



ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: OSBORN SOLITEI

AGENDA DATE: April 17, 2019

ITEM NO. 11

SUBJECT: Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) Membership

SUMMARY:

- Zone 7 Water Agency (“Agency”) currently subscribes all insurance coverage through the Alameda County Risk Management, which obtains and manages Liability, Property, Excess Crime and Workers Compensation insurance for the benefit of Zone 7.
- According to the Agency Mission Statement, “...committed to providing a reliable supply of high-quality water and effective flood-control system...we develop and manage our water resources in a **fiscally responsible**, innovative, proactive, and environmentally sensitive way”. An effective risk management program can reduce loss-related costs, which provide cost savings to customers. The review of potential insurance coverage options focused on high quality training opportunities and risk management programs to help improve operations and reduce or eliminate potential losses. In addition, the Agency seeks competitive pricing from insurance providers.
- In reviewing potential insurance providers, the Agency searched for providers who worked closely with water districts and/or flood control entities and provided active risk management advice and training.
- Staff has requested property/liability program insurance proposal from two insurance companies:
 - Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA)
 - Special District Risk Management Authority (SDRMA)
- After review of the two proposals, staff recommends joining the ACWA/JPIA since it offer significant advantages to the Agency in terms of cost and services related to liability protection, property protection, and coverage for other risks.
- ACWA/JPIA provides insurance programs for many water districts and water agencies throughout California.
- ACWA/JPIA proactively manages risk through comprehensive inspection and training programs. The Training programs are specific to the water utility industry.

- Joining the ACWA/JPIA Property Program will increase the efficiency and continuity of the Agency's insurance coverage programs and streamline the claims process in the event of a loss.
- ACWA/JPIA annual premium insurance amount is estimated at \$450,000
- The Alameda County Risk Management will continue to provide Workers Compensation coverage for the Agency.

FUNDING:

Funds budgeted in Fund 100 (Water Enterprise Fund) and Fund 200 (Flood Protection)

RECOMMENDED ACTION:

Adopt the attached Resolution.

DISCUSSION:

- The County, which currently provides all insurance coverages for the agency, uses a combination of self-insurance, participation in insurance pools, and purchased insurance coverage for protection against adverse losses. Excess general liability, workers' compensation, and medical malpractice coverage are provided by CSAC-Excess Insurance Authority (CSAC-EIA), a joint powers authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties and other California public entities. The FY 2018-19 budget amount for the annual insurance premium excluding workers compensation paid through the County of Alameda Risk Management is \$639,214:
- Staff has requested for property/liability program insurance proposal from two insurance pools:
 - Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA)
 - Special District Risk Management Authority (SDRMA)
- The table below show the Estimated Annual Premium Insurance cost for ACWA JPIA and SDRMA:

Program Description	ACWA/ JPIA *	SDRMA
General Liability Coverage	\$ 321,828	
Property Coverage	118,104	\$ 718,124
Excess Crime	1,700	2,800
Total Estimated Annual Premium	\$ 441,632	\$ 720,924

* Estimated annual premium includes Multi-Program Discount - assumes participation in two pooled programs

- After review of the two proposals, staff recommends joining the ACWA/JPIA since it offer significant advantages to the Agency in terms of cost and services related to liability protection, property protection, and coverage for other risks. Below are the conditions for participating in ACWA/JPIA:
 - Participation requires an initial three-year commitment
 - Favorable Risk Assessment
 - New applications require ACWA/JPIA Executive Committee approval
 - Membership in ACWA
- ACWA JPIA will provide on-going, high quality training opportunities for employees to help improve operations and reduce or eliminate potential losses.
- **Zone 7 Timeline:** The Agency will work with the County, ACWA/ JPIA to get the most advantageous timeline to transition Liability Coverage and Property Coverage and expects that process to occur over a 1-year period.

- **County Timeline:** Liability Coverage with County will terminate June 30, 2019 and Property Coverage with County will renew March 3, 2019. All claims that are open and working during the dates of coverage will continue to be processed.
- **ACWA/JPIA Timeline:** The ACWA/JPIA Executive Committee will meet on May 6 and June 4, 2019. We anticipate going before the ACWA/JPIA Executive Committee on May 6, 2019 to be able to meet the July 1st start of the General Liability insurance coverage.

RECOMMENDATION:

Staff recommends the Board of Directors adopt a resolution consenting to join the property, liability and excess crime insurance program of the Association of California Water Agencies/Joint Powers Insurance Authority. The annual premium amount is estimated at \$450,000.

ATTACHMENTS:

Resolution
ACWA/JPIA Coverage Proposal

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

**Consent to Enter the Property, Liability and Excess Crime Insurance Program
("Joint Protection Program") of the Association of California Water Agencies
Joint Powers Insurance Authority (ACWA/JPIA)**

WHEREAS, Zone 7 Water Agency ("Agency") was established in 1957 to provide flood protection services and to furnish water for municipal, industrial and agricultural uses in eastern Alameda County; and

WHEREAS, The Agency currently subscribes all insurance coverage from the County of Alameda, Risk Management Department (Alameda County); and

WHEREAS, The Agency has obtained estimated premiums for the Property Program of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) at a rate that is equal to or less than the current premiums being paid to Alameda County; and

WHEREAS, the Agency desired to participate in the ACWA/JPIA's Property Program;
and

WHEREAS, pursuant to the provisions of Section 990, 990.4, 990.8, and 6500 of the Government Code, this Agency wishes to enter into an agreement with various other districts entitled "Joint Powers Agreement: Creating the Association of California Water Agencies/Joint Powers Insurance Authority" (the Authority), for the purpose of participating in the Joint Powers Insurance Authority created thereby, which since its formation has provided for and administered joint protection programs as more fully set forth in said agreement; and

WHEREAS, said joint protection programs offer significant advantages to this Agency in terms of cost, liability protection, property protection, and services, and entering such programs, on the conditions hereinafter set forth, appears to be in the best interest of the Agency; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District:

Section 1. That the Alameda County Flood Control and Water Conservation District, Zone 7 hereby consents pursuant to the above-mentioned Joint Powers Agreement, and the resolutions and policies enacted in implementation of such Agreement, to enter said joint protection programs.

Section 2. That the Agency hereby consents to join the Insurance Program (General Liability, Property and Excess Crime Liability) sponsored by ACWA/JPIA.

Section 3. That the General Manager is hereby authorized to pay to the ACWA/Joint Powers Insurance Authority its first deposit premium.

Section 4. That the General Manager discusses and execute any necessary agreements with the Alameda County regarding transitioning the Agency Property, Liability and Excess Crime Insurance Program to ACWA/JPIA.

Section 5. That the General Manager to negotiate and execute the necessary agreements establishing a three-year commitment for liability, property and excess crime insurance coverage with Association of California Water Agencies/Joint Powers Insurance Authority.

Section 6. That the Acting Executive Assistant is directed to certify a copy of this resolution and to forward the same resolution to the Association of California Water Agencies/Joint Powers Insurance Authority, P.O. Box 619082, Roseville, California, 95661, at which time coverage will commence the 1st day of July 2019.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

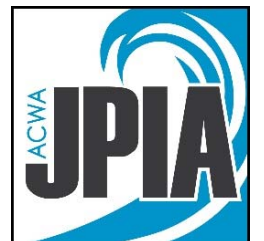
I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on April 17, 2019.

By: _____
President, Board of Directors



Coverage – Proposal

Alameda County Flood Control & Water Conservation District Zone 7 Water Agency



March 6, 2019



Liability Coverage Quotation

LIABILITY PROGRAM LIMIT \$60,000,000 *

SUB-LIMIT:

Subsidence - \$20,000,000

INCLUDES

- | | |
|---|--------------------------------|
| Bodily Injury | Property Damage |
| Errors & Omissions | Employment Practices Liability |
| Public Officials Errors & Omissions Liability | Inverse Condemnation |
| Accidental Pollution Liability | Automotive Liability |

**Coverage afforded for drones that follow FAA Rules and Regulations Part 107 of Title XIV*

Retrospective Allocation Point (RAP) **\$100,000**

10/1/18 TO 10/1/19 ESTIMATED DEPOSIT PREMIUM \$321,828**

**Deposit premium is based on estimated annual payroll \$18,982,563; is subject to review of updated loss history; and assumes participation in two JPIA pooled programs.

CYBER AND TECHNOLOGY LIABILITY COVERAGE

Included with Liability Program

Limit of Coverage **\$3,000,000 per claim**

..... **\$5,000,000 policy aggregate**

INCLUDES

- Third Party Liability Coverage
- First Party Coverage

RETENTION SCHEDULE

- Revenue:
- <\$5,000,000 \$10,000
 - \$5,000,000 to \$25,000,000 \$25,000
 - >\$25,000,000 \$50,000



Property Coverage Quotation

PROPERTY PROGRAM LIMIT **\$500,000,000**

SUB-LIMITS:

Accidental Mechanical Breakdown	\$ 100,000,000	
Loss of Business Income	\$ 100,000,000	(must report net annual revenues)
Extra Expense	\$ 50,000,000	
Off Premises Service Interruption	\$ 25,000,000	
Flood – Program Aggregate	\$ 25,000,000	
Zones A or V	\$ 10,000,000	
Earthquake – Program Aggregate	\$ 2,500,000	*
Money & Securities	\$ 2,500,000	
Employee Dishonesty	\$ 100,000	*
Cyber Liability – Program Aggregate	\$ 2,000,000	

*higher limits can be purchased

INSURABLE VALUES:

DESCRIPTION	REPORTED VALUES	RATE PER \$100	ANNUAL PREMIUM
Buildings, Fixed Equipment, Personal Property	\$ 152,060,729	\$ 0.081	\$ 106,747*
Mobile Equipment	\$ 1,157,219	\$ 0.1215	\$ 1,195*
Vehicles	55 Units	Varies	\$ 12,572*
	JPIA Multi Program – Discount	2%	(\$ 2,410)
*Deductible discount applied **subject to underwriting review by insurance carrier		Estimated Deposit Premium	\$118,104**

DEDUCTIBLES:

Buildings/Fixed Equipment/Personal Property/Business Income	\$10,000 per loss
Mobile Equipment	\$5,000 per loss
Auto Physical Damage	\$2,500 per loss
Accidental Mechanical Breakdown	
Turbine Units & Associated Equipment, Electrical Generators, & Electrical Power Distribution	\$50,000
All other objects.....	\$25,000
Service Interruption.....	24 Hour Waiting Period
Earthquake.....	5%, subject to minimum \$75,000
Flood – All Zones	\$100,000
Cyber Liability	\$50,000



Excess Crime Coverage Quotation

GROUP PURCHASE
Limit of Coverage\$1,000,000

INCLUDES

- Public Employee Dishonesty
- Forgery or Alteration
- Computer Fraud
- Faithful Performance of Duty

Deductible \$1,000

ESTIMATED ANNUAL PREMIUM 7/1/18 TO 7/1/19

Estimated Annual Premium \$1,700

*Subject to carrier's review of completed application



Zone 7

Premium Summary

March 6, 2019

Program	Program Dates	Limit of Coverage	Estimated Annual Premium
1. Liability Coverage * General Liability * Auto Liability * EPL * E&O * Inverse Condemnation * Drone Liability * Cyber	10/1/2018-10/1/2019	\$60 Million \$3 Million/\$5 Million	\$321,828
2. Property Coverage * Buildings * Fixed equipment * Personal Property * Business Income * Mobile Equipment * Vehicles *Crime Coverage	7/1/2018-7/1/2019	\$500 million \$100,000	\$118,104
3. Excess Crime Coverage	7/1/2018-7/1/2019	\$1,000,000	\$1,700

Estimated annual premium includes Multi-Program Discount – assumes participation in two pooled programs

CONDITIONS:

1. Participation in pooled programs requires an initial three-year commitment;
2. Favorable Risk Assessment;
3. New applications require ACWA JPIA Executive Committee approval.