

RISK MANAGEMENT SUBCOMMITTEE MEETING

**Town & Country Hotel
Golden West Room
500 Hotel Circle, North
San Diego, CA 92108
(619) 291-7131**

Monday, November 28, 2005, 8:00 a.m.

COMMITTEE MEMBERS PRESENT

Chairperson: Joan C. Finnegan, Municipal Water District of Orange County
Vice Chair: Merle J. Aleshire, Valley Center Municipal Water District
Michael Hagman, Friant Water Authority
Robert Homer, San Diego County Water Authority
Greg Hoyle, Valley Center Municipal Water District
Bob Kuhn, Three Valleys Municipal Water District/San Gabriel Basin Water Quality Authority
Ulrich Luscher, Sierra Lakes County Water District

COMMITTEE MEMBERS ABSENT

Gene J. Branch, Consolidated Irrigation District

OTHERS PRESENT

See Attendance List

STAFF PRESENT

Chief Executive Officer/Secretary: Daniel N. Klaff
John Gilstrap, Director of Member Services
Barry Hamory, Director of Claims
Peter Kuchinsky II, Senior Risk Management Consultant
Harve LaBounty, Director of Risk Management
Nancy Morgan, Administrative Assistant II
Lee S. Patton, Senior Risk Management Consultant
Walter "Andy" Sells, Chief Financial & Operations Officer
Nancy Stangel, Director of Administration

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Noting a quorum present, the meeting was called to order.

PUBLIC COMMENT

No visitors requested public comment.

INTRODUCTION OF MEMBERS AND GUESTS

The Chairperson welcomed Executive Committee members and other guests in attendance.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chairperson Finnegan called for additions to or deletions from the agenda. None were noted.

CONSENT CALENDAR

Chairperson Finnegan called for approval of the meeting minutes of May 3, 2005.

M/S/C (Aleshire/Kuhn) (Yes - 6, No - 0): That the minutes of the Risk Management Subcommittee Meeting of May 3, 2005 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 agencies in the South San Francisco Bay, Monterey and Santa Cruz areas.

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

Peter Kuchinsky II lives in Vista and provides service to San Diego County, Riverside County, Orange County, and Imperial County.

Lee S. Patton joined the staff in June 2005; he lives in Northridge and provides service to Santa Barbara, Ventura, Los Angeles, and the Palmdale/Mojave areas.

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.

Other Administrative staff provides support to the training program such as copying, assembling training packets, and certificate preparation.

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 \$2,612,624,363 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 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 six months of data, and so far have avoided catastrophic loss. The Program appears to be on track for a good year.

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. The Program is designed to provide coverage primarily for large losses.

WORKERS' COMPENSATION PROGRAM

Mr. Hamory reviewed the Reported Losses Per \$1 Million of Payrolls graph which represents the actual cost per million dollars of payroll. For the year 1993 through 2000, an adverse trend was apparent. The year 2001 showed some improvement in the trend, and that improvement has continued to the present. Good results for the last five years seem to suggest that the JPIA is making progress. Recent changes in the law are starting to be seen in the financial results.

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. JPIA training focus for the last two years has been on workplace safety and management training. The results for all three Programs suggest that it is the right emphasis.

LENDING LIBRARY

Mr. Gilstrap summarized the activity of the Lending Library. The Lending Library continues to be a popular resource for members, with approximately 170 videos loaned per month. There are currently 21 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 3, 2005, there have been 19 new videos added to the Library. Since the last meeting, Risk Management staff reviewed four videos, retiring one.

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*.

Mr. Gilstrap related that most suppliers of training videos are moving to DVDs, and therefore the JPIA will be moving to DVDs in the future. Mr. LaBounty stated that some companies have discounted the DVD purchase of the JPIA's existing videos.

TRAINING PROGRAMS

Mr. LaBounty advised that the JPIA endeavors to provide low-cost, effective training to member agency employees. The JPIA's objective of providing training opportunity to as many members as possible includes localized regional SCP training sessions and member-specific training during risk assessments. These smaller, local events have proven to be effective by enabling member participation to those that are restricted by travel and operations. Training for the Supervisor Certification Program (SCP) continues. There are over 524 employees currently enrolled in the Program. To date, over 69 participants have completed the Program.

In addition, a Human Resource Certification Program was developed and presented in conjunction with the SCP in Ontario, Sacramento, and Fresno this year. There are currently 58 employees enrolled in this option and ten have completed all required elements. Eight employees have completed both Programs.

In order to best provide for the Certification Program training, the JPIA has developed a modular system for tracking participation. A core of required programs similar to both the SCP and HR version must be completed. The base original SCP will have additional required courses and the HR version will have a level of classes pertinent to human resources. In addition, this has been expanded to provide more areas of specialty. The Program is renamed to the Professional Development Program. Two other areas of specialty are provided: Risk Management and Train-the-Trainer.

The JPIA staff has identified 25 regions in the state and will focus on presenting training periodically in these locations. This will provide opportunity for all JPIA member-agency employees to attend with less travel and cost involved as these can be scheduled in conjunction with risk management assessments and other related scheduled visits.

DOT DRUG AND ALCOHOL PROGRAM

Mr. LaBounty reviewed the consortium's experience for the period from January 1, 2005 to September 30, 2005. There are a total of 94 agencies in the pool with 707 safety-sensitive employees. DOT requirements dictate that 50 percent of the pool be randomly tested for drugs and 10 percent for alcohol. During this time period, there were seven positive random drug tests. There were no positive alcohol tests during the same period.

The current contract with Wienhoff & Associates is effective for three years, expiring December 31, 2005. The new contract with Wienhoff & Associates has been signed for a period of three years between January 1, 2006 and December 31, 2008. The contract is still cost-effective at \$50 per person annually for random and post-accident drug and alcohol program; \$50 per person pre-employment drug test; \$55 per return-to-duty and follow-up drug test; and \$35 per return-to-duty and follow-up alcohol 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 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 30 - 45 days by Risk Management Consultants by phone, mail, or physical visit to determine status of outstanding recommendations. Assessment reports have been modified to request specific responses on the "Recommendation" page and faxed back to the JPIA. Many members are now responding by fax, email, or letter.

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.

A Senior Risk Management Consultant was added to the staff in June 2005. All regularly scheduled assessment visits are now current and the staff is meeting the increasing demand 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.

This Program was intended to allow employees to be nominated, recognized and rewarded for proactive safety behavior and action. The Program is ongoing and the awards are presented at the biannual conferences. Any employee of the members participating in the JPIA Workers' Compensation Program may submit nominations.

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 staff selects nominations that demonstrate proactive safety contributions. Chairpersons of the Executive Committee, Risk Management and Workers' Compensation Subcommittees review the nominations and staff award recommendations. The awards are announced at the Board of Directors' Meetings.

There were 24 awards representing eight member agencies this period (the award sheet is attached).

DISCUSS UNUSUAL SITUATIONS WITH MEMBER AGENCIES

Mr. LaBounty advised the Subcommittee that on September 29, 2005, JPIA Risk Management Consultant, Lee Patton alerted the JPIA, via email, of a situation involving a 30-inch water line owned by Foothill Municipal Water District that was at risk due to a landslide that occurred during the past winter.

This pipeline is located under Highland Avenue in La Cañada Flintridge. The December 2004 rains caused undercutting of the south side of the road, putting the pipeline in jeopardy.

Foothill Municipal Water District has written several letters (March 7, 2004 & May 23, 2005) to the Public Works Director, City of La Cañada Flintridge, requesting repair to the slide area and road to prevent damage to the sole-source water line that supplies 60 percent of the water to the cities of La Cañada Flintridge and La Crescenta.

City of La Cañada Flintridge advised that the repair would be made in January 2006.

A lengthy discussion was held regarding winter rains that could worsen the situation and ways to get an immediate response to this repair.

EXPLAIN RISK ASSESSMENT BLIND COPY

Mr. LaBounty explained the Blind Copy as an internal document for Risk Management Consultant's use. It is an extensive question-based checklist to document information pertaining to the operations, staffing, and activities of the member agency. Key safety areas are noted by a symbol. This information was included in the blind copy for JPIA's information base as historical documentation and is not intended to be given to the member. In addition, a recommendation database has been developed to track all recommendations made to the districts as a result of the risk assessment process.

RISK MANAGEMENT TRAINING, EXTENT, IMPORTANCE, GOALS

Mr. LaBounty stated the training conducted by Risk Management staff is well defined and a part of the Risk Management Plan. The primary focus of Risk Management is identifying loss-producing exposures in all areas through the risk management assessment process. Training/Education is one way to accomplish this. The Risk Management Consultant, when visiting a member agency, will discover a need or priority and will provide specific information. This focus on the member's specific needs is usually effective and well received. Training courses can be presented by the consultant when visiting the member agency for a risk assessment.

ADJOURNMENT

The meeting adjourned at 10:00 a.m.

Attendance - Risk Management Subcommittee Meeting, November 28, 2005, 8:00 a.m.

<u>NAME</u>	<u>TITLE</u>	<u>DISTRICT</u>
Tom Brazier	ACWA/JPIA Counsel	LaMore Brazier Riddle & Giampoli
Jeffrey O'Neal	ACWA/JPIA Counsel	LaMore Brazier Riddle & Giampoli
Norman Waldner	Director	Alta Irrigation District
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
Don Hauser	Director	Calleguas Municipal Water District
Jerry Gladbach	Director	Castaic Lake Water Agency
Joseph Dion	Director	Citrus Heights Water District
Robert Logan	Director	Clear Creek Community Services District
Thomas E. Feaver	Director	Consolidated Irrigation District
Dennis Erdman	General Manager	Crescenta Valley Water District
C. N. McGehee	Director	Crestline Village Water District
Phil Williams	Director	Elsinore Valley Municipal Water District
William Peksi	General Manager	Foothill Municipal Water District
Robert F. Sloan	Director	Foothill Municipal Water District
Eddie Niederfrank	Director	Fresno Irrigation District
Kendall Groom	Director	Fresno Metropolitan Flood Control District
Hy Vitcov	Director	Georgetown Divide Public Utility District
Ed Kennedy	Director	Golden Hills Community Services District
Jack Cunningham	Director	Goleta Water District
Chuck Muse	Director	Helix Water District
John Linden	Director	Helix Water District
Kevin McKenny	Director	Humboldt Community Services District
Dean Williams	Director	La Cañada Irrigation District
Leo Thibault	Alternate Director	Littlerock Creek Irrigation District
Carl Janzen	Director	Madera-Chowchilla Water & Power Authority/ Madera Irrigation District
Diana Leach	General Manager	Mesa Consolidated Water District
Mary M. Gibson	Director	Mission Springs Water District
Wes Bannister	Director	Orange County Water District
Bob Noonan	Director	Orchard Dale Water District
Jeff Storm	Director	Palmdale Water District
Dennis LaMoreaux	General Manager	Palmdale Water District
Ernest Solomon	Director	Purissima Hills Water District
Nolan Negaard	Director	PWD
Roger Sherrill	General Manager	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
Ulrich Luscher	Director	Sierra Lakes County Water District
Steve Curnow	Alternate Director	Solano Irrigation District/Suisun-Solano Water Agency

Robert W. Moore	Director	South Coast Water District
Tom Cuquet	Director	South Sutter Water District
Jim Alkire	Director	Sweetwater Authority
Dennis Bostad	General Manager	Sweetwater Authority
Lou Reinkens	Director	Tahoe City Public Utility District
Phil Cisneros	Director	Twenty-nine Palms Water District
Frank Forbes	President	Upper San Gabriel Valley Municipal Water District
Bill Jeffrey	Alternate Director	Valley Center Municipal Water District
Sanford Smith	Director	Valley of the Moon Water District
Eldon Boone	Finance Director	Vista Irrigation District
Janet Medina	Director	Westborough Water District
Mark Gardner	Alternate Director	Wheeler Ridge-Maricopa Water Storage District
William Mills	Director	Yorba Linda Water District
Bill Knutson	Director	Yuima Municipal Water District/ San Diego County Water Authority

Workers' Compensation Safety Incentive Award Program

Winners - Fall 2005

\$200	Allen, Ron	Maintenance Foreman	East Contra Costa Irrigation District
\$100	Corey, Patricia	Dvlpmt. Svcs. Coordinator	East Contra Costa Irrigation District
\$100	Martins, Jerry	Maintenance Worker	East Contra Costa Irrigation District
\$200	Smith, Gary	System Operator	East Contra Costa Irrigation District
\$300	Valles, Armando	Operations Foreman	East Contra Costa Irrigation District
\$200	Flores, Flaviano	WWT Operator II	Elsinore Valley Municipal Water District
\$200	Gillenwater, Cornell	Wastewater Supervisor	Elsinore Valley Municipal Water District
\$200	Mitchell, Tom	Sr. Collection Sys. Maint.	Elsinore Valley Municipal Water District
\$200	Smith, Roy	Welder	Elsinore Valley Municipal Water District
\$200	Vanderpool, Drake	Welder	Elsinore Valley Municipal Water District
\$50	Chapman, Ian	Distribution Operator II	Goleta Water District
\$100	Popp, Mariann	Meter Specialist II	Goleta Water District
\$50	Krute, Stan	Mechanical Systems Tech.	Helix Water District
\$500	Hicks, Pete	Heavy Equip. Operator	Moulton Niguel Water District
\$200	McCance, Gary	Maint. Worker III	Moulton Niguel Water District
\$200	Sampson, Jim	Maint. Worker II	Moulton Niguel Water District
\$200	Toepfer, Randy	Inspection Crew Chief	Moulton Niguel Water District
\$500	Skavdahl, James	Support Svcs. Leadman	Oakdale Irrigation District
\$50	Franklin, John	Water Div. Const. Foreman	South Feather Water & Power Authority
\$200	Ford, Chris	Auto Mechanic	Walnut Valley Water District
\$200	Gonzales, Dick	General Svcs. Supervisor	Walnut Valley Water District
\$200	Lievanos, Gabriel	Utility Service Lead	Walnut Valley Water District