

RESOLUTION NO. 2023-94

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
AUTHORIZING THE CITY MANAGER TO PURCHASE POLLUTION AND LEGAL
LIABILITY INSURANCE COVERAGE FOR THE REMAINING FORMER FORT
ORD AREA AT A COVERAGE LEVEL OF \$1 MILLION DOLLARS

WHEREAS, Previously the City of Marina has purchase Pollution Legal and Liability insurance coverage through FORA, and,

WHEREAS, this coverage expires December 2024, and,

WHEREAS, Pollution Legal and Liability insurance coverage is bound for a coverage period of ten years at a cost of \$50,000 for each million dollars of coverage, and,

WHEREAS, the City of Marina has determined that it will be beneficial to purchase this insurance coverage,

NOW, THEREFORE IT BE RESOLVED that the City Council of the City of Marina does hereby:

1. Authorizing the City Manager to purchase Pollution and Legal Liability coverage level of \$1 Million dollars.
2. Authorize the Finance Director to make necessary accounting and budgetary entries.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 19th day of September 2023 by the following vote:

AYES, COUNCIL MEMBERS: Visscher, McCarthy, Medina Dirksen

NOES, COUNCIL MEMBERS: None

ABSENT, COUNCIL MEMBERS: Biala, Delgado

ABSTAIN, COUNCIL MEMBER: None

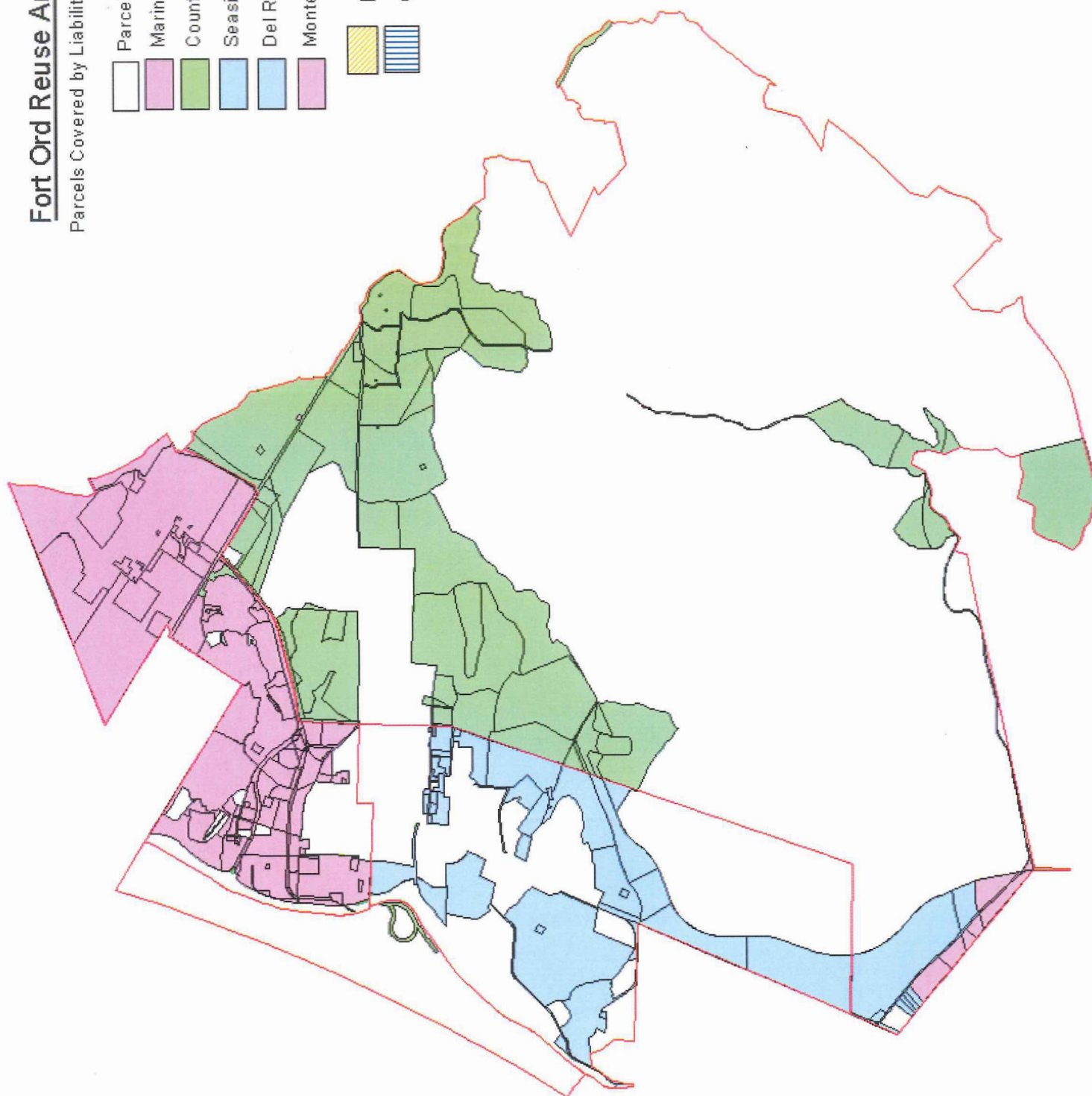
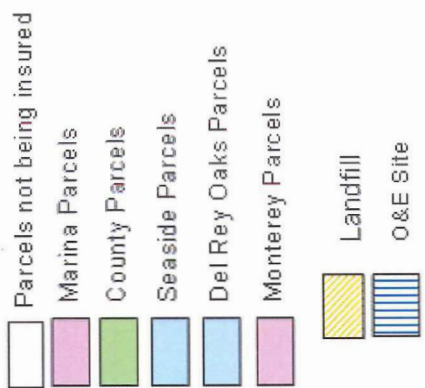
Cristina Medina Dirksen,
Mayor Pro Tem

ATTEST:

Anita Sharp, Deputy City Clerk

Fort Ord Reuse Authority

Parcels Covered by Liability Coverage



September 19, 2023

Item No: **10f(2)**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of September 19, 2023

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2023-
AUTHORIZING THE CITY MANAGER TO PURCHASE POLLUTION AND
LEGAL LIABILITY INSURANCE COVERAGE FOR THE REMAINING
FORMER FORT ORD PROPERTY AT A COVERAGE LEVEL OF \$ 1 MILLION
DOLLARS.**

REQUEST:

It is requested that the City Council consider:

1. Adopting Resolution No. 2023- authorizing the City Manager to purchase pollution and legal liability (PLL) insurance coverage level of \$ 1 million dollars.
2. Authorize the City Finance Director to make necessary accounting and budgetary entries.

BACKGROUND:

Following the closure of the former Fort Ord Army military base in 1994, the Army began the process of cleanup and remediation of certain portions of its properties due to environmental contamination and munitions and explosives of concern. The Army was responsible for the remediation and cleanup of its properties prior to transferring them to the underlying land use jurisdictions and continues to be responsible for cleanup of munitions or explosives if they are found in the future after the properties are transferred.

Even though these properties have been remediated and cleaned up, there remains a potential risk that is not covered by typical city insurance policies. To protect against these risks, the Fort Ord Reuse Authority purchased Pollution and Legal Liability Insurance (PLL Insurance) to protect against the insurable risks of holding or accepting potentially contaminated property, including property believed to have been fully remediated at the time of acquisition but later discovered to remain impacted by environmental contamination. Initially, FORA purchased \$100 million of PLL insurance for ten years which expired in 2014. A \$50 million PLL insurance policy was purchased again in 2014 by both FORA and the various land use jurisdictions. The City of Marina purchased a \$1 million dollar policy at that time. This policy will expire in December 2024.

In the 20 years that FORA has had PLL Insurance, no claims have ever been filed.

ANALYSIS

Staff is recommending that the City purchase coverage once again, at a \$1 million policy coverage for PLL insurance. This insurance will cover incidents that are not typically covered under general liability policies for clean-up costs, personal injury, property damage and defense costs from munitions or explosives of concern. Even though the Army continues to be responsible for the clean and remediation if explosives or munitions are found, Marina could potentially have some risk. The PLL insurance policy will cover the risk.

The cost of \$1 million insurance for 10 years of coverage will be around \$50,000 or approximately, \$5,000 per year. The insurance has a self-insured retention (SIR) of \$500,000. The policy will be effective from January 2025 to January 2035. The policy does not cover removal or contamination due to asbestos or lead.

The City of Seaside, which is serving as the Environmental Services Cooperative Agreement agent since the termination of FORA, has coordinated the purchase of the new PLL insurance policy.

The attached map (“**EXHIBIT A**”) shows the properties in Marina that will be covered by the PLL insurance policy.

FISCAL IMPACT:

The cost of this policy is estimated at \$50,000 per million dollars of coverage and would come from unallocated fund balance.

CONCLUSION:

This request is presented for City Council consideration and possible action.

Respectfully submitted,

Belinda Varela
Director Human Resources & Risk Management
City of Marina

REVIEWED/CONCUR:

Layne Long
City Manager
City of Marina