

Agenda Date: May 19, 2005
Agenda Placement: Admin
Estimated Time: N/A
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

CONTACT: Donald C Kendig, Business Manager(961-8854)

SUBJECT: Workers' Compensation Coverage Application

RECOMMENDATION:

- (1) Adopt the attached Resolution granting authorization for the Santa Barbara Air Pollution Control District to execute the Fifth Amended and Restated Joint Powers Agreement and approving participation in the Special District Risk Management Authority for Workers' Compensation program;
- (2) Execute the Fifth Amended and Restated Joint Powers Agreement and approving participation in the Special District Risk Management Authority for Workers' Compensation program;
- (3) Adopt the attached State of California Resolution authorizing application to the Director of Industrial Relations of California for a Certificate of Consent to Self-Insure;
- (4) Approve the State of California Application for a Public Entity Certificate to Self-Insure;
- (5) Approve of California Special Districts Association membership application; and,
- (6) Accept and file the Special District Risk Management Authority by-laws and fact sheet.

DISCUSSION:

Since 1999, the District's Workers' Compensation insurance has been carried through The State Compensation Insurance Fund of California. During this time our premiums have gone from \$28,272 in calendar year 1999 to \$169,611 in calendar year 2004. A modest reduction occurred in calendar year 2005 down to \$138,443; however, the amount is still excessive compared to other options.

Due to these increases we requested that our Insurance Broker, Driver Alliant look for alternative Workers' Compensation coverage, and explored coverages with another broker, ABD Insurance Services. The best option offered was the Special District Risk Management Authority (SDRMA). This program was established in 1982 for special districts and other public agencies to band together and self-insure with economies of scale and risk of loss diversification. Coverage through SDRMA is only available to public agencies that have at least one full-time employee. A three-year enrollment commitment is required for new agencies to participate. After the initial enrollment coverage can be terminated in any year after. In addition annual membership in the California Special Districts Association (CSDA) is required to be a member of SDRMA.

SDRMA's mission is to provide renewable, efficiently priced risk financing and risk management services to members of California Special Districts Association (CSDA) and ensure all services are delivered in a timely cost-efficient responsive manner.

The claims management program is supervised by SDRMA and a third party administrator, Gregory B. Bragg & Associates, Inc. A primary objective is to proactively control and prevent losses and to positively impact workers' compensation coverages. In addition, Driver Alliant reports superior client services compared to State Fund's.

SDRMA also provides a number of value-added services at no cost to members include: Monthly Review of Claims Loss Reports, Occupational Safety and Health Program, On-Site Safety Inspections, Safety and Claims Policy Manuals, Risk Management and Claims Training Workshops and Comprehensive Safety Report and Analysis. Lastly, this coverage is on a fiscal year of July through June is better suited to the District budget cycle, than State Fund's calendar year coverage.

FISCAL IMPACT:

SDRMA's Fiscal Year premium, broker fees, and membership dues are estimated at \$96,484 for 2005-06. This is an annualized savings of \$41,959 over State Fund's rate of \$138,484. Half of that savings, or an anticipated positive financial impact of \$20,980 would be realized in FY 2005-06, with full realization in out years.

ATTACHMENTS:

- (1) Resolution granting authorization for the Santa Barbara Air Pollution Control District to execute the Fifth Amended and Restated Joint Powers Agreement and approving participation in the Special District Risk Management Authority for Workers' Compensation program.
- (2) Fifth Amended and Restated Joint Powers Agreement and approving participation in the Special District Risk Management Authority for Workers' Compensation program.
- (3) State of California Resolution authorizing application to the Director of Industrial Relations of California for a Certificate of Consent to Self-Insure.
- (4) State of California Application for a Public Entity Certificate to Self-Insure.
- (5) California Special Districts Association membership application
- (6) Accept and file the Special District Risk Management Authority by-laws
- (7) Special District Risk Management Authority fact sheet.