



Association of Bay Area Governments

Risk Management Committee Meeting

Summary Minutes

April 5th, 2016
10:30am – 1:00pm

101 8th Street
Oakland, CA 94607
Conference Room C
&

Teleconference Location Below:

| Participant | Member City | State | Street Address |
|---------------|-------------|-------|--------------------|
| Shadia Hrichi | Morgan Hill | CA | 175175 Peak Avenue |

Presiding

Mike Taylor

Saratoga

Members Present:

Laci Kolc
Brian Dossey
Julie Carter
Jenny Liu

American Canyon
Colma
Dublin
San Carlos

Staff Present:

James Hill, PLAN Risk Management Officer
Jill Stallman, Claims Manager
Kim Chase, PLAN Administrative Assistant
Gertruda Luermann, PLAN [Senior](#) Risk Analyst

Others Present:

Cathie Bigger-Smith
Mike Simmons

Loss Control Consultant
Alliant

1. Call to Order

Meeting was called to order at 10:30am by Chairman Mike Taylor. A quorum was present.

2. Public Comments: None

3. Approval of both Meeting Minutes - April 8th, 2015 & October 26th, 2015 //M//Julie Carter//S//Kolc//C//Unanimous

4. Plan Program Performance Highlights / PLAN Frequency & Severity Analyses – Staff (Jim Hill) reviewed and discussed PLAN program performance highlights, referencing the Frequency and Severity Analysis Report prepared for the committee. PLAN frequency trends were discussed, as well as, a review of PLAN loss patterns by department and cause of loss.

Chairman Taylor asked for confirmation regarding a stated increase in the average loss (claim value). Jim noted that the average values are a moving target (five year average) and are used solely to look at loss trends (severity) from a risk management standpoint. These values can become dislocated by the emergence of a single large loss during the period, significant change in case reserve or the closure of a large loss during the period. Actuarial loss development trends are calculated in the Actuary Report and are more reliable in terms of overall PLAN financial performance.

Member Julie Carter (Dublin) noted the increase in property claim severity and inquired as to what is driving this result. Staff briefly discussed three large property claims that breached the excess layer over the past two years, including the recent Pacifica storm loss.

When analyzing claims by department, staff noted the data (current open claims) reveals that street claims are ranked #1 in frequency (number of claims), followed by police claims and sidewalk/tree claims in close order. PLAN open claims activity is down 18% from last year's report. Jim advised the committee the detailed summary loss report by cause/department is available for committee review at their request. Gertruda added that updated MDR reports are being reviewed and will be released in a couple weeks.

5. Risk Management Program–

5a. Member Annual Risk Management Plans – Staff (Gertruda Luermann) began her report noting we are in the fourth phase of our Risk Management Best Practices re-assessment project. This year the focus is Vehicle Use and Maintenance best practices. Half of PLAN members have completed the reassessment. We are adding one more re-assessment for next year, Playground Safety Best Practices². Many members are already focusing on this area as it is an exposure most members have within their cities or towns. We are also proposing to offer another round of Aquatics Audits for members with exposure in this area (municipal pools or aquatic program). We are going to combine this effort with an Aquatic Risk Management Workshop. We currently have 12 members with pool operations.

It was noted during the discussion that four PLAN members have been inactive in terms of their RM planning (no activity at all). The committee raised concerns regarding why certain members have no planning activity in place. Chairman Taylor discussed drafting a letter from the board or committee to the non-participating members. Continued focus on reviewing and revisiting our best practices was also supported by our findings in the risk awareness survey.

Committee revisited the intent of the program noting that the primary intent of our Best Practices risk assessment program is to better evaluate member practices and to analyze claim/loss patterns to determine leading indicators (BP's) which help members proactively reduce risk and adverse outcomes. Using the risk management strategic planning process as a platform for loss analysis, members are able to further evaluate ways to reduce loss frequency to control the cost of risk.

Planning is extremely important and the loss control assistance is an important tool for members in this process. To be effective, all members should cooperate in providing the consultant with necessary access to staff and/or documents as needed in order to facilitate the consultation and provide for the most effective and productive assistance. It is important each member allocate time for meetings and planning with your loss control consultant.

Staff went on to discuss transit related exposure with committee members for city sponsored activities (aquatics, field trips). The committee discussed exposure, liability waivers and indemnification for recreation activities and the difficulty getting all the staff at the member jurisdictions to ensure waivers are being signed. Committee members noted challenges with obtaining waivers and the administrative burden. All committee members acknowledged the fact that waivers are an important risk management tool in this area and a standard recommendation. The committee discussed joint usage agreements between the district school and the recreation center for use of the pool to transfer all the risk to the school whose students benefit from the activity. Mike Simmons noted that a good place to begin is with the school. Asking the school districts to share risk is common practice.

5b. PLAN Grant Program Funding Utilization Review - Gertruda reviewed the ABAG PLAN Grant Program, including proposed budget. She referenced graphs and exhibits reflecting PLAN member grant utilization as well as the proposed grant budget for next year. During FY 2015/16 PLAN allocated \$1.2 million dollars to all members for all grant programs, including the unused carry over funds from last year as approved by this committee. \$85,000 is the estimated amount to be rolled over from last year.

For this current year, members have only used 10% of all grants due to delays in planning in several member agencies. The highest area of grant utilization is Consultant Services. The FY 16/17 proposed grant budget is in line with prior year at \$1,143,259 based on current estimates. The grant budget relies on actual liability premium contributions which are currently being determined. Staff also recommends roll-over of unused grant balances from this fiscal year. Unused grant funds from the current fiscal year will be carried over to the new fiscal year. The unused funds will be re-distributed among all members based on the existing allocation formula.

Mike asked what the consultant/consultation grant budget covers other than Cathie Bigger-Smith, as her time is limited. The committee reminded the group that other consultant needs should be considered as part of the budget (example Du-All Safety, Arborist Services, ADA professional services, etc.). PLAN staff has a list of all consultants engaged with PLAN and member agencies can use other consultants for their risk management needs upon review and approval from PLAN.

Staff requested the Committee approve the grant budget as recommended for funding for risk management programs for FY 16/17 subject to full board approval. The grant budget is also subject to review/approval by the Actuary Committee. Chairman Taylor requested a motion to approve the grant budget as presented.

Action: Approval of Grand Fund Allocation proposal //M//Dossey//S//J.Carter//C//Unanimous

5c. PLAN Training Program Update – Staff (Gertruda) reviewed the PLAN training platform.

Staff noted our continued focus on training and education opportunities for PLAN members. PLAN will increase Workplace Violence Prevention training frequency due to the heightened concerns in this area (terrorism). With respect to some of the more complex social issues (police claims), staff is looking into crisis intervention training (CIT) as a possible topic for the next law enforcement workshop. Staff also noted ongoing concerns about environmental disasters which ranked high amongst concerns in our survey. ABAG staff will continue our work with member agencies in terms of disaster and resilience planning. Staff has also worked closely with our Risk Management and Safety consultant team to create materials (community outreach brochure and member resource guides) in this area and encourages our members to work closely with the ABAG Resilience Team.

Staff commented on the annual Sewer Smart Summit and noted it was well received, again. The next Sewer Summit is tentatively planned for October 27th, 2016. We also have another Urban Forest Management Workshop/Conference tentatively planned for July 14th. An Accident Investigation workshop is planned, however, registration is low right now. Gertruda asked committee members to take a flyer and promote to staff. Committee members commented on the remote location (Saratoga) which could be a factor in the low registration. Jenny Liu asked about Special Events Workshops. Gertruda noted that a workshop is scheduled for May 12th; location TBA.

5d. Keys to Safe Playgrounds – Cathie Bigger Smith discussed Playground Safety and Best Practices. California law (1999) requires a playground inspection/audit any time there is a new playground installed or a playground renovation. The audit must be conducted by a certified specialist (CPSI). Cathie is a CPSI and can perform the assessment/audit for PLAN member agencies.

The committee was presented a slide show ‘Keeping our Playgrounds Safe’. She reviewed root causes of playground accidents/injuries. She noted poor installation; poor layout; improper equipment; poor maintenance and use & supervision. The most serious playground injuries are a result of surfacing; slides and climbers; swings and installation/modification. Cathie stressed that jurisdictions cannot assume new equipment is safe, as equipment safety also depends on installation. She also reminded members to never modify a piece of equipment without the written approval and direction of the manufacturer.

Cathie advised the group on developing Playground Safety Management Plans, which include important elements such as labeling requirements and “cradle to grave” record keeping. Current challenges include aging equipment (old and dated playground equipment) and ADA Regulatory Compliance – 2010 ADA Regulations (Accessibility). Julie Carter asked about signage and injuries at softball fields. Cathie noted the importance of adequate signage/warning and said several members are contracting out Park and Playground Maintenance.

6. Underwriting Discussions / Drones: – Staff (Jim) presented a report on unmanned aerial systems (UAS), more commonly referred to as “drones”. The committee reviewed and discussed drone risk/exposure, including evaluating approaches to managing risk (best practices and coverage options).

Staff pointed out current liability and property coverage restrictions noting all PLAN members should recognize current MOC limitations. The committee's goal should be to inform members of PLAN program coverage restrictions, explore approaches to addressing coverage limitations and establish appropriate best practices for managing drone risk.

Committee was provided a brief history and facts on the development, use and application of drones in both the public and private sectors. Committee was informed on the types of drone claims a member may be exposed to namely accidents (crashes); trespass or invasion of privacy/civil rights violations; public officials' liability (Errors & Omissions) and cyber risks.

The committee then explored and engaged in discussion in the following areas: How are PLAN members using or likely to use drones? What types of coverage would be useful to our members for drone related losses? What type of underwriting information should the pool request from its member agencies? How are pools, commercial insurers and reinsurers treating drone coverage?

The committee discussed recommended best practices, including insurance options. Committee reviewed a typical underwriting questionnaire for "drone" risks. Staff summarized by noting the benefits associated with the use of Unmanned Aerial Systems (Drones). PLAN can expect more inquiries regarding coverage options for drone operations or activities, including the use of drones by third party contractors for survey work (engineering) and search/rescue (public safety).

The committee deferred from recommending changes to our coverage documents as the majority of committee members do not have a high comfort level with introducing this exposure to the pool. PLAN staff will work with our insurance intermediary to develop "stand-alone" drone coverage options to address associated property and liability risks. Julie asked if any member has a drone. Staff affirmed that two members have been contemplating their usage.

Chairman Taylor concurred with the idea of addressing drone exposure on a case by case basis using "stand-alone" options for members requiring coverage. He proposed introducing a motion to affirm the staff report and recommend members seek standalone coverage for drone exposure and activities. //M//J.Carter//S//Dossey//C//Unanimous

7. Risk Awareness Survey – Committee Review/Feedback. Staff (Jim) presented the Risk Awareness Survey findings. The survey was re-released to member jurisdictions at the request of member agencies after our retreat. He noted that every member who requested an extension of time to complete the audit did not participate in the re-survey; however, several member jurisdictions who participated in the original survey, increased their participation (response rate) during the re-survey.

Jim reviewed the survey findings in detail while noting several comments and areas of member concern based on the candid feedback provided. Concerns included infrastructure challenges; dealing with environmental disasters (quake/flood); employee training; staffing levels; expanded staff participation on safety committees. Some respondents noted that organizational issues were an impediment to managing risk, such as lack of communication from management.

Jim referenced a spreadsheet prepared by staff (Kim) listing the number of respondents per jurisdictions and participation rates. The data included a comparison of response rates from the initial survey to the re-survey to analyze differences in member participation and response rates.

8. Other Business/Announcements – Julie asked if members were going to receive information about MTC and the merger. Staff (Jim) advised that he will continue to provide updates to the Executive Committee and Board of Directors, as new information develops.

9. Meeting was adjourned at 1:29pm by Chairman Taylor.

Respectfully Submitted,



Jim Hill, Risk Management Officer/PLAN Secretary

DRAFT