



Date: August 27, 2009 for September 2<sup>nd</sup> Agenda  
 To: LAFCO Commissioners  
 From: Patrick M. McCormick, Executive Officer  
 Subject: Changing Workers' Compensation Insurance Provider

*Summary: LAFCO maintains a workers' compensation insurance policy to cover its two employees. Staff has reviewed the policy costs for the current provider and another provider that is used by other LAFCO offices.*

*Staff Recommendation: The staff recommends that the Commission switch its workers' compensation coverage from State Compensation Insurance Fund to the Special District Risk Management Authority, which is affiliated with the California Special Districts Association.*

*Santa Cruz LAFCO maintains a workers' compensation insurance policy to cover its two employees. For more than 30 years, LAFCO has placed this coverage with the State Compensation Insurance Fund. During this period, LAFCO has experienced no workers' compensation claims.*

*Costs with the State Compensation Insurance Fund have been as follows:*

<i>FY 03-04</i>	<i>FY 04-05</i>	<i>FY 05-06</i>	<i>FY 06-07</i>	<i>FY 07-08</i>	<i>FY 08-09</i>
<i>\$3876</i>	<i>\$3030</i>	<i>\$-29(refund)</i>	<i>\$1067</i>	<i>\$1541</i>	<i>\$1668</i>

*In fiscal year 2009-10, the known costs for the State Compensation Insurance Fund policy are \$1105 for coverage up to December 31, 2009; and the staff estimates the coverage policy cost for the fiscal year ending June 30, 2010 to be \$1910.*

*The Special District Risk Management Authority, an affiliate of the California Special District Association, provides a range of insurances to its members. While the core membership of CSDA is special districts, they also accept other public agencies, including LAFCOs into their association and risk management authority. LAFCO staff has received the risk management authority's bid to provide workers' compensation insurance coverage to Santa Cruz LAFCO at an annual cost of \$1643. There are two components to the cost: \$776 annual dues to join the California Special District Association and \$867 for current year worker's compensation coverage. The total annual cost from the Special District Risk Management Authority would represent a 14% savings from the estimated annual costs under the current policy with the State Compensation Insurance Fund. Also, the Special District Risk Management Authority provides a range of other insurance programs; and Santa Cruz LAFCO will be eligible to buy other insurance from the SDRMA if LAFCO determines that the cost would be less than other options.*

*Other LAFCOs who are participating in the Special District Risk Management Authority are satisfied with the workers' compensation insurance costs and administrative support.*

*The staff RECOMMENDS that the Commission switch workers' compensation coverage to the Special District Risk Management Authority by taking the following actions:*

- 1) Adopt draft Resolution No. 2009-12 approving the form and authorizing the Execution of the Sixth Amended Joint Powers Agreement and approving membership in the Special District Risk Management Authority Workers' Compensation program.*
- 2) Direct the Chair and Executive Officer to execute the Sixth Amended Joint Powers Agreement Related to Special District Risk Management Authority.*
- 3) Adopt draft Resolution No. 2009-13 and approve of the State Application for a Certificate to Self-Insure by the Santa Cruz Local Agency Formation Commission.*
- 4) Direct staff to complete the State Application for a Certificate to Self-Insure by the Santa Cruz Local Agency Formation Commission.*
- 5) Request approval of the Santa Cruz Local Agency Formation Commission's membership in the Worker's Compensation program by the Special District Risk Management Authority.*
- 6) Direct staff to apply for membership in the California Special Districts Association and pay its membership dues.*
- 7) Authorize staff to pay quarterly invoices from the Special District Risk Management Authority.*
- 8) Direct staff to cancel the workers' compensation policy with the State Compensation Insurance Fund as soon as the new policy from SDRMA is effective.*

*For more information on the Special District Risk Management Authority:  
<http://www.sdrma.org/>*

*Attachments*

*cc: Ellen Mirabel Doughty, Special District Risk Management Authority*