

To: James L. App, City Manager
From: Mike Compton, Director of Administrative Services
Subject: California Joint Powers Insurance Authority – Workers' Compensation
DATE: May 4, 2004

Needs:

For the Council to adopt a resolution authorizing the City's participation in CJPIA's workers' compensation program.

Facts:

1. Paso Robles has been fully self-insured for workers' compensation since January 1, 1979.
2. Paso Robles has been an active member of the Central Coast Cities Self-Insurance Fund's (CCCSIF) workers' compensation program since January 1, 1979.
3. The CCCSIF program is simply a banking program with shared purchasing of services needed to administer each member's own workers' compensation claims; i.e. claims management, program administration, excess insurance and safety training. The City is solely and fully responsible for its own workers' compensation claims and losses.
4. Since joining CJPIA for liability coverage last July 1, 2003, there has been an increasing desire by the CCCSIF membership to join their workers' compensation program as well.
5. At the last CCCSIF Board meeting held February 18, 2004, the Board voted to dissolve the workers' compensation program effective 6/30/2004.
6. CJPIA is willing to accept Paso Robles into their workers' compensation program effective 7/1/2004 contingent on the adoption of the attached resolution.

Analysis &
Conclusion:

The Council authorized the City's participation in CJPIA's liability program effective July 1, 2003 following the CCCSIF Board's vote to dissolve the program. As noted above, the Board has also voted to dissolve the workers' compensation effective June 30, 2004 leaving members to pursue their own options. Most of member agencies are opting to join CJPIA's workers' compensation.

Much like the liability program, their workers' compensation program is a risk sharing pool providing coverage at statutory limits plus excess coverage to \$50 million to participating agencies. A member agency may choose a self-insured retention (SIR) level of \$10,000, \$25,000 or \$50,000. For members who choose a SIR of \$10,000 or \$25,000, their costs above the SIR to \$50,000 is pooled (shared) based upon the member's share of costs under \$50,000. Costs from \$50,000 to \$100,000 are pooled (shared) based upon the same criteria for lower level. Costs from \$100,000 to \$2,000,000 are pooled based upon payroll. Costs from \$2,000,000 to \$50,000,000 are covered by excess insurance.

For comparison, the current but soon to be dissolved program with CCCSIF provides for an SIR of \$350,000 with excess insurance above the SIR.

The cost of the CCCSIF program and the exposure to financial loss at the \$350,000 SIR per workers' compensation claim is what makes CJPIA's program so attractive.

Fiscal
Impact:

The City's membership with CJPIA would result in considerable savings to the City. In fiscal year 2004, the City's program deposit with CCCSIF for workers' compensation was \$474,121 and would have increased if the program wasn't being dissolved. Our deposit with CJPIA will be \$430,100 representing a savings of \$44,000 which would accrue mostly to the General Fund.

Options:

- a. Adopt Resolution No. 04-xx declaring its intent to self-insure for workers' compensation and authorizing the City's participation in the program offered by the California Joint Powers Insurance Authority.
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 04-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES AUTHORIZING AND APPROVING SELF-INSURANCE OF WORKERS' COMPENSATION FOR ITS EMPLOYEES THROUGH THE SELF-INSURANCE AND LOSS POOLING PROGRAM OF CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

WHEREAS, pursuant to the provisions of Section 6500 et. seq. and also Section 990.4 and 990.8 of the California Government Code, the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY was created in 1977; and

WHEREAS, the City of El Paso de Robles, has become a member of CALIFORNIA JOINT POWERS INSURANCE AUTHORITY, and also of its General Liability Program; and

WHEREAS, CALIFORNIA JOINT POWERS INSURANCE AUTHORITY has established and administered a successful Workers' Compensation Self-Insurance and Loss Pooling Program for its members since January 1, 1980; and

WHEREAS, there are significant financial and administrative advantages for the City of El Paso de Robles to provide workers' compensation coverage for its employees through the said Self-Insurance and Loss Pooling Program of CALIFORNIA JOINT POWERS INSURANCE AUTHORITY.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE, ORDER AND DETERMINE THE FOLLOWING:

SECTION 1. Workers' compensation coverage for employees of the City of El Paso de Robles through the Workers' Compensation Self-Insurance and Loss Pooling Program of CALIFORNIA JOINT POWERS INSURANCE AUTHORITY is hereby authorized and directed effective July 1, 2004.

SECTION 2. That an Initial Annual Workers' Compensation Deposit of \$430,100, or such pro-rate part thereof as the Authority might determine for coverage of less than a fiscal period, is approved and the appropriate officers of the City are authorized to pay the same to the CALIFORNIA JPIA.

SECTION 3. That a Loss Retention level of \$50,000 per occurrence is approved for all employees.

SECTION 4. That the Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Resolution, and thereupon the same shall take effect and be in force.

SECTION 5. That the City Clerk is directed to forward a certified copy of this Resolution to CALIFORNIA JOINT POWERS INSURANCE AUTHORITY, 8081 Moody Street, La Palma, California 90623.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 4th day of May 2004 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk



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ADMINISTRATIVE SERVICES

April 5, 2004

Mr. Mike Compton
Risk Manager
City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446

Re: CALIFORNIA JPIA Workers' Compensation Program

Dear Mike,

We are looking forward to your city joining the Workers' Compensation Program on July 1, 2004. The primary deposit for the 2004-05 coverage period is \$426,699 and the Excess Pool deposit is \$3,401. The invoice will be mailed to you in June.

There are some items that must be addressed, prior to enrollment in the Program, to satisfy the Department of Industrial Relations, Self-insured Plans:

- The City Council must adopt a Resolution declaring the city is self-insuring and participating in the CALIFORNIA JPIA Workers' Compensation Program.
- The original Certificate of Consent to Self-insure must be surrendered to the Department, with a request for voluntary revocation.
- Notify the Department that the City is joining the CALIFORNIA JPIA workers' compensation program on July 1, 2004.
- Notify the Department as to the administration and funding of claims generated prior to July 1, 2004 and the location of closed claims.

A sample Resolution and letter are included for your convenience, under Attachment A. Please notify the Department of Industrial Relations, Self-insured Plans by June 1, 2004, with a copy to the CALIFORNIA JPIA.

Risk Manager
April 5, 2004

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Your city will be included in the entities covered by the CALIFORNIA JPIA workers' compensation excess insurance coverage on July 1, 2004. The excess carrier requires information on payroll, employee concentration and watercraft exposure. Please complete the forms under Attachment B and return to me by April 19, 2004.

An orientation meeting is being planned for June 16, 2004 at 10:00 a.m. in the Council Chambers at the City of Arroyo Grande. Please e-mail me at pat@cjpia.org if you wish to attend.

Let me know if you have any questions or concerns. My direct telephone number is (562) 467 8707.

Sincerely,



Patricia A. France
Workers' Compensation Claims Manager

cc: Angela Hatley, SCRMA, Inc.

attachments:

