



**President**  
Mr. Roger Carroll  
Town of Loomis

**Vice President**  
Mr. Steve Baker  
City of Yreka

**Secretary**  
Ms. Brooke Woodcox  
City of Rio Dell

**Treasurer**  
Ms. Linda Romaine  
Town of Fort Jones

## SMALL CITIES ORGANIZED RISK EFFORT TRAINING & LONG RANGE PLANNING BOARD MEETING AGENDA

<b>A</b>	<b>Action</b>
<b>I</b>	<b>Information</b>
<b>1</b>	<b>Attached</b>
<b>2</b>	<b>Hand Out</b>
<b>3</b>	<b>Separate Cover</b>
<b>4</b>	<b>Verbal</b>
<b>5</b>	<b>Previously Mailed</b>

**Location:** Gaia Hotel  
4125 Riverside Pl  
Anderson, CA 96007

**Date:** Thursday, October 29, 2015

**Time:** Breakfast available at 8:00am

### MORNING TRAINING SESSION

*Time Certain*

8:00 am – **Breakfast & Training - SCORE Orientation for New Members and Review** **I 2**  
9:00 am **for Established Board Members**

*The Program Administrators will provide an orientation for new members and review of SCORE services, policies and procedures for established members over breakfast. Come to meet your fellow members and get your questions answered about SCORE.*

### BOARD SESSION

- |                                          |                                                                                                                                                                                                                         |            |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <i>PAGE</i>                              | <b>A. CALL TO ORDER- 9:00 am</b>                                                                                                                                                                                        |            |
| <i>9:00 am</i>                           | <b>B. ROLL CALL</b>                                                                                                                                                                                                     |            |
|                                          | <b>C. APPROVAL OF AGENDA AS POSTED</b>                                                                                                                                                                                  | <b>A 1</b> |
|                                          | <b>D. PUBLIC COMMENTS</b>                                                                                                                                                                                               |            |
|                                          | <b>E. OPENING COMMENTS</b>                                                                                                                                                                                              |            |
|                                          | <b>1. President’s Report</b>                                                                                                                                                                                            | <b>I 4</b> |
|                                          | <i>Roger Carroll will address the Board on items pertaining to SCORE.</i>                                                                                                                                               |            |
|                                          | <b>F. IMPORTANT FUNDING ITEMS</b>                                                                                                                                                                                       |            |
| <i>9:15 am –<br/>10:15 am<br/>Pg. 3</i>  | <b>1. Mini-Cities Pool Composition</b>                                                                                                                                                                                  | <b>A 1</b> |
|                                          | <i>The Board will receive analysis regarding the current composition of the Mini-Cities Pool for the Workers’ Compensation Program and may make a recommendation to change the composition of the Mini-Cities Pool.</i> |            |
| <i>10:15 am –<br/>11:15 am<br/>Pg. 7</i> | <b>2. Loss of Member Financial Impact</b>                                                                                                                                                                               | <b>A 1</b> |
|                                          | <i>The Board will receive analysis regarding the financial impact of losing a member and may recommend measures to mitigate the impact.</i>                                                                             |            |

- 11:15 am –  
12:00pm  
Pg. 11
- 3. Property Program Pooled Layer** **A 1**  
*The Board will be presented with an option to self-fund a deductible layer for the Property Program in order to reduce the overall rate for coverage.*

**G. TRAINING PRESENTATIONS**

- 12:00 pm –  
1:15 pm  
Pg. 13
- 1. EPL Update & Trends—Lunchtime Presentation** **I 2**  
*Michael Christian from Jackson Lewis will provide an update on recent legislation and case law related to Employment Practices Liability (EPL) and trends regarding EPL litigation, with time for Q&A from the members.*

- 1:15 pm –  
2:00 pm  
Pg. 14
- 2. “Lessons Learned” – Case Studies Presentation** **I 1**  
*Cameron Dewey and Marcus Beverly will present an overview of lessons learned from previous claims incurred by SCORE members and other public agencies.*

- 2:00 pm –  
3:30 pm  
Pg. 15
- 3. Social Media in the Workplace Presentation** **I 2**  
*Issues arising from employee social networking are becoming more prevalent in the workplace. This workshop will address ways to respond to inappropriate employee use of social networking media as well as when employers legally use this same media in hiring, investigations, and discipline without running afoul of employee privacy rights and anti-discrimination laws. This workshop will also discuss the First Amendment, free speech, and the limitations on discipline for off duty e-conduct.*

3:30 pm –  
3:45 pm

**BREAK**

- 3:45 pm –  
4:15 pm  
Pg. 16
- 4. Target Funding Benchmarks** **I 1**  
*Marcus Beverly will present an overview of SCORE’s financial condition relative to the funding benchmarks established by the Board.*

**H. CLOSING COMMENTS**

**I. ADJOURNMENT**

**IMPORTANT NOTICES AND DISCLAIMERS:**

*Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Michelle Minnick at Alliant Insurance at (916) 643-2715.*

*The Agenda packet will be posted on the SCORE website at [www.scorejpa.org](http://www.scorejpa.org). Documents and material relating to an open session agenda item that are provided to the SCORE Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815.*

*Access to some buildings and offices may require routine provisions of identification to building security. However, SCORE does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.*

## **MINI-CITIES POOL COMPOSITION**

### **ACTION ITEM**

**ISSUE:** SCORE's Workers' Compensation (WC) Program includes a group of smaller "Mini-Cities" members who, for purpose of calculating the annual funding, are treated as *one member*. When first established, the total payroll for the group as a whole was roughly \$1 million less than the largest Member of the WC Program. Over the years the size of the group has grown, and the makeup of the members in the Program has changed. And now this subgroup's payroll is almost \$1 million greater than the Program's largest member.

**RECOMMENDATION:** Given the change over the years the Program Administrators recommend reviewing the makeup of the Mini-Cities pool as compared to the rest of the group to determine if the makeup of the group should change by moving the larger Mini-Cities in with the rest of the members.

This recommendation includes review of two scenarios: moving the largest Mini-Cities member, Rio Dell, and moving the three largest members, Rio Dell, Loomis and Portola.

- **Rio Dell:** Moving Rio Dell results in an increase in their funding of just over 10%, and increases the remaining Mini-Cities funding by 2.76%. The rest of the regular program members see a decrease in their funding ranging from -0.62% to -3.45%. The changes are due to Rio Dell receiving a larger share of the fixed admin expenses and an increase of \$108 in the variable admin expenses. Total administration expenses increase by \$4,337 for every mini-cities member moved to the regular group.

Moving Rio Dell to the regular group also changes their Experience Modification Factor (Ex Mod) from the Mini-Cities group Ex Mod of 1.04 to 0.83, resulting in a decrease in the Shared layer funding that offsets half of the increase in admin funding, resulting in a total increase of 10%, or approximately \$8,000. The Ex Mod for the Mini-Cities increases from 1.04 to 1.08, accounting for approximately 1.76% of their total 2.76% increase.

- **Rio Dell, Loomis and Portola:** Moving the three largest Mini-Cities members, all with payrolls over \$500,000, results in a 6.24% increase to Rio Dell, down from 10% when moved alone since two more members receive a full fixed admin allocation. This also causes further decreases in the funding for the original regular members, from -1.45% to -8.41%.

Loomis and Portola see their funding increase by 15.22% and 36.61%, respectively. Loomis' increased admin expense allocation is offset by a decrease in their Ex-Mod, while Portola's funding is increased further due to an increase in their Ex-Mod, from 1.04 to 1.25.



**Small Cities Organized Risk Effort  
Board of Directors Meeting  
October 29, 2015**

The remaining Mini-Cities also receive an additional increase, from 2.76% to 7.53%, based on fewer members to share the admin expenses and a further increase in their Ex-Mod, from 1.08 to 1.13.

The Program Administrators recommend that any changes to funding due to changes in the composition of the Mini-Cities pool be phased in over a period of time, perhaps 3 to 4 years, to ease the impact on members. For example, member increases due to the change could be capped at no more than a specified amount, and/or the increase in the admin expenses could be phased in over time.

**FISCAL IMPACT:** To be determined.

**BACKGROUND:** The Mini-Cities group is a feature of the Workers' Compensation program designed to maintain reasonable and equitable funding for the smaller members.

The Board may consider stepping back from the details of the changes to address the bigger policy issues related to who should or should not be in the Mini-Cities pool, most likely based on member payroll and what is equitable to all members. Dunsmuir's payroll is less than three of the Mini-Cities but they are allocated a full share of the admin expenses as a member of the regular group. Setting a policy that states once a member crosses the \$500,000 payroll threshold they are moved to the regular group, with a period of transition to ease the impact of the increased admin expense, is an option to consider.

The attached spreadsheets illustrate the difference in funding if the largest Mini-City, Rio Dell, is moved to the regular group and if the three largest members (all with payroll greater than regular program member, Dunsmuir, at \$557,832) are moved to the regular group.

**ATTACHMENTS:**

1. Change in funding if Rio Dell is moved from the Mini-Cities group.
2. Change in funding if Rio Dell, Loomis and Portola are moved from the Mini-Cities group.

SMALL CITIES ORGANIZED RISK EFFORT  
WORKERS' COMPENSATION PROGRAM  
MOVE RIO DELL FROM MINI-CITIES ANALYSIS

Formula/Allocation	Payroll (P)	(P/\$100) x Rate	(P/\$100) x Rate	% LOSSES	SL x Ex Mod	% PAYROLL	% PAYROLL	Equal Shares	% PAYROLL	New Mini-Cities Mix	Current M-C Mix	
MEMBER ENTITY	Calendar Year 2014 DE-9 Payroll (P)	BANKING LAYER (BL)	SHARED LAYER (SL)	EX MOD	ADJUSTED SHARED LAYER	LAWCX PREMIUM	LAWCX ASSESSMENT	1/2 ADMIN FIXED EXPENSE	1/2 ADMIN % PAYROLL	FY 16-17 DEPOSIT	FY 16-17 DEPOSIT	% CHANGE
Rate/Amount	Exposure Base	\$1.74	\$3.66	Calc	Calc	\$ 237,570.00	\$ 15,902.00	\$180,211.00	\$180,211.00			
Dunsmuir	\$557,832	\$9,706	\$20,417	0.91	\$18,579	\$6,812	\$456	\$20,023	\$5,167	\$60,744	\$62,913	-3.45%
Isleton (does not participate)												
Live Oak	\$1,243,636	\$21,639	\$45,517	0.79	\$35,958	\$15,186	\$1,016	\$20,023	\$11,520	\$105,343	\$107,437	-1.95%
Mt. Shasta	\$1,708,545	\$29,729	\$62,533	1.56	\$97,551	\$20,863	\$1,396	\$20,023	\$15,826	\$185,389	\$187,430	-1.09%
<b>Rio Dell</b>	\$962,896	\$16,754	\$35,242	<b>0.83</b>	\$29,251	\$11,758	\$787	\$20,023	\$8,919	\$87,493	\$79,502	<b>10.05%</b>
Shasta Lake	\$3,226,333	\$56,138	\$118,084	0.62	\$73,212	\$39,397	\$2,637	\$20,023	\$29,885	\$221,292	\$223,164	-0.84%
Susanville	\$3,524,068	\$61,319	\$128,981	1.04	\$134,140	\$43,032	\$2,880	\$20,023	\$32,643	\$294,038	\$295,877	-0.62%
Weed	\$1,658,551	\$28,859	\$60,703	1.09	\$66,166	\$20,253	\$1,356	\$20,023	\$15,363	\$152,019	\$154,066	-1.33%
Yreka	\$3,014,230	\$52,448	\$110,321	1.00	\$110,321	\$36,807	\$2,464	\$20,023	\$27,920	\$249,982	\$251,878	-0.75%
<b>Subtotal Members</b>	<b>\$15,896,091</b>	<b>\$276,592</b>	<b>\$581,797</b>		<b>\$565,179</b>	<b>\$194,107</b>	<b>\$12,993</b>	<b>\$160,188</b>	<b>\$147,242</b>	<b>\$1,356,300</b>	<b>\$1,282,766</b>	<b>5.73%</b>
Biggs	\$383,261	\$6,669	\$14,027	1.08	\$15,150	\$4,680	\$313	\$2,156	\$3,550	\$32,518	\$31,644	2.76%
Colfax	\$444,870	\$7,741	\$16,282	1.08	\$17,585	\$5,432	\$364	\$2,503	\$4,121	\$37,745	\$36,731	2.76%
Etna	\$346,139	\$6,023	\$12,669	1.08	\$13,682	\$4,227	\$283	\$1,947	\$3,206	\$29,368	\$28,579	2.76%
Fort Jones	\$301,682	\$5,249	\$11,042	1.08	\$11,925	\$3,684	\$247	\$1,697	\$2,794	\$25,596	\$24,908	2.76%
Loomis	\$706,570	\$12,294	\$25,860	1.08	\$27,929	\$8,628	\$578	\$3,975	\$6,545	\$59,949	\$58,338	2.76%
Loyalton	\$135,613	\$2,360	\$4,963	1.08	\$5,361	\$1,656	\$111	\$763	\$1,256	\$11,506	\$11,197	2.76%
Montague	\$312,076	\$5,430	\$11,422	1.08	\$12,336	\$3,811	\$255	\$1,756	\$2,891	\$26,478	\$25,767	2.76%
Portola	\$618,406	\$10,760	\$22,634	1.08	\$24,444	\$7,551	\$505	\$3,479	\$5,728	\$52,469	\$51,059	2.76%
Tulelake	\$310,702	\$5,406	\$11,372	1.08	\$12,281	\$3,794	\$254	\$1,748	\$2,878	\$26,361	\$25,653	2.76%
<b>Subtotal Mini Cities</b>	<b>\$3,559,319</b>	<b>\$61,932</b>	<b>\$130,271</b>	<b>1.08</b>	<b>\$140,693</b>	<b>\$43,463</b>	<b>\$2,909</b>	<b>\$20,023</b>	<b>\$32,969</b>	<b>\$301,990</b>	<b>\$373,377</b>	<b>-19.12%</b>
<b>Grand Total</b>	<b>\$19,455,410</b>	<b>\$338,524</b>	<b>\$712,068</b>		<b>\$705,871</b>	<b>\$237,570</b>	<b>\$15,902</b>	<b>\$180,211</b>	<b>\$180,211</b>	<b>\$1,658,290</b>	<b>\$1,656,143</b>	<b>0.13%</b>

Ex Mod applies ONLY to shared layer funding  
Ex-Mod Adjusted from 1.04

Moving a member from Mini-Cities to Regular member increases admin fee by \$4,337, from \$1,868 to \$6,201  
Based on the revised funding spreadsheet presented above, with Ex-Mod applied to Shared Layer only

SMALL CITIES ORGANIZED RISK EFFORT  
WORKERS' COMPENSATION PROGRAM  
MOVE THREE LARGEST MINI-CITIES ANALYSIS

Formula/Allocation	Payroll (P)	(P/\$100) x Rate	(P/\$100) x Rate	% LOSSES	SL x Ex Mod	% PAYROLL	% PAYROLL	Equal Shares	% PAYROLL	New Mini-Cities Mix	Current M-C Mix	
MEMBER ENTITY	Calendar Year 2014 DE-9 Payroll (P)	BANKING LAYER (BL)	SHARED LAYER (SL)	EX MOD	ADJUSTED SHARED LAYER	LAWCX PREMIUM	LAWCX ASSESMENT	1/2 ADMIN FIXED EXPENSE	1/2 ADMIN % PAYROLL	FY 16-17 TOTAL DEPOSIT	FY 16-17 DEPOSIT	% CHANGE
Rate/Amount	Exposure Base	\$1.74	\$3.66	Calc	Calc	\$ 237,570	\$ 15,902	\$ 184,548	\$ 184,548			
Dunsmuir	\$557,832	\$9,706	\$20,417	0.91	\$18,579	\$6,812	\$456	\$16,777	\$5,291	\$57,622	\$62,913	-8.41%
Isleton (does not participate)												
Live Oak	\$1,243,636	\$21,639	\$45,517	0.79	\$35,958	\$15,186	\$1,016	\$16,777	\$11,797	\$102,374	\$107,437	-4.71%
<b>Loomis</b>	\$706,570	\$12,294	\$25,860	<b>0.86</b>	\$22,240	\$8,628	\$578	\$16,777	\$6,702	\$67,219	\$58,338	<b>15.22%</b>
Mt. Shasta	\$1,708,545	\$29,729	\$62,533	1.56	\$97,551	\$20,863	\$1,396	\$16,777	\$16,207	\$182,523	\$187,430	-2.62%
<b>Portola</b>	\$618,406	\$10,760	\$22,634	<b>1.25</b>	\$28,292	\$7,551	\$505	\$16,777	\$5,866	\$69,752	\$51,059	<b>36.61%</b>
<b>Rio Dell</b>	\$962,896	\$16,754	\$35,242	<b>0.83</b>	\$29,251	\$11,758	\$787	\$16,777	\$9,134	\$84,461	\$79,502	<b>6.24%</b>
Shasta Lake	\$3,226,333	\$56,138	\$118,084	0.62	\$73,212	\$39,397	\$2,637	\$16,777	\$30,604	\$218,765	\$223,164	-1.97%
Susanville	\$3,524,068	\$61,319	\$128,981	1.04	\$134,140	\$43,032	\$2,880	\$16,777	\$33,428	\$291,577	\$295,877	-1.45%
Weed	\$1,658,551	\$28,859	\$60,703	1.09	\$66,166	\$20,253	\$1,356	\$16,777	\$15,733	\$149,143	\$154,066	-3.20%
Yreka	\$3,014,230	\$52,448	\$110,321	1.00	\$110,321	\$36,807	\$2,464	\$16,777	\$28,592	\$247,408	\$251,878	-1.77%
<b>Subtotal Members</b>	<b>\$17,221,067</b>	<b>\$299,647</b>	<b>\$630,291</b>		<b>\$615,711</b>	<b>\$210,286</b>	<b>\$14,076</b>	<b>\$167,771</b>	<b>\$163,354</b>	<b>\$1,470,844</b>	<b>\$1,282,766</b>	<b>14.66%</b>
Biggs	\$383,261	\$6,669	\$14,027	1.13	\$15,851	\$4,680	\$313	\$2,878	\$3,635	\$34,026	\$31,644	7.53%
Colfax	\$444,870	\$7,741	\$16,282	1.13	\$18,399	\$5,432	\$364	\$3,340	\$4,220	\$39,496	\$36,731	7.53%
Etna	\$346,139	\$6,023	\$12,669	1.13	\$14,316	\$4,227	\$283	\$2,599	\$3,283	\$30,730	\$28,579	7.53%
Fort Jones	\$301,682	\$5,249	\$11,042	1.13	\$12,477	\$3,684	\$247	\$2,265	\$2,862	\$26,784	\$24,908	7.53%
Loyalton	\$135,613	\$2,360	\$4,963	1.13	\$5,609	\$1,656	\$111	\$1,018	\$1,286	\$12,040	\$11,197	7.53%
Montague	\$312,076	\$5,430	\$11,422	1.13	\$12,907	\$3,811	\$255	\$2,343	\$2,960	\$27,706	\$25,767	7.53%
Tulelake	\$310,702	\$5,406	\$11,372	1.13	\$12,850	\$3,794	\$254	\$2,333	\$2,947	\$27,584	\$25,653	7.53%
<b>Subtotal Mini Cities</b>	<b>\$2,234,343</b>	<b>\$38,878</b>	<b>\$81,777</b>	<b>1.13</b>	<b>\$92,408</b>	<b>\$27,284</b>	<b>\$1,826</b>	<b>\$16,777</b>	<b>\$21,194</b>	<b>\$198,367</b>	<b>\$373,377</b>	<b>-46.87%</b>
<b>Grand Total</b>	<b>\$19,455,410</b>	<b>\$338,524</b>	<b>\$712,068</b>		<b>\$708,119</b>	<b>\$237,570</b>	<b>\$15,902</b>	<b>\$184,548</b>	<b>\$184,548</b>	<b>\$1,669,211</b>	<b>\$1,656,143</b>	<b>0.79%</b>

Ex Mod applies ONLY to shared layer funding  
Ex Mods adjusted from 1.04

Moving a member from Mini-Cities to Regular member increases admin fee by \$4,337, from \$1,868 to \$6,201  
Based on the revised funding spreadsheet presented above, with Ex-Mod applied to Shared Layer only



## LOSS OF MEMBER FINANCIAL IMPACT

### ACTION ITEM

**ISSUE:** The loss of a member impacts SCORE by increasing the amount of administrative expense that is allocated to each of the remaining members. The impact on the remaining members is based on the relative size of the member that leaves; the larger the member, the greater percentage of the administrative expenses they pay, and the greater the amount to be allocated to the remaining members if they leave.

**RECOMMENDATION:** This issue needs general input from the Board; they may consider options for minimizing the immediate impact on their funding by drawing on administrative reserve funds or by allocating any available Shared Layer assets. Currently, the administrative budget includes \$25,000 for contingencies that could be tapped if not used for other purposes during the year. In addition, SCORE generally maintains enough of a margin above the 90% confidence level to safely use some of those funds to smooth the impact of the increase.

**FISCAL IMPACT:** The loss of a larger member would result in at least \$60,000 in lost funding to be spread among the remaining members. The total impact will depend on the timeframe members choose to smooth the transition. The larger the member and the longer the timeframe the more reserves are needed. For example, if members choose to phase in a \$60,000 increase by 25% per year for four years (\$15,000 per year), the total reserve needed would be \$90,000 (\$45,000, \$30,000, and \$15,000). The same increase spread over two years would require a reserve of \$30,000.

If the administrative reserve is allowed to build up over time, by retaining any unused budgeted funds, the impact should be minimal. Maintaining a shared layer reserve above the 90% Confidence level would decrease the amount available for refunds but otherwise would not impact funding.

**BACKGROUND:** If a member leaves the total administrative expenses decrease by an estimated \$35,351, but most of the expenses don't change, per the attached spreadsheet highlighting the changes. Also attached are spreadsheets that show the change in the administrative expenses for each member if one of the larger members, Yreka, and a mid-sized member, Live Oak, were to leave.

Yreka currently contributes \$96,861, or 15.5%, to the total administrative expenses. Subtracting the \$35,352 in reduced expenses leaves a total of \$61,509 to be distributed to the remaining members, resulting in increases ranging from \$11,678 to \$568. Live Oak currently contributes \$60,398, or 6.4%, to the total administrative expenses. Subtracting \$35,352 in reduced expenses results in \$25,046 to be distributed to the remaining members, ranging from \$3,766 to \$199.

### ATTACHMENTS:

1. Change in total administrative expenses if member leaves.
2. Change in expenses per member if Yreka left.
3. Change in expenses per member if Live Oak left.

SCORE Admin Changes Due to Loss of Member	Current Admin Expenses			Change Due to Loss Of Member			Changes & Description
	Total	WC	Liab	Total	WC	Liab	
<b>EXPENSES:</b>							
Program Administration	\$233,043	\$62,115	\$170,928	\$217,342	\$ 55,910	\$ 161,432	Decrease for both programs = \$15,701
Claims Administration (Unallocated Claims Expense)	\$198,010	\$100,510	\$97,500	\$ 188,109	\$ 95,484	\$ 92,625	Estimate 5% decrease
Claims Administration (ULAE) Per Member Annual Fee	\$26,000	\$8,000	\$18,000	\$ 24,000	\$ 7,000	\$ 17,000	Decrease for both programs = \$2,000
Treasury Services (provided by Fort Jones)	\$1,000	\$500	\$500	\$1,000	\$500	\$500	
Accounting Services	\$51,000	\$25,500	\$25,500	\$51,000	\$25,500	\$25,500	
Investment Management Fees	\$13,000	\$6,500	\$6,500	\$13,000	\$6,500	\$6,500	
Custodial Account Bank Fees	\$1,100	\$550	\$550	\$1,100	\$550	\$550	
Checking Account Bank Fees	\$500	\$250	\$250	\$500	\$250	\$250	
CA DIR OSIP Self Insurance Assessment	\$23,760	\$23,760	\$0	\$23,760	\$23,760	\$0	
Financial Audit	\$20,300	\$10,150	\$10,150	\$20,300	\$10,150	\$10,150	
Actuarial Review and Studies	\$10,000	\$5,000	\$5,000	\$10,000	\$5,000	\$5,000	
Loss Control Services	\$95,000	\$47,500	\$47,500	\$ 90,250	\$ 45,125	\$ 45,125	Estimate 5% decrease
Lexipol Law Enforcement Policy Manual	\$20,000	\$5,000	\$15,000	\$ 18,000	\$ 5,000	\$ 13,000	Decrease of \$2,000 per member
Target Solutions	\$25,000	\$12,500	\$12,500	\$25,000	\$12,500	\$12,500	
Member Conference Reimbursements	\$19,000	\$9,500	\$9,500	\$ 18,000	\$ 9,000	\$ 9,000	Decrease of \$1,000 per member
CAJPA Accreditation	\$0	\$0	\$0	\$0	\$0	\$0	
Property Appraisals (every 6 Years)	\$0	\$0	\$0	\$0	\$0	\$0	
Claims Audit	\$10,000	\$10,000	\$0	\$10,000	\$10,000	\$0	
Employee Dishonesty Insurance/Bonds	\$500	\$250	\$250	\$500	\$250	\$250	
Board Meeting Expenses	\$5,000	\$2,500	\$2,500	\$5,000	\$2,500	\$2,500	
Company Nurse	\$1,000	\$500	\$500	\$1,000	\$500	\$500	
Association Memberships - CAJPA and PARMA	\$1,000	\$500	\$500	\$1,000	\$500	\$500	
LRP and Training Day Meeting Expenses	\$20,000	\$10,000	\$10,000	\$20,000	\$10,000	\$10,000	
Miscellaneous Expenses	\$1,000	\$500	\$500	\$1,000	\$500	\$500	
Legal Expenses	\$7,000	\$2,000	\$5,000	\$7,000	\$2,000	\$5,000	
Contingent Reserve	\$25,000	\$12,500	\$12,500	\$25,000	\$12,500	\$12,500	
<b>Total Administration Expenses</b>	<b>\$807,213</b>	<b>\$356,085</b>	<b>\$451,128</b>	<b>\$771,861</b>	<b>\$340,979</b>	<b>\$430,882</b>	
<b>Change</b>				<b>-\$35,351</b>	<b>-\$15,105</b>	<b>-\$20,246</b>	



**SMALL CITIES ORGANIZED RISK EFFORT  
ADMINISTRATION ALLOCATION (LIABILITY AND WORKERS' COMPENSATION)  
LOSS OF MEMBER-Change in total expense per member if Yreka was removed from pool**

Member	% of Total Payroll	LIABILITY PROGRAM				Work Comp Program				Total Both Programs			
		Admin Expense Per Member (18 total)	Expense per Member (17 total)	\$ Change	% Change	Admin Expense Per Member (18 total)	Admin Expense Per Member (17 total)	\$ Change	% Change	Admin Expense Per Member (18 total)	Expense per Member (17 total)	\$ Change	% Change
Biggs	2.0%	\$16,917	\$17,618	\$701	4.1%	\$5,393	\$6,038	\$645	12.0%	\$22,310	\$23,656	\$1,346	6.0%
Colfax	2.3%	\$17,622	\$18,413	\$791	4.5%	\$6,260	\$7,009	\$749	12.0%	\$23,882	\$25,422	\$1,539	6.4%
Dunsmuir	2.9%	\$18,914	\$19,870	\$956	5.1%	\$27,360	\$30,140	\$2,780	10.2%	\$46,274	\$50,010	\$3,736	8.1%
Etna	1.8%	\$16,492	\$17,139	\$647	3.9%	\$4,871	\$5,454	\$582	12.0%	\$21,363	\$22,592	\$1,229	5.8%
Fort Jones	1.6%	\$15,983	\$16,565	\$582	3.6%	\$4,245	\$4,753	\$508	12.0%	\$20,229	\$21,318	\$1,090	5.4%
Isleton	0.0%	\$15,479	\$15,997	\$518	3.3%	\$0	\$0	\$0		\$15,479	\$15,997	\$518	3.3%
Live Oak	6.4%	\$26,761	\$28,718	\$1,956	7.3%	\$33,636	\$37,252	\$3,616	10.7%	\$60,398	\$65,970	\$5,572	9.2%
Loomis	3.6%	\$20,616	\$21,789	\$1,173	5.7%	\$9,943	\$11,132	\$1,189	12.0%	\$30,559	\$32,921	\$2,362	7.7%
Loyalton	0.7%	\$14,083	\$14,423	\$340	2.4%	\$1,908	\$2,137	\$228	12.0%	\$15,991	\$16,559	\$568	3.6%
Montague	1.6%	\$16,102	\$16,699	\$597	3.7%	\$4,392	\$4,917	\$525	12.0%	\$20,494	\$21,616	\$1,122	5.5%
Mt. Shasta	8.8%	\$32,081	\$34,716	\$2,635	8.2%	\$37,891	\$42,073	\$4,182	11.0%	\$69,972	\$76,789	\$6,817	9.7%
Portola	3.2%	\$19,607	\$20,651	\$1,044	5.3%	\$8,703	\$9,743	\$1,041	12.0%	\$28,310	\$30,395	\$2,085	7.4%
Rio Dell	4.9%	\$23,549	\$25,096	\$1,547	6.6%	\$13,550	\$15,171	\$1,620	12.0%	\$37,100	\$40,267	\$3,167	8.5%
Shasta Lake	16.6%	\$49,448	\$54,298	\$4,850	9.8%	\$51,780	\$57,812	\$6,031	11.6%	\$101,229	\$112,109	\$10,881	10.7%
Susanville	18.1%	\$52,855	\$58,139	\$5,284	10.0%	\$54,505	\$60,899	\$6,394	11.7%	\$107,360	\$119,038	\$11,678	10.9%
Tulelake	1.6%	\$16,087	\$16,682	\$595	3.7%	\$4,372	\$4,895	\$523	12.0%	\$20,459	\$21,577	\$1,118	5.5%
Weed	8.5%	\$31,509	\$34,071	\$2,562	8.1%	\$37,433	\$41,554	\$4,121	11.0%	\$68,942	\$75,625	\$6,683	9.7%
<b>Yreka</b>	<b>15.5%</b>	<b>\$47,021</b>	<b>\$0</b>	<b>-\$47,021</b>		<b>\$49,839</b>	<b>\$0</b>	<b>-\$49,839</b>		<b>\$96,861</b>			
<b>Total:</b>		<b>\$451,128</b>	<b>\$430,882</b>	<b>-\$20,246</b>		<b>\$356,085</b>	<b>\$340,979</b>	<b>-\$15,106</b>		<b>\$807,213</b>	<b>\$771,861</b>	<b>\$61,509</b>	<b>7.6%</b>

Admin expense previously paid by lost member	\$ 96,861
Reduction in admin expenses due to loss of member	\$ (35,352)
Balance to be distributed to remaining members	\$ 61,509

**SMALL CITIES ORGANIZED RISK EFFORT**  
**ADMINISTRATION ALLOCATION (LIABILITY AND WORKERS' COMPENSATION)**  
**LOSS OF MEMBER-Change in total expense per member if Live Oak was removed from pool**

Member	% of Total or Mini-Cities Payroll	LIABILITY PROGRAM				Work Comp Program				Total Both Programs			
		Admin Expense Per Member (18 total)	Admin Expense per Member (17 total)	\$ Change	% Change	Admin Expense Per Member (18 total)	Admin Expense Per Member (17 total)	\$ Change	% Change	Admin Expense Per Member (18 total)	Admin Expense per Member (17 total)	\$ Change	% Change
Biggs	2.0%	\$16,917	\$17,144	\$227	1.3%	\$5,393	\$5,652	\$259	4.8%	\$22,310	\$22,796	\$485	2.2%
Colfax	2.3%	\$17,622	\$17,862	\$241	1.4%	\$6,260	\$6,561	\$300	4.8%	\$23,882	\$24,423	\$541	2.3%
Dunsmuir	2.9%	\$18,914	\$19,180	\$266	1.4%	\$27,360	\$29,578	\$2,218	8.1%	\$46,274	\$48,758	\$2,483	5.4%
Etna	1.8%	\$16,492	\$16,711	\$219	1.3%	\$4,871	\$5,105	\$234	4.8%	\$21,363	\$21,815	\$452	2.1%
Fort Jones	1.6%	\$15,983	\$16,192	\$209	1.3%	\$4,245	\$4,449	\$204	4.8%	\$20,229	\$20,641	\$412	2.0%
Isleton	0.0%	\$15,479	\$15,678	\$199	1.3%	\$0	\$0	\$0		\$15,479	\$15,678	\$199	1.3%
<b>Live Oak</b>	<b>6.4%</b>	<b>\$26,761</b>	<b>\$26,761</b>	<b>-\$26,761</b>	<b>-100.0%</b>	<b>\$33,636</b>	<b>\$33,636</b>	<b>-\$33,636</b>		<b>\$60,398</b>	<b>\$60,398</b>	<b>-\$60,398</b>	
Loomis	3.6%	\$20,616	\$20,915	\$299	1.4%	\$9,943	\$10,420	\$477	4.8%	\$30,559	\$31,335	\$775	2.5%
Loyalton	0.7%	\$14,083	\$14,255	\$172	1.2%	\$1,908	\$2,000	\$91	4.8%	\$15,991	\$16,255	\$263	1.6%
Montague	1.6%	\$16,102	\$16,313	\$211	1.3%	\$4,392	\$4,602	\$211	4.8%	\$20,494	\$20,916	\$422	2.1%
Mt. Shasta	8.8%	\$32,081	\$32,603	\$522	1.6%	\$37,891	\$40,350	\$2,459	6.5%	\$69,972	\$72,953	\$2,981	4.3%
Portola	3.2%	\$19,607	\$19,887	\$279	1.4%	\$8,703	\$9,120	\$417	4.8%	\$28,310	\$29,006	\$696	2.5%
Rio Dell	4.9%	\$23,549	\$23,905	\$356	1.5%	\$13,550	\$14,200	\$650	4.8%	\$37,100	\$38,105	\$1,005	2.7%
Shasta Lake	16.6%	\$49,448	\$50,307	\$859	1.7%	\$51,780	\$54,559	\$2,779	5.4%	\$101,229	\$104,866	\$3,638	3.6%
Susanville	18.1%	\$52,855	\$53,780	\$925	1.8%	\$54,505	\$57,346	\$2,841	5.2%	\$107,360	\$111,127	\$3,766	3.5%
Tulelake	1.6%	\$16,087	\$16,297	\$211	1.3%	\$4,372	\$4,582	\$210	4.8%	\$20,459	\$20,879	\$420	2.1%
Weed	8.5%	\$31,509	\$32,020	\$510	1.6%	\$37,433	\$39,882	\$2,449	6.5%	\$68,942	\$71,902	\$2,959	4.3%
Yreka	15.5%	\$47,021	\$47,833	\$812	1.7%	\$49,839	\$52,573	\$2,734	5.5%	\$96,861	\$100,407	\$3,546	3.7%
<b>Total:</b>		<b>\$451,128</b>	<b>\$430,882</b>	<b>-\$20,246</b>		<b>\$356,085</b>	<b>\$340,979</b>	<b>-\$15,106</b>		<b>\$807,213</b>	<b>\$771,861</b>	<b>-\$35,352</b>	

Admin expense previously paid by lost member	\$ 60,398
Reduction in admin expenses due to loss of member	\$ (35,352)
Balance to be distributed to remaining members	\$ 25,046



**PROPERTY PROGRAM POOLED LAYER**

**ACTION ITEM**

**ISSUE:** As a result of this year’s increased property coverage rate members considered raising the deductible from \$5,000 to \$10,000. Though the \$5,000 deductible was selected, a member suggested reviewing the option to self-fund a pooled layer of coverage from \$5,000 to \$10,000 to see if it would mitigate the impact of an increase in the rate.

The administrators provide the following analysis of property losses over the last five years to assist in considering self-funding a pooled layer of \$5,000. Analysis at pooled layers of \$20,000 and \$45,000 are also provided for comparison, though premium estimates for those layers are not currently available.

The difference in premium between a \$5,000 and \$10,000 deductible for this year is \$39,105. The worst year for losses within that \$5,000 excess of \$5,000 deductible layer totaled \$24,327, with an average of \$15,485 per year. To initially fund the layer a factor of at least 1.5 times the worst year is recommended, bringing the initial year funding to \$36,491, or \$2,614 less than the premium increase.

Property Funding Analysis - Pooling a Layer > \$5,000	Losses	\$5K xs \$5K Layer	\$20K xs \$5K Layer	\$45K xs \$5K Layer
<b>Total For Five Years - FY 10/11 through FY 14/15</b>	<b>\$1,189,240</b>	<b>\$77,426</b>	<b>\$224,584</b>	<b>\$380,846</b>
<b>Worst Year</b>	<b>\$353,197</b>	<b>\$24,327</b>	<b>\$63,424</b>	<b>\$113,424</b>
<b>Average Per Year</b>	<b>\$237,848</b>	<b>\$15,485</b>	<b>\$44,917</b>	<b>\$76,169</b>
<b>Recommended Initial Funding -1.5 x Worst Year</b>		<b>\$36,491</b>	<b>\$95,137</b>	<b>\$170,137</b>
<b>Minimum Annual Funding - Average Per Year</b>		<b>\$15,485</b>	<b>\$32,193</b>	<b>\$76,169</b>

It is worth noting that the increase in the property rate is largely due to SCORE experiencing three bad loss years in a row. In fact, the three worst years in the last ten were the most recent, FY 13/14 at \$353,197, FY 14/15 at \$350,618, and FY 12/13 at \$290,418.

Taking the recent history into account and the relatively small initial year savings self-funding a pooled layer does not offer significant advantages in the short run. However, if losses return to more normal levels in the long run a pooled layer could mitigate rate increases by enabling members to self-fund when it is less expensive to do so and purchase the lower deductible when it’s not.

If members want to consider the option for FY 16/17 funding the administrators will be able to provide options at \$10,000, \$25,000 and \$50,000 deductibles to compare.



**Small Cities Organized Risk Effort  
Board of Directors Meeting  
October 29, 2015**

**RECOMMENDATION:** Review and provide direction regarding self-funding a pooled property layer for FY 16/17.

**FISCAL IMPACT:** TBD. Members may achieve reasonable savings and some measure of rate smoothing in the long run for taking on more risk.

**BACKGROUND:** The SCORE property program is a group insurance purchase with no shared risk among the members. If a shared layer is created the members will need to adopt Program Bylaws and a Memorandum of Coverage, similar to the Liability and Workers' Compensation Programs. Adding another pooled program will also impact administrative expenses that will be included in the analysis if members wish to consider the option for FY16/17.

**ATTACHMENTS:** None



BACK TO AGENDA

**Small Cities Organized Risk Effort  
Board of Directors Meeting  
October 29, 2015**

**Agenda Item G.1.**

## **EPL UPDATE & TRENDS - LUNCHTIME PRESENTATION**

### **INFORMATION ITEM**

**ISSUE:** Michael Christian from the law firm of Jackson Lewis will provide an update on recent legislation and case law related to Employment Practices Liability (EPL) and trends regarding EPL litigation, with time for Q&A from the members.

**RECOMMENDATION:** None

**FISCAL IMPACT:** None.

**BACKGROUND:** None

**ATTACHMENTS:** *Presentation at meeting*



**“LESSONS LEARNED” – CASE STUDIES PRESENTATION**

**INFORMATION ITEM**

**ISSUE:** Cameron Dewey of York Risk Services and Marcus Beverly with Alliant Insurance Services will present an overview of lessons learned from previous claims against cities and other public agencies.

**RECOMMENDATION:** None.

**FISCAL IMPACT:** None.

**BACKGROUND:** The title and subject matter was suggested as a training topic by a Board member.

**ATTACHMENTS:** *Presentation at meeting.*



## **SOCIAL MEDIA IN THE WORKPLACE PRESENTATION**

### **INFORMATION ITEM**

**ISSUE:** Michael Christian, with Jackson Lewis, will present the Board of Directors with information related to the use of Social Media in the workplace.

**RECOMMENDATION:** None.

**FISCAL IMPACT:** None.

**BACKGROUND:** This workshop will address ways to respond to inappropriate employee use of social networking media as well as when employers can use this same media in hiring, investigations and discipline. Today's growing and evolving social media platforms create wonderful opportunities for communities to connect and enhance their relationships and communications, but it also presents complex and challenging legal issues for public employers. When work and personal life coverage on social media, the results can bring discredit to an agency and/or result in discipline. Issues arising from employee social networking, including Facebook, Twitter, Instagram, and Snapchat, are becoming more prevalent in the workplace. This workshop will address not only ways to respond to inappropriate employee use of social networking media, but when employers can use this same media--and within the confines of the law--in hiring, investigations, and discipline without running afoul of employee privacy rights and anti-discrimination laws. This workshop will also discuss the First Amendment, free speech, and the limitations on discipline for off duty e-conduct.

**ATTACHMENTS:** *Presentation at meeting.*



## TARGET FUNDING POLICY BENCHMARKS

### INFORMATION ITEM

**ISSUE:** Marcus Beverly will present the annual review of SCORE's financial condition as of 6/30/15 compared to the benchmarks used to guide decisions regarding funding, refunds, and assessments.

**RECOMMENDATION:** None.

**FISCAL IMPACT:** None.

**BACKGROUND:** SCORE maintains a Target Funding Policy to guide the Board of Directors in making annual funding, dividend and assessment decisions for the Banking Layer and Shared Risk Layers, per the Master Plan Document for each Coverage Program. The Policy was last updated on 10/17/14.

**ATTACHMENTS:** *Presentation at meeting.*