

PARSAC

JPA Member News

Pacific Grove Joins Workers' Compensation Program!

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During the May 20th Board meeting, the Board conditionally approved the City of Pacific Grove's membership in the Workers' Compensation Program. Pacific Grove will participate at the \$50,000 self-insured retention layer, effective July 1, 2005.

Pacific Grove is a charter PARSAC member and is located on California's central coast, sharing borders with Monterey Bay, the City of Monterey, the Pacific Ocean, and the Del Monte forest. Pacific Grove is a full service city providing police and fire, ocean rescue services, and an award-winning natural history museum.

It has the lowest crime rate of any city in Monterey County, a nationally-recognized 18-hole golf course, a monarch butterfly habitat sanctuary, sandy beaches, and the oldest continuously-operating lighthouse on the west coast. Pacific

Grove is known for its small-town hospitality and friendliness in a place the residents simply call "P.G."

As a condition of membership, staff has scheduled an on site safety inspection of the city's facilities on June 21st. The inspection will cover issues such as reviewing the city's Injury and Illness Prevention Program, the city's modified duty/return-to-work program, the overall effectiveness of their safety and loss control program, and interview senior management to determine their commitment to safety.

Upon completion, the city will then be required to submit an action plan to address noted issues identified during the underwriting process. Staff will keep the Board informed on any critical underwriting issues documented.

On behalf of all PARSAC members, we welcome Pacific Grove as our newest program member.

Coming and Going...

We bid a fond farewell to Stephen Wright, PARSAC President and long-time supporter. Steve, the first Manager for the Town of Truckee, introduced self-funding to his community in the early stages of their formation.

Goodbye and best wishes to Executive Committee member Ross Hubbard. Ross enters retirement July 6 and will be perfecting his golf swing and enjoying his well earned leisure time.

Ramona Buchanan dropped by the Annual Meeting for a personal goodbye and received a standing ovation from the membership. She was honored with a plaque for her 10 years of service to PARSAC.

Also leaving PARSAC was Laurence Cain, City Manager and former Council Member from San Juan Bautista. We wish him well.

New to the group are: Karen Mattice of Coalinga, Chief Ken Thraillkill of Trinidad, Bill Hays of Watsonville, Dave Heath of Truckee, Megan Walz of Rancho Santa Margarita, Carlos Olvera of Pacific Grove, and Andy Takata of Yucca Valley. Also returning to PARSAC is Debbie Cain of Calimesa, formerly of Yucca Valley.

New Officers & Executive Committee Members

Please join us in congratulating Cathy Wilcox-Barnes, elected PARSAC President for 2005-2006.

Kevin Plett (Yountville) was elected as Vice President, Greg Franklin was re-elected as Treasurer, and Dave Heath (Truckee) as Auditor-Controller.

The membership supported Brigit Bennington (Hesperia), Cathy DiCamillo (South Lake Tahoe), and John Zaitz (Canyon Lake) in their re-election bid.

Andrew Takata, Town Manager of Yucca Valley, was chosen to take the seat vacated by Ross Hubbard.

Please join us in congratulating all elected officials for graciously volunteering their time to support the efforts of this organization.

Welcome to Our Family

Please give a warm welcome to Amanda Wright and Julie Nicholls.

Amanda will serve PARSAC as Administrative Assistant filling the spot vacated by Ramona Buchanan. Amanda excels at multi-tasking, having recently worked in the high pressure world of real estate development. Her knowledge, skills, and abilities will be an asset to our team. She joins us July 5th.

Julie, a Bragg & Associates Claims Examiner, will be housed at PARSAC in the near future. She brings 10 years of experience and a warm, engaging presence to our program.

We are delighted to have them both on board.

Records Disposal

June 1st was the compliance deadline for records disposal under the Federal Fair and Accurate Credit Transactions Act (FACTA) passed December 2003. Law requires destruction (shredding or burning of paper, destroying or erasing of computer data) of records containing personal information. This was designed to protect employees from identity theft. Fines for non-compliance are \$2500 (Federal), \$1000 (State), and potential class-action lawsuits. Additional information is available at:

<http://www.ftc.gov/opa/2005/06/disposal.htm>,
<http://www.ftc.gov/os/statutes/fcrajump.htm>, or
http://www.morankikerbrown.com/CM/Articles/facta_disposal_rule.asp.

Staying Cool and Safe Working in Hot Weather

Summer is around the corner and some of you, particularly in public works, parks & recreation, and maintenance, will spend part or all of your day working under very hot conditions.

Without taking proper precautions, heat stress may cause individuals to lose concentration, become irritable, and feel stressed. Prolonged exposure to heat may result in heat strokes, heat cramps, fainting, organ failure, or even death.

There are a few steps to prevent or reduce the risk of most heat related health problems. During these hot months, employees and employers should follow these basic precautions:

- √ Drink plenty of water, as much as a quart per worker per hour.

- √ Alternate work and rest periods with longer rest periods in a cool area. Schedule heavy work during the cooler part of the day.

- √ Gradually expose employees to heat. Shorter exposures followed by longer periods working in a hot environment can reduce heat stress. New employees and employees returning from an absence of two weeks or more should have a five day acclimation period. The period should begin with 50% of the normal work load and gradually build up to 100% on the fifth day.

- √ Install fans and ensure proper ventilation in the work environment.

- √ Whenever possible, use power tools/equipment instead of manual labor.

- √ Consider the physical condition of the individual when determining his/her fitness for working in hot environments.

- √ Educate employees so they are aware of the need to replace fluids and salt lost through sweat.

ERMA Training

At the March meeting the Executive Committee, responding to member requests, authorized a cost sharing program to facilitate ERMA compliance. Training may be held at your location privately or shared with others to spread the cost. PARSAC will fund half of the total cost (\$800) of the fee. Please contact staff for scheduling.

Planning For Premium Audits

Premiums are based on estimated payroll. At year-end, we calculate the actual payroll as reported on forms DE-6 and 941, and send an adjustment invoice or check depending on whether the estimate is less than or greater than the actual payroll. We've been asked by members to send the adjustment earlier. Year-end data will be adjusted by September and checks or invoices issued in early October for the prior fiscal year.

We ask that members send in the payroll reports, DE-6 and 941 quarterly. The final payroll request for the fiscal year will be due by August 31st. To reduce the adjustment at year-end, members experiencing staffing increases or decreases of more than 5% should contact PARSAC's Risk Manager, Kin Ong, by May.



Meeting Highlights

President-elect Cathy Wilcox-Barnes greeted 29 members at the Hyatt Regency Hotel in Sacramento on Friday, May 20, 2005. The view from the 15th floor overlooking the Capitol served as inspiration for an exciting meeting that featured a virtual tour of 24 member cities by General Manager, Joanne Rennie; and a lively discussion on changes to the Memorandum of Coverage. Also on the agenda was the election of new officers and the financial status of the pool.

The Board took action on the following:

- Conditionally approved Workers' Compensation program membership for Pacific Grove.
- Approved three major changes to the Memorandum of Coverage, effective 07-01-05, detailed in the Board Packet, ECB, and in amendments to be sent directly to members. Additional work on the Memorandum is on-going in an ad-hoc committee.
- Approved actuarial studies, the segregation of program assets, distribution of Liability, Workers' Compensation retrospective premium adjustments, and the 2006 Budget.
- Also approved was an amendment to the JPA Agreement for early withdrawal from membership.

Rob Kramer and Jerry Preciado closed the meeting with an in-depth examination of the ERMA program. The next Executive Committee Meeting is scheduled for September 9th in Sacramento.

Property Program Renews Favorably

The 2005-06 Property Program renewal is now complete. Members participating in Public Entity Property Insurance Program (PEPIP) will be pleased to hear that rates have declined an average

of 26% from last year. In addition to lower costs, members will benefit from coverage enhancements that include:

- √ Increased per occurrence limit from \$750 million to \$1 billion.
- √ Increased extra expense coverage from \$25 million to \$40 million.
- √ Increased Errors & Omissions coverage from \$25 million to \$40 million.
- √ Increased Foreign and Domestic Terrorism coverage from \$10 million to \$100 million.
- √ Increased Money & Securities from \$500,000 to \$2,500,000.
- √ Increased Contingent Business Interruption coverage from \$250,000 to \$1,000,000.
- √ Reduced Boiler & Machinery rate for participating members.

PEPIP is now the largest property program in the world and continues to grow. Since joining PEPIP in 1994, PARSAC members have saved hundreds of thousands of premium dollars. The program has been an overwhelming success.

Law Enforcement Policies

Approved at the May meeting was a cost sharing arrangement for customized policy and procedure manuals for all member police departments. LEXIPOL, endorsed by many other JPA's, has dramatically improved the defense of departments throughout the state. Please contact staff to sign up. Additional information on LEXIPOL is available at www.lexipol.com.

Financial Corner

Segregation of Assets Complete

We have completed a two-year project to segregate PARSAC's assets between the Liability and Workers' Compensation self-insured programs as of June 30, 2004. The results of the segregation are \$12.8 million to the Liability Program and \$7.6 million to the Workers' Compensation Program.

By completing the segregation of assets, we were able to identify members' equity by program and by program year. There is \$5.5 million of equity in the Liability Program after the RPA was declared. All members have a positive balance. In the Workers' Compensation Program there is about \$800,000 of equity after the \$451,000 RPA was declared. In the Workers' Compensation Program 16 of 24 members have a positive equity balance. Those with negative balances will see RPA assessments instead of a check to clear the negative balance. Staff is monitoring several recent years (1999/00 to 2002/03) with negative equity balances.

We have developed a new report called the Program Summary that provides members with statistics like, balance sheet, income statement, membership, payroll, claims amounts and numbers for each program year. We plan to present this report annually.

Legislative News

CAJPA's legislative caucus day held May 12, 2005, brought the risk management agenda to the Capitol. Pool representatives met with legislators and their staff to support Workers' Compensation bills **SB 899** and **AB 642**, as well as Senator Romero's bill **SB 719** to protect police pursuits. Please contact PARSAC staff if you would like additional information.

17th Year of Liability RPA

At the May meeting, the Board declared \$1.2 million of funds available in the Liability Program to return to members participating in the program years 1993/94 to 1999/00. This amount assumes that we close three program years, 1996/97 to 1998/99. We are still awaiting confirmation from members that there are no open claims in those years. If we are not able to close all three years, the RPA will be \$761,377.

Also included in the RPA was a charge to three previously closed years due to a correction in the RPA program. This brings the total RPA issued to members to over \$18 million since 1989. PARSAC is able to return funds to members because of a combination of good claims adjusting and claim experience that was lower than anticipated by our actuary.

Workers' Comp Declares First RPA

For the first time since the program's inception in 1990, the Workers' Compensation Program is able to issue RPAs to members. This was accomplished in conjunction with identifying the equity available in this program (see Segregation of Assets article).

At the May Board meeting, the Board declared half of the \$902,662 or \$451,331 to be distributed to members participating in the program from 1990/91 to 1995/96. The Board chose to return a reduced amount to members due to changes in the Workers' Compensation laws and based on PARSAC's increased claims activity in recent years.

Conferences

Approved at the May meeting was a risk management conference stipend of \$1,000 per member. Executive Committee members are afforded 2 conferences per year.

Here are some upcoming conferences:

- **ARM Tech** Annual Conf. - July 31 - Aug 3, 05
Tamaya, NM
- **CAJPA/AGRIP** Annual Conf. - Sept 21-23, 05
Lake Tahoe
- **PRIMA's** Governmental Risk Management Seminar, Beginner/Advanced Certificate Program - Las Vegas

- **PARMA** Annual Conf. - February 2006
Palm Springs
- **PRIMA** Annual Conf. - June 2006
Las Vegas

Awards Reminder

As a reminder, the "Best Practices" recognition awards are presented every year at the December meeting. Please start planning your nominations now. Previous award winners featured overall risk management programs, IIPP manuals, stand-out safety committees, and risk transfer practices.

The winner of last newsletter's **Brain Teaser** was Greg Franklin. The correct answer: It's now nine. Good luck to all of you on the **Brain Teaser** coming next newsletter!

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