

RISK MANAGEMENT SUBCOMMITTEE MEETING

**Marriott Hotel
Salon IV Room
301 South Market Street
San Jose, CA 95113
(408) 280-1300**

Tuesday, May 3, 2005, 8:30 a.m.

COMMITTEE MEMBERS PRESENT

Chairman: Edward N. Layton, Walnut Valley Water District
Gene J. Branch, Consolidated Irrigation District
Robert Homer, San Diego County Water Authority
Wayne D. Nygaard, Palm Ranch Irrigation District
Lou Reinkens, Tahoe City Public Utility District

COMMITTEE MEMBERS ABSENT

Tom Cuquet, South Sutter Water District
Gene Clark, Princeton-Codora-Glenn Irrigation District

OTHERS PRESENT

See Attendance List

STAFF PRESENT

Chief Executive Officer/Secretary: Daniel N. Klaff
John Gilstrap, Director of Member Services
John Haaf, Senior Risk Management Consultant
Barry Hamory, Director of Claims
Harve LaBounty, Director of Risk Management
Nancy Morgan, Administrative Assistant II
Dianne Salvador, Workers' Compensation Claims Manager
Walter "Andy" Sells, Chief Financial & Operations Officer
Nancy Stangel, Director of Administration
R. Scott Wood, Risk Management Consultant

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Noting a quorum present, Chairman Layton called the meeting to order at 8:30 a.m.

PUBLIC COMMENT

No visitors requested public comment.

INTRODUCTION OF MEMBERS AND GUESTS

Chairman Layton welcomed Executive Committee members and other guests in attendance.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chairman Layton called for additions to or deletions from the agenda. None were noted.

CONSENT CALENDAR

Chairman Layton called for approval of the meeting minutes of May 4, 2004.

M/S/C (Nygaard/Homer) (Yes - 4, No - 0): That the minutes of the Risk Management Subcommittee Meeting of May 4, 2004 be approved as submitted.

RISK MANAGEMENT DEPARTMENT STAFFING

Mr. LaBounty advised that there are currently five field Risk Management Consultant positions covering the JPIA membership.

Keith Forbes lives in Clovis and has responsibility for the south central valley area from Merced to Kern County.

John Haaf lives in Vacaville and has responsibility for the north central valley and northern coastal area and some member districts in Monterey and southern California.

R. Scott Wood lives in Sacramento and provides service to northern California, Santa Barbara, Palmdale, Mojave and Mammoth areas.

Peter Kuchinsky II was hired in July 2004. Peter lives in Vista and provides service to Los Angeles County, San Diego County, Riverside County and Orange County.

There is one Risk Management Consultant position open. The JPIA has had some difficulty in the recruitment process. Mr. Klaff stated we have high standards for this position and do not want to accept just what is available. Recruitment is continuing since help is needed in covering southern California and parts of northern California.

Rick Scott, Appraisal Coordinator, continues to take part providing some Defensive Driver training, but no longer conducts risk assessments.

Chris Young conducts day-to-day training scheduling with backup by other Administrative staff.

Nancy Morgan provides administrative assistance to the Risk Management staff and assists with maintaining the format and files for formal, developed training programs.

LIABILITY PROGRAM

Mr. Hamory reviewed the Reported Losses Per \$1 Million of Payrolls for the Liability Program stating that the graph shows the actual dollars incurred in losses for each million dollars of payroll. The last five years have been extremely good for the JPIA and its members, and with frequency of losses continuing to decline, the JPIA anticipates continued success in the present year as well.

Mr. Hamory continued with the review of the Occurrences Per \$1 Million of Payrolls graph, which tracks the frequency of claims per \$1 million of payroll. Reviewing the same time period as discussed in reported losses, a decrease in frequency is shown. The five-year

average from 1993 to 1998 was 1.12. The following five-year average dropped to .88. The decrease in frequency is obviously significant when compared to losses for the same period.

PROPERTY PROGRAM

Mr. Hamory advised that the Reported Losses Per \$1 Million of Insured Values graph represents the actual dollars lost for each \$1 million of insured property. As the JPIA currently has \$2,357,129,297 in insured values, the actual dollar amount appears small. In 1995, the reported loss was \$188 and over five years it rose to \$687 per \$1 million of insured values. Obviously, this was not an overall favorable trend. The 02/03 policy year was impacted by a \$1 million Boiler and Machinery loss, followed by the southern California fires in 03/04. The current year figures represent eight months of data, and so far have avoided catastrophic loss. The actual size of the pool has doubled between 1990 to present.

Mr. Hamory stated that the Occurrences Per \$1 Million of Insured Values graph shows that between 1991 and 1995, frequency was relatively steady. Since that time there has been a moderate upturn in frequency that parallels the upturn in the severity. The very slight upturn in the frequency is, in part, due to the addition of Boiler and Machinery coverage to the Program, which has added eight percent to the number of losses. The current year shows a slight decrease in frequency over the prior year and remains in line with current expectations of JPIA staff.

WORKERS' COMPENSATION PROGRAM

Mr. Hamory reviewed the Reported Losses Per \$1 Million of Payrolls graph which represents the actual cost per million dollars. The years 1993 continuing through 1998, an adverse trend was apparent. The year 1999 showed some improvement in the trend, but the year 2000 reversed the progress. Good results for five of the last six years seem to suggest that the JPIA is making progress. Currently, the JPIA's actuary believes the recent changes in the law and our experience suggests that the JPIA has turned the corner on pricing. As of January 1, 2005, a 13% reduction was taken.

Mr. Hamory continued with the Claims Per \$1 Million of Payrolls graph. For reporting purposes, the graph shows frequency as the number of claims per \$1 million of payroll. The numbers for 1997 and 1998 seem to show an acceleration of the positive trend with only the 2000 policy year going slightly upward. The impact of legislative changes, effective 1/1/2005, will not be known for some time as the results may take a year or more to be fully recognized. The JPIA is optimistic that medical control plus a revision of the disability calculation methods will produce more favorable results.

LENDING LIBRARY

Mr. Gilstrap summarized the activity of the Lending Library. The Lending Library continues to be a popular resource for members, with approximately 150 videos loaned per month. There are currently 24 members using the Advance Video Request Form to have videos sent to them automatically. Many of these members are repeat users and find this to be an easy way to use the Library and meet their recurring training needs. Since the last Subcommittee meeting, May 4, 2004, there have been 38 new videos added to the Library. Since the last meeting, Risk Management staff reviewed six videos, four of those were retired.

An updated catalog was electronically e-mailed to all of our members in January 2005. Members without e-mail received a hard copy by mail. New videos are highlighted in the *Lending Library Catalog Update* e-mailed or mailed to members monthly in the *Risk Control Bulletin*.

TRAINING PROGRAMS

Mr. LaBounty advised that the JPIA endeavors to provide low-cost, effective training to member district employees. Training for the Supervisor Certification Program (SCP) is ongoing. There are over 528 participants currently enrolled in the Program. To date, over 37 participants have completed all three levels of training.

Mr. LaBounty reiterated his comments from the Board of Directors meeting the previous day, that since logging data in OnTrack, beginning in the fall of 1996, that the JPIA has made possible or presented to its members, over 2,000 training sessions with over 33,000 participants.

In addition, a Human Resource Certification Program was developed and presented in conjunction with the SCP in Ontario, Sacramento and Fresno. There are approximately 60 participants in this Program and seven have completed all required elements.

The JPIA staff has identified 24 regions in the state and will focus on presenting HR and SCP training periodically in these locations. This will provide opportunity for all JPIA member-district employees to attend with less travel and cost involved.

DOT DRUG AND ALCOHOL PROGRAM

Mr. Wood reviewed the consortium's experience for the period from January 1, 2004 through December 31, 2004. There are a total of 101 agencies in the pool with 541 safety-sensitive employees. During 2004, there were 364 random drug tests and 78 random alcohol tests performed, which met the 50% requirement for drugs and 10% for alcohol for the 2003 period. During this time period, there were six positive drug tests. There were no positive alcohol tests.

For the period of January 1 through March 31, 2005, there were 118 random drug tests and 20 random alcohol tests performed. There were 13 positive random drug tests and no positive alcohol tests during the same period.

The current contract with Wienhoff & Associates is effective for three years, expiring December 31, 2005. The program is still cost-effective at \$49 per person annually for random, post-accident and pre-employment (only if hired); \$50 per pre-employment (if not hired by agency); and \$50 per return-to-duty and follow-up test.

FIELD SURVEY ASSESSMENT SCHEDULE

Mr. LaBounty outlined the field survey assessment schedule for all consultants, which lists the district, location, county, programs, type, the last and next survey dates, frequency, time, and consultant initials.

The assessment schedules now reflect assignments by Risk Management Consultants on a regional basis.

The Open Recommendation List shows assessment and service categories. Each individual recommendation is coded for type. Each recommendation lists the original date of recommendation and current follow-up date. Recommendations are monitored every 45-60 days. Assessment reports have been modified to request specific responses to recommendations. Responses can be faxed or mailed back to the JPIA consultant.

IMPACT OF POTENTIAL EXPANSION ON RISK MANAGEMENT SERVICES

Mr. LaBounty reported that the JPIA Risk Management staff, with five field consultants and the Director of Risk Management has been servicing an increasing demand for training through the risk assessment process, requests by members, and changing standards.

An open Risk Management Consultant position has created somewhat of a backload, both in assessments and requests for training. Recruitment will continue until the position is filled. Current staff is attempting to reduce the backlog of regularly scheduled assessments and continuing requests for training.

REVIEW STATUS OF THE WORKERS' COMPENSATION SAFETY AWARD PROGRAM

Mr. LaBounty explained that the Program has been in effect since approval was given by the Executive Committee at its April 13, 1999 meeting.

Some of the unique ideas have been put in the *Perspective*, *Risk Control Bulletin*, and on the *JPIA web site*. This Program is announced periodically in the *Risk Control Bulletin* and the *Perspective* and also promoted during risk assessment and training visits by Risk Management and other JPIA staff.

JPIA continues to receive many nominations that are very worthy. There are some creative inventions of necessity, particularly related to relieving injuries from strain or overexertion. It is the opinion of JPIA staff to provide recognition and awards to nominees and continue the Safety Award Program. Chairpersons of the Executive Committee, Risk Management and Workers' Compensation Subcommittees review the nominations and staff award recommendations.

There were nine awards representing six member districts this period. The award list was viewed on large screen during the meeting (Award sheet is attached).

DISCUSS UNUSUAL SITUATIONS WITH MEMBER AGENCIES

Mr. LaBounty advised the Subcommittee that Risk Management Consultants frequently make recommendations to JPIA members during the course of regularly scheduled assessments. These recommendations are made to reduce loss exposure, alert members to mandatory regulatory requirements, eliminate conditions that may cause serious harm or injury to employees, and follow general good risk management practices.

The current list of outstanding open recommendations is approximately 300. Each consultant is responsible for following up on the recommendations by calling their assigned member agencies and determining if the recommendations have been implemented, considered or being addressed. Many members of the JPIA pool are quite responsive and respond directly by letter or return of the recommendation attachment with comments, usually in a timely manner.

There are some members of the pool that do not bother to respond or make continuing promises, yet manage to avoid addressing the recommendations. Risk Management staff has developed a letter to follow-up on non-responsive members and frequently will not get a response to the letter. The JPIA staff recommends an additional process to encourage members to respond to the recommendations. The primary process would be to invite the non-responsive or non-complying members to address the Risk Management Subcommittee to explain their inaction towards implementing recommendations. The Risk Management Subcommittee could then evaluate the status and make further recommendation to the Executive Committee.

Discussion by Subcommittee members ensued regarding the impact to the JPIA pool by non-compliant members. A Subcommittee member recommended a letter sent to the district's Board President might prompt recommendation compliance. Chairman Layton asked Subcommittee members to study this problem and come up with a solution.

DEFENSIVE DRIVING TRAINING AND LOSS HISTORY

Mr. LaBounty showed a histogram, tracking drivers with accidents compared to the last time they had training. There appears to be no one factor related to vehicle-related losses. Poor driver decision, on behalf of both district drivers and drivers of other vehicles, is most frequently reported as cause factors. The presentation showed that drivers without Defensive Driving training are most at risk to be involved in an accident.

Defensive Driving classes (DDCs) presented by JPIA staff have increased over the past two and one-half years, from 76 during 2002-2003, to 61 during the first six months of this fiscal year. Since keeping records of training in 1996, the JPIA has recorded 658 DDCs with 10,101 attendees. This averages about 15 participants per class. Clearly, to accommodate the JPIA membership of approximately 7,000 employees, training frequency should be accelerated.

JPIA Claims has tracked a total of 78 vehicle accidents in the past year. This information showing district driver, date of accident, and date of last attendance in defensive driving training was illustrated on the histogram. The histogram illustrated the number of accidents for each month after DDC training for a period of four years.

The data shows an even distribution of accidents over a four-year period with no more than four occurrences in any one month. What is most evident is that in 22 of the total 78 accidents, the involved drivers had no training.

Mr. LaBounty stated that it is important to ensure DDC training be provided to employees as part of their new employee orientation. Risk Management will identify and provide materials to be made available to the member districts to accomplish this.

To reach out to local regional areas, JPIA staff is encouraging members to conduct regional training with in-house staff. JPIA will provide training materials and support. Instructor-led training can be supplemented by use of videos, DVDs, and on-line training. This is currently in progress on a very limited basis.

RISK MANAGEMENT TRAINING, EXTENT, IMPORTANCE, GOALS

This item was not discussed due to time constraints.

ERGONOMIC ISSUES

This item was not discussed due to time constraints.

WEBSITE INFORMATION

Mr. LaBounty provided a brief visual walk-through of the JPIA web page and the availability of sample and customizable documents for member district's use. JPIA staff noted that very frequently, member's staff have little awareness of the tools available through the website.

EVALUATION OF MEMBER DISTRICT'S EMPLOYEES WITH REPEAT CLAIMS

Mr. LaBounty reviewed the Workers' Compensation claims history focused on the past five years. At the request of the Chairperson, JPIA staff compiled a listing of those Workers' Compensation Program members with employees that had three or more claims during the five-year period. Forty-nine or about one-third of the member districts in the Program had at least one employee with three or more claims. In order to minimize losses and maintain competitive rates, attention to repeat claimants to analyze causes, is important. Risk Management will continue to focus on this by identifying Special Service Member districts.

ADJOURNMENT

Chairman Layton thanked everyone for attending and adjourned the meeting at 9:45 a.m.

Attendance - Risk Management Subcommittee Meeting, May 3, 2005, 8:30 a.m.

<u>NAME</u>	<u>TITLE</u>	<u>DISTRICT</u>
Terence Moore	Director	Amador Water Agency
Andy Rutledge	Director	Antelope Valley-East Kern Water Agency
Russell E. Fuller	Alternate Director	Antelope Valley-East Kern Water Agency
Wallace Wessel	Director	Bella Vista Water District
Rick Gilmore	Alternate Director	Byron-Bethany Irrigation District
Joseph Dion	Director	Citrus Heights Water District
Bud McGehee	Director	Crestline Village Water District
Gary Veeh	Director	East Orange County Water District
Hy Vitcov	Director	Georgetown Divide Public Utility District
Ed Kennedy	Director	Golden Hills Community Services District
Dave Smith	Alternate Director	Golden Hills Community Services District
Jack Cunningham	Director	Goleta Water District
Charles Muse	Director	Helix Water District
Kevin McKenny	Director	Humboldt Community Services District
Randy Shilling	Alternate Director	Kings River Conservation District
Dean E. Williams	Director	LaCanada Irrigation District
Carl Janzen	Director	Madera Irrigation District
Tom Reta	Director	Merced Irrigation District
R. Michael Healey	Director	Mesa Consolidated Water District
Diana Leach	General Manager	Mesa Consolidated Water District
Jim MacKenzie	Director	Mission Hills Community Services District
Mary M. Gibson	Director	Mission Springs Water District
Rick Ranquist	General Manager	Mountain Gate Community Services District
Joan C. Finnegan	Director	Municipal Water District of Orange County
Bob Noonan	Director	Orchard Dale Water District
John Garcia	General Manager	Pinedale County Water District
Ernest Solomon	Director	Purissima Hills Water District
Ben Harrison	Director	Quartz Hill Water District
Dave Meraz	General Manager	Quartz Hill Water District
Pat O'Neil	HR Manager	Rancho California Water District
Max Richman	Director	Rio Alto Water District
Frank E. Bettencourt	Director	San Benito County Water District
Melody McDonald	Director	San Bernardino Valley Water Conservation District
Manuel Aranda	Board Member	San Bernardino Valley Water Conservation District
Roy Catania	Director	San Joaquin River Exchange Contractors Water Authority
Jim Akins	General Manager	Saucelito Irrigation District
Bill Kassis	Director	Scotts Valley Water District
Steven Curnow	Alternate Director	Solano Irrigation District & Suisun-Solano Water Authority
Jim Alkire	Director	Sweetwater Authority
Bob Kuhn	Director	Three Valleys Municipal Water District & San Gabriel Basin Water Quality Authority
Frank Forbes	President	Upper San Gabriel Valley Municipal Water District

Merle Aleshire	Director	Valley Center Municipal Water District
Bill Jeffrey	Alternate Director	Valley Center Municipal Water District
Greg Hoyle	Director of Operations	Valley Center Municipal Water District
Mariana Lake	Director	Valley County Water District
Don Rowland	Director	Vandenberg Village Community Services District
Janet Medina	Director	Westborough Water District
Mark Gardner	Alternate Director	Wheeler Ridge-Maricopa Water Storage District
Christy Barton	Asst. General Manager	Yolo County Flood Control & Water Conservation District
Bill Knutson	Director	Yuima Municipal Water District

Workers' Compensation Safety Incentive Award Program

Winners - Spring 2005

\$100	Daley, Gary	Utility Worker	South Feather Water & Power Authority
\$200	Davis, Derek	Water Utilities Tech.	Oakdale Irrigation District
\$350	Kawamura, Ross	Flood Maint. Worker	American River Flood Control District
\$300	Maculak, Eric	Sr. Flood Maint. Worker	American River Flood Control District
\$350	O'Connor, Sean	Flood Maint. Worker	American River Flood Control District
\$200	Reginato, Al	Transmission/Dist. Supvr.	Goleta Water District
\$200	Riley, Pat	Emissions Foreman	Tehachapi-Cummings County Water District
\$200	Unruh, Loren	Mechanic	Merced Irrigation District
\$250	Unruh, Roger	Flood Maint. Worker	American River Flood Control District