



COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY
DEPARTMENT OF PUBLIC WORKS
950 MAIDU AVENUE, P.O. BOX 59902
NEVADA CITY, CA 95959-7902
(530) 265-1411 FAX (530) 265-9849 www.mynevadacounty.com

Trisha Tillotson
Community Development Agency Director
And
Acting Director of Public Works

NEVADA COUNTY SANITATION DISTRICT NO.1 BOARD OF DIRECTORS
Board Agenda Memo

MEETING DATE: July 13, 2021

TO: Board of Supervisors

FROM: Trisha Tillotson, Acting Director of Public Works

SUBJECT: **Resolution Approving the Nevada County Sanitation District No. 1 Declaring its intention to join the California Sanitation Risk Management Authority and Participate in their Pooled Liability Program for general liability, automobile liability, employment practices liability and public entity errors and omissions liability coverage**

RECOMMENDATION: Approve joining the California Sanitation Risk Management Authority (CSRMA), in order to transfer general liability, auto liability, employment practices liability and public entity errors and omissions liability coverage from the County's general liability fund to CSRMA's Pooled Liability Program effective September 1, 2021.

FUNDING: Wastewater Funds, specifically, \$90,854 for coverage beginning September 1, 2021 to December 31, 2021, and \$304,878 for coverage beginning January 1, 2022 and ending December 31, 2022. A budget amendment will be brought forward with First Quarter Consolidated Budget Adjustments reflecting the increased costs in the first year offset by increased revenues set forth from rate study approved in Resolution SD21-005 and parcel charges approved in Resolution SD21-006.

BACKGROUND: The Sanitation District (District) currently participates in the County's general liability fund for general liability, auto liability, employment practices liability and public entity errors and omissions liability coverage. The County maintains a self-insured retention of \$100,000 and participate in the General Liability 1 Program for excess coverage administered by the Public Risk Innovation, Solutions, and Management (PRISM).

The County joined PRISM in 1986, then called CSAC-Excess Insurance Authority, to participate in their excess general liability program. However, coverage exclusions added over time have eroded the value for PRISM's excess coverage for wastewater operations. Consequently, the County's general liability fund is retaining more wastewater liability, which is increasing costs to the Sanitation District and other County departments.

To better manage rising insurance costs, it is proposed that the District join CSRMA, a member governed, staff administered, Joint Powers Authority established on April 2, 1986. CSRMA provides their members with cost effective liability coverage and loss prevention programs. CSRMA covers claims and costs that are more directly aligned with Sanitation District activities

that otherwise wouldn't necessarily be covered in our current insurance, and therefore could save costs for both the County and the Sanitation District over time. Currently 58 sanitation agencies are members which more efficiently finances wastewater liability.

California Government Code 935.4 allows the District to authorize an employee of the District to allow, compromise, or settle a claim against the District; and more specifically, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties. Therefore, the District desires to join with the members of CSRMA for the purpose of jointly funding and/or establishing primary coverage, excess coverage, other coverage, loss control, and loss prevention programs.

CSRMA has reviewed and approved the District's participation in their JPA at their June 24, 2021 Board of Director's Meeting – see Attachment A, an excerpt of CSRMA Board of Director's agenda on this matter. A memorandum of coverage and CSRMA proposal are also attached as Attachments B and C, respectively.

The documents included with this Resolution represent all documents required for the Sanitation District to formally join CSRMA as of September 1, 2021. No additional documents will require Board action to join CSRMA. However, there are still some administrative steps required to extract the Sanitation District from the County general liability fund, including a plan for the treatment of liabilities currently retained by the general liability fund which are assigned to the Sanitation District and a plan for pre-funding a reserve for future claims incurred under CSRMA. These administrative actions will be brought to the Board at a future date and prior to September 1, 2021.

Item Initiated by: Nick Poole, Risk Manager

Approved by: Trisha Tillotson, Community Development Agency Director

Submittal Date: June 24, 2021

Revision Date: June 28, 2021