

ACWA/JOINT POWERS INSURANCE AUTHORITY

UNAPPROVED 12-16-08
APPROVED 11-30-09

RISK MANAGEMENT SUBCOMMITTEE MEETING

**Long Beach Convention & Entertainment Center
300 East Ocean Boulevard, Room 102
Long Beach, CA 90802**

Monday, December 1, 2008, 9:00 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
Fred Bockmiller, Mesa Consolidated Water District
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
Charles Muse, Helix Water District

COMMITTEE MEMBERS ABSENT

Ulrich Luscher, Sierra Lakes County Water District

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
Peter Kuchinsky II, Sr. Risk Management Consultant
Sylvia Robinson, Conference and Publications Coordinator
Nancy Stangel, Director of Administration
Jeanette Waterstradt, Executive Assistant to the CEO
Bobbette Wells, Administrative Assistant II

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Noting a quorum present, the meeting was called to order at 9:00 a.m.

INTRODUCTION OF MEMBERS AND GUESTS

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

PUBLIC COMMENT

No visitors requested public comment.

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 5, 2008.

M/S/C (Kozlen/ Bockmiller) (Yes - 7, No - 0): That the minutes of the Risk Management Subcommittee meeting of May 5, 2008 be approved as submitted.

REPORT ON MEETINGS ATTENDED ON BEHALF OF THE JPIA

Chairperson Finnegan reported she had attended the ACWA Board meeting on November 20-21, 2008. Information was presented on new bonds for next year or the following year. There was an increase this year in dues. There will be an ACWA/DC Conference in Washington DC February 24-26, 2009. Region 1-10 will be inviting other regions to attend.

Dr. Merle Aleshire attended the CAJPA meeting in South Lake Tahoe, September 16-19, 2008 and gave a detailed report of the meeting.

RISK MANAGEMENT DEPARTMENT & STAFFING

Walter "Andy" Sells, Chief Financial & Operations Officer, is now responsible for supervising the Risk Management staff since the retirement of Harve LaBounty. Mr. LaBounty is assisting the Risk Management staff as a consultant, on a part-time basis.

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

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.

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.

Concern was expressed about Mr. Sells taking on the responsibility of the Risk Management department in addition to his other duties. Mr. Klaff stated staffing

changes in the Finance department were in the works that would give Mr. Sells the opportunity to devote more time to Risk Management.

LIABILITY PROGRAM

Mr. Sells reviewed the current status of the Liability Program. The Reported Losses Per \$1 Million of Payroll graph shows that losses for the past several years have remained relatively constant at around \$15,000 per \$1 million of payroll. The exception is the 2004-2005 policy year which includes a major auto accident, drowning in a canal, a large employment practice claim and an increase in the severity of infrastructure failure claims. The 2007-2008 policy year is off to a good start, but it is too early to make any predictions.

The Occurrences Per \$1 Million of Payrolls graph tracks the frequency of claims per \$1 million of payroll. Frequency has had a steady decline for the past 12 years. The five-year average from 1993 to 1998 was 1.0; the current five-year average is down to 0.72.

Mr. Klaff explained that the JPIA is ready for an abnormal claims year through the Catastrophic Reserve Fund. There is a full year of deposit premiums in reserve for catastrophic losses. Excess reserves are refunded to the members through the RPA fund.

Mr. Sells reviewed the liability claims reports and answered questions.

PROPERTY PROGRAM

Losses have generally trended downward since the 2002-2003 policy year which included a \$1 million Boiler and Machinery loss. Mr. Sells pointed out, on the Reported Losses Per \$1 Million of Insured Values graph ending September 30, 2008, losses over \$50,000 are paid by the excess carrier and there is coverage up to \$100,000,000. There were large claims in the 2003-2004 and 2007-2008 policy years due to fires in Southern California. There has been a moderate downward trend in losses. The size of the pool has tripled since 1990.

There has been a moderate downward trend in the frequency of claims for the past five years. These trends are hard to project due to the small amount of claims.

WORKERS' COMPENSATION PROGRAM

Mr. Sells spoke on the downward trend of claims in Workers' Compensation throughout the state since 2004 due in part to legislative changes, specifically SB899. It is not known if this trend will continue in the future. Over the past three years the JPIA has reduced rates charged to members by more than 50 percent while the State Compensation Insurance Fund has increased by nine percent. This downward trend is also the result of the JPIA's risk management and training programs. JPIA rates are more stable than other pooled programs.

Since 1994, the JPIA has made steady progress in reducing frequency of claims in the Workers' Compensation Program. Our training for the last several years has

emphasized workplace safety and management training which has clearly facilitated a reduction in claims.

LENDING LIBRARY

Mr. Gilstrap reviewed the Lending Library program. The Library is a valuable asset to the JPIA with over 750 titles. The average cost of the videos range from \$500-\$1,000. The JPIA sends out about 150 training videos a month to member districts. With technology changes the JPIA is moving more towards DVD than VHS tape as most new videos are only available in the newer format. The Lending Library is constantly updated to meet the needs of members. There was a brief discussion about making the Lending Library available on line.

TRAINING PROGRAMS

Ms. Stangel reviewed the expanding JPIA training program: 452 classes were conducted in the last fiscal year with 7,191 participants. This year, the JPIA has added "Prevention Link" as an online source for training. Additionally, the first webinar was conducted in October with 125 participants from 65 districts. The PDP program has been updated this year by adding a new Operations segment. Patricia Slaven was hired in June as a training specialist and has been busy organizing the training programs and visiting member districts.

Fire alarm went off at 10:13 a.m. Room evacuated.

Meeting resumed at 10:18 a.m.

Discussion continued on the benefits of Prevention Link.

Ms. Finnegan asked for any further questions.

Mr. Klaff was asked to give a summary of the JPIA. He pointed out the stability of the JPIA, the positive trends in all three programs, and made note the JPIA is looking to the future by watching IT trends and future strategic planning in staffing.

DOT DRUG & ALCOHOL PROGRAM

Due to time constraints this topic was not discussed. Refer to page 39 in agenda packet.

REVIEW GOALS FOR RISK MANAGEMENT FOR UPCOMING YEAR

Due to time constraints this topic was not discussed. Refer to page 41 in agenda packet.

REVIEW STATUS OF THE H.R. LABOUNTY SAFETY AWARD PROGRAM

Due to time constraints this topic was not discussed. Refer to page 42 in agenda packet.

ADJOURNMENT

The meeting adjourned at 10:29 a.m.

LIST OF ATTENDEES

District	Name	Title
Antelope Valley State WCA	Curtis Paxton	General Manager
Antelope Valley-East Kern WA	Andy Rutledge	President/Director
Byron Bethany ID	Rick Gilmore	Alt. Director
Calaveras County WD	Bertha Underhill	Director
Calleguas MWD	Don Hauser	Director
Calleguas MWD	William Seaver	Alt. Director
Castaic Lake WA	E.G. "Jerry" Gladbach	Director
Citrus Heights WD	Joe Dion	Director
Elsinore Valley MWD	Phil Williams	Director
Fresno Metropolitan FCD	Ken Groom	Director
Fresno Metropolitan FCD	Bob VanWyk	Manager/Alt. Director
Goleta WD	Jack Cunningham	Pres. Board/Director
Helix WD	John Linden	Board Member
High Desert WD	Roger Mayes	Director
Humboldt Bay MWD	Barbara Hecathorn	Director
Humboldt Bay MWD	John Palmquist	Business Manager
Lamore, Brazier, Riddle & Madera ID	Jeffrey O'Neil	Panel Counsel
Madera-Chowchilla W&PA	Carl Janzen	Director
Metro/Risk Inc.	Carl Janzen	Director
Mission Hills CSD	Mike McNulty	Insurance Broker
Mission Hills CSD	Jim MacKenzie	Director
Orange County WD	Wes Bannister	Director
Orange County WD	Boyd Lypka	Risk Safety Off.
Orchard Dale WD	Bob Noonan	Director
Palmdale WD	Linda Godin	Director
Palmdale WD	Richard Wells	President/Director
Palmdale WD	Curtis Paxton	Asst. GM
Pico WD	Rick Mercado	President/Director
Purissima Hills WD	Ernest Solomon	Director
Rancho California WD	John Hoagland	Director
Rancho California WD	Dave Morrison	Safety Officer
Rincon Del Diablo MWD	Mitch Dion	General Manager
Rincon Del Diablo MWD	David Drake	Director
San Benito CWD	Frank Bettencourt	Director
San Bernardino Vly. WCD	Manny Aranda	Alt. Director
Solano ID	Steven Curnow	Alt. Director
Solano ID	Guido Colla	Director/VP
South Sutter WD	Tom Cuquet	Director
Suisun Solano WA	Steven Curnow	Alt. Director
Sweetwater Authority	Mark Rogers	General Manager
Tahoe City PUD	Lou Reinkens	Director
Three Valleys MWD	Brian Bowcock	Director

District	Name	District
Tulare Lake Basin WSD	Frank Apgar	Director
Twenty-nine Palms WD	Phil Cisneros	President/Director
Vista ID	Eldon Boone	Asst. GM
Western MWD	Al Lopez	Director
Wheeler Ridge-Maricopa	Mark Gardner	Alt. Director
Yuima MWD	W.D. "Bill" Knutson	Director