



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, December 12, 2013 at 9:30 a.m.

**YCPARMIA
77 W. LINCOLN AVE.
WOODLAND, CA 95695**

1. Call to Order
2. Approval of Agenda
3. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON ANY MATTER WHETHER OR NOT IT IS ON THE AGENDA, BUT STATE LAW PROHIBITS ACTION BY THE BOARD ON NONAGENDA ITEMS
4. Communications
 - A. Board Members
 - B. CEO/Risk Manager
 - C. Next Meeting
5. Consent Calendar
 - A. Approval of Minutes
6. Action Items
 - A. Mid-year Budget Adjustment
7. Information Items
 - A. YCPARMIA Financial Report
 - B. YCPARMIA Investment Statement
 - C. Notification of New Claims Received Since the Previous Board Meeting
 - D. Closed Liability Files
 - E. Certificates Issued
 - F. Workers' Compensation Loss Run Summary as of October 2013
 - G. RFP for YCPARMIA's Financial Auditor
 - H. Reporting Property Losses
 - I. Strategic Planning

The meeting room is wheelchair accessible and disabled parking is available. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact our office at (530) 666-4456 or Fax (530) 666-4491. Requests for such modifications or accommodations must be made at least 48 hours before the start of the meeting.

Yolo County Public Agency Risk Management Insurance Authority

COMMUNICATIONS

AGENDA ITEM NO. 4B

DATE: December 12, 2013

SUBJECT: CEO/Risk Manager's Report

RECOMMENDED ACTION: Information Only

BACKGROUND INFORMATION:

The CEO/Risk Manager will be reporting on the following items:

1. PARMA is scheduled for February in San Jose at the Convention Center with an opening night reception at the San Jose Tech Museum. A block of rooms has been reserved at the adjoining Marriott.
2. After putting this on a back burner, YCPARMIA is obtaining a quote from a recommended HR service to review and update our Personnel Manual, and will be bringing a proposal back to the Board for consideration in the spring.
3. YCPARMIA will be inviting the various heads of our member's safety committees to a working lunch in January; we will expand the invitation to include one other interested person from each entity.
4. A short reminder: Marinda is due to deliver in mid-February; she intends to return to work full time in early June after her husband's extended summer vacation starts. We are also anticipating Bob's retirement this summer with Marinda sliding into his position.
5. Our December loss runs are used for our annual actuary study that generates numbers, at various confidence levels, for our Liability and Workers' Compensation programs reserves and next year's premiums. The month of December is spent reviewing and adjusting our current file reserves to ensure an accurate study.
6. The Sheriff's Department is requesting that YCPARMIA cover the \$8K cost of a train the trainer program dealing with in-custody sudden death. YCPARMIA has had a few of these cases which had previously been grouped under positional or restraint asphyxia.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	COMMUNICATIONS
	AGENDA ITEM NO. <u>4C</u>
	DATE: <u>December 12, 2013</u>
SUBJECT:	Next Meeting
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The following date is our next Board meeting:

DATE: January 23, 2014

<u>Schedule for 2014 Board Meetings:</u>
January 23, 2014
March 27, 2014
April 24, 2014
May 22, 2014
June 26, 2014
August 28, 2014
October 23, 2014
December 11, 2014

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: December 12, 2013

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of October 24, 2013 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for October 24, 2013 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

ACTION ITEM	
AGENDA ITEM NO. <u>6A</u>	
DATE: <u>December 12, 2013</u>	
SUBJECT:	Mid-year Budget Adjustment
RECOMMENDED ACTION:	That the Board authorizes a mid-year Budget adjustment to temporary wages of \$5,300, and to Ground's Maintenance of an additional \$3,367.

BACKGROUND INFORMATION:

Marinda has a February 19th due date, and anticipates returning to work in early June. This leave is in compliance with YCPARMIA's Maternity Leave Policy which allows 120 calendar days of absence. As it now stands, she will be able to cover the entire period with a combination of Sick Leave, and Vacation Leave, and not have to resort to unpaid leave.

When the 2013-2014 Budget was prepared we did not anticipate the leave, and therefore did not budget for temporary help. After a review, we have concluded that a temporary replacement will be needed to cover some of Maranda's ongoing duties. Specifically: phones, filing, the DMV program, the video program, supporting the safety programs, setting up new workers' comp files, processing mail, and doing cash receipts. We are looking at a half-time temp to cover these duties. That works out to:

- 6 work days x 4 hours = 344 hours. Anticipating a cost of \$15-\$20 an hour we are looking at something between \$5,000 and \$7,500; the temporary position would not get any benefits.

We have about \$2,200 remaining in our budget for temporary wages, so we are looking to add up to \$5,300 to temporary wages to cover this position during Marinda's maternity leave.

There were two other unanticipated expenses incurred during the first half of the fiscal-year. We were required to incur costs to:

- Fence in our garbage structure to oust the homeless \$1,132.
- Prune and cable (essentially emergency repairs) our two oak trees (split with neighbor) \$2,235.

Total unanticipated/unbudgeted expense for Ground's Maintenance \$3,367; there is no anticipated surplus in this account to offset this expense.

FISCAL IMPACT:

The recommended action has no anticipated fiscal impact. While the budgeted expense would increase, there are no corresponding increases in revenue/premium. The entire cost falls under the current fiscal year, so there will be no premium impact on our members moving forward.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7A

DATE: December 12, 2013

SUBJECT: YCPARMIA Financial Report

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA's Financial Report through November 30, 2013 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7B</u>
	DATE: <u>December 12, 2013</u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA Investment Statements through November 30, 2013 for your review.

Investment Statement

For your information:

LAIF as of 11/30/2013:	\$ 3,417,480
County Pool as of 11/30/2013:	\$ no report
Chandler as of 11/30/2013:	\$10,376,008
Total as of 11/30/2013:	\$13,793,488

Outstanding Reserves

For your information:

Total as of 10/31/2012:	\$ 9,789,546
Total as of 9/30/2013:	\$ 10,203,062
Total as of 10/31/2013:	\$ 9,505,641

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM
	AGENDA ITEM NO. <u>7C</u>
	DATE: <u>December 12, 2013</u>
SUBJECT:	Notification of New Claims Received Since the Previous Board Meeting
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached is a list of new Liability claims that have been received by YCPARMIA since the last Board Meeting. For your convenience, we have also included a list of all open Liability claims.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7D</u>
	DATE: <u>December 12, 2013</u>
SUBJECT:	Closed Liability Files
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached is our report on closed liability files. Recognizing that this agenda is a public document, it should be emphasized that the information provided is general. It is probable during the course of the year that some files that close with a denial will re-open for litigation.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM
	AGENDA ITEM NO. <u>7E</u>
	DATE: <u>December 12, 2013</u>
SUBJECT:	Certificates Issued
RECOMMENDED ACTION:	Information Only; no action required.

BACKGROUND INFORMATION:

Attached is a list of the certificates that have been issued since the last Board Meeting.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: December 12, 2013

SUBJECT: Workers' Compensation Loss Run Summary – October 2013

RECOMMENDED ACTION: Information Only; no action required.

BACKGROUND INFORMATION:

Attached is the end-of-October WC loss run reflecting the first third of the fiscal year. LWP is still working out the bugs -- taking much longer than reasonably expected – in our special reports.

Summary:

We appear to be having a “good” year. Claim frequency is down a bit, and benefit payments are significantly reduced. File inventory is also going down as LWP cleans out underworked York files. It is noted that future reserves are up; this probably reflects normal benefit inflation that the legislature has built into the reformed system.

Frequency:

Recognizing that we are dealing with small numbers, we have averaged 26 claims a month since the start of the fiscal year; last year we averaged 29.5 claims a month.

Severity:

Of the 104 new claims received this year, only 14 have been coded “indemnity,” meaning that they have TD and/or PD reserves. This is a good number when compared to last year, and reflects a return to the results that we achieved in 2011-2012. At the same time, conversions of files opened as med-only to indemnity due to adverse claim development are running a bit ahead of last year. The bottom line is that this year we have 23 new indemnity files; last year at the same time we had 39.

Benefits:

Our average monthly benefit payments this year are \$182,954. This compares very favorably to last year's \$255,738 and \$235,205 for the year before that. The improved picture, year-to-date, is about \$300K; this is a significant amount, but small enough that one bad month could absorb the savings.

Temporary Disability: This number is trending lower which is consistent with the lower indemnity file assignments. It also might reflect a member commitment to providing modified work.

Permanent Disability: While this number is higher than last year's, it can be seen as a positive. It includes C&R settlements which end our future liability for injuries. PD increases because the PD is being paid as a lump sum in the C&R.

Medical Costs: This number is down significantly, and probably reflects a reduction in surgeries, and the absence of any catastrophic injuries during the first third of the fiscal year. It is a benefit class where we can experience significant increases generated by a small number of bad injuries.

Legal, Investigative, Subrosa: I am surprised that this number is down. We have increased the number of sub rosa investigations, but I believe that the number is partially off-set by a reduction in litigation.

Future Reserves:

This remains the area of concern. Recognizing that legislative reform includes increased PD and TD rates, the future reserves are about \$340K more than they were at the same point last year. Our open inventory of files is down, and we have been getting fewer new indemnity files, so the reserve increases are largely on old future medical files. It is important that we ensure the accuracy of these numbers before the December loss runs are sent to our actuary.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7G

DATE: December 12, 2013

SUBJECT: RFP for YCPARMIA's Financial Auditor

RECOMMENDED ACTION: Information only– no Board action required, but a request that the President appoint an interview panel from the Board.

BACKGROUND INFORMATION:

YCPARMIA's Joint Powers Agreement and By-Laws require an annual independent financial audit. Under contract with Crowe Horwath (and its predecessor, Perry Smith) the audit is conducted shortly after the end of our June 30 fiscal year, and reported to the Board at its October meeting for review and acceptance. Our current contract with Crowe Horwath has now concluded, and, at Board direction, we are conducting a selection process for next year's audit.

It is essential to recognize that the auditor firm is reviewing staff's financial practices and reports on behalf of, and at the direction of the YCPARMIA Board. It allows the Board to monitor operations, and fulfill its duties as the governing body for the JPA by ensuring that YCPARMIA's financial practices conform to professional accounting standards. To that end, the Board's collective confidence and comfort with the auditing firm is a matter of central importance in its oversight of the Authority.

The YCPARMIA Board has contracted with the same auditing firm for the past twenty-two years. During that time we have had three separate partners overseeing the annual audit. Under that supervision the audit is generally conducted by three auditors; it has been common to have two or three of them replaced on an annual basis. So while the firm has remained the same, we have seen constantly changing "eyes" conducting the audits.

Over the years the Board has discussed changing auditing firms. Six years ago the Board went through a RFP process that led to their decision to stay with the same firm. At a recent meeting, the Board again directed staff to send out a Request for Proposal to qualified firms. Five firms were identified in this area with experience in auditing California joint power authorities. The attached proposal was sent to four of them:

- Crowe Horwath, LLP – the incumbent
- James Marta & Company – the runner-up at our last RFP; partner David Becker managed our audits for Perry Smith for a number of years
- Gilbert Accountancy Corporation – the third choice in the last RFP

- Vavrinek, Trine, Day & Company – a new player

It was our intention to also send a request to Maze and Associates, but their partner who was experienced with JPA's recently died.

The deadline for submitting proposals is January 15th. It is our plan to have a Board panel conduct oral interviews with selected firms during the first week of February, and to have the Board act on the panel's recommendation at its March meeting. Again, it should be emphasized that the auditing firm reports to the Board, and to be consistent with that concept and the importance of the service it provides, the interview panel should be made up of Directors and/or Alternates, rather than the staff that they are auditing.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7H</u>
	DATE: <u>October 22, 2009</u>
SUBJECT:	Reporting Property Losses
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

The YCPARMIA Property Program provides coverage to buildings, contents, property in the open, and vehicles/equipment. There is a member deductible of \$1,000 on all losses, except for vehicles/equipment where the deductible is \$20,000. YCPARMIA pools loss coverage (except on vehicles and equipment) on a SIR basis up to \$25,000. Excess coverage is purchased through CSAC-EIA.

The YCPARMIA reporting requirements require that notice of all losses in excess of the member's deductible be reported "immediately." This is consistent with excess and industry requirements. It is a condition of coverage, and failure to comply can create coverage issues.

YCPARMIA funds the Property Program on an annual basis, maintaining a loss fund, a confidence margin, and a catastrophic fund. Excess surplus develops when there are fewer than anticipated losses, and are returned to the members as premium rebate credits.

The problem that arises periodically is significantly delayed member loss reporting that impacts program years where loss funds have already been returned to the members. In the last six months we have received four claims that go back to the previous fiscal year, and one that went back two fiscal years.

No action is being recommended at this time; it is hoped that this discussion will address the problem. If it does not, then the Board will have to consider taking further action to address this reoccurring problem. There would probably be four options:

- The Board can place a time cap for reporting losses – 180 days is a possible standard;
- The Board could develop an automatic premium assessment policy to recover previously rebated premiums;
- The Board can implement a policy to delay any program rebates for an additional fiscal year; or
- The Board can increase the confidence margin to reflect the additional exposure.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 71

DATE: December 12, 2013

SUBJECT: Strategic Planning: The Board's Opportunity To
Discuss Developing Issues

RECOMMENDED ACTION: Information Only; No Action Required

BACKGROUND INFORMATION:

This agenda item is intended to allow the Board to discuss trends and future risk management plans.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager