policy Fee	\$	275	\$	275	
Surplus Lines Fees	\$	821	\$	886	
TRIA	\$	905	\$	975	
Total Estimated Annual Premium	\$	27,001	\$	29,136	7.91%

	EXPIRING		RENEWAL		CHANGE
EXCESS	Capitol Specialty		Capitol Specialty		
Coverage Term	05/01/21 - 05/01/22		05/01/22 - 05/01/23		
Each Incident Limit	\$	4,000,000	\$	4,000,000	
Aggregate Limit	\$	4,000,000	\$	4,000,000	
RATING BASIS					
Premium with commission	\$	15,076	\$	16,200	
Commission					
Policy Fee					
Surplus Lines Fees	\$	490	\$	527	
TRIA			\$	87	
Total Estimated Annual Premium	\$	15,566	\$	16,814	8.01%

Staff recommends authorizing Marsh to renew general liability and excess coverage policies with the incumbent carriers for total annual cost of \$93,596 – 10% above last year's expense.

### Workers' Compensation

The recommended workers compensation program is written through incumbent, Travelers. As with the current year's program, the proposed Travelers program is a self-funded, high deductible (\$250,000 per claim) program requiring a fixed base of non-refundable premiums, assessments, and fees totaling \$229,164, an increase of \$38,496, or 20% higher, than the expiring program. Additionally, the Travelers package requires any additional \$170,000 Letter of Credit contribution due to recent claim costs. Including the budgeted claim costs of \$350,000, the overall program costs are expected to be \$579,164 – 7% above last year's expense.

As a comparison to the high deductible program, we received a competing quote for a guaranteed premium package for an annual premium of \$499,243. Historically, claims have been unpredictable. While it is possible that this plan could save the corporation for the upcoming fiscal year, based on historical trend, staff feel it is risky for future year costs and may face barriers to re-enter to a self-funded option.

WORKERS COMPENSATION & EMPLOYER'S LIABILITY	EXPIRING	RENEWAL	CHANGE	OPTION
	TRAVELERS	TRAVELERS		ICW
Coverage Term	05/01/21 - 05/01/22	05/01/22 - 05/01/23		05/01/22 - 05/01/23
WORKERS COMPENSATION	Statutory - CA	Statutory - CA		Statutory - CA
EMPLOYER'S LIABILITY				
Bodily Injury by Accident -Each Accident	\$1,000,000	\$1,000,000		\$1,000,000
Bodily Injury by Disease - Each Employee	\$1,000,000	\$1,000,000		\$1,000,000
Bodily Injury by Disease Policy Limit	\$1,000,000	\$1,000,000		\$1,000,000
Deductible Plan Amount	\$250,000	\$250,000		\$0
Class Code Classification				
9026 Amusement or Exhibit Halls	\$ 9,450,000	\$ 9,185,000		\$ 9,185,000
9015 Building Operations	\$ 530,000	\$ 583,000		\$ 583,000
8742 Outside Sales	\$ 3,520,000	\$ 3,432,000		\$ 3,432,000
8810 Clerical				
RATING BASIS				
Estimated Annual Payroll	\$ 13,500,000	\$ 13,200,000	-2.22%	\$ 13,200,000
Rate for Comparison - per \$100 of Payroll	\$ 1.2947	\$ 1.4850	14.70%	\$ 3.7821
Total Estimated Annual Premium	\$ 174,780	\$ 196,020		\$ 499,243
Surcharges	\$ 15,888	\$ 33,144		\$ 29,614
Loss Control	Not included	Not included	Not included	Not included
Total Premium	\$ 190,668	\$ 229,164	20.19%	\$ 528,857
Loss Fund	\$ 65,000	\$ 65,000		\$ -
Collateral Requirement	\$ 1,180,000	\$ 1,350,000	\$ 170,000	\$ -

#### Workers Compensation Claims Comparison

Policy Period	Incurred as of 1/15/2018	2/1/2019	2/1/2020	3/24/2021	2/2/2022
5/1/2021				\$	170,248
5/1/2020				\$ 461,586	615,694
5/1/2019		\$	227,871	\$ 370,848	372,849
5/1/2018	\$	50,655	\$ 189,236	\$ 102,752	102,752
5/1/2017 \$	82,248	\$ 451,247	\$ 679,294	\$ 559,674	585,705
5/1/2016 \$	60,267	\$ 110,182	\$ 106,398	\$ 106,398	107,262

Staff recommends authorizing Marsh to renew workers' compensation policy with the incumbent, Travelers.



### **Directors & Officers (Including Employment Practice, Fiduciary Liability, and Crime)**

Marsh submitted a package written through the incumbent, Zurich. The one-year policy provides a \$3,000,000 coverage limit, a \$100,000 retention for Directors & Officers, and \$250,000 for Employment Practice. Total premiums came in at \$65,654, an increase of only .19% compared to the expiring policy.

EXECUTIVE LIABILITY	EXPIRING	RENEWAL	CHANGE
	ZURICH	ZURICH	
COVERAGE TERM	05/01/2020 - 05/01/2021	05/01/2021 - 05/01/2022	
Directors & Officers Liability Limit - Each Claim and Aggregate	\$ 3,000,000	\$ 3,000,000	
Employment Practices Liability Limit - Each Claim and Aggregate	\$ 3,000,000	\$ 3,000,000	
Fiduciary Liability - Each Claim and Aggregate	\$ 2,000,000	\$ 2,000,000	
Additional Limit for Defense Costs	\$ 2,000,000	\$ 2,000,000	
Policy Aggregate Limit	\$ 3,500,000	\$ 3,500,000	
Retentions (Per Loss)			
D&O Non-Indemnified Claims	\$ -	\$ -	
D&O Corporate Reimbursement for Indemnified Claims	\$ 100,000	\$ 100,000	
D&O Corporate Reimbursement for Entity-Related Claims	\$ 100,000	\$ 100,000	
Employment Practices Liability Claims	\$ 250,000	\$ 250,000	
Employment Practices Liability - 3rd Party Claims	\$ 500,000	\$ 250,000	-50.00%
Fiduciary Liability Claims	\$ 10,000	\$ 10,000	
DIRECTORS & OFFICERS LIABILITY			
Additional Side A Limit	\$ 1,000,000	\$ 1,000,000	
FIDUCIARY LIABILITY			
HIPAA Penalties Sublimit	\$ 100,000	\$ 100,000	
<b>Total Estimated Annual Premium (Includes Crime)</b>	<b>\$ 65,532</b>	<b>\$ 65,654</b>	<b>0.19%</b>

Staff recommends authorizing Marsh to renew Directors & Officers policy with the incumbent, Zurich.

### **Cyber Privacy/Data Liability**

The recommended package is written through the incumbent, Beazley for \$3,000,000 policy coverage including a single occurrence deductible of \$50,000, for a premium cost of \$30,954 - 54% above last year's expense. The most notable change from last year's policy is the increase in deductible cost from \$10,000 to \$50,000 per occurrence. Cyber insurance pricing rose significantly over the last year (130%+ US). Many insurers sought to change coverage terms and conditions as frequency and severity of claims continued to increase.

	EXPIRING	RENEWAL - OPTION 1	OPTION 2
CYBER PRIVACY / DATA LIABILITY	BEAZLEY	BEAZLEY - Lloyds	CFC - Lloyds
COVERAGE TERM	05/01/21 - 05/01/22	05/01/22 - 05/01/23	05/01/22 - 05/01/23
POLICY AGGREGATE LIMIT OF LIABILITY	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
FIRST PARTY COVERAGE			
Breach Response	Outside and separate	Outside and separate	
Cyber Incident Response Team	\$ 1,000,000	\$ 1,000,000	\$ 3,000,000
Notified Individuals	100,000 notified individuals	100,000 notified individuals	\$ 3,000,000
Business Interruption Loss and Extra Expenses	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Contingent Business Interruption Loss and Extra Expenses	\$ 100,000	\$ 100,000	\$ 3,000,000
Cyber Extortion Loss	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Data Recovery Costs	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
THIRD PARTY COVERAGE			
Data and Network Liability	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Regulatory Defense & Penalties	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Payments Cards Liabilities & Costs	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Media Liability	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Claim Prep		\$ 50,000	\$ 25,000
Post Breach Remediation Costs		100 hours	\$ 50,000
RETENTIONS			
Each Incident, Claim or Loss	\$ 10,000	\$ 50,000	\$ 10,000
Waiting Period	10 Hours	10 Hours	8 Hours
Estimated Annual Premium	\$ 19,500	\$ 29,980	\$ 23,000
Surplus Lines Fees	\$ 634	\$ 974	\$ 764
Policy Fee			\$ 750
Total Premium	\$ 20,134	\$ 30,954	\$ 24,514

Staff recommends authorizing Marsh to renew Cyber policy with the incumbent, Beazley.

### Active Assailant

Staff recommends adding the purchase of Active Assailant coverage — also known as active shooter coverage or deadly weapons coverage — through Hiscox, for an annual cost of \$28,394, to enhance our current risk coverage. Active assailant coverage offers a combination of property and casualty coverage to complement the general liability and property coverage by layering protection against the threat of assailants.

	Indication Only New - Option 1	Indication Only NEW - Option 2
Active Assailant Coverage - Non-Binding Indication	Hiscox Lead	Hiscox Lead
Coverage Term	05/01/22 - 05/01/23	05/01/22 - 05/01/23
Liability Combined Single Limit and Aggregate	\$ 2,500,000	\$ 5,000,000
Physical Damage	Excluded	Excluded
Business Interruption	\$ 2,500,000	\$ 5,000,000
Loss of Attraction	\$ 500,000	\$ 500,000
Extra Expense	\$ 2,500,000	\$ 5,000,000
Crisis Response Company Fees	\$ 250,000	\$ 500,000
Deductible	No deductible	No deductible
Total Estimated Annual Premium	\$ 27,500	\$ 45,000
Surplus Lines Tax & Stamping Fee	\$ 894	\$ 1,463
Grand Total	\$ 28,394	\$ 46,463

Staff recommends authorizing Marsh to add Active Assailant coverage with Hiscox.

### Commercial Auto & Underground Storage Tank

Staff recommends renewing coverage for automobile coverage with incumbent carrier, Scottsdale Indemnity for \$8,721, or 13% increase over last year's expense.

		EXPIRING		RENEWAL		CHANGE
COMMERCIAL AUTOMOBILE		Scottsdale Indemnity		Scottsdale Indemnity		
Coverage Term		05/01/21 - 05/01/22		05/01/22 - 05/01/23		
Liability – Any One Accident or Loss	Symbol #1	\$	1,000,000	\$	1,000,000	
Uninsured/Underinsured Motorists	Symbol #2	\$	1,000,000	\$	1,000,000	
Medical Payments	Symbol #2	\$	5,000	\$	5,000	
Comprehensive Deductible	Symbol #7	\$	1,000	\$	1,000	
Collision Deductible	Symbol #7	\$	1,000	\$	1,000	
Hired Auto Liability- Excess	Symbol #8	\$	1,000,000	\$	1,000,000	
Hired Auto Physical Damage	Symbol #8	\$	50,000	\$	50,000	
Non-Owned Liability	Symbol #9	\$	1,000,000	\$	1,000,000	
RATING BASIS						
# Autos		\$	4	\$	4	
Average Rate per Vehicle		\$	1,932.25	\$	2,180.25	12.83%
Premium		\$	7,729	\$	8,721	12.83%

Staff must renew coverage for underground storage tank with incumbent carrier, Liberty Surplus, for a total premium of \$2,340, a 3% increase over last year's expense. The most notable change from last year's policy is the increase in deductible cost from for both tank 1 and tank 2 from \$50,000 to \$100,000 and \$10,000 to \$25,000 respectively. The increased cost in deductible is due to the tanks age (33 and 22 years respectively) with higher risk. There is no alternative market and deductibles are expected to increase a bit each year going forward. Tank 1 is expected to be replaced as part of the generator replacement project scheduled to occur during FY2023.

		EXPIRING		RENEWAL		
UNDERGROUND STORAGE TANK		Liberty Surplus Ins. Corp		Liberty Surplus Ins. Corp		
Coverage Term		05/01/21 - 05/01/22		05/01/22 - 05/01/23		
Storage Tank Incident Limit of Liability		\$	1,000,000	\$	1,000,000	
Aggregate Limit of Limit of Liability for all Storage Tank Incidents		\$	1,000,000	\$	1,000,000	
Aggregate Limit of Liability for all Legal Defense Expenses		\$	1,000,000	\$	1,000,000	
Total Policy Aggregate Limit of Liability for all Storage Tank Incidents		\$	1,000,000	\$	1,000,000	
Deductible per Storage Tank Incident - Tank 1*		\$	50,000	\$	100,000	
Deductible per Storage Tank Incident - Tank 2		\$	10,000	\$	25,000	
Retro Date Tank 1			8/1/2005		8/1/2005	
Retro Date Tank 2			5/1/2005		5/1/2005	
Premium		\$	2,053	\$	2,097	
Program Fee		\$	150	\$	175	
Surplus Lines		\$	65	\$	68	
Total Premium		\$	2,268	\$	2,340	3.16%

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**STAFF RECOMMENDATION**

Budget Committee recommends to the Board authorization to place Property, General and Excess Liability, Workers' Compensation, Cyber, Assailant and Directors & Officers Insurance through the brokerage services of Marsh & McLennan Agency as detailed in the discussion above. The costs outlined above total \$1,267,359 which is less than the budgeted value of \$1,337,500.

\_\_\_\_\_/s/\_\_\_\_\_  
Mardeen Mattix  
Chief Financial Officer



## **Agenda Item 5.B**

# **SAN DIEGO CONVENTION CENTER CORPORATION M E M O R A N D U M**

**TO:** Budget Committee

**FROM:** Corey Albright, Executive Director, Procurement & Strategic Relations

**DATE:** For the Agenda of April 18, 2022

**RE:** Recommendation to Authorize to Contract for Arc Flash Analysis

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### **BACKGROUND**

The Occupational Safety and Health Act of 1970 requires employers to provide their employees with a workplace that is free from recognized hazards that may cause death or serious injury to their employees. This requires that employers assess the workplace, identify electrical and other hazards, inform their employees about existing hazards, maintain an electrical safety program, select and provide personal protective equipment (PPE) for their employees, and train qualified employees on standard operating procedures and on how to use appropriate protective equipment.

### **DISCUSSION**

Staff issued a request for proposals (RFP) for qualified contractors to review existing electrical equipment and infrastructure, develop a single-line diagram, revised panel schedule, arc flash hazard analysis study, provide appropriate labeling, and include a training program on relevant electrical and fire safety standards. Staff received four (4) responses with estimated project budgets as outlined below.

<b>Bidder</b>	<b>Estimated Project Budget</b>
Chula Vista Electric	\$196,517.00
Electrical Safety Specialists	\$176,350.00
Neal Electric	\$499,950.00
Tanner Engineering	\$384,368.50

After a review of proposal packages and shortlist interviews, Staff determined Chula Vista Electric to be the best value. During the RFP process, staff solicited additional alternates to consider as part of the scope of services. Staff recommends including infrared scanning for \$27,991 due to the significant labor savings combining efforts since the contractor will already be visiting the necessary electrical equipment. Staff also recommends including an allowance of \$30,000 to address any items requiring immediate mitigation or repair discovered during the performance of services.

Staff recommends authorization to contract with Chula Vista Electric with a project budget not to exceed \$254,508.

STAFF RECOMMENDATION

Approve authorization to contract with Chula Vista Electric with a project budget not to exceed \$254,508.

/s/  
Corey Albright,  
Executive Director, Procurement & Strategic Relations