

**MEETING OF THE ADMINISTRATIVE COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
4040 PARAMOUNT BOULEVARD, LAKEWOOD, CALIFORNIA 90712
12:00 P.M., MONDAY, AUGUST 8, 2011**

AGENDA

Each item on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Items listed as "For information" or "For discussion" may also be the subject of an "action" taken by the Board or a Committee at the same meeting.

- 1. DETERMINATION OF QUORUM**
- 2. PUBLIC COMMENT**
- 3. MINUTES OF THE MEETING OF JULY 11, 2011**
Staff Recommendation: For approval.
- 4. ACWA JPIA INSURANCE COVERAGE**
Staff Recommendation: Recommend to the Board of Directors to issue a Request for Qualifications (RFQ) for Insurance and Risk Management Services.
- 5. ADMINISTRATIVE CODE REVISIONS**
Staff Recommendation: Discuss any Administrative Code revisions and recommend that the Board consider adoption of any such revisions as recommended by the Committee.
- 6. DEPARTMENT REPORT**
Staff Recommendation: For information.
- 7. DIRECTOR'S REPORTS, INQUIRIES AND FOLLOW-UP OF DIRECTIONS TO STAFF**
- 8. ADJOURNMENT**

Posted by Abigail C. Andom, Deputy Secretary, August 4, 2011.

In compliance with the Americans with Disabilities Act (ADA), if special assistance is needed to participate in the Board meeting, please contact Deputy Secretary Abigail Andom at (562) 921-5521 for assistance to enable the District to make reasonable accommodations.

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 4040 Paramount Boulevard, Lakewood, California 90712.

Agendas and minutes are available at the District's website, www.wrd.org.

UNAPPROVED
MINUTES

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**MINUTES OF JULY 11, 2011
MEETING OF THE ADMINISTRATIVE COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A meeting of the Administrative Committee of the Board of Directors of the Water Replenishment District of Southern California was held on July 11, 2011 at 12:15 p.m. at the District Office, 4040 Paramount Boulevard, Lakewood, California. Chairperson Willard H. Murray, Jr. called the meeting to order and presided thereover. Deputy Secretary Abigail C. Andom recorded the minutes.

1. DETERMINATION OF QUORUM

Attendees included:

Committee: Directors Willard H. Murray, Jr. and
Lillian Kawasaki
Staff: Scott Ota, Jenna Shaunessy,
Special Counsel David Alvarez and
Special Counsel Wendy Tseng of Leal & Trejo

2. PUBLIC COMMENT

None.

3. MINUTES OF THE MEETING OF JUNE 13, 2011

The minutes were approved as submitted.

4. ACWA JPIA INSURANCE COVERAGE

Manager of Finance and Administration Jenna Shaunessy stated that Board President Sergio Calderon requested the Administrative Committee to review the District's insurance policies for liability, property and workers compensation coverage. Ms. Shaunessy stated that the District contracts with the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), a risk-sharing pool available only to public entities. She explained that the coverages are unique to water agencies and not all water agencies are accepted into the JPIA.

Chief Financial Officer Scott Ota stated that Article 22 of the agreement with JPIA states that after the initial three-year non-cancellable commitment to each pooled joint protection program, a member may withdraw only at the end of the program's policy year, provided it has given the JPIA a twelve-month written notice of its intent to withdraw from said pooled joint protection program. Further, he added that no later than ninety (90) days prior to the end of said pooled joint protection program's policy year, any member shall make clear to the JPIA its final decision on

withdrawal. He stated that the District's insurance coverage ends on the following dates:

- Workers' Compensation – 7/1/12
- Liability Insurance – 10/1/12
- Property Insurance Program – 4/1/13

Discussion followed. The Committee recommended staff send ACWA JPIA a letter of intent to withdraw and requested staff to come back to the Committee with additional information on alternatives and other risk-based pooled programs. The Committee requested the information be provided at a Special Administrative Committee meeting to be held on July 19 at 2:00 p.m.

5. INSURANCE REQUIREMENTS FOR SMALL BUSINESSES

Mr. Ota stated that Director Rob Katherman requested the Administrative Committee to review the District's insurance requirements to determine if the requirements prohibit small businesses from contracting with the District.

Special Counsel David Alvarez stated that ACWA JPIA recommended the minimum insurance requirements to protect the District from greater risk of loss.

Discussion followed. The Committee recommended no change to the existing insurance requirements since small businesses are not inhibited from contracting with the District.

6. DEPARTMENT REPORT

Ms. Shaunessy referred to the written report and provided an update on the Department's activities.

7. DIRECTOR'S REPORTS, INQUIRIES AND FOLLOW-UP OF DIRECTIONS TO STAFF

The next Administrative Committee meeting is scheduled August 8, 2011 at 12:00 p.m.

8. ADJOURNMENT

With no other business to come before the Committee, the meeting was adjourned at 1:15 p.m.

Chair

ATTEST:

Member



MEMORANDUM

ITEM NO. 4

Prepared by: Scott M. Ota

Reviewed by: Scott M. Ota

Approved by: Robb Whitaker

DATE: AUGUST 8, 2011
TO: ADMINISTRATIVE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: ACWA JPIA INSURANCE COVERAGE

SUMMARY

At the June 23, 2011 Special Meeting of the Board of Directors, President Calderon requested that the Administrative Committee review the District's Insurance Policies for Liability, Property and Workers' Compensation.

The District currently contracts with the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority (JPIA). The agreement is entered into by Members pursuant to the provisions of the California Government Code §§ 990, 990.4, 990.8 and 6500 et seq., in order to provide comprehensive and economical public liability, workers' compensation, unemployment, health, accident and/or dental, and property coverage, or coverage for other risks to which the Board of Directors may agree.

The WRD utilizes the ACWA JPIA risk-sharing pools which are a cost-effective form of risk management available only to public entities, allowing them to bypass the high cost of commercial insurance. The coverages provided by this risk-sharing arrangement are unique to water agencies. Additionally, not all water agencies are accepted into the JPIA. Prospective members must demonstrate a commitment to effective risk management programs.

In a pooled insurance program, all members share premiums and losses. The quality of agency management, the control of losses, and sound safety programs are vitally important to every member of the Pool. Periodically, the JPIA has a formal assessment performed by a JPIA Risk Management Consultant. This assessment helps to ensure that members of the Pool are conforming to the JPIA's requirements which keeps premium and losses to a minimum. The WRD recently had an assessment of our policies and procedures which were deemed in compliance with JPIA's requirements.

WITHDRAWAL FROM ACWA JPIA COVERAGE

Article 22 of the JPIA Agreement ("the Agreement") states the following:

Article 22 — Withdrawal

- (a) A Member may withdraw as a party to this Agreement any time prior to its consenting in writing to enter the joint protection program.

- (b) A Member that does not consent in writing to enter the joint protection program must withdraw as a party to this Agreement prior to the effective date of the program, or it will be considered to have voluntarily withdrawn upon such effective date.
- (c) A Member that enters or has entered any pooled joint protection program may not withdraw as a participant of that program, as a party to this Agreement, or as a Member of the Authority, for a three-year period commencing on the Member's date of entry into said pooled joint protection program.
- (d) After the initial three-year non-cancellable commitment to each pooled joint protection program, a Member may withdraw only at the end of said program's Policy Year, provided it has given the Authority a twelve-month written notice of its intent to withdraw from said pooled joint protection program.
 - (1) No later than ninety (90) days prior to the end of said pooled joint protection program's policy Year, any Member having given an Article 22 (d) conditional notice shall make clear to the Authority its final decision on withdrawal. Final notice of actual withdrawal must be given instructed to rely on such final notice received on or before ninety (90) days prior to the end of the program's Policy Year, and no rescission of such final notice can be made after close of business ninety (90) days prior to the end of the program's Policy Year. If no such final notice is received by close of business on the required date, staff shall treat the original notice with all its conditions and ambiguities as final notice of withdrawal.
 - (2) Any participation by a former Member must be effected as a new Member. No benefits will be held over from the withdrawing Member's former status as a previous program participant.
- (e) Members may withdraw from any group purchase program at the conclusion of its Policy Year, without being required to give the twelve-month written notice required for withdrawal from pooled joint protection programs.
- (f) A Member may not withdraw as a party to this Agreement nor as a member of the Authority until it has withdrawn from all of the programs of the Authority.

With the Administrative Committee's approval, staff sent a letter to ACWA notifying them of our intent to withdraw from the JPIA Liability Property and Workers Compensation Programs (see attached acknowledgment letter). Based on Article 22(d) (1), the WRD must confirm its final decision on withdrawal no later than 90 days prior to the end of the pooled joint protection program's policy year. The soonest the District can withdraw from each pooled insurance program is as follows:

- Liability Insurance – 10/1/12
- Property Insurance Program – 4/13/13
- Workers' Compensation – 7/1/13

UPDATE

Since the Administrative Committee met on July 11, 2011, staff has contacted other local water agencies to find out how they manage their liability and workers compensation programs. We received the following results:

Bellflower Municipal Water District	Grundy Insurance
Eastern Municipal Water District	Goodwin & Associates
La Habra Heights County Water District	ACWA
MWD	Self Insured
Orange County Water District	ACWA
Orchard Dale Water District	ACWA
Pico Water District	ACWA
San Gabriel Valley Water District	ACWA
Sativa Los Angeles County Water District	ACWA
South Montebello Irrigation District	ACWA
West Basin Municipal Water District	ACWA
Three Valleys Municipal Water District	Self Insured
Mesa Consolidated Water District	ACWA

Staff has contacted 50+ insurance companies and only a handful of companies can meet the requirements of the District's current coverage. We have identified the following insurance brokers that can assist the WRD in our search for alternative coverage:

1. Lambent Risk Management Services
2. Lockton Insurance Brokerage
3. Hamilton Brewart Insurance Agency
4. HUB International Limited – also represents Grundy
5. Goodwin & Associates – Declined to provide a proposal

As of the date of this report, staff has had conference calls with HUB International Limited and Hamilton Brewart. These calls consisted of staff explaining the insurance requirements and coverage that the District currently has with ACWA JPIA, along with the firms providing WRD with their qualifications as insurance brokers/risk managers. Additionally, staff is preparing to meet with Lockton on Wednesday, August 3rd. Staff will provide an update to the committee.

The earliest WRD can change insurance coverage is October 2012, therefore staff suggests obtaining approval from the Board of Directors to issue a Request for Qualifications (RFQ) for Insurance Services to obtain the widest selection of insurance brokers and risk management companies that may assist the WRD in our efforts.

FISCAL IMPACT

None at this time.

STAFF RECOMMENDATION

Recommend to the Board of Directors to issue a Request for Qualifications (RFQ) for Insurance and Risk Management Services.



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Lou Reinkens



July 21, 2011

Water Replenishment District of Southern California
4040 Paramount Blvd.
Lakewood, CA 90712-0712

**RE: NOTICE OF INTENT TO WITHDRAW
JPIA COVERAGE PROGRAMS**

Dear Mr. Whitaker,

This letter acknowledges receipt of the District's letter dated July 13, 2011 regarding its intent to withdraw from the JPIA Liability Property and Workers Compensation Programs

Under the Joint Powers Agreement, Article 22(d), the Member Agency may withdraw only at the end of said program's Policy Year; therefore the intent to withdraw from each Program will be as follows:

- Liability Program shall be considered effective October 1, 2012
- Property Program shall be considered effective April 1, 2013
- Workers Compensation shall be considered effective July 1, 2013.

Under the Joint Powers Agreement, Article 22(d)(1), the Member Agency must confirm to the JPIA its final decision on withdrawal no later than 90 days prior to the end of the pooled joint protection program's policy year. The following dates at close of business will be deadline that the District may rescind its intent to withdraw:

- Liability Program: July 2, 2012
- Property Program: January 2, 2013
- Workers' Comp. Program: April 1, 2013

If notice to rescind is not received by the JPIA, the original letter will be honored and the District will have to withdraw. For complete details, please refer to Article 22 of the Joint Powers Agreement.

Sincerely,

Nidia Watkins
Member Services Representative
800.231.5742

c Willard Murray, Jr., JPIA Director



MEMORANDUM

ITEM NO. 5

Prepared by: J H Shaunessy

Reviewed by: Scott Ota

Approved by: Robb Whitaker

DATE: AUGUST 8, 2011
TO: ADMINISTRATIVE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: ADMINISTRATIVE CODE REVISIONS

SUMMARY

Changes to the Administrative Code will be presented and discussed at the meeting.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Discuss any Administrative Code revisions and recommend that the Board consider adoption of any such revisions as recommended by the Committee.



MEMORANDUM

ITEM NO. 6

Prepared by: J H Shaunessy

Reviewed by: Scott Ota

Approved by: Robb Whitaker

DATE: AUGUST 8 2011

TO: ADMINISTRATIVE COMMITTEE

FROM: ROBB WHITAKER, GENERAL MANAGER

SUBJECT: DEPARTMENT REPORT

SUMMARY

Staff has been working on the following projects:

- Worked with Interim District Counsel on seven California Public Records Requests (CPRA) from Sedgwick on behalf of Central Basin Municipal Water District
- Worked with Interim District Counsel on one California Public Records Request (CPRA) from news agency
- Met with recruiter regarding candidates for the Assistant General Manager position and continued to manage the recruitment process
- Continued to facilitate the Senior Hydrogeologist recruitment process to fill the position recently left vacant by a previous employee retiring. Interviews are scheduled
- July 21, 2011 held Email and Internet Usage Training Session for all staff
- Researched insurance alternatives to ACWA/JPIA insurance coverage. Developed matrix to track consistency of coverage
- Prepared monthly Director's expenses
- Provided documentation for the MOU negotiation process
- Arranged building safety inspection for fire alarm system
- Made arrangements to meet with Standard and Poor's as well as Fitch Rating agencies regarding District bond issuance
- July 12, 2011 attended and prepared minutes for the Special External Affairs Committee meeting

- July 20, 2011 made arrangements for and staffed Ad Hoc Redistricting Committee meeting
- July 20, 2011 attended and prepared minutes for the Finance Committee meeting
- July 22, 2011 attended and prepared minutes for Special Board of Directors meeting
- August 3, 2011 attended and prepared minutes for Water Resources Committee meeting
- August 5, 2011 attended and prepared minutes for the Board Meeting
- Assisted in preparing for various Ad Hoc Committee meetings (Ad Hoc Bond Financing, Ad Hoc Work Force, Ad Hoc Labor Negotiations, Ad Hoc Redistricting, Ad Hoc GRIP, Ad Hoc Emergency Preparedness and Ad Hoc Building Committee)
- Continued work on various personnel, human resource and legal issues

FISCAL IMPACT

None

STAFF RECOMMENDATION

For information.