

MINUTES

ACWA/JOINT POWERS INSURANCE AUTHORITY

UNAPPROVED 12/02/10

APPROVED 11-28-11

RISK MANAGEMENT SUBCOMMITTEE MEETING

Monday, November 29, 2010

SUBCOMMITTEE MEMBERS PRESENT

Chairman: Lou Reinkens, Tahoe City Public Utility District

Vice Chair: Charles Muse, Helix 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

Ulrich Luscher, Sierra Lakes County Water District

SUBCOMMITTEE MEMBERS ABSENT

None

STAFF PRESENT

Chief Executive Officer/Secretary: Daniel N. Klaff

Chief Operations Officer: Walter "Andy" Sells

Dick Damon, Liability/Property Claims Manager

David deBernardi, Director of Finance

John Gilstrap, Director of Member Services

Sylvia Robinson, Publications & Web Editor

Nancy Stangel, Director of Administration

Bobbette Wells, Administrative Assistant II

OTHERS PRESENT

(See List of Attendees)

CALL TO ORDER

A quorum being present, the meeting was called to order at 9:01 a.m.

PUBLIC COMMENT

No visitors requested public comment.

INTRODUCTION OF SUBCOMMITTEE MEMBERS AND GUESTS

Chairman Reinkens introduced the Subcommittee members and JPIA staff present.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Mr. Kozlen requested an addition to the agenda regarding “Active communication with General Managers” to be addressed at the end of the agenda.

M/S/C (Bockmiller/Kozlen) (Ayes-8, No-0): That an addition to the agenda be added to discuss “Active communication with General Managers” to be addressed at the end of the agenda.

EVACUATION PROCEDURES

Mr. Sells provided instruction to safely exit the conference room in the event of an emergency.

CONSENT CALENDAR

The consent calendar consisted of the minutes of November 30, 2009.

M/S/C (Luscher/Kuhn) (Ayes-8, No-0): That the minutes of November 30, 2009 Risk Management Subcommittee meeting be approved as submitted.

Report on Meetings Attended on Behalf of the JPIA

No meetings were reported.

LIABILITY PROGRAM

Reported Losses per \$1 Million of Payrolls

Pooled losses for the past several years have remained relatively constant, at around \$15,000 per million of payrolls. The exception being policy year 2004-05, which included: a major auto accident, a child drowning in a canal, \$580,000 in employment practice claims, and an increase in the severity of infrastructure failure claims. The self-insured retention increased in policy year 2005-06 from \$500,000 to \$1 million to reduce the cost of excess insurance. Policy year 2007-08 shows to be very favorable in this Program with projected losses of only \$7,991 per million of payroll.

Occurrences per \$1 Million of Payrolls

The frequency of claims has shown a steady downward trend for the past ten years. The five-year average from 2001 to 2005 was .749. The current five-year average is down to .484

PROPERTY PROGRAM

Reported Losses per \$1 Million of Insured Values

The Property Program, at times, can be subject to large losses and may be subject to more variance than the Liability Program. Losses have generally trended downward since policy year 2002-03, which included a \$1 million Boiler & Machinery (B&M) loss. The Southern California fires in 2003-04 and 2007-08 have had an impact on those years as well as a hydroelectric plant that was damaged in 2006-07, valued at \$1.5 million. A large electrical transformer was damaged in policy year 2009-10 and a large B&M loss, resulting from a lightning strike, is included in policy year 2010-11. The

information for the current policy year, 2010-11, represents six months of data. The actual dollar amount of insured values has more than tripled from 1990 to present.

Occurrences per \$1 Million of Payrolls

There has been a moderate downward trend in the frequency of claims since policy year 2002-03. Predicting trends in the Property Program are difficult due to the relatively small number of claims, compared to the other programs. This Program is designed to provide coverage for primarily large losses.

WORKERS' COMPENSATION PROGRAM **Reported Losses per \$1 Million of Payrolls**

The Workers' Compensation Program has seen a favorable downward trend in reported claims since policy year 2001-02 with a slight rise in 2007-08 and 2008-09, in spite of significant growth in the Program. Legislative reform passed in 2004 has shown positive results at the JPIA, and throughout the state of California. The JPIA's diligence on workplace safety is also presumed to have played a significant role. Beginning in 2006, the JPIA has steadily reduced the rates charged to members by more than 50 percent. Since 2008, the JPIA rates have remained unchanged, even as losses and rates in the industry have increased.

The policy years 1995 through 1997 were fully insured by the now bankrupt Cal Comp. The remaining claims for these years have been taken over by the California Insurance Guaranty Association.

Claims per \$1 Million of Payrolls

The JPIA has made steady progress in reducing frequency of claims since 1994. Frequency has been a good predictor of future severity; when there are fewer claims they are less severe. Training at the JPIA for the last several years has focused heavily on workplace safety and management training resulting in success in all three programs.

The full impact of legislative changes appears to be resulting in favorable results in the Program; however, proposed changes to the law and a recent change in government leadership may diminish the positive trends and benefits gained may begin to level off.

Review Staffing in the Risk Management Department

Mr. Kuchinsky reported there are currently five consultants in the Risk Management department that are all Certified Safety Professionals. There have been no staffing changes since the last Subcommittee meeting.

The current objectives set for the Risk Management department are:

- 1) Maintain a standard of 120 on-site visits per consultant.
- 2) Maintain an average of not more than three past due assessment visits.
- 3) Maintain a monthly average of not more than five open recommendations.
- 4) Complete a weekly worksheet and status of outstanding recommendations.

Last year, the Risk Management team provided 659 on-site consultations to members with an average of 131 visits per consultant. In addition, 345 training classes were provided at 107 locations throughout the state.

Continued emphasis in the upcoming year will be on loss reduction and Best Practices implementation. There are over 40 best practices templates and forms available on the JPIA website: <http://www.acwajpia.com/BestPractices.aspx>.

The risk management team consists of:

- Keith Forbes Fresno/Central California
- John Haaf Sacramento/Northern California
- Peter Kuchinsky San Diego/Southern California
- Lee Patton Los Angeles/Southern California
- Scott Wood Sacramento/Northern California

The department is managed by Andy Sells, Chief Operations Officer. Terry Lofing, Administrative Assistant II, provides administrative support to the Department.

Review the Employment Practices Hotline

Ms. Stangel reported that the Employment Practices Hotline was implemented in January 2008, with the intent to provide members with a resource to discuss employment matters. If JPIA staff is unable to resolve the issue, a referral to a qualified legal counsel will be made. The Hotline continues to be a valuable resource for JPIA members. Since inception, there have been 65 referrals, at a total cost of \$11,623.20 for the program. It is hoped that by utilizing this service, claims and lawsuits are being avoided and members are able to handle situations before they become expensive.

A workers' compensation attorney has been added to the panel and is starting at the beginning of 2011, due to increasing demand in this area.

H.R. LaBounty Safety Award Program

Mr. Sells reported that the JPIA implemented the H.R. LaBounty Safety Award Program in 1999 and has since been actively promoted to recognize workplace safety behavior by district employees. The program is intended to allow employees to be nominated, recognized, and rewarded for proactive safety behavior and action. Any employee of the members participating in the JPIA's pooled programs may submit nominations. The JPIA selects nominees that demonstrate proactive safety contributions and winners will be announced at Board meetings. At the Fall Conference, 55 employees from 24 districts will be receiving awards.

Report on the status of the Best Practices Focus Group

Mr. Sells relayed to the Committee that the JPIA pays out \$3-4 million in infrastructure failure claims per year. To address these losses, a Best Practices Focus Group was formed with selected water professionals from its members representing all aspects of

the water industry to assist with understanding successful methods used by the water industry. It is felt that members that utilize this information can reduce their losses, improve system integrity and customer service.

The Best Practices Group is divided into three subgroups of focus:

- Water Operations and Maintenance
- Canal Systems Monitoring and Maintenance
- Wastewater Operations and Spill Control

The Best Practices Groups will be presenting to member agencies a series of training sessions to introduce the guidelines and procedures. Each group developed a standard operating procedure, operation checklist, and documentation and inspection forms that are available on the JPIA website.

Report on the Return-to-Work Program

Mr. Patton reported that the JPIA Return-to-Work Program has been in effect since 1997 and has required its members in the Workers' Compensation Program, and any new member coming into the Program, to have an active and effective protocol. The Return-to-Work Program is a proven way to control costs after an accident and assists the injured worker to return to meaningful, safe, and suitable employment as soon as medically appropriate.

This past year, Risk Management, in collaboration with the Workers' Compensation Claims Department, and Administration, revamped the "model" program into a "turnkey" program making the forms more user friendly and accessible. Also added is a "Clinic Evaluation Form" that can be used to evaluate physicians who will be conducting "Fit-for-Duty" examinations. These forms are also helpful for employees who have been off work due to a non-occupational medical event or for "pre-employment" physicals.

Review Training Programs

Due to time constraints Ms. Stangel's report to the Committee on the training programs was brief. She did report however, that there was a 30 percent increase in participants in training classes this year over the prior year. Additionally, the demand for classes has been up this year; the JPIA performed 457 classes to 7,462 participants for 2009-10.

Beginning January 1, 2011, the JPIA will offer a Fed/OSHA and Cal/OSHA Ten-hour Construction Safety Outreach Program to members.

Review of the Lending Library

Mr. Gilstrap stated that Lending Library usage has remained steady with about 1,635 videos loaned out this year. The Library is continually being updated with new videos that range in the amount of \$200-300 and up to \$1,200-1,500. The JPIA is currently in the development phase of making its own Ergonomic video.

Active Communication with General Managers

Mr. Kozlen asked that this discussion be added to the agenda. He would like to see the Risk Management Department prepare a letter to General Managers that would review the most common recommendations and/or safety issues found during the past month or quarter. The letter would give the general manager the opportunity to review the list within their own district and make any necessary corrections and improvements.

It was agreed this would be reviewed again at a future Risk Management Subcommittee meeting.

AVAILABILITY OF SUBCOMMITTEE MEMBERS FOR UPCOMING MEETING

The next meeting is scheduled for May 9, 2011, if needed.

There being no further business to discuss and no additional questions, the meeting was adjourned at 10:38 a.m.

LIST OF ATTENDEES

| <u>District</u> | <u>Name</u> | <u>Title</u> |
|---|-------------------|---------------------|
| | Ed Layton | Past JPIA President |
| Alta Irrigation District | Norm Waldner | Director |
| Antelope Valley-East Kern Water Agency | Andy Rutledge | Director |
| Big Bear Municipal Water District | Paula Fashempour | Director |
| Calaveras County Water District | Phil McCartney | Director |
| Calleguas Municipal Water District | Don Hauser | Director |
| Central Basin Municipal Water District | Edward Vasquez | Director |
| Citrus Heights Water District | Joe Dion | Director |
| Elsinore Valley Municipal Water District | Phil Williams | Director |
| Fallbrook Public Utility District | Keith Lewinger | Alternate Director |
| Fresno Metropolitan Flood Control District | Bob Van Wyk | Alternate Director |
| Fresno Metropolitan Flood Control District | Ken Groom | Director |
| Goleta Water District | Jack Cunningham | Director |
| Helix Water District | John Linden | Alternate Director |
| Henry Miller Reclamation District | Palmer McCoy | Executive Assistant |
| Hi Desert Water District | Roger Mayes | Director |
| Humboldt Bay Municipal Water District | Barbara Hecathorn | Director |
| Kronick, Moskovitz, Tiedemann & Girard | Ed Tiedemann | JPIA Legal Counsel |
| Kronick, Moskovitz, Tiedemann & Girard | Robin Stewart | JPIA Legal Counsel |
| LaMore, Brazier, Riddle & Giampaoli | Jeffrey Oneal | Panel Counsel |
| Madera Irrigation District | Carl Janzen | Director |
| Merced Irrigation District | Jennifer Carter | Director Admin |
| Mesa Consolidated Water District | Fred Bockmiller | Director |
| Mission Hills Community Services District | Jim MacKenzie | Director |
| Mission Springs Water District | Nancy Wright | Director |
| Orchard Dale Water District | Bob Noonan | Director |
| Orchard Dale Water District | Tom Coleman | Alternate Director |
| Pico Water District | Rick Mercado | Alternate Director |
| Placer County Water Agency | Lowell Jarvis | Director |
| Purissima Hills Water District | Ernest Solomon | Director |
| Rancho California Water District | Dave Morrison | Safety Officer |
| Rancho California Water District | John Hoagland | Director |
| Rincon Del Diablo Municipal Water District | David Drake | Director |
| Rincon Del Diablo Municipal Water District | Mitch Dion | General Manager |
| San Bernardino Valley Water Conservation District | Manny Aranda | Alternate Director |
| San Bernardino Valley Water Conservation District | Melody McDonald | Director |
| San Dieguito Water District | Jace Schwarm | Alternate Director |
| San Geronio Pass Water Agency | John Jeter | Director |
| Scotts Valley Water District | Dave Hodgins | Director |
| South Sutter Water District | Tom Cuquet | Director |
| Sweetwater Authority | Margaret Welsh | Director |

District

Three Valleys Municipal Water District
Twenty Nine Palms Water District
Valley Center Municipal Water District
Valley Center Municipal Water District
Vandenberg Village Community Services
District
Vista Irrigation District
Vista Irrigation District
Westborough Water District
Wheeler Ridge-Maricopa WSD

Name

Brian Bowcock
Phil Cisneros
Greg Hoyle
Merle Aleshire
Chris Brooks

Eldon Boone
Paul Dorey
Perry H. Bautista
Mark Gardner

Title

Director
Director
Director of Operations
Director
Director

Alternate Director
Director
Alternate Director
Alternate Director