

Agenda Report Reviewed by:

City Manager:

CITY OF SEBASTOPOL
CITY COUNCIL
AGENDA ITEM

Meeting Date: May 4, 2021
To: Honorable Mayor and City Councilmembers
From: City Administration
Subject: Approval of All Actions Associated with Participation in Employment Risk Management Authority (ERMA); California Intergovernmental Risk Authority (CIRA's) Joint Employment Practices Liability; and Workers Compensation Programs

- Recommendation** City Council Approve:
1. A Resolution Authorizing Participation in the Employment Risk Management Authority (ERMA); and
 2. A Resolution Authorizing Participation in California Intergovernmental Risk Authority (CIRA) Workers Compensation Program effective July 1, 2021; and
 3. A Resolution Authorizing application to the Director of Industrial Relations, State of California for a certificate of consent to self-insure workers' compensation liabilities.

Funding: Currently Budgeted: Yes No N/A
Net General Fund Cost:
If Cost to Other Fund(s),
Fund:

Account Code/Costs authorized in City Approved Budget (if applicable) AK (verified by Administrative Services Department)

INTRODUCTION/PURPOSE:

This item is to request that the City Council Adopt Resolution Authorizing Participation in the California Intergovernmental Risk Authority (CIRA) Effective 07/01/21or California Intergovernmental Risk Authority, with regard to the Workers' Compensation Program.

BACKGROUND:

Rather than purchase commercial insurance through a commercial insurance carrier, the City of Sebastopol participates in an intergovernmental arrangement through which a group of cities and towns (referred to as the members) contribute to a shared fund that pays for liability and workers' compensation claims and provides risk management services. That fund is often commonly referred to as a pool. Pools are empowered to exist through the sections of the California Government Code known as joint powers authority (JPA), which allow two or more like entities to pool funds to pay for claims.

The City of Sebastopol participates in a pool named the Redwood Empire Municipal Insurance Fund (REMIF). REMIF is merging with another pool named the Public Agency Risk Sharing Authority (PARSAC) to become the California Intergovernmental Risk Authority (CIRA). CIRA, like REMIF, will function as an extension of the City of Sebastopol and will be governed by a board of directors comprised of members in the pool.

The City of Sebastopol will become a member of the California Intergovernmental Risk Authority (CIRA) on July 1, 2021, which will obtain employment practices liability (EPL) coverage for its members from ERMA, a

statewide risk sharing pool that provides EPL coverage and loss prevention services to California public entities. Additionally, when CIRA becomes operational, the City will be joining this self-insured Workers Compensation program. The program claims are managed by a third-party administrator, Athens.

DISCUSSION:

The City is currently insured for EPL through our general liability insurance. However, in the discussions leading up to the formation of CIRA, there was broad agreement that although EPL claims are infrequent, there should be a better system to prevent claims and assist members when a claims do occur. To continue participation in the workers' compensation program, but moving the program from REMIF to CIRA, requires application and approval from the California Department of Industrial Relations (DIR), the Division of Workers' Compensation. Further, the DIR requires approval and authorization by the pool members to participate in the CIRA workers' compensation program, effective 7/1/2021. With the merger, new claims with a date of loss on or after 07/01/21 will fall under the obligation of CIRA. Further, the attached resolution authorizes staff to execute any other document(s) (such as the application) that may be necessary or appropriate to enter into and implement the agreement on behalf of the CITY. Lastly, the resolution consents the City of Sebastopol to be governed and abide by the master program documents, the memoranda of coverage, and other documents and policies that are adopted by CIRA.

PUBLIC COMMENT:

As of the writing of this staff report, the City has not received any public comment. However, if staff receives public comment from interested parties following the publication and distribution of this staff report such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the "Public Comment" portion of the City Council discussion.

PUBLIC NOTICE:

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to schedule meeting date.

FISCAL IMPACT:

No funding impact

RECOMMENDATION:

Staff recommends Council Adopt Resolution Authorizing Participation in the California Intergovernmental Risk Authority (CIRA) Effective 07/01/21 or California Intergovernmental Risk Authority, with regard to the Workers' Compensation Program

Attachment(s):

1. Resolution Authorizing Participation in the Employment Risk Management Authority (ERMA)
2. A Resolution Authorizing Participation in California Intergovernmental Risk Authority (CIRA) Workers Compensation Program effective July 1, 2021
3. Application
4. A Resolution Authorizing application to the Director of Industrial Relations, State of California for a certificate of consent to self-insure workers' compensation liabilities.

RESOLUTION NO.
RESOLUTION OF THE CITY OF SEBASTOPOL AUTHORIZING PARTICIPATION IN THE
EMPLOYMENT RISK MANAGEMENT AUTHORITY

WHEREAS, the City of Sebastopol wishes to obtain Employment Practices Liability coverage for the period beginning on July 1, 2021; and

WHEREAS, the Employment Risk Management Authority (ERMA) is a self-insured joint powers authority created for the sole purpose of Employment Practices Liability Coverage. ERMA is comprised of various public entities who risk share up to \$1 million against potentially unlawful employment practices and discrimination claims; and

WHEREAS, ERMA formed primarily due to the fact that government entities have not historically been able to secure Employment Practices Liability (EPL) coverage at a competitive cost through the commercial insurance marketplace; and

WHEREAS, ERMA has met all of the high professional standards established by the California Association of Joint Powers Authorities (CAJPA) in the areas of governance, finance, claims control, safety and loss control and ERMA is fully accredited by CAJPA. CAJPA's accreditation process requires reviews by independent consultants in the areas of accounting, claims adjusting, and actuarial analysis; and

WHEREAS, ERMA provides services to both Joint Powers Insurance Authorities and individual public entities; and

WHEREAS, the City of Sebastopol has determined that it is in the best interest to become a member of ERMA for the purpose of obtaining Employment Practices Liability coverage; and

WHEREAS, ERMA requires the City of Sebastopol to pass a resolution expressing the desire and commitment of the City of Sebastopol's participation in ERMA, which requires a three year minimum participation period. City of Sebastopol also understands our entity will be bound by the provisions in the ERMA Joint Powers Agreement just as though it were fully set forth and incorporated herein whether our entity had signed it individually or through an underlying Joint Powers Insurance Authority.

WHEREAS, the action of joining ERMA does not constitute a project as defined by California Environmental Quality Act Guidelines Section 15378; therefore, no further environmental review is required.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF SEBASTOPOL THAT:

1. The City of Sebastopol approves participation in ERMA starting on July 1, 2021; and
2. The City Manager on behalf of the City of Sebastopol is hereby authorized to take any and all actions necessary to implement the foregoing resolution.

IT IS HEREBY CERTIFIED that the foregoing resolution was duly adopted at a regular meeting of the City Council of the City of Sebastopol held on the 4th day of May 2021, by the following vote:

VOTE:

AYES:

NOES:
ABSENT:
ABSTAIN:

APPROVED: _____
Una Glass, Mayor

ATTEST: _____
Mary Gourley, MMC, Assistant City Manager/City Clerk

APPROVED AS TO FORM: _____
Larry McLaughlin, City Attorney

Resolution No. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL AUTHORIZING PARTICIPATION IN THE CALIFORNIA INTERGOVERNMENTAL RISK AUTHORITY (CIRA) EFFECTIVE JULY 1, 2021 OR CALIFORNIA INTERGOVERNMENTAL RISK AUTHORITY WITH REGARD TO THE WORKERS' COMPENSATION PROGRAM

WHEREAS, the City of Sebastopol participates in a pool named the Redwood Empire Municipal Insurance Fund (REMIF). REMIF is merging with another pool named the Public Agency Risk Sharing Authority (PARSAC) to become the California Intergovernmental Risk Authority (CIRA). CIRA, like REMIF, will function as an extension of the City of Sebastopol and will be governed by a board of directors comprised of members in the pool; and

WHEREAS, rather than purchase commercial insurance through a commercial insurance carrier, the City of Sebastopol participates in an intergovernmental arrangement through which a group of cities and towns (referred to as the members) contribute to a shared fund that pays for liability and workers' compensation claims and provides risk management services; and

WHEREAS, the City of Sebastopol will become a member of the California Intergovernmental Risk Authority (CIRA) on July 1, 2021, which will obtain employment practices liability (EPL) coverage for its members from ERMA, a statewide risk sharing pool that provides EPL coverage and loss prevention services to California public entities; and

WHEREAS, with the merger, new claims with a date of loss on or after 07/01/21 will fall under the obligation of CIRA. Further, the attached resolution authorizes staff to execute any other document(s) (such as the application) that may be necessary or appropriate to enter into and implement the agreement on behalf of the CITY; and

WHEREAS, the resolution consents the City of Sebastopol to be governed and abide by the master program documents, the memoranda of coverage, and other documents and policies that are adopted by CIRA; and

WHEREAS, the City of Sebastopol Council is asked to adopt the attached resolution and further direct staff to work with the CIRA on steps necessary to ensure participation in the workers' compensation program; and

WHEREAS, the City of Sebastopol wishes to participate in the California Intergovernmental Risk Authority (CIRA) coverage for the period starting on July 1, 2021; and

NOW, THEREFORE, BE IT RESOLVED that the City of Sebastopol approves participation in ERMA on July 1, 2021; and

BE IT FURTHER RESOLVED that the City Manager on behalf of the City is hereby authorized to take any and all actions necessary to implement the foregoing resolution.

IN COUNCIL DULY PASSED this 4th day of May 2021 by the following vote:

VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED: _____
Una Glass, Mayor

ATTEST: _____
Mary Gourley, MMC, Assistant City Manager/City Clerk

APPROVED AS TO FORM: _____
Larry McLaughlin, City Attorney

State of California
Department of Industrial Relations
Office of Self-Insurance Plans
11050 Olson Drive, Suite 230
Rancho Cordova, Ca. 95670
Phone (916) 464-7000
Fax (916) 464-7007



State of California
Department of Industrial Relations
OFFICE OF SELF-INSURANCE PLANS

**APPLICATION FOR CERTIFICATE OF CONSENT
TO SELF-INSURE AS A PUBLIC AGENCY EMPLOYER SELF-INSURER**
All questions must be answered. If not applicable, enter "N/A".

To the Director of the Department of Industrial Relations: The public agency employer identified below submits the following information to obtain a Certificate of Consent to Self-Insure the payment of workers' compensation under California Labor Code Section 3700.

LEGAL NAME OF APPLICANT (Show exactly as on Charter or other official documents):

Address: _____

City: _____ State: _____ Zip + 4: _____ - _____

Federal Tax ID # of Group: _____

CONTACT - Who Should Correspondence Regarding This Applicant Be Addressed To:

Name: _____ Title: _____

Company Name: _____

Address: _____

City: _____ State: _____ Zip + 4: _____ - _____

Phone: _____ E-Mail: _____

TYPE OF PUBLIC ENTITY (Check one):

City and/or County School District Police and/or Fire District Hospital District

Joint Powers Authority Other (describe): _____

TYPE OF APPLICATION (Check one):

New Application Reapplication (Merger/Unification) Reapplication (Name Change)

Other (describe): _____

NOTE: ONLY CLAIMS WITH DATES OF INJURY AFTER 7/1/2021 WILL BE INCLUDED IN THIS MOVE. REMIF WILL MAINTAIN RESPONSIBILITY FOR ALL CLAIMS WITH DATES OF INJURY PRIOR TO 7/1/2021.

Date Self-Insurance Program will begin: _____

CURRENT WORKERS' COMPENSATION PROGRAM

Currently Insured with State Fund Policy # _____ Expiration Date: _____

Currently Self Insured, Certificate # _____

Other (describe): _____

CLAIMS ADMINISTRATION

Who will be administering your agency's workers' compensation claims? (Check one)

JPA will administer

Third Party Administrator, TPA Certificate # _____

Public entity will self-administer

Insurance Carrier will administer

Name of Third Party Administrator:

Name: _____ Title: _____

Company Name: _____

Address: _____

City: _____ State: _____ Zip + 4: _____ - _____

Phone: _____ E-Mail: _____

of claims reporting locations to be used to handle Agency's claims: _____

Does applicant currently have a California Certificate of Consent to Self-Insure? Yes No

If yes, what is the current Certificate Number: _____

Total Number of Affiliate's California employees to be covered by Group: _____ N/A

AGENCY EMPLOYER

Current # of Agency Employees: _____ # of Public Safety Employees (police//fire): _____

If school District, # of certificated employees: _____ N/A

Will all Agency employees be covered by this self-insurance plan? Yes No

If 'No', explain who is not covered and how workers' compensation coverage will be provided to the excluded employees:

JOINT POWERS AUTHORITY

Will applicant be a member of a JPA for workers' compensation ?

Yes No (If 'yes', complete the following)

Effective date of JPA Membership: _____ JPA Certificate # _____

Name of JPA: _____

NOTE: CIRA FORMERLY KNOWN AS PUBLIC AGENCY RISK SHARING AUTHORITY OF CALIFORNIA (PARSAC), NAME CHANGE EFFECTIVE 7/1/2021. REMIF WILL MAINTAIN RESPONSIBILITY FOR ALL CLAIMS WITH DATES OF INJURY PRIOR TO 7/1/2021. ONLY CLAIMS WITH DATES OF INJURY ON OR AFTER 7/1/2021 WILL BE INCLUDED IN THIS MOVE.

AGENCY SAFETY PROGRAM

Does the Agency have a written Injury and Illness Prevention Program (IIPP)? Yes No

Individual responsible for Agency workplace safety and IIPP program:

Name: _____ Title: _____

Company Name: _____

Address: _____

City: _____ State: _____ Zip + 4: _____ - _____

Phone: _____ E-Mail: _____

SUPPLEMENTAL COVERAGE

1.) Will your program be supplemented by any insurance or pooled coverage under a **STANDARD** workers' compensation insurance policy? Yes No (If 'Yes', complete the following):

Name of Excess Pool/Carrier: _____

Policy #: _____ Effective Date of Coverage: _____

2.) Will your program be supplemented by any insurance or pooled coverage under a **SPECIFIC EXCESS** workers' compensation insurance policy? Yes No (If 'Yes', complete the following):

Name of Excess Pool/Carrier: _____

Policy #: _____ Effective Date of Coverage: _____

Retention Limits: _____

3.) Will your program be supplemented by any insurance or pooled coverage under an **AGGREGATE EXCESS** (stop loss) specific excess workers' compensation insurance policy? Yes No (If 'Yes', complete the following):

Name of Excess Pool/Carrier: _____

Policy #: _____ Effective Date of Coverage: _____

Retention Limits: _____

RESOLUTION FROM GOVERNING BOARD

Attach a properly executed Governing Board Resolution. See attached sample resolution on page 5.

CERTIFICATION

The undersigned on behalf of the applicant hereby applies for a Certificate of Consent to Self-Insure the payment of workers' compensation liabilities pursuant to Labor Code Section 3700. The above information is submitted for the purpose of procuring said Certificate from the Director of Industrial Relations, State of California. If the Certificate is issued, the applicant agrees to comply with applicable California statutes and regulations pertaining to the payment of compensation that may become due to the applicant's employees covered by the Certificate.

X _____ DATE: _____
SIGNED: Authorized Official / Representative

Printed Name

Title

Agency Name

RESOLUTION NO.: _____ DATED: _____

**A RESOLUTION AUTHORIZING APPLICATION
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA
FOR A CERTIFICATE OF CONSENT TO SELF-INSURE
WORKERS' COMPENSATION LIABILITIES**

At a meeting of the _____
(Enter Name of the Board)

of the _____
(Enter Name of Public Agency, District, Etc.)

a _____ organized and existing under the
(Enter Type of Agency, i.e., County, City, School District, etc.)

laws of the State of California, held on the _____ day of _____, 20____,

the following resolution was adopted:

RESOLVED, that the above named public agency is authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self-Insure workers' compensation liabilities and representatives of Agency are authorized to execute any and all documents required for such application.

IN WITNESS WHEREOF: I HAVE SIGNED AND AFFIXED THE AGENCY SEAL.

X _____ DATE: _____
SIGNED: Board Secretary or Chair

Printed Name

Title

Agency Name

Affix Seal Here