

MINUTES

ACWA/JOINT POWERS INSURANCE AUTHORITY

UNAPPROVED 12-16-09

APPROVED 11-29-10

RISK MANAGEMENT SUBCOMMITTEE MEETING

Town & Country Resort and Convention Center
Town & Country Room
500 Hotel Circle North
San Diego, CA 92108

Monday, November 30, 2009

SUBCOMMITTEE MEMBERS PRESENT

Chairperson: Joan C. Finnegan, Municipal Water District of Orange County
Vice Chair: Merle J. Aleshire, Ph.D, Valley Center Municipal Water District
Fred Bockmiller, Mesa Consolidated Water District (Arrived at 9:46 a.m.)
Greg Hoyle, Valley Center Municipal Water District
Sanford Kozlen, Carmichael Water District
Bob Kuhn, San Gabriel Basin Water Quality Authority
Kevin McKenny, Humboldt Community Services District
Ulrich Luscher, Sierra Lakes County Water District
Charles Muse, Helix Water District

SUBCOMMITTEE MEMBERS ABSENT

None.

STAFF PRESENT

Chief Executive Officer/Secretary: Daniel N. Klaff
Chief Financial & Operations Officer: Walter "Andy" Sells
David deBernardi, Director of Finance
John Gilstrap, Director of Member Services
Terry Lofing, Administrative Assistant II
Sylvia Robinson, Publications & Web Editor
Dianne Salvador, Workers' Compensation Claims Manager
Nancy Stangel, Director of Administration
Jeanette Waterstradt, Executive Assistant to the CEO

OTHERS PRESENT

(See List of Attendees)

CALL TO ORDER

A quorum being present, the meeting was called to order at 9:32 a.m.

PUBLIC COMMENT

No visitors requested public comment.

INTRODUCTION OF SUBCOMMITTEE MEMBERS AND GUESTS

Chairperson Finnegan introduced the Subcommittee members and JPIA staff present.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

None.

EVACUATION PROCEDURES

Chairperson Finnegan provided instructions to exit the conference room in case of an emergency.

CONSENT CALENDAR

The consent calendar consisted of the minutes of December 1, 2008.

M/S/C (Kozlen/Kuhn) (Ayes-8, No-0): (Ulrich Luscher abstained from the vote due to absence at the last meeting). That the minutes of December 1, 2008 Risk Management Subcommittee meeting be approved as submitted.

Report on Meetings Attended on Behalf of the JPIA

Chairperson Finnegan stated that she had attended the ACWA Board meeting. Ms. Finnegan said they had stressed that the JPIA is a top benefit of ACWA membership.

Merle Aleshire, Vice Chair, reported that he had attended a risk management workshop for a California Joint Powers Authority. He reported that they provide similar services as the JPIA. He provided an overview of his meeting.

Review Staffing in the Risk Management Department

Walter "Andy" Sells, Chief Financial & Operations Officer, reported there are currently five risk management consultants in the Risk Management department.

Mr. Sells stated there have been no staffing changes since the last Subcommittee meeting. Two consultants attended the meeting: Lee Patton, from the Riverside area, and Peter Kuchinsky II, from the San Diego area.

Keith Forbes lives in the Fresno area and works in the Central Valley. John Haaf lives in Vacaville and handles the Northern California area. R. Scott Wood lives in Stockton and also handles the Northern California area. Harve LaBounty continues to work on a part-time consulting basis reviewing reports. Terry Lofing, Administrative Assistant II, provides clerical support to the Risk Management staff.

LIABILITY PROGRAM

Reported Losses Per \$1 Million of Payrolls

Mr. Sells stated that in the Liability Program we have had a very positive situation with the exception of 2004-2005 policy year. Referring to the graph for Reported Losses Per \$1 Million of Payrolls, the cross-hatch section is showing claims paid by our excess carrier. The darker red portion on the bars represents the claims paid by the JPIA pool.

In the 2004-2005 policy year, the members shared in all losses up to \$500,000. Anything over \$500,000 was paid by the excess carrier. Starting in the 2005-2006 policy year, the JPIA started to self-insure all losses up to \$1 million. The Liability Program has been very successful. Pooled losses for the past several years have remained stable at around \$15,000 per \$1 million of payrolls.

Occurrences Per \$1 Million of Payrolls

Mr. Sells reported that this graph tracks the frequency of claims per \$1 million of payroll. The frequency of claims has shown a favorable and steady decline over the last ten years. Claims reports are reviewed by the risk consultants during their annual risk assessments.

PROPERTY PROGRAM

Reported Losses Per \$1 Million of Insured Values

Mr. Sells reported that this graph shows the actual dollars lost for each \$1 million of insured property. In the Property Program the excess insurer covers losses over \$50,000. Losses have trended downward since the 2002-2003 policy year. The Southern California fires in 2003-2004 and 2007-2008, had an impact on those years. In 2006-2007, there was a hydroelectric plant that was damaged.

Occurrences Per \$1 Million of Payrolls

Mr. Sells explained the frequency of losses in the Property Program to be around 80 – 90 losses per year. The Property Program is very stable. Claims are generally settled more quickly due to the straight-forward nature of the claims. The Total Insurable Values (TIVs) shown in the graph are adjusted for inflation.

Significant Large Claims

The TIVs have grown significantly in the Property Program. Mr. Sells referred to the list of Significant Claims shown in the packet. These are claims that are over \$75,000. In the 2009-2010 policy year, there are currently 13 open claims, 27 claims have been closed.

WORKERS' COMPENSATION PROGRAM

Reported Losses Per \$1 Million of Payrolls

In-house claims handling began in 1998. This enables the JPIA to handle claims faster and with a higher degree of quality. Since the 2000-2001 policy year, the Workers' Compensation claims have trended downward. In addition, we have added 71 new members to the Workers' Compensation Program. There are currently 153 members in the Program.

Legislative changes such as SB899 passed in 2004, have helped to lower claims costs in the Program. Also, the Risk Management Consultants help with on-site member visits and training classes such as Defensive Driving. These efforts have had an impact on the Program in keeping claims down.

Claims Per \$1 Million of Payrolls

Mr. Sells referred to the graph showing the frequency and number of claims per \$1 million of payroll. The graph is showing a very favorable downward trend. Frequency is usually a good predictor of future severity. Generally, when there are fewer claims, they are usually less severe.

The training provided over the last several years has focused on workplace safety and management training resulting in fewer claims.

Review the Lending Library Program

The Lending Library continues to be a popular resource for members. Staff continues to review old videos, and new videos are added monthly to the Library. Since the last Subcommittee meeting, 57 new videos were added to the Library. Staff reviewed 59 videos, of those 58 were retired.

Training Update

Nancy Stangel, Director of Administration, provided an overview of the Training program. The training at the JPIA continues to expand. Patricia Slaven, Training Specialist, was added about one year ago. She has helped to enhance the program making it more professional and user-friendly.

Ms. Stangel stated there will be another Training Conference scheduled for February 2 - 3 in Sacramento, and another scheduled on August 10 - 11 in Irvine. In 2008-2009, the JPIA staff presented 379 classes with 5,719 participants. These classes were held at 93 members' facilities and other locations.

The Professional Development Program (PDP) was updated with new Participant Guides and curriculum. Currently the Program has 843 participants enrolled, with 158 completions. Three specialty areas are offered: Supervisor Basics, Human Resources, and Operations. Each area requires approximately 40-hours of education, including face-to-face training, online and self-study.

Beginning in January, the Training program will offer live training courses via the web for all members. Each month a different one to two hour class will be offered to meet the requirements of the Professional Development Program.

During 2009, Regional Human Resource Groups were held in Sacramento, Ontario, San Diego, Fresno, Monterey and Santa Barbara.

PreventionLink was launched in early 2008, and currently has 119 member sites using the service with 3,435 registered users. These classes are Department of Health Services certified and are at no additional charge to our members.

The JPIA's website continues to grow and now accommodates online registration for most training classes.

Goals for Risk Management

Mr. Sells stated that in the past, the Risk Management staff provided many training classes to many individuals. The goal moving forward would be to focus on specific agencies and provide more specific training tailored to the needs of those agencies. The Risk Management consultants will continue to do a wide variety of training.

In 2010, the Best Practices Focus Group will proceed with its goal of identifying operating guidelines and procedures for members to use when identifying their infrastructure and assets. These resources will be available on the JPIA's website for our members to reference. In addition, we will present a series of training sessions, aimed at targeting losses that result from infrastructure failures and improper maintenance.

The Risk Consultants will continue to follow-up with our members regarding specific recommendations and new developments in the risk and safety industry.

H.R. LaBounty Safety Award Program

Daniel N. Klaff, Chief Executive Officer, stated that due to time constraints, this Program would be reviewed during the Board meeting.

Best Practices Focus Group

Peter Kuchinsky II, Sr. Risk Management Consultant, led a discussion regarding the Best Practices Focus Group (BP). The BP Group first met in April 2009. Originally there were ten members. The goal of the BP Group is to develop templates of standard operating procedures, to assist members in reducing potential losses before, during, or after an incident.

The original BP Group broke into three subgroups to focus on the areas of: water operations and maintenance; canal systems monitoring and maintenance; and wastewater operations and spill control.

The entire BP Group will meet again early in 2010, to review the progress of the subgroups. Completed projects will be shared during the JPIA Spring Conference and posted on the JPIA's website. It is anticipated that the BP Group will have a list of programs, links, and templates that members can access from our website.

Assessment Recommendation Process

Lee Patton, Sr. Risk Management Consultant, led a discussion regarding the assessment recommendation process. The consultants meet with agencies at least annually and semi-annually for Workers' Compensation Program members. During their visits they review safety programs, risk transfer programs, perform physical inspections of sites, review losses, and gather information on upcoming projects.

Over the last 18 months, there were 353 recommendations. The consultants follow-up on these recommendations on a regular basis. A report is given to Mr. Sells on a weekly basis to let him know what the status is. The consultants make follow-up phone

calls to the members, and the Risk Management Administrative Assistant sends reminders to the consultants weekly for follow-up. Out of the 353 recommendations, 297 are closed.

The types of recommendations include: safety signs – “No Trespassing” signs; electrical hazards; physical hazards; risk transfer; fire prevention plan; all other safety signs; fire hazards; machine guarding; Defensive Driving course; periodic inspections of facilities. These recommendations are within the JPIA’s top ten list of recommendations.

A discussion ensued during this agenda item regarding a self-inspection checklist of recommendations. The proposed checklist would include recommendations that were made during the risk assessments. The checklist would be sent periodically to all general managers, and would be given to the member’s safety personnel to compare how their agency is doing against the list of recommendations.

AVAILABILITY OF SUBCOMMITTEE MEMBERS FOR UPCOMING MEETING

At this time there are no future meetings scheduled.

There being no further business to discuss and no additional questions, the meeting was adjourned at 11:09 a.m.

GUESTS ATTENDANCE LIST

<u>District/Association</u>	<u>Name</u>	<u>Title</u>
ACWA	Ed Layton	Past JPIA President
Alta ID/Kings River CD	Barbara Duggen	Director of Member Benefits
Antelope Valley –East Kern WA	Norm Waldner	Director
Antelope Valley-East Kern WA	Russell Fuller	Alternate Director
Calaveras CWD	Andy Rutledge	Director
Calaveras CWD	Phil McCartney	Director
Calleguas MWD	Robert Dean	Director
Carmichael WD	Don Hauser	Director
Castaic Lake WA	Sandy Kozlen	Director
Citrus Heights WD	Jerry Gladbach	Director
Crestline Village WD	Joe Dion	Director
Fresno Metropolitan FCD	Bud McGehee	Director
Georgetown Divide PUD	Bob Van Wyk	Manager
Golden Hills CSD	Bob Diekon	Director
Goleta WD	Bud Sargent	Director
Helix WD	Jack Cunningham	Director
Helix WD	Chuck Muse	Director
Hi-Desert WD	Tina White	Director of Admin. Services
Kern CWD	Roger Mayes	Director
Kern Delta WD	Terry Rogers	Director
Kronic, Moskovitz, Tiedemann & Girard	Bryan Duncan	Controller
Kronick, Moskovitz, Tiedemann & Girard	Ed Tiedemann	JPIA Legal Counsel
LaMore, Brazier, Riddle & Giampaoli	Robin Leslie Stewart	ACWA/JPIA Counsel
Madera ID/Madera Chowchilla WPA	Jeffrey Oneal	Panel Lawyer
Mesa Consolidated WD	Carl Jansen	Director
Mission Hills CSD	Fred Bockmiller	Director
Montecito WD	Jim MacKenzie	Director
Orange CWD	Richard Shaikewitz	Board President
Palm Ranch ID	Boyd Lypka	Risk Manager
Pico WD	Wayne Nygaard	Director
Purissima Hills WD	Rick Mercado	Director
Rancho California WD	Ernest Solomon	Director
Rancho California WD	Dave Morrison	Safety Officer
Rancho California WD	John Hoagland	Director
Rincon Del Diablo MWD	Pat O'Neil	HR Manager
Rincon Del Diablo MWD	David Drake	Director
San Benito County WD	Mitch Dion	General Manager
San Bernardino Valley WCD	Frank Bettencourt	Director
San Geronio Pass WA	Manny Aranda	Board Vice President
Scotts Valley WD	John Jeter	Director
Solano ID/Suisun-Solano WA	Dave Hodgins	Director
South Coast WD	Steve Curnow	Alternate Director
	Robert Moore	Vice President

District/Association

South Sutter WD
Tahoe City PUD
Tehachapi-Cummings CWD
Three Valleys MWD
Twentynine Palms WD
Upper San Gabriel Valley MWD
Valley Center MWD
Vandenberg Village CSD
Vista ID
Vista ID
Walnut Valley WD
Westborough WD
WGM & Associates
Wheeler Ridge-Maricopa WSD

Name

Tom Cuquet
Lou Reinkens
Jonathan Hall
Brian Bowcock
Phil Cisneros
Al Contreras
Greg Hoyle
Chris Brooks
Eldon Boone
Paul Dorey
Edwin Hilden
Janet Medina
Bill Malone
Mark Gardner

Title

Director
Director
Director
Director
Director/President
President
Director of Operations
Director
JPIA Auditor/Controller
Director
Board President
Director
President
Alternate Director