



## **Risk Management Committee Meeting**

April 5<sup>th</sup>, 2017 / 10:30am–1:00pm

Bay Area Metro Center  
375 Beale Street; Suite 700  
San Francisco, CA 94105  
Tamalpais Conference Room

### *Summary Minutes*

<b>Presiding:</b>	<b>Brian Dossey, Chair</b>	<b>Colma</b>
<b>Members Present:</b>	Julie Carter David Benoun Jenny Liu Yulia Carter	Dublin Newark San Carlos Half Moon Bay
<b>Via Teleconference:</b>	Mike Taylor	Saratoga
<b>Staff Present:</b>	Jill Stallman, <i>Acting</i> Risk Manager & Claims Manager Kim Chase, PLAN Administrative Assistant Gertruda Luermann, PLAN Senior Risk Analyst	
<b>Others Present:</b>	Cathie Bigger-Smith Seth Cole	Loss Control Consultant Alliant

#### **1. Call to Order/Roll Call**

Meeting was called to order at 10:35am by Chair, Brian Dossey.  
A quorum was present.

#### **2. Public Comments:** None

#### **3. Approval of Meeting Minutes** – October 12th, 2016 //M//J. Carter//S//Y. Carter//C//Unanimous

#### **4. Plan Program Performance Highlights - PLAN Frequency/Severity Analysis**

ABAG PLAN's performance in Liability and Property is rising in recent years as new claims are opened and existing ones are still developing. We continue to work through losses that presented themselves as a result of the El Nino storms of 2014 as well as the more recent storms in March 2016 on both liability and property. Data for the frequency and severity analysis is derived from the PLAN FOCUS Claim Database and includes claims incurred over the past five fiscal

years in addition to a portion of our current fiscal year. This data is valued as of March 14, 2017. A copy of *PLAN Management Data Report (MDR) – All Members* valued as of December 31, 2016 was provided as a supplement to this analysis. The analysis of claims by Cause & Origin (Department) focuses on current open General and Auto Liability claims. The underlying data for this portion of the analysis is available to the Committee upon request. Over the five year historical period, PLAN claim frequency (claim count) is led by Streets, Police, and Trees then Sidewalks, Sewer/Water and Storm water, in that order. This remains consistent for our current open book of loss distribution. Note that these same six Departments are regularly the loss leaders but some positioning changes to the rankings occur at various times. As of March 14, 2017 there are 402 open claims. The committee reviewed the claim trends and rankings.

## **5. Risk Management Program**

### **a) Member Annual Risk Management Plans**

ABAG PLAN has been reviewing PLAN's established Best Practices each year to identify risks and to assist members with recommended strategies for treating those risks. PLAN's Best Practices have been serving as guidelines for members' risk management programs since 2005. As to date, the 5<sup>th</sup> phase of re-assessments for our Playground Safety Best Practices has been completed for 70% of members and reviews are in progress for most of the remaining members. By and large, most audits are in good orders with only a few having minor issues. Staff provided a status update of the reassessment and aquatic audits and members' annual risk management goals. Staff and consultant will provide updates on members' progress. As leading indicators, our Best Practices continue to be good guidelines to members in addressing exposures, and therefore members' efforts to comply with them should be an active focus of their risk management programs. Staff pointed out the collaborative resources from the ABAG Resilience Program. The Resilience Team can assist members in their efforts to comply with FEMA requirements and obtain FEMA grant funding. Staff has distributed information for possible FEMA grant funding under which members might qualify. The ABAG Resilience Team holds workshops at times on these topics, and PLAN staff we will continue to provide information on any training.

Staff reminded the committee that, the "Risk Manager" of member cities and towns, is the key person to promote support from various departments and staff. As the "gate keeper," he or she is influential in providing staff with access to loss control assistance and grants. As always, we ask all members to spend time on their risk management planning efforts. It is important that each member allocate time for reviewing losses, best practices, risk exposures and trying to develop risk mitigation plans. This not only serves the individual member well but also serves the PLAN as a whole. As part of a risk sharing pool, each member is responsible to do its due diligence to prevent losses or minimize its exposures. To help members meet this objective, PLAN provides assistance, resources, incentives, and technical expertise to members to maintain and improve their risk management process. To this effect, staff has drafted a letter that can be used if needed in the case that a member's lack of activity is of long-term nature. Such letter will serve as a reminder of the expected standard of performance for a member of a risk sharing pool, which includes active participation in risk management programs and discussion on strategies to prevent losses. With the

approval of the draft, PLAN staff will have the letter on file ready to be used and sent from this Committee Chair.

### **b) PLAN Training Program Update**

During this program year, PLAN had hosted the following regional training offerings to assist members in addressing our best practices, loss drivers, and other exposures. Workplace Violence (July 2016); Accident Investigation and Root Cause Analysis (August 2016); Critical Incident Response Training ( August 2016); UFM Forum – Building a Green Canopy on Main Street September 2016); Playground Safety Inspections Workshops Series (September 2016); Sewer Smart Summit (October 2016); Defensive Driving (Multiple Dates); Multi-Employer & Contractor Liability Workshop ( November 2016); Insurance Requirements in Contracts Series (Multiple Dates); Cash Handling Practices (April 2017); Aquatic Risk Management (May 2017); Risk and Recreation (May 2017) and Playground Safety Inspection Workshop Series (May 2017) which all obtained good attendance.

The next Sewer Smart Summit is tentatively planned for October 2017. Our other annual conference, the Urban Forest Management (UFM) Forum, also continues to grow in popularity.

For the next program year, staff is planning workshops on the following topics. This is a tentative plan and will continue to evolve during the year. Urban Forest Management Forum; Sewer Smart Summit; Sever Weather Preparedness; Facilities Inspections and Maintenance; Critical Incident Social Media Response; Workplace Violence Prevention; Insurance Requirements in Contracts; Defensive Driving; Dealing with Conflicts and Confrontation; Mandated Reporter; Disaster Volunteer Management and Emergency Preparedness. Training Flyers were attached and distributed to the committee.

### **c) PLAN Grant Program Funding Utilization Review**

Staff provided an update on PLAN Risk Management Grant funding and utilization for FYs 15/16 and 16/17 as of March 2017. This Committee approved the carry-over of unused funds in the RM Program Grant from the previous fiscal year which is already included in the above-stated total figure. A total of \$88,588 of unused grant monies in the Risk Management Program grant from the prior 14/15 year had been rolled over into the 15/16 year and re-allocated among all PLAN members using the existing allocation formula.

For this current FY, PLAN has approved \$1,295,923 in total funding for all Risk Management Programs. As in previous years, this figure includes allocations for PLAN Member Training, Defensive Driving and Sewer Loss Prevention. This figure included \$450,000 for the Risk Management Program Grant plus an additional \$151,452 of unused grants from the prior year that was rolled over and re-allocated among all members using the existing allocation formula. The committee reviewed the expenditures. Staff provided and reviewed with the committee the prepared budget for FY 17/18. Current calculations are based on the FY 16/17 premiums as FY 17/18 premiums are not finalized yet.

**Risk Management Service Credits:** Staff recommends to keep funding at the remaining 4.5% of each member's total liability premium for FY 17/18.

**Risk Management Program Grants:** Staff recommends keeping total funding for this grant at \$450,000 and continuing the matching requirement unless the grant request relates to a stated risk management goal. Staff further recommends that the Committee's decision to roll-over unused grant balances under this category shall be continued. Thus unused grant funds from the current fiscal year will be rolled over to the next year with the total remaining balance to be re-distributed among all members based on the same formula.

**Risk Management Training Grant:** Staff recommends keep this funding for each member at \$3,500 per year. Staff further recommends continuing our Defensive Driving Grant and Sewer Loss Prevention Grant.

Staff noted, there are no more police grants.

**Action:** Staff requests the Committee review and approve recommendations to the Board for funding for risk management programs for FY 17/18 subject to review/approval by the Actuary Committee.

//M//Taylor//S//J. Carter//C//Unanimous

## 6. **Risk Management Study - Hazard Abatement & Best Practices**

Staff noted that successful pooling risk relies on implementing and executing ongoing best practices while continually referencing claims experiences and outcomes to help identify priority areas for risk mitigation efforts. It becomes a perpetual cycle of using claims data to determine whether priorities need to change. PLAN members decided for this risk sharing pool to allocate grant funding, based upon financial strength, for monies to be redeployed to assist with the costs involved in mitigating third party exposures. Additionally, there are various ways to deal with risk. Avoid it which is usually just not possible. Shift the exposure through ordinances which on the best day may not completely move the exposure away to another. Then there is risk mitigation where the majority of exposures fall when City owned property is involved. Best practices are intended to not only serve as a guideline for how to establish procedures for addressing all of a municipality's needs but to honor an agreement amongst members to try to retain predictable losses, containing them and keeping them from the pooled layer of funding. We recently discussed with the Claims Committee a large third-party property damage exposure to a home and to a few neighboring residents when a sizeable tree fell during large storm activity in March 2016. We have seen trees fall throughout the pool and this one garnered greater attention as the investigation revealed that the tree was previously identified by an arborist consultant to be recommended for removal by the end of 2015. The member responded and placed the tree on a list for service but not for removal but rather for pruning. Before the end of 2015 the tree was pruned, as requested, and in March 2016 it fell and was completely uprooted. The tree fell onto the adjacent residential property as shown in the provided photos. As it fell it caught a power line which caused a chain reaction impacting neighboring homes to a lesser degree. Between the damage to the physical house as well as to the personal contents inside coupled with the consequential damage to the neighbors the current total exposure from that occurrence is \$292,000. The member has a \$50k retention leaving the remaining \$242,000 to be addressed by the pool. Luckily there were no injuries that resulted and the loss was contained to property damage only. The notable point to be made is that hazard mitigation, such as the cost of removing the

tree based upon the expert consultant's recommendation, would have qualified for grant money through PLAN. The member did not inquire about utilizing their grants for this situation or any others that year and research determined that nearly \$23,000 would have been available to use toward removal of the tree which, in hindsight, would have abated a sizeable liability exposure to the pool as well as to them. PLAN's established Best Practices are purposeful and intentional as is the availability of grant funding to support those initiatives. Part of the Risk Management/Best Practices cycle of success is to use the claims experience to learn where to focus mitigation efforts. This case study helps to serve as a reminder to maintain communications within your jurisdiction to be aware of what needs are out there as a project may qualify for grant funding through PLAN.

**7. Other Business/Announcements - None**

**8. Adjourned:** 12:55pm by Brian Dossey

Respectfully Submitted,



Jill Stallman, Acting Secretary for Heather McLaughlin