

RISK MANAGEMENT SUBCOMMITTEE MEETING

**Marriott Monterey
350 Calle Principal
Monterey, California 93940
(831) 649-4234**

Monday, May 5, 2008, 7:30 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
Fred Bockmiller, Mesa Consolidated Water District
Sanford Kozlen, Carmichael Water District
Ulrich Luscher, Sierra Lakes County Water District
Kevin McKenny, Humboldt Community Services District

COMMITTEE MEMBERS ABSENT

Greg Hoyle, Valley Center Municipal Water District
Bob Kuhn, San Gabriel Basin Water Quality Authority

OTHERS PRESENT

See Attendance List

STAFF PRESENT

Chief Executive Officer/Secretary: Daniel N. Klaff
Chief Financial & Operations Officer: Walter "Andy" Sells
John Gilstrap, Director of Member Services
John Haaf, Senior Risk Management Consultant
Harve LaBounty, Director of Risk Management
Terry Lofing, Administrative Assistant II
Sylvia Robinson, Conference and Publications Coordinator
Dianne Salvador, Workers' Compensation Claims Manager
Nancy Stangel, Director of Administration
Jeanette Waterstradt, Executive Assistant to the CEO
R. Scott Wood, Risk Management Consultant

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Noting a quorum present, the meeting was called to order at 7:30 a.m.

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 December 4, 2006.

M/S/C (Luscher/Kozlen) (Yes - 6, No - 0): That the minutes of the Risk Management Subcommittee Meeting of December 4, 2006 be approved as submitted.

REPORT ON MEETINGS ATTENDED ON BEHALF OF THE JPIA

Chairperson Finnegan reported she had attended the ACWA Board meeting on March 27-28, 2008. The topic at the meeting was on bond and strategic planning.

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 lives in Vista and provides service to Los Angeles County, San Diego County, Riverside County, and Orange County.

Lee S. Patton lives in Northridge and provides service to Santa Barbara, Ventura, Los Angeles, and the Palmdale/Mojave areas.

Terry Lofing has replaced Nancy Morgan, who retired in August 2007. Terry has been with the JPIA since 1995. She provides administrative assistance to the Risk Management staff.

Mr. LaBounty stated he will be retiring on June 14, 2008. Mr. LaBounty has been with the JPIA for 14 years. Effective June 1, 2008, Andy Sells, Chief Financial and Operations Officer, will be responsible for supervising the Risk Management staff. Mr. LaBounty will assist the Risk Management staff as a consultant on a part-time basis.

LIABILITY PROGRAM

Mr. Sells reviewed the Reported Losses Per \$1 Million of Payrolls for the Liability Program. He referred to the graph showing the actual dollars incurred in losses for each million dollars of payroll. The solid portion of the colored bars on the graph represents the pooled losses shared by the membership; the cross-hatch portion of the bars represents losses paid by the excess carrier. There is generally a downward trend with the highest reported losses occurring in the 2004/05 policy year. A column showing Number of Members in the Liability

Program was added to compare the stability and the growth of the Program. The 2007/08 policy year shows expected losses by year-end, not actual losses.

Mr. Sells continued with the review of the Occurrences Per \$1 Million of Payrolls graph, which tracks the frequency of claims per \$1 million of payroll. The number of claims has declined over the last ten years, with more small claims but less in value.

PROPERTY PROGRAM

Mr. Sells 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 \$3.3 billion in insured values, the actual dollar amount appears small. Insured property has more than tripled between 1990 and the present.

Losses have generally trended downward since the 2002/03 policy year, which had a \$1 million Boiler and Machinery loss. The 2003/04 policy year had larger losses due to the fires in southern California. In the 2006/07 policy year, a hydroelectric plant was damaged and is currently valued at \$1.5 million. The 2007/08 policy year includes approximately \$1.6 million in losses for the southern California fires.

Mr. Sells stated that the Occurrence Per \$1 Million of Insured Values graph represents the actual number of losses for each policy year. The frequency of losses is often an indicator of severity. There has been a moderate downward trend in the frequency of claims over the past five years.

WORKERS' COMPENSATION PROGRAM

Mr. Sells reviewed the Reported Losses per \$1 Million of Payrolls graph which represents the actual cost per million dollars of payroll. An adverse trend was seen for the policy years 1990 through 2000/01. Beginning in the 2001/02 policy year through the present, the trend is continuing downward.

Mr. Sells reviewed the Claims Per \$1 Million of Payrolls graph. This graph is showing a steady downward trend. This is largely due to the legislative changes in SB899 in combination with Risk Management training.

Mr. Sells reviewed the Workers' Compensation Program Losses and Costs Data. He referred to the report, Workers' Compensation Program Special Service Members Loss Information. This report compares members ranked highest to lowest by e-mod, losses, loss ratio, average loss, average loss per employee, and average number of losses per employee. Loss and premium statistics are tools that are used to analyze the pool's performance. Risk Management on-site evaluations by consultants, review of outstanding recommendations, and training classes including participation in the PDP Program, are also evaluated. Loss runs are reviewed for trends in types of accidents, frequency, and severity.

LENDING LIBRARY

Mr. Gilstrap reviewed the use of the Lending Library. Currently, there are 150 videos sent out per month. There are 25 members using the Advance Video Request form to request videos up to 12 months in advance. Since the last Subcommittee meeting, 83 new videos were added to the library. There are currently 650 videos in the library. New sources of videos have been found through associations, pools, and manufacturers,

to keep costs down on purchasing new materials. Risk Management staff continues to review older videos and have recently retired two.

RISK MANAGEMENT TRAINING PROGRAMS

Mr. LaBounty summarized the training provided by the JPIA. During the 1980's vehicle losses were high; as a result a Defensive Driver training program was developed. The first three years of aggressive Defensive Driver training, losses were cut by 25 percent.

Risk Management consultants assess liability, property, and workers' compensation losses when visiting members, to determine their needs. Much of the training the JPIA does today is focused on environmental, health, and safety issues. Consultants have averaged 300 instructor-led classes per year over the past few years.

In 1999, the Professional Development Program was started and has been very successful. Two years ago, an online Defensive Driver Program was developed for convenience when an instructor-led class was not available. This program has been very popular. In addition, classes are offered in Field and Office Ergonomics, Accident Prevention, Hazard Identification, and Confined Space Awareness.

Following the needs of the members, the JPIA has developed new classes such as Asbestos Cement Pipe Awareness, Respiratory Protection, Underground Locator Service, Lockout/Tagout, and Traffic Control and Flagger Safety.

DOT DRUG & ALCOHOL PROGRAM

Mr. Wood provided a review of the DOT Drug and Alcohol Testing Program for the period January 1, 2007 through December 31, 2007. Since January 1, 1997, Wienhoff & Associates has been the consortium vendor. The consortium continues to be a successful and cost-effective way of facilitating testing. There are a total of 93 agencies in the pool, with 713 safety-sensitive employees.

The Department of Transportation (DOT) requirements dictate that 50 percent of the pool be randomly tested for drugs, and 10 percent for alcohol on an annual basis. During this time period, there were two positive results due to a refusal to submit to a random testing. There were no positive alcohol tests during the same period.

For the period January 1, 2008 through April 11, 2008, there were no positive drug or alcohol tests.

The contract with Wienhoff & Associates is effective for three years and will expire on December 31, 2008. The program is fairly inexpensive at \$50 per person annually for random and post-accident drug and alcohol testing; \$50 per 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 reviewed 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 telephone, mail, or physical visit, to determine the status of outstanding recommendations. Assessment reports have been modified to request specific responses on the “Recommendation” page and faxed back to the JPIA.

IMPACT OF POTENTIAL EXPANSION ON RISK MANAGEMENT SERVICES

Mr. LaBounty reported that no expansion is needed at this time. There are currently five Risk Management Consultants, Administrative Assistant, and Director of Risk Management. The schedule is being maintained.

The Risk Management Consultants made 525 contacts with members via risk assessments, consultation visits, and training during the past 12 months. They also facilitated 301 training classes, including 48 days in conjunction with the Professional Development Program, and conducted 403 assessment/consulting visits.

REVIEW STATUS OF THE WORKERS' COMPENSATION SAFETY AWARD PROGRAM

The Workers' Compensation Safety Award Program has been in effect since the April 13, 1999 Executive Committee meeting.

The Program is designed to allow employees to be nominated and rewarded for proactive safety behavior. The Program is ongoing and the awards are presented at the biannual conferences. Employees of JPIA members who are in the Workers' Compensation Program, may submit nominations. Some of the unique ideas have been featured in the *Risk Control Bulletin, Perspective*, and on the JPIA's website.

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 during the Board of Directors' meeting.

The program has been very successful and Staff recommends continuing it.

INTRODUCTION OF PREVENTIONLINK

Nancy Stangel presented the introduction of *PreventionLink* training through Target Safety, Inc. The program will provide an additional resource for online training with a large variety of safety related topics.

The cost to JPIA members will be \$75 per enrolled participant, per year. Target Safety has agreed to charge \$25 per class for participants taking less than three classes.

Training components provided by *PreventionLink* include: Training Management, Communication Management, Compliance Management, and Risk Management.

The response from JPIA members has been very positive.

ADJOURNMENT

The meeting adjourned at 8:55 a.m.

List of Attendees

<u>DISTRICT</u>	<u>NAME</u>	<u>TITLE</u>
Antelope Valley East Kern WA	Andy Rutledge	Director
Bella Vista WD	Jeff Steppat	Director
Big Bear MWD	Todd Murphy	Director
Byron-Bethany ID	Rick Gilmore	Alternate Director
Calleguas MWD	Don Hauser	Board Member
Calleguas MWD	William Seaver	Alternate Director
Carmichael WD	Sanford Kozlen	Director
Castaic Lake WA	Jerry Gladbach	Director
Central Basin MWD	Edward Vasquez	Director
Citrus Heights WD	Joe Dion	Board Member
Fresno Metropolitan FCD	Kendall Groom	Director
Fresno Metropolitan FCD	Bob Van Wyk	General Manager
Georgetown Divide PUD	Bob Diekon	Director
Goleta WD	Jack Cunningham	Board President
Helix WD	Mark Weston	General Manager
Hi-Desert WD	Roger Mayes	Director
Humboldt CSD	Kevin McKinny	Director
Kronic, Moskovitz, Tiedemann & Girard	Ed Tiedemann	ACWA/JPIA Counsel
Madera-Chowchilla W&PA	Carl Janzen	Director
Madera ID	Carl Janzen	Director
Metro/Risk	Mike McNulty	JPIA Insurance Broker
Mission Springs WD	Mary Gibson	Director
Mission Springs WD	Nancy Wright	Alternate Director
MWD of Orange County	Joan Finnegan	Director
North of the River MWD	Calvin Wesson	Director
Orchard Dale WD	Bob Noonan	Board President
Palm Ranch ID	Wayne Nygaard	Director
Pebble Beach CSD	Gerald Verhasselt	Director
Purissima Hills WD	Bob Anderson	Director
Rancho California WD	John Hoagland	Director
Rancho California WD	Dave Morrison	Safety Officer
Rincon Del Diablo MWD	David Drake	Director
Rincon Del Diablo MWD	Mitch Dion	General Manager
Rio Alto WD	Max Richman	Board Member
San Benito CWD	Frank E. Bettencourt	Director
San Bernardino Valley WCD	Manny Aranda	Board Member
San Diego CWA	John Linden	Director
San Geronio Pass WA	John Jeter	Board Member
Scotts Valley WD	Dave Hodgins	Director
Sierra Highlands CSD	John Camphouse	Director
Sweetwater Authority	Jim Alkire	Director
Tahoe City PUD	Lou Reinkens	Director
Tehachapi-Cummings CWD	Glenn Mueller	General Manager
Three Valleys MWD	Brian Bowcock	Director
Twentynine Palms WD	Phil Cisneros	Director/President

List of Attendees

<u>DISTRICT</u>	<u>NAME</u>	<u>TITLE</u>
Upper San Gabriel Valley MWD	Al Contreras	Director
Upper San Gabriel Valley MWD	Frank Forbes	Director
Valley of the Moon WD	Sanford Smith	Director
Vista ID	Paul Dorey	Director
Vista ID	Eldon Boone	Assistant General Manager
Western MWD	Al Lopez	Board Member
Wheeler Ridge-Maricopa WSD	Mark Gardner	Controller
Yorba Linda WD	Mike Payne	General Manager
Yuima MWD	W.D. "Bill" Knutson	Director