



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

EXECUTIVE COMMITTEE MEETING

July 25, 2002 – 9:30 A.M.

**CJPRMA Conference Facility
2333 San Ramon Valley Blvd., Ground Floor
San Ramon, CA 94583**

(925) 837-0667

Minutes

I. CALL TO ORDER:

President Henderson called the meeting to order at a.m.

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|--------------------------------------|
| 1) Patricia Born, <i>Fremont</i> | 4) Paul Wildermuth, <i>Vacaville</i> |
| 2) Bill Henderson, <i>Livermore</i> | 5) Dave Lindquist, <i>Vallejo</i> |
| 3) Jeff Davis, <i>REMIF</i> | 6) Jeff Tonks, <i>YCPARMIA</i> |

ABSENT

Chico

OTHERS PRESENT

- | | |
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| 1) Lola Deem, <i>CJPRMA</i> | 5) Byrne Conley, <i>Gibbons & Conley</i> |
| 2) Robert German, <i>CJPRMA</i> | |
| 3) Caren White, <i>CJPRMA</i> | 6) John Hinson, <i>Stockton</i> |
| 4) Mark McGonigle, <i>Driver-Alliant</i> | |

III. APPROVAL OF MINUTES

A motion by Director Born, seconded by Director Davis, to approve the minutes of the June 20, 2002 meeting, passed unanimously.

IV. PRESENTATIONS

- None

V. CONSENT CALENDAR

- None

VI. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE EXECUTIVE COMMITTEE ON MATTERS OF EXECUTIVE COMMITTEE BUSINESS

- No one addressed the Executive Committee

VII. ACTION CALENDAR

1. Location of Annual Meeting

The General Manager said that they had addressed this issue in the past and that the Board had decided to continue holding the Annual Meeting at the Bodega Bay Lodge and to discontinue the meeting in Lake Tahoe. He said that pricing at the Bodega Bay Lodge was starting to escalate and that he had been looking at other possible meeting sites with President Henderson. He said that one of the things they were concerned about was the Board's level of satisfaction with Bodega Bay. He said that they would look at a few more sites and then bring that information back to them. He said that there was a second issue that they would deal with under Goals and Objectives and that was the problem of people leaving the meeting early. He said that they had paid almost \$6,000 in unused room nights because they had to guarantee the rooms in advance but people were leaving early. He said that they might want to address that in terms of mandatory attendance at meetings. He said that the hotel required that they commit several months in advance.

Director Davis asked what the policy of Bodega Bay Lodge was for room guarantees. The General Manager said that their policy was that once the rooms were booked, six to eight months prior to the meeting, they would allow a reduction of 10% off of the original reservation. Director Davis asked if they could reserve a different number of rooms for each night, knowing that some people came for only one or two nights. The General Manager said that

they could, but that it was difficult to know how many nights people were coming for, that far in advance.

Director Born asked if Bodega Bay Lodge would give them some leeway since they'd been coming for so many years. The General Manager said that he had had discussions with them about that and that the 10% reduction was the best that they could do.

Director Born said that they could make the agency pay for the rooms if people said that they were coming and then left early without a valid excuse. The General Manager said that that was probably an appropriate step to take. Director Born asked if they knew why people were leaving. The General Manager said that some people had emergency meetings.

President Henderson asked if anyone was dissatisfied with the services or facilities at Bodega Bay. Director Born said that she was satisfied with Bodega Bay Lodge and that she would like to continue going there. Board Counsel said that with that many people leaving early, they may want to think about shortening the meeting. The General Manager said that he would talk to the people at Bodega Bay Lodge and let them know that they were looking at other locations due to the pricing. Director Davis said that they should have a good enough history with them to do some negotiating.

President Henderson asked what they thought about holding people accountable for their guaranteed rooms. Vice President Wildermuth said that they should tell people that it was a guarantee and that if they weren't there, they would have to make it up. Director Tonks said that that might discourage people from coming to the meeting at all. Vice President Wildermuth said that everyone would understand that they incur the cost if they aren't there, and that it was their duty to let the General Manager know what days they would be there. Director Tonks suggested taking unused room costs out of future redistributions. The General Manager said that that was a good idea, because it was an insignificant deduction to the redistribution, but he wondered if it would have an impact on whether or not individuals stayed at the meeting.

Director Born asked what other places the General Manager and President Henderson were looking at. President Henderson said that they had looked at a place in Pismo Beach and that they would be looking at a few places in the Monterey area, from Chaminade to Asilomar. Director Born said that they had been to Chaminade in the past and that it had been expensive. Director Davis said that the Harvest Inn in Napa was nice, but that he didn't know what the prices were like. The General Manager said that they were equivalent to Bodega Bay. President Henderson said that they would also be looking at Seascape. Director Born said that she liked Asilomar but that the rooms were

very rustic and that she didn't think some of the Board members would like it. Mark McGonigle suggested the Marconi Center in Tomales.

President Henderson said that they would be looking at potential sites in the coming weeks. He said that Seascape was just as nice as Bodega Bay. He said that if they had any other ideas to let him know. He said that the critical issues were food, accommodations, and the guarantee policy.

Vice President Wildermuth said that CalTIP had their members reserve and pay for their own rooms and then CalTIP reimbursed them after the meeting. Director Born said that she thought that they'd get a lot of resistance to doing that. The General Manager said that it was a lot more efficient for them to reserve and pay for the rooms up front.

2. Proposed Administrative Position of Risk Manager

The General Manager said that Director Davis had brought this issue up at the April meeting and that there had been some discussion in the past about adding the administrative position of Risk Manager. He said that one of his concerns was that they needed to figure out what the functions of the position would be and what the qualifications of the individual should be. He said that they first needed to figure out what it was they wanted. He said that they had been looking at increasing service levels and working more as a primary pool. He said that he had gotten a few responses to his request for input, and that everyone had a sort of generalized feeling about what they wanted the position to be. He said that the Claims Committee was going to be recommending a training program. He said that if they determined what they wanted the position to do, then it would be easier for the Claims Committee to know what they wanted the individual to do.

Director Tonks asked what aspects of the General Manager's job he would be transferring to the new position. The General Manager said that it depended on what they wanted the individual to do. He said that if they were interested in having the position do field training and consulting work, then he would move some of the claims review and work to the new position.

Director Tonks asked how much they paid for the claims audit each year. The General Manager said that it was anywhere from \$24,000 to \$35,000. Director Tonks said that if the Risk Manager were able to do the claims audit, they could save some money. The General Manager said that he would not recommend that because the audit needed to be an independent review. He said that he envisioned the Risk Manager as spending his time being more service oriented and training oriented.

Director Tonks said that the weakness in training was that people did not have time to be trained. He said that voluntary training programs did not work. He

said that he had a problem with putting someone into a technical position where they would be afraid to give professional and technical responses. He said that one of the concerns he had was the uneven claims management at the various entities. He said that if the Risk Manager couldn't be involved in looking at the member organization's internal workings, then he didn't think the position had any validity. He said that the Risk Manager could do primary claims audits for the members. Director Davis said that, for many members, they didn't see claims until they were rejected, and that they should see the claims as soon as they were received.

The General Manager said that that could be one aspect of the position, but that they could also have the Risk Manager conduct internal audits on every member and then go back with recommended policies and procedures. Director Lindquist said that the Lapidus report could be used as a road map for that, and that some members may not even need the services of the Risk Manager. The General Manager said that he didn't want to use this position for enforcement, but rather as a resource for the members.

Director Lindquist said that the Lapidus report was an excellent place to start, because it showed where some of the strengths and weaknesses were. Director Born said that there would be more weaknesses than strengths at the start. She said that there were some members who currently did not have a risk management program and that there was some need. The General Manager said that if members were not going to provide risk management, then the new position could help them to set up programs.

Director Lindquist said that that the Board should address the issue of members who did not have risk management programs. The General Manager said that that would be the end result after the new position visited the members and went through the process. At that point, the Board could determine what minimum requirements they wanted to have for members. He said that they could assist the members in implementing programs, and that that was something the risk management position could do.

Board Counsel said that CAPRI had a member visitation policy where policies and procedures were reviewed every two years. He said that they rated the members and that over time, members started getting better ratings. He said that one of the results was that they had a very comprehensive safety manual, including policies and procedures. He said that that was similar to what they were doing in the Claims Committee but that if they had someone who could review and draft policies, it would be less expensive than having Board Counsel do it.

President Henderson said that what he had in mind was a person to go out and help the organizations develop systems and then ensure that the systems were working. He said that the problem he had was that, in his organization, the

system he had developed revolved around his office and that if he left, there would be no one to do the job. He said that if there was a risk manager for the pool, who had a manual, that person could step into his role in his absence. The General Manager said that the risk manager could put together a risk management manual for each member entity to keep in the CJPRMA office so that if a member lost an individual, he could help out. He said that many members did not keep their Administrative Manuals updated and that a risk management position could assist them in the continuity. Director Born said that they needed to maintain continuity overall among the members.

Board Counsel said that one of the other issues was that 90% of the General Manager's work was in 10% of the claims. He said that it would be nice if the risk manager could spend time reviewing some of the other claims. The General Manager said that the risk manager could also do the follow up on claims.

Director Lindquist said that one of their goals was recruitment of new members and that a risk manager and training programs would help.

Director Davis said that his idea of the risk management position was to go back and look at what was causing the losses. He said that he didn't think that an excess pool had a right to ding a member because something happened in the primary level. He said that they needed to look at the core issues, and that the risk manager could do that. He said that he also thought that training was important, and that he found it to be more successful at the management level.

President Henderson said that a risk manager could also keep track of what type of training the members were having and share that with the other members.

Director Born said that some of the basic risk management practices that members weren't following was amazing and that it left them open to litigation.

President Henderson asked if the Executive Committee would recommend to the full Board the addition of the administrative position of risk manager. He said that, if they decided that they needed this position, then they could have the Personnel Committee flesh out the job description.

Vice President Wildermuth said that it sounded like they wanted someone to do loss prevention and loss control for the members, and that they weren't ready to attach performance standards to the members but that they were ready to look at shared strategies. He said that they could let that build up until they could set standards in the future.

Director Davis shared a job description for another organization's Risk Manager and said that they could possibly build off of that.

Board Counsel said that the risk manager could do some of the work that the Claims Auditor did, and that they could also use some of the \$30,000 training reimbursement budget to fund the position.

President Henderson asked if this could be accomplished through contractors, rather than creating a fulltime position. Board Counsel said that the nice thing about an employee was that they would have someone that the General Manager could train and trust, as well as cover some executive responsibilities when necessary. The General Manager said that he didn't think that they'd be able to find someone who could be a jack of all trades. He said that they should focus on the service side and that he could train the person for other functions.

A motion by Director Tonks, seconded by Director Davis, to support the position of risk manager and recommend it to the rest of the Board, even with an undefined job description, with the idea that there were still undefined needs, but that the cost of the new position could be made up easily in reduced claims costs through effective training and risk management, passed unanimously.

President Henderson said that the next step was to ask the Board to endorse the addition of the position and then have the Personnel Committee, with input from the Claims Committee, determine the specifics of the position.

Board Counsel said that he would suggest that they include things like risk management training, conducting site surveys, writing policies and procedures, reviewing claims files, and documenting progress, advising members, coordinating member training programs, establishing a system for tracking member progress and training, assisting members in establishing safety programs, and publishing a newsletter. The General Manager said that it would be an evolving position, once it was put in place.

The General Manager said that he had been thinking about creating an intern position with one of the local universities, and bringing in someone on a part-time basis to do claims work.

3. Review of Organizational Goals & Objectives

The General Manager said that he and President Henderson had generated a long list of other things that they should be giving some consideration to in order to achieve the organization's goals and objectives.

The General Manager said that they had the CJPRMA Risk Transfer Manual,

which hadn't been updated in a few years, and that they should update and redistribute that. President Henderson said that there were some things coming up that were not in the risk transfer manual with regards to indemnification and contracts and that maybe they could include them. The General Manager said that the problem was that some members did not have a risk manager who reviewed contracts. Director Davis said that he thought that they would be issuing more encroachment permits than they would be signing contracts. Director Lindquist said that they needed training on those issues. President Henderson said that transportation permits were also an issue. Director Davis said that they had the standardized forms for most risk transfer issues and that the new risk management position should be able to contribute to that.

President Henderson said that the second issue was standardized training and certification for Board members. He said that the idea was to establish some sort of training for the Board members so that they would be somewhat guaranteed that the people sitting on the Board would have some knowledge of risk management. Vice President Wildermuth asked if there would be a probationary period for newly appointed Board members. Director Tonks said that he felt that that was important because he had sat through meetings where he felt that some Board members were ignoring their fiduciary responsibility to the Board. He said that he didn't think that some of the Board Members understood the fiduciary duty of being a Board member. Director Born said that she agreed that there was a problem but that she wasn't sure how they could enforce a training requirement. The General Manager said that part of the application process for potential new members was to review their risk management programs. He said that, originally, having a risk management program was a requirement for membership but that that had changed. Director Born said that Board member participation was also a problem. Director Davis said that one of the General Manager's most important duties was the orientation for new Board members. Director Lindquist said that "orientation" was a more appropriate term than "certification." President Henderson said that his idea was to give each agency some recognition once their representative had met a certain set of qualifications. Board Counsel said that they could spend some time at each board meeting discussing a portion of the Administrative Manual. The General Manager said that, in the past, when they had done training at the Board meetings, they had had the same problem regarding people leaving early. He said that Director Tonks had suggested an accreditation program for their members and having some sort of financial reward as the result of being certified. Director Davis said that he thought that the General Manager should do an orientation for every Board member, regardless of how long they had been Board members. The General Manager said that he would continue to do new Board member orientations for the time being. Director Born said that she was also concerned about lack of participation. Board Counsel said that that might be best handled informally by President Henderson.

President Henderson said that the third issue was future services and products, such as utilizing the web site more, including links or online training, or ergonomic programs. Board Counsel suggested some organizations to link to on the web site. The General Manager said that they always ran into the same problem, though, and that was that members did not use the administrative manual or web site. President Henderson said that they needed to market the web site more and show the members how easy it was to use. He suggested adding a search engine to the web site. The Administrative Analyst said that all CJPRMA forms were currently on the web site in both .pdf and MS Word formats. Director Lindquist said that they needed to let the Board members know what was available on the web site. Board Counsel asked that anyone who had interesting or useful web sites to forward that information to the General Manager for inclusion as a possible link.

President Henderson said that the next issue was further marketing of CJPRMA. He said that one of the philosophies that they had maintained over the years was that they would not steal members from other JPAs. He said that they needed to decide whether they would stick with that philosophy or actively market CJPRMA throughout California. Board Counsel asked about the group of cities that had been targeted earlier in the year. The General Manager said that Richmond had joined CCCMRMIA and that Hayward did not make application. Director Born said that she and Director Coats had visited Santa Clara, which still might be a viable option in the future. The General Manager said that they had not heard back from Salinas. He said that he was more focused on looking at other JPAs, because they would be the most lucrative additions. He said that he would still like to look at CalTIP as well as Central Coast Cities. Mr. McGonigle said that more groups might be willing to join if there was a lower SIR. The General Manager said that that was another issue for them to discuss. He said that CJPRMA had dropped the \$250,000 SIR because there were only two members participating and it was very expensive. Board Counsel said that the rates charged for the lower SIR had been too high and it was less expensive to self fund at that level. The General Manager said that they needed to remember that the \$250,000 layer would get hit more frequently than the higher levels. Director Davis said that he would suggest that, if they reinstated the \$250,000 layer, that they do it with an aggregate. Board Counsel said that that pool could have a capitalization fund to pay for three or four hits. Director Davis said that they needed to determine how many members would be interested in a \$250,000 layer and get an idea of what the rates would be. He said that they would need nine or ten members to make it a viable option. President Henderson said that they should have the actuary determine what the rate would be for a \$250,000 pool. Director Wildermuth asked how the reinsurer viewed CJPRMA's desire to grow. Board Counsel said that they had discussed it and that new members would be subject to underwriting and would require approval of the reinsurer, but that there would be no change in the rate. Director Davis asked what it

was that drew PERMA to CJPRMA. Board Counsel said that PERMA's general manager believed that long term pooling relationships were better than commercial coverage. Director Born asked if they wanted to attract members who fit with CJPRMA or if they wanted to change CJPRMA to attract new members. President Henderson said that they needed to decide if they wanted to reinstate the \$250,000 SIR, which would open them up to a new group of potential members. He said that they should ask the actuary for possible rates and then survey the members.

President Henderson said that the fifth issue was new lines of coverage. Board Counsel asked if any of the members who had their workers comp coverage through Marsh had any interest in forming a pool to cover the \$250,000 to \$750,000 layer. Director Tonks asked what was significant about the \$750,000 mark. Board Counsel said that he had heard that the rate dropped when purchasing coverage over \$750,000. President Henderson said that he had found the rates to still be high at that level. Director Tonks said that he thought that there were several low-risk lines of coverage that they could investigate. Director Born suggested that they give this item to the Coverage Committee to explore further. President Henderson said that they would do that.

President Henderson said that they had already discussed the sixth item and that the seventh issue was development of a customer service questionnaire. The General Manager asked if the Board was interested in having them do a customer service questionnaire. Director Born said that they were. President Henderson agreed.

President Henderson said that the eighth issue was the development of a new performance evaluation form for the General Manager. He said that he had had comments from several people when they did the last evaluation. Director Born said that she had been disappointed that they had had such a low response on the last General Manager evaluation. The General Manager said that that was reflective of the organization as a whole. He said that he had been disappointed as well, because he wanted to know where members' concerns lie. President Henderson said that he would send this item to the Personnel Committee and ask them to review the entire evaluation process.

President Henderson said that the ninth issue was how to deal with the lack of attendance of Board members at Board meetings. Board Counsel suggested a 5% surcharge on premium if more than two meetings were missed. The General Manager said that other organizations did something similar. Director Tonks said that rather than increase the rate, the penalty should be tied to the redistribution. President Henderson said that the problem was that a lot of the members' agencies didn't know how much rebate they were going to get, so a deduction out of that wasn't as visible. Director Davis asked where the 5% penalty would go. The General Manager said that it would have

to go to their equity. Director Lindquist said that he didn't want to charge more, but that cutting the redistribution was ok. He said that they hadn't ever missed a quorum. The General Manager said that it was really disturbing that only sixteen members were present for the discussion and vote on the admission of PERMA. Director Davis asked if the Board was willing to have President Henderson and the General Manager go to the City Manager to discuss the attendance problems. President Henderson said that if the Executive Committee felt that everyone should come to a majority of the meetings, they needed to know why they were requesting this. The General Manager said that they had a financial interest in the organization and that he didn't understand why members would not want to be there to monitor their investment. Board Counsel said that maybe they trusted the other Board members to handle the financial issues. He said that he was more concerned about the lack of attendance being an indicator of poor claims handling practices. He said that the cities with attendance problems needed visits and some positive reinforcement. Director Davis said that they needed consistency. He suggested that they add to the Memorandum of Coverage that if two meetings were missed, a letter would be sent to the City Manager and that if three meetings were missed, there would be a personal visit to the City Manager. Director Wildermuth said that this fell under the area of underwriting criteria, which they didn't currently have. The General Manager said that they needed to determine what they would do if they were unable to get compliance with their criteria. Director Wildermuth said that they could include a log of attendance at meetings as part of the minutes, and that it could be addressed at the meetings. Director Born said that some of their City Managers had no idea what CJPRMA did. President Henderson said that they would send this issue to the Communications Committee.

President Henderson said that the last issue was the attendance of the General Manager at a Harvard administrative workshop. He said that one of the top public agency programs in the country was put on through Harvard and that he thought it would be beneficial for the General Manager to attend. The General Manager said that he would like to attend the spring session. The Executive Committee agreed that it would be a good idea.

VIII. CLOSED SESSION

A motion by Director Davis, seconded by Director Born, to add Thompson v. Orinda to closed session, passed unanimously.

1. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel - Pending Litigation
Name of Case: Thompson v. City of Orinda
Court: Contra Costa County Superior Court
Case No.: C 98-03939

IX. ACTION ON CLOSED SESSION ITEMS

- None

X. ADJOURNMENT

A motion by Director Born, seconded by Vice President Wildermuth, to adjourn, passed unanimously.