



CALIFORNIA JPIA
8081 Moody Street
La Palma, California 90623
(562) 467-8700

(Teleconference Location Listed Below)

TO: MANAGERS COMMITTEE

**FROM: Thaddeus McCormack, City Manager, City of Santa Fe Springs
Chairman, Managers Committee**

DATE: January 8, 2015

**SUBJECT: Managers Committee Meeting for Monday, January 12, 2015 12:00 p.m., in the
El Capitan Room of the California JPIA, 8081 Moody Street, La Palma, CA 90623.**

AGENDA

CALL TO ORDER

COMMENTS FROM AUDIENCE

CONSENT CALENDAR

All items under Consent Calendar may be enacted by one motion. Any item may be removed from the Consent Calendar and acted upon separately by the Managers Committee.

1. APPROVAL Minutes of December 8, 2014

REPORTS AND RECOMMENDATIONS

2. CONSIDERATION Sidewalk Inspection Request Program

ADJOURNMENT To a meeting on February 9, 2015, at 12:00 p.m., in the El Capitan Room, at the California JPIA.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administrative Analyst at (562) 467-8774. Providing notification 48 hours before the meeting will enable the Authority to make reasonable arrangements to ensure accessibility.

(28 CFR 35.102.35.104 ADA Title II)

TELECONFERENCE PARTICIPATION

To be a voting participant in action items appearing on the agenda, the participant's teleconference location must appear below and the participant must have posted the agenda in a location accessible to the general public no less than 72 hours prior to the announced meeting time, in accordance and within the requirements of the Brown Act (Gov. Code, § 54950 et seq.). At the announced time of the meeting, teleconference participants (unless otherwise instructed) shall call the California JPIA's teleconference number at 1-888-394-8197 and when prompted, enter the participant code 409920, and identify themselves for the record. To access the video conferencing and view the meeting online, go to <https://global.gotomeeting.com/join/747844357>

Teleconference Locations

City of Big Bear Lake, 39707 Big Bear Boulevard, Big Bear Lake, CA 92315, (909) 866-5831

City of Dana Point, 33282 Golden Lantern, Dana Point, CA 92629, (949)248-3500

City of Solvang, 1644 Oak Street, Solvang, CA 93463, (805) 688-5575

City of San Clemente, 100 Avenida Presidio, San Clemente, CA 92672 (949) 361-8200

City of San Luis Obispo, 990 Palm Street, San Luis Obispo, CA 93401, (805) 781-7253

City of Temple City, 9701 Las Tunas Drive, Temple City, CA 91780, (626) 285-2171

All items under Consent Calendar may be enacted by one motion. Any item may be removed from the Consent Calendar and acted upon separately by the Managers Committee.

CALIFORNIA JPIA

JOINT MEETING OF THE MANAGERS AND
FINANCE OFFICERS COMMITTEES

MINUTES

December 8, 2014

12:00 p.m.

CALL TO ORDER

Chairman McCormack called to order the joint meeting of the Managers Committee of the California Joint Powers Insurance Authority at 12:11 p.m. in the El Capitan Room of the California JPIA, 8081 Moody Street, La Palma, CA 90623. A quorum was established by those present.

ATTENDANCE

PRESENT: Managers Chairman Thaddeus McCormack, Santa Fe Springs
Finance Officers Chairman Jose Gomez, Santa Fe Springs
Vikki Beatley, Seal Beach
Bryan Cook, Temple City - Teleconference
Ernie Hernandez, Norwalk
Will Kaholokula, Bell Gardens
Mike Killebrew, Dana Point
Jason Al-Iman, Los Alamitos
Katie Lichtig, San Luis Obispo - Teleconference
Laurie Murray, La Palma
Keith Neves, Lake Forest
Wayne Padilla, San Luis Obispo - Teleconference
Michael Rock, Lomita
Edianne Rodriguez, Lakewood
Alex Souto, Bell Gardens
Erik Sund, San Clemente
Judith Vincent, San Clemente

ATTENDEES: Sarah Meacham, PFM Asset Management
Johanne Thordahl, San Clemente
Greg Zoicher, San Luis Obispo - Teleconference

STAFF: Jonathan Shull, Chief Executive Officer
Joe Eynon, Risk Manager
Jennifer Fullerton, Administrative Analyst
Tammie Haller, Administrative Programs Manager
Norm Lefmann, Assistant Executive Officer
Jeff Rush, Workers' Compensation Program Manager
Carl Sandstrom, Business Projects Manager
Alex Smith, Finance Director

**COMMENTS FROM
AUDIENCE**

There were no comments from the audience

CONSENT CALENDAR

Chairman McCormack presented the items appearing on the Consent Calendar.

The Consent Calendar included:

- Minutes for the Finance Officers meeting of August 14, 2014
- Minutes for the Mangers meeting of November 10, 2014
- Treasurer's Compliance Reports for July, August, September, And October 2014
- Local Agency Investment Fund Quarterly Report as of September 30, 2014
- Los Angeles County Pooled Investment Fund Report as of September 30, 2014
- 2015 Meeting Dates for Finance Officers Committee
- 2015 Meeting Dates for Managers Committee
- Quarterly Financial Statements

It was moved by Killebrew, that the Consent Calendar items be approved in one action, which was seconded by Beatley, with no members present opposed.

**REPORTS AND
RECOMMENDATIONS**

RECEIVE AND FILE
Actuarial Study as of June
30, 2014

Chairman McCormack presented the Actuarial Study as of June 30, 2014 item.

Jonathan Shull, Chief Executive Officer, introduced Mike DeMattei, Milliman. De Mattei distributed a handout of the PowerPoint presentation, depicting trends in claim cost, frequency, severity, and changes in unpaid claim and expense estimates.

The study estimates the Authority's outstanding claim liability to be \$78.2 million in the liability program and \$83.6 million in the workers' compensation program. On a combined basis the total outstanding claim liability is estimated to be \$161.8 million. When compared to the prior year, this represents a 3% decrease in the liability program, and a 5% increase in the workers' compensation program.

It was moved by Neves, seconded by Beatley, with no opposition voiced, members Lichtig, and Padilla abstained, to receive and file the Actuarial Study as of June 30, 2014.

RECEIVE AND FILE
Investment Portfolio
Quarterly Review as of
September 30, 2014

Chairman McCormack presented Investment Portfolio Quarterly Review as of September 30, 2014

Chairman McCormack introduced Sarah Meacham, PFM Asset Management. Meacham reviewed the quarterly report as of September 30, 2014. The Authority's portfolio returned -0.06% while the benchmark returned +0.02%. Meacham noted since 2007 the portfolio has outperformed the benchmark by 27 basis points.

There being no objection, Chairman McCormack received and filed the Investment Portfolio Quarterly Review as of September 30, 2014 item.

APPROVAL
October 2014
Retrospective
Computations

Chairman McCormack presented October 2014 Retrospective Computations items.

Alex Smith, Finance Director, Smith explained retrospective adjustments are calculated annually, and take into consideration all the changes in claim values that occurred during the most recent year. Retrospective adjustments are named after the month in which the computations are performed, which is typically October. Additionally, the adjustment includes all open coverage periods through June 30, 2012³ utilizing claim values as of June 30, 2014.

Smith reported the liability program adjustment was a net refund to members of \$4.7 million, and the workers' compensation program adjustment was a net deposit due of \$8.5 million resulting in a net total due to the pool of \$3.8 million. He stated that there is a higher than expected claim development for the two coverage periods of 2011-12 and 2012-13. Smith shared that staff will work with members on payment schedules and assist them in budgeting for their larger than expected payments in the Workers' Compensation program.

It was moved by Murray, seconded by Beatley, with no opposition voiced, members from Litchig and Padilla abstained, to approve the October 2014 Retrospective Computations and recommended approval by the Executive Committee.

CONSIDERATION
Creation of Ad Hoc
Committee to Discuss
Financial Topics

Chairman McCormack presented Creation of Ad Hoc Committee to Discuss Financial Topics item.

Jonathan Shull, Chief Executive Officer, shared that the Executive Committee has requested that an ad hoc committee be formed to discuss a variety of financial topics including capital funding targets, potential formation of a captive, potential changes to the pool structure, and other related topics. He explained that previously a similar ad hoc committee was used to change the funding formula for the pool. Shull suggested that the committee should be comprised of the chairman and vice chairman of both the Managers and

Finance Officers advisory committees and any other interested members of the committees.

It was moved by Beatley, seconded by Neves, with no opposition voiced, to create an Ad Hoc Committee for discussion of financial topics.

ADJOURNMENT

Chairman McCormack adjourned the meeting at 1:43 p.m. to a meeting on Monday, January 12, 2015, at 12:00 p.m., in the El Capitan Room of the California JPIA.

Thaddeus McCormack, Chairman

CALIFORNIA JPIA

AGENDA REPORT

To: Jonathan Shull, Chief Executive Officer
From: Norman Lefmann, Assistant Executive Officer
Date: January 12, 2015
Subject: Sidewalk Inspection Pilot Program

Background

The Executive Committee has considered the issue of sidewalk slip and trip claims at several of its annual Workshops. Data continues to demonstrate that members struggle with maintaining safe sidewalks, with over half of the members lacking a comprehensive inspection program.

Over the last five coverage periods, there have been 426 claims with an average severity of \$31,229. On an annual basis, that is nearly \$2.7 million per year spent to settle slip and trip claims in each of the last five coverage periods. Staff suggested that these numbers made a compelling case that Authority mitigation efforts were important, which included development of a sidewalk white paper, an inspection and maintenance policy template, and instructions for the Authority's third-party administrator to reserve sidewalk claims at higher dollar amounts. In addition, staff continues to work aggressively with members by stressing the importance of sidewalk inspection programs that mitigate slip and trip claims.

At its 2014 Workshop, the Executive Committee directed staff to look further into the services of Precision Concrete Cutting, a firm that specializes in inspection and maintenance of sidewalks using its proprietary cutting technique rather than the traditional grinding technique. When the proposed program was presented to the Managers Committee, a motion was made that staff should also consider grinding as an option for repair of displacements. In October 2014, the Authority began a sidewalk inspection and cost estimation pilot program designed to compare Precision Concrete Cutting's services with those of California Concrete Grinding, a company specializing in sidewalk repair using a grinding process. The goal of this pilot program was to better understand the two different approaches, in terms of cost and technique, in order to make an informed recommendation.

Discussion

For the pilot, the Authority selected the City of La Puente because of its older street grid and sidewalks where maintenance has been significantly deferred. The City was divided in to eight zones, and each firm conducted physical inspections of all zones.

Both firms have since completed their inspections and reported their findings, which include:

- a. Identification and description of each problem condition
- b. Physical address and location
- c. Size of the hazards in height, length, and square foot
- d. Probable cause of the hazard, if evident
- e. Pictures of damaged areas
- f. Priority for repair; high, medium, low
- g. Recommended action to be taken.

Given the vast amount of data collected by the two companies, a sampling of two zones was identified as the best way to compare the results. Those two zones represented between 500 and 700 specific locations, with the variance explained by the limitations involved in the processes and techniques used. Both companies provided sidewalk hazard locations listed by addresses, noted the severity of the hazard at each location, and gave descriptive comments to help identify the locations. Also, both companies adhere to ADA guidelines when determining the best method of remediation.

Conditions were categorized based upon the severity of the deficiency. Level 1 conditions reflect a displacement of up to ½”, Level 2 conditions reflect displacement of ½” to 1”, Level 3 reflects 1” to 1¼”, etc. Some locations were identified by one or both vendors as unsuitable for their remediation techniques and were categorized as “remove and replace.” There was a significant disparity between the two vendors in the number of locations placed the “remove and replace” category due, in large part, to the relative agility of their remediation techniques. Costs for the “remove and replace” category were not included in this analysis, nor were the more trivial “Level 1” deviations.

The following chart illustrates the deficiencies identified and the number identified in each category by each vendor.

Deficiency Type	Precision Concrete Cutting	California Concrete Grinding
Level 2 (1/2" - 1") displacement	431	237
Level 3 (1" - 1.25") displacement	49	37
All Spalls, Cracks, Holes to be patched	198	232
Remove & Replace	41	385
Total (w/o Remove & Replace)	678	506
Total (w/ Remove & Replace)*	719	891
* Based on the different data gathering methodology used by the two vendors, some locations with temporary patches may have been counted by one company, but not the other.		

Both companies use lineal feet and severity level rating of a location to determine the cost of remediation.

California Concrete Grinding charges \$9.75/lf for Level 2 hazards and \$15.75/lf for Level 3 hazards. Additionally, California Concrete Grinding charges for patching by the severity level of the spall or hole.

Precision charges a \$45/location for Level 2 hazards and \$90.93/location for Level 3 hazards. The company does not differentiate severity levels for spalls and holes: they charge a fee of \$35/location. A specific location may actually be counted as more than one location, depending on its size. For example, a location with a panel of 25 lf of remediation would be considered five locations (based on the standard of a 5 lf x 5 lf panel).

Results

Staff's analysis of the data suggests that there is little cost difference between the two processes. The costs for grinding or cutting the deficiencies in the two zones were approximately \$40,000, with a deviation of less than \$2000 between the two techniques.

There are other factors associated with the two providers that are important to the discussion. One is the significant difference in richness of the data collected. Precision Concrete Cutting provided more specific address locations, maps and photos, and provided GPS coordinates that could be used by the member's Geographic Information System (GIS). California Concrete Grinding did not provide photos, and the location descriptions were sometimes confusing. In addition, California Concrete Grinding does not use GPS in their data results.

A notable difference between the two firms is in the number of sidewalk panels each company recommends for removal and replacement. California Concrete Grinding found many more locations where removal and replacement would be necessary for remediation. One reason for this disparity may be because larger areas can be more difficult to grind than to cut. For many large areas that Precision Concrete Cutting would fix with cutting, California Concrete Grinding would have to recommend replacement. Lastly, the concrete cutting process is more precise, particularly over larger areas, and results in a smoother and more aesthetic finish.

Based on these results, staff feels that Precision Concrete Cutting is able to provide effective sidewalk remediation services, and relies on a richer data set that will help manage program costs and assist members in making independent remediation decisions.

Recommended Action

It is recommended that the Managers Committee consider the results of the pilot inspection and cost estimating program and recommend to the Executive Committee that a small, turnkey inspection and remediation program be implemented using Precision Concrete Cutting in order to better evaluate the larger scale benefits and costs of assisting members in the reduction of sidewalk slip and trip claims.