

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 6/11/2025

Staff Report No. 25-325

TO: AC Transit Board of Directors

FROM: Aimee L. Steele, General Counsel/Chief Legal Officer

SUBJECT: 2025-2026 District Commercial Property and Deadly Weapons Response Insurance Program Renewal

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider authorizing the General Manager to bind the District's 2025-2026 Commercial Property Insurance and Deadly Weapons Response Insurance programs.

Staff Contact:

Aimee L. Steele, General Counsel/Chief Legal Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

Authorizing the General Manager to bind the proposed Commercial Property and Deadly Weapons Response Insurance programs will provide for the protection of the District's property, plant, equipment, and vehicle assets, and allow the District to maintain its risk retention and risk transfer programs at the current optimum levels for the 2025-2026 policy period.

BUDGETARY/FISCAL IMPACT:

The total budgetary impact of binding the proposed insurance coverages as recommended by staff will not exceed \$2,643,911. This amount is for the July 1, 2025, through June 30, 2026, period and is included in the Fiscal Year 2025-26 Budget.

BACKGROUND/RATIONALE:

During its April 23, 2025, meeting, the Board of Directors (Board) authorized the General Manager to bind the 2025-26 Excess Commercial Liability, Excess Workers' Compensation, Cyber-Liability, Fiduciary Liability, Commercial Crime, and Travel Accident components of the District's Transit Operations Insurance Program.

The District's 2024-2025 Commercial Property and Deadly Weapons Response insurance (ADWRP) programs will expire at 12:01 a.m. on July 1, 2025. Staff is requesting that the Board authorize the General Manager to bind the renewal of both the Commercial Property and Deadly Weapons Response Insurance programs as

recommended in this report.

Commercial Property Insurance

The commercial property insurance market continues to be adversely impacted by a convergence of factors, including, but not limited to, increases in the frequency and severity of catastrophic weather-related and wildfire events; the impact of inflation and construction cost volatility on property claims costs; and uncertainty as to the effects of tariffs on the supply chain.

The Commercial Property Insurance program being presented to the Board for consideration is a comprehensive policy that insures District property for damage to buildings, machinery, and contents, as well as business interruption and loss of rental income, resulting from covered causes of loss, such as smoke and fire damage, windstorms and hail, and water damage, as well as physical damage coverage to District vehicles while on the road and on-premises. The proposed policy maintains the same coverage limits and deductibles as the expiring policy.

The expiring 2024-2025 premium was \$2,659,273 and provided for a \$500,000 deductible for both the Automobile and Commercial Property physical damage lines of coverage; the 2025-2026 renewal premium is \$2,365,199, representing a 0.9 percent *decrease* over the expiring coverage. This decrease is due to the District's loss control programs, safety systems, and safety risk management protocols which demonstrate a commitment to risk mitigation.

The Commercial Property Insurance Program coverage specifications and deductibles are provided in Attachment 1.

Deadly Weapons Response Insurance

The Alliant Deadly Weapons Response Program (ADWRP) provides for a \$500,000 policy limit with a \$10,000 per deadly weapon event retention. This insurance program provides coverage for bodily injury and property damage sustained by third parties while on District property and buses, including claims expenses and defense costs, and legal liability arising out of an active shooter event. The program benefits include pre-incident threat assessment and crisis management consulting, post-event crisis management, additional security, victim and witness counseling, funerary expenses, and social media monitoring. The program provides for first-party property damage coverage, including business interruption.

At this renewal, the ADWRP renewal proposal includes additional services referred to as "Crisis Advisory Services Coverage Enhancement". This provides coverage for non-weapons related crises, including, crises consulting and counsel services.

The expiring 2024-2025 premium was \$7,462; the 2025-2026 renewal premium, inclusive of the Crisis Advisory Services Coverage Enhancement is \$8,712.52, representing a 17 percent increase over the expiring coverage.

The ADWRP coverage specifications and retentions are provided in Attachment 2.

ADVANTAGES/DISADVANTAGES:

The advantage of renewing the Commercial Property and Deadly Weapons Response policies as proposed by staff is that the District will maintain its commercial property and deadly weapons response insurance coverage consistent with prior policy terms and maintain its risk retention and transfer program at optimum levels. There are no identified disadvantages.

ALTERNATIVES ANALYSIS:

Alternatively, the District could choose not to secure commercial property and/or deadly weapons response coverage; however, this is not recommended. Declining to bind the proposed insurance programs would result in the District's commercial property, machinery, and vehicle fleet being uninsured, which would place the District in a financially vulnerable position. Declining to authorize the binding of the ADWP proposal would result in the District losing critical active shooter response coverage and the included benefits of pre-incident threat assessment and crisis management consulting services.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR-25-238: Consider Authorizing the Renewal of the 2025-2026 Transit Operations Insurance Program

SR-24-171: Consider Authorizing the Renewal of the 2024-2025 Transit Operations Insurance Program

SR-23-345: Consider Authorizing the Renewal of the 2023-2024 Commercial Property and Deadly Weapons Response Insurance Programs

SR-23-224: Consider Authorizing the Renewal of the 2023-2024 Transit Operations Insurance Program

ATTACHMENTS:

1. 2025-2026 Commercial Property Insurance (APIP) Renewal Proposal
2. 2025-2026 Alliant Deadly Weapons Response Program (ADWRP) Proposal

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