



Agenda Date: 6/28/2005
Agenda Placement: 6PP

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Britt Ferguson for Nancy Watt - County Executive Officer
County Executive Office
REPORT BY: Lorenzo Zíalcita, Principal Management Analyst , 253-4826
SUBJECT: Amendment to CSAC Excess Insurance Authority JPA

RECOMMENDATION

County Executive Officer requests approval of and authorization for the Chair to sign an amendment to Article 3(b) of the California State Association of Counties' (CSAC) Excess Insurance Authority Joint Powers Agreement, allowing member counties to extend coverage to non-profit entities in accordance with parameters as defined by CSAC's Executive Committee.

EXECUTIVE SUMMARY

On July 13, 2004, the Board approved this proposed amendment to article 3(b) of the CSAC Excess Insurance Authority (EIA) Joint Powers Agreement (JPA). Although the majority of the member counties approved the amendment, it did not pass because two-thirds of the member counties' board of supervisors did not approve it.

On June 3, 2005, EIA's Board of Directors voted once more to call a vote on the proposed amendment. EIA's Legal Counsel determined that since this was another call for a vote, member counties' boards of supervisors will once more have to vote to approve or to not approve the proposed amendment. The amendment will allow a member county to extend their excess insurance coverages through the EIA to a non-profit identified by the member county. The amendment will become effective only upon approval of two-thirds of the boards of supervisors of EIA's 54 member counties.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The California State Association of Counties (CSAC) formed the Excess Insurance Authority (EIA) under Section 6500 et. seq. of the California Government Code - the Joint Exercise of Powers Act (JPA). Over the past years, several entities classified as non-profits have been added to member counties' coverage. Last year, EIA's legal counsel determined that Article 3, which refers to Government Code Section 811.2, does not allow for the addition of non-profits.

On March 5, 2004, the Board of Directors of CSAC's Excess Insurance Authority (EIA) approved a proposed amendment to Article 3(b) of the Joint Powers Agreement (JPA). The amendment will allow a member county to extend their excess insurance coverages through the EIA to a closely controlled non-profit identified by the member county. The non-profit must have been created for the benefit of the member county, or for the benefit of the member county in combination with other public agencies. The Executive Committee of the EIA developed a policy statement defining criteria under which non-profits could be added to a member county's coverage. Among these criteria are the requirements that the member county must be willing to accept the responsibility for risk management and loss prevention responsibilities, including self-insurance retention (SIR)/deductible and the premium payment. A written agreement with the non-profit must also be executed by the member county. The amendment would become effective only upon approval of two-thirds of the boards of supervisors of the member counties.

This amendment did not pass last year. Although a majority of the counties approved the amendment, it did not receive the required two-thirds vote of the members' boards of supervisors. Kern County opposed the amendment, expressing concerns that non-profits do not have the same governmental oversight as a public entity (accounting practices and internal controls). A number of other counties failed to bring the issue to their boards of supervisors.

At their June 3, 2005 meeting, the CSAC-EIA Board of Directors voted once more to call for another vote on the proposed amendment. Due to current insurance market conditions, underwriting and other restrictions have made it very difficult for some counties to find viable and economically feasible replacement coverages for their non-profits. Examples of these non-profits include: Sonoma County Regional Parks Foundation; Alameda County Public Facilities Corp.; Solano County Financing Corp.; and Monterey County Public Improvement Corp.

In spite of the approval of this amendment by Napa's Board of Supervisors last July 13, 2004, the CSAC-EIA Legal Counsel has determined that since this is another call for a vote by the EIA's Board of Directors, the Board of Supervisors must one more time vote for or against the proposed amendment. Napa County currently does not have any non-profit covered under the CSAC-EIA JPA.

SUPPORTING DOCUMENTS

A . Proposed Amendment - Article 3

B . EIA Executive Committee's Policy Statement

CEO Recommendation: Approve

Reviewed By: Britt Ferguson