



c/o ALLIANT INSURANCE SERVICES, INC.
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OFFICERS:

Craig Murray, President
805.684.7214
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415.892.1694

RECENT PAST PRESIDENTS:

Greg Baatrup
2018-2020
Paul Bushee
2014-2018

BOARD OF DIRECTORS MEETING AGENDA

Meeting Via Teleconference as below:

Date/Time: Thursday, June 20, 2024
8:00 AM Meeting

LOCATION: Alliant Offices
560 Mission Street, 6th Floor
San Francisco, CA 94105

Phone One-Tap: [+16699006833](tel:+16699006833), [96857073563](tel:+196857073563), [*904515](tel:+1904515)#

Meeting URL: <https://alliantinsurance.zoom.us/j/96857073563?pwd=eENIL0Zwem1ZS0xIVIVZY2p5T0l3Zz09>

District Meeting locations listed on Page 3

A.	CALL TO ORDER		I: Information
			V: Verbal
B.	PUBLIC COMMENTS		A: Action
			H: Handout
C.	BOARD MEMBER COMMENTS		S: Separate
D.	CONSENT CALENDAR		
1.	Meeting Minutes - January 24, 2024	A	p. 4
	<i>Recommendation: Approve minutes from their last meeting.</i>		
2.	New Member: Lincoln-Sewer Maintenance District 1 Wastewater Authority (LiSWA)	I	p. 12
	<i>Recommendation: Receive an update on LiSWA's membership in CSRMA.</i>		
E.	GENERAL ADMINISTRATION		
1.	Estimated Actual 23/24 Budget & Proposed 24/25 Budget	A/S	p. 13
	<i>Recommendation: Review and approve the proposed FY 24/25 Budget.</i>		
F.	OFFICER/STAFF/COMMITTEE REPORTS		
1.	Pooled Liability Program		
a.	None		
2.	Workers' Compensation Program		
a.	None		
3.	Property Program		
a.	None		
4.	Primary Insurance Program		
a.	None		
G.	RESOLUTIONS		
	None		
H.	INFORMATION ITEMS		
1.	Article - 5 Most Common Cybersecurity Mistakes	I	p. 18
2.	Article - EPA says it will step up cyber regulation of water systems amid increase in cyberattacks	I	p. 19
3.	Article - At least 630 billion needed for wastewater stormwater over next 20 years	I	p. 21
4.	CSRMA 2024 Meeting Calendar	I	p. 24

5.	CSRMA Organizational Chart	I	p. 25
6.	CSRMA Service Team Chart	I	p. 26

The Board of Directors will be asked to review the Information Items.

I. ADJOURNMENT

The next meeting will be held July 31, 2024 in conjunction with the CASA Conference in Monterey.

CSRMA MEMBER AGENCIES

<u>Organization</u>	<u>Street Address</u>	<u>City</u>	<u>State</u>	<u>Zipcode</u>
Bayshore Sanitary District	36 Industrial Way	Brisbane	CA	94005
Byron Sanitary District	7995 Bruns Road	Byron	CA	94514
Carmel Area Wastewater District	3945 Rio Road	Carmel	CA	93922
Carpinteria Sanitary District	5300 Sixth Street	Carpinteria	CA	93013
Castro Valley Sanitary District	21040 Marshall Street	Castro Valley	CA	94546
Central Contra Costa Sanitary District	5019 Imhoff Place	Martinez	CA	94553-4392
Central Marin Sanitation Agency	1301 Andersen Drive	San Rafael	CA	94901
County Sanitation District No. 2-3 of Santa Clara County	20863 Stevens Creek Boulevard, #100	Cupertino	CA	95014-2154
Crockett Community Services District	P.O. Box 578	Crockett	CA	94525
Cupertino Sanitary District	20863 Stevens Creek Boulevard, #100	Cupertino	CA	95014-2154
Delta Diablo	2500 Pittsburg-Antioch Hwy	Antioch	CA	94509
Dublin San Ramon Services District	7051 Dublin Blvd.	Dublin	CA	94568
East Bay Dischargers Authority	2651 Grant Avenue	San Lorenzo	CA	94580
Encina Wastewater Authority	6200 Avenida Encinas	Carlsbad	CA	92011
Fairfield-Suisun Sewer District	1010 Chadbourne Road	Fairfield	CA	94585
Goleta Sanitary District	One William Moffett Place	Goleta	CA	93117
Goleta West Sanitary District	P.O. Box 4	Goleta	CA	93116-0004
Inland Empire Utilities Agency	6075 Kimball Avenue	Chino	CA	91710
Ironhouse Sanitary District	450 Walnut Meadows Drive	Oakley	CA	94561
Lake Arrowhead Community Services District	27307 State Hwy 189	Lake Arrowhead	CA	92352
Las Gallinas Valley Sanitary District	300 Smith Ranch Road	San Rafael	CA	94903
Leucadia Wastewater District	1960 La Costa Avenue	Carlsbad	CA	92009
Lincoln-Sewer Maintenance District 1 Wastewater Authority	1245 Fiddymont Road	Lincoln	CA	95648
Montara Water and Sanitary District	P.O. Box 370131	Montara	CA	94037
Montecito Sanitary District	1042 Monte Cristo Lane	Santa Barbara	CA	93108
Monterey One Water	5 Harris Court, Bldg. D	Monterey	CA	93940
Mt. View Sanitary District	P.O. Box 2757	Martinez	CA	94553
Napa Sanitation District	1515 Soscol Ferry Road	Napa	CA	94558
Nevada County Sanitation District	950 Maidu Avenue, Suite 170	Nevada City	CA	95959
North of River Sanitary District	204 Universe Avenue	Bakersfield	CA	93308
Novato Sanitary District	500 Davidson Street	Novato	CA	94945
Oceana Marin Sewer Imp. District	999 Rush Creek Place	Novato	CA	94948
Ojai Valley Sanitary District	1072 Tico Road	Ojai	CA	93023
Oro Loma Sanitary District	2655 Grant Avenue	San Lorenzo	CA	94580
Richardson Bay Sanitary District (SASM)	500 Tiburon Blvd.	Tiburon	CA	94920
Rodeo Sanitary District	800 San Pablo Avenue	Rodeo	CA	94572
Ross Valley Sanitation District	2960 Kerner Blvd.	San Rafael	CA	94901
San Elijo Joint Powers Authority	2695 Manchester Ave.	Cardiff	CA	92007
San Rafael Sanitation District	111 Morphew Street	San Rafael	CA	94901
Sanitary District No. 5 of Marin County	2001 Paradise Drive	Tiburon	CA	94920
Santa Margarita Water District	26111 Antonio Parkway	Rancho Santa Margarita	CA	92688
Sausalito-Marin City Sanitary District	1 East Road	Sausalito	CA	94965
Selma-Kingsburg-Fowler County S.D.	P.O. Box 158	Kingsburg	CA	93631-0158
Sewer Authority Mid-Coastside	1000 N. Cabrillo Highway	Half Moon Bay	CA	94019
Sewerage Agency Of Southern Marin	26 Corte Madera Avenue	Mill Valley	CA	94941
Silicon Valley Clean Water	1400 Radio Road	Redwood City	CA	94065
South Orange County Wastewater Authority	34156 Del Obispo	Dana Point	CA	92629
Stege Sanitary District	7500 Schmidt Ln.	El Cerrito	CA	94530
Tahoe-Truckee Sanitation Agency	13720 Butterfield Drive	Truckee	CA	96161
Triunfo Water & Sanitation District	370 N. Westlake Blvd., Suite 100	Westlake Village	CA	91362
Truckee Sanitary District	12304 Joerger Dr.	Truckee	CA	96161
Union Sanitary District	5072 Benson Road	Union City	CA	94587-8550
Vallejo Flood and Wastewater District	450 Ryder Street	Vallejo	CA	94590
Valley Sanitary District	45-500 Van Buren	Indio	CA	92201
Ventura Regional Sanitation District	4105 West Gonzales Road	Oxnard	CA	93036-2748
Victor Valley Wastewater Recl. Auth.	20111 Shay Road	Victorville	CA	92394
West Bay Sanitary District	500 Laurel Street	Menlo Park	CA	94025
West County Wastewater District	2910 Hilltop Drive	Richmond	CA	94806
West Valley S.D. of Santa Clara County	100 East Sunnyoaks Avenue	Campbell	CA	95008
Western Riverside County R.W.A.	14205 Meridian Parkway	Riverside	CA	92518

**CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY
BOARD OF DIRECTORS MEETING
JANUARY 24, 2024
PALM SPRINGS, CA**

MEMBERS PRESENT

Craig Murray, President, Carpinteria Sanitary District
 Shari Deutsch, Central Contra Costa Sanitary District
 Jason Dow, Treasurer-Auditor, Central Marin Sanitation Agency
 Angela Chen, Cupertino Sanitary District
 Roland Williams, Secretary, Castro Valley Sanitary District
 Vincent De Lange, Delta Diablo
 Michelle Gallardo, Dublin San Ramon Services District
 Jennifer Sabine, Encina Wastewater Authority
 Meg Herston, Fairfield Suisun Sewer District
 Steve Wagner, Goleta Sanitary District
 Tyson Zimmerman, Ironhouse Sanitary District
 Curtis Paxton, Las Gallinas Valley Sanitary District
 Paul Bushee, Leucadia Wastewater District
 Mike McCollough, Monterey One Water
 John Wiegold, Montecito Sanitary District
 Patrick Ostly, North of River Sanitary District
 Sandeep Karkal, Vice-President, Novato Sanitary District
 Tony Rubio, Sanitary District No. 5 of Marin County
 Michael Thornton, San Elijo Joint Powers Authority
 Veronica Cazares, Selma-Kingsburg-Fowler County Sanitation District
 Saundra Jacobs, Santa Margarita Water District
 Dwight Merrill, Stege Sanitary District
 Teresa Herrera, Silicon Valley Clean Water
 Blake Tresan, Truckee Sanitary District
 Mark Tomko, Vallejo Flood and Wastewater District
 Justin Lovell, West County Wastewater District
 Kent Edler, West Valley Sanitation District

GUESTS AND CONSULTANTS

Aaron Beanan, Encina Wastewater Authority
 Eric Scriven, NHA Advisors
 Seth Cole, Alliant Insurance Services, Inc.
 Myron Leavell, Alliant Insurance Services, Inc.
 P.J. Skarlanic, Alliant Insurance Services, Inc.
 Steve Davidson, Alliant Insurance Services, Inc.
 David Patzer, DKF Solutions Group
 Kay Patzer, DKF Solutions Group
 Byrne Conley, Gibbons & Conley
 Alan Dialon, Carl Warren & Company

James Marta, James Marta & Company

A. CALL TO ORDER

The meeting was called to order by President Craig Murray at 4:24 p.m.

B. PUBLIC & BOARD MEMBER COMMENTS

There were no public comments.

C. CONSENT CALENDAR

C.1. Meeting Minutes: August 10, 2023

The minutes of the meeting held on August 10, 2023 were reviewed.

C.2. Investment Performance Review

The Board of Directors reviewed the Investment Performance Review.

C.3. Annual Operating Report

The Board of Directors reviewed the Annual Operating Report. Each member agency will also be sent an electronic copy for their records.

C.4. CSRMA 2024 Meeting Calendar

The Board of Directors reviewed the 2024 meeting calendar.

C.5. Pooled Liability Program Quarterly Claims Report as of December 31, 2023

The Board of Directors reviewed the Pooled Liability Program Quarterly Claims Report as of December 31, 2023.

C.6. Workers' Compensation Program Quarterly Claims Report as of December 31, 2023

The Board of Directors reviewed the Workers' Compensation Program Quarterly Claims Report as of December 31, 2023.

C.7. Budget to Date Report as of December 31, 2023

The Board of Directors reviewed the Budget to Date Report as of December 31, 2023.

A motion was made to accept the Consent Calendar as presented.

MOTION: Paul Bushee

SECOND: Roland Williams

MOTION CARRIED

AYES: Bushee, Cazares, Chen, De Lange, Dow, Deutsch, Edler, Gallardo, Herrera, Herston, Jacobs, Karkal, Lovell, McCollough, Merrill, Murray, Ostly, Paxton, Rubio, Sabine, Thornton, Tomko, Tresan, Wagner, Wiegold, Williams, Zimmerman

NAYS: None

ABSTAIN: None

D. GENERAL ADMINISTRATION

D.1. Executive Board Elections

Seth Cole reviewed the current make-up of the Executive Board with the Board of Directors and the eligibility of members whose terms are expiring, and those who are eligible to continue for another term. The Nominating Committee, consisting of Sandeep Karkal, Steve Wagner and Roland Williams recommended the following slate of candidates:

- That Michael Thornton of San Elijo JPA be elected to fill the open Member #1 position vacated by Melissa Morton.
- That Patrick Ostly of North of River Sanitary District be elected to fill the open Member #5 position.
- That Tyson Zimmerman of Ironhouse Sanitary District be elected to fill the open Alternate position, and
- That all other members whose terms are expiring be re-elected to their positions.

A motion was made to elect the slate of candidates presented by the Nominating Committee.

MOTION: Paul Bushee

SECOND: Steve Wagner

MOTION CARRIED

AYES: Bushee, Cazares, Chen, De Lange, Dow, Deutsch, Edler, Gallardo, Herrera, Herston, Jacobs, Karkal, Lovell, McCollough, Merrill, Murray, Ostly, Paxton, Rubio, Sabine, Thornton, Tomko, Tresan, Wagner, Wiegold, Williams, Zimmerman

NAYS: None

ABSTAIN: None

D.2. Acceptance of the Financial Audit – June 30, 2023

Seth Cole introduced Jim Marta of James Marta and Company, who reported that the financial audit for fiscal year 2022/23 is complete.

Jim provided an overview of the audit process, and then reviewed the results of the audit with the Board, indicating that the financial statements are presented fairly and in accordance with the accounting principles generally accepted in the United States.

Jim reported that the Net Position as of June 30, 2022 is \$10M, a 42.5% increase (\$2,993,427) over last year and noted that the Workers' Compensation Program has a positive equity position

of \$4.6M. In summary, Jim emphasized the financial strength of CSRMA, with retrospective rating adjustments and dividends being paid out to members. Jim pointed out a small deficit in the position of the Property Insurance Program but advised that claims reserves contributing to the deficit are generally expected to settle for less than reserved. He concluded that there are no internal control deficiencies and the JPA is financially stable.

A motion was made to accept the Financial Audit for Fiscal Year 2022/23 as presented.

MOTION: Shari Deutsch **SECOND:** Teresa Herrera **MOTION CARRIED**

AYES: Bushee, Cazares, Chen, De Lange, Dow, Deutsch, Edler, Gallardo, Herrera, Herston, Jacobs, Karkal, Lovell, McCollough, Merrill, Murray, Ostly, Paxton, Rubio, Sabine, Thornton, Tomko, Tresan, Wagner, Wiegold, Williams, Zimmerman

NAYS: None

ABSTAIN: None

D.3 Prospective New Member: Lincoln-Sewer Maintenance District 1 Wastewater Authority (LiSWA)

Seth Cole reported that Lincoln-Sewer Maintenance District 1 Wastewater Authority (LiSWA) has asked CSRMA to provide them with a quotation for inclusion into the Primary Insurance Program and Property Insurance Program effective May 1, 2024. They are not a member of a JPA and are therefore required to seek membership in CSRMA prior to coverage being bound.

LiSWA is already insured by WaterPlus, the carrier of the Primary Insurance Program, and have been determined to be suitable for quoting into the Property Insurance Program.

The approximate annual premium in the Primary Insurance Program is \$110,000, and \$150,000 in the Property Insurance Program. This contemplates a \$100,000 Property Deductible.

A motion was made to approve LiSWA's membership in CSRMA and participation in the Primary Insurance Program and Property Insurance Program.

MOTION: Roland Williams **SECOND:** Sandra Jacobs **MOTION CARRIED**

AYES: Bushee, Cazares, Chen, De Lange, Dow, Deutsch, Edler, Gallardo, Herrera, Herston, Jacobs, Karkal, Lovell, McCollough, Merrill, Murray, Ostly, Paxton, Rubio, Sabine, Thornton, Tomko, Tresan, Wagner, Wiegold, Williams, Zimmerman

NAYS: None

ABSTAIN: None

D.3. Captive Update

P.J. Skarlanic provided an update to the Board of Directors on the Clean Water Insurance Captive (CWIC). CWIC has been reinsuring CSRMA's Workers' Compensation Program since its inception in July 2024, and began reinsuring CSRMA's Pooled Liability Program effective December 31, 2023. Early in the 4th Quarter of 2023, PFM began investing CWIC's funds per the

asset allocation targets approved by the CWIC Board. CWIC’s investments earned an approximate 4% return in the most recent quarter. As the most recent quarter is the only quarter in which CWIC held such investments, the lifetime return on investments is also approximately 4%.

The Program Administrators will provide periodic updates on the performance of the Clean Water Insurance Captive.

E. OFFICERS/STAFF/COMMITTEE REPORTS

E.1. Pooled Liability Program

E.1.a. Pooled Liability Program Post Renewal Report

The Board of Directors reviewed the Pooled Liability Program post renewal report. Seth Cole advised that the Executive Board approved renewal of the Pooled Liability Program effective December 31, 2023, transferring the risk for the Pooled Layer to the Clean Water Insurance Captive (CWIC). The total increase in premium was roughly 12%, which was in line with forecasted increases due to changes in exposure and market conditions.

E.1.b. Amendments to the Memorandum of Coverage (MOC)

Seth Cole advised that the Executive Board approved amendatory language to the Memorandum of Coverage (MOC) to capture the expected changes to the reinsurance and excess liability coverage terms effective December 31, 2023. The Board of Directors reviewed an endorsement to the MOC with the proposed amendments.

A motion was made to ratify the amendments to the MOC as approved by the Executive Board.

MOTION: Sandra Jacobs **SECOND:** Paul Bushee **MOTION CARRIED**

AYES: Bushee, Cazares, Chen, De Lange, Dow, Deutsch, Edler, Gallardo, Herrera, Herston, Jacobs, Karkal, Lovell, McCollough, Merrill, Murray, Ostly, Paxton, Rubio, Sabine, Thornton, Tomko, Tresan, Wagner, Wiegold, Williams, Zimmerman

NAYS: None

ABSTAIN: None

E.1.c. Pooled Liability Program Declaration of Dividend at December 31, 2023

Seth Cole advised on the Policy & Procedure that allows for dividends to be declared for members of the Pooled Liability Program. Though the Pooled Liability Program’s position is strong, a declaration of dividends would drop its retained funds below its minimum retained fund balance, so a dividend was not declared.

E.2. Primary Insurance Program

E.2.a. Primary Insurance Program Post Renewal Report

The Board of Directors reviewed the Primary Insurance Program post renewal report. Seth Cole advised that the Executive Board approved renewal of the Primary Insurance Program with the WaterPlus Insurance Program, effective December 31, 2023. The total premium increased roughly 14%, including a roughly 10% rate increase due to market conditions. A roughly 5% increase to the Program Directors Fee and 6% increase to the JPA charge, which were both Board-approved parts of the 2023-2024 budget.

E.3. Workers' Compensation Program

E.3.a. Workers' Compensation Excellence Award

David Patzer discussed the criteria for the Workers' Compensation Excellence Award and announced that four applications met all the criteria and will be receiving the award:

- Castro Valley Sanitary District
- Encina Wastewater Authority
- San Elijo Joint Powers Authority
- Sewer Authority Mid-Coastside

Recipients will be receiving a wall plaque, lobby banner and a cash award of \$50,000 to be disbursed to winning agencies.

The Board collectively congratulated the four winners.

David noted that the 2024 Workers' Compensation Excellence Award Application will contain increased requirements over the previous year and will be reviewed by the Workers' Compensation Committee prior to being sent to the membership.

E.3.b. Workers' Compensation Program Retrospective Rating Policy & Procedure

P.J. Skarlanic reviewed the amendment to the Retrospective Rating Plan Policy & Procedure based on recommendations made in the Bickmore Actuarial Report. A copy of the redline strikeout version of the Retrospective Rating Plan Policy & Procedure was attached for the Board's review.

A motion was made to adopt the Workers' Compensation Program Retrospective Rating Policy & Procedure.

MOTION: Shari Deutsch **SECOND:** Sandra Jacobs **MOTION CARRIED**

AYES: Bushee, Cazares, Chen, De Lange, Dow, Deutsch, Edler, Gallardo, Herrera, Herston, Jacobs, Karkal, Lovell, McCollough, Merrill, Murray, Ostly, Paxton, Rubio, Sabine, Thornton, Tomko, Tresan, Wagner, Wiegold, Williams, Zimmerman

NAYS: None

ABSTAIN: None

E.3. Property Program

E.3.a. Market Update and Preliminary Renewal Expectations

P.J. Skarlanic provided a verbal update for planning and budgeting purposes. The market continues to be challenging, though some indications that the rate at which the market becomes more challenging is decreasing. Based on current market conditions, it is projected there will be a minimum of a 5% rate increase, dependent on industry performance and individual member losses, not accounting for any changes in exposure (insured values). The rising cost of labor and building materials are major factors in the costs of insuring property.

The Program Administrators will provide the property program members with updated information as it is available.

F. RESOLUTIONS

F.1. & F.2. Resolutions Recognizing the Contributions of Melissa Morton and Steve Wagner

Craig Murray reported that Melissa Morton has served on CSRMA’s Board of Directors, Pooled Liability Committee, and Executive Board for several years. CSRMA has greatly benefited from her experience, expertise, guidance, and support. Seth Cole reported that Melissa retired last month from her position as General Manager of Vallejo Flood & Wastewater District.

Craig also reported that Steve Wagner has served on CSRMA’s Board of Directors, Workers Compensation Committee, and Executive Board for several years, and CSRMA has greatly benefited from her experience, expertise, guidance, and support. Seth advised that, while Steve is departing the CSRMA Executive Board, he will remain on the CSRMA Board of Directors and on the CWIC Board.

A motion was made to honor the contributions of Melissa Morton and Steve Wagner with formal resolutions.

MOTION: Sandeep Karkal **SECOND:** Teresa Herrera **MOTION CARRIED**

AYES: Bushee, Cazares, Chen, De Lange, Dow, Deutsch, Edler, Gallardo, Herrera, Herston, Jacobs, Karkal, Lovell, McCollough, Merrill, Murray, Ostly, Paxton, Rubio, Sabine, Thornton, Tomko, Tresan, Wagner, Wiegold, Williams, Zimmerman

NAYS: None

ABSTAIN: None

G. INFORMATION ITEMS

G.1. CSRMA New Member Orientation Demo

David Patzer gave an overview of the New Member Orientation, available online on CSRMA.org. David highlighted the updated content and refreshed design.

H. INFORMATION ITEMS

- H.1. Article – *Water industry leader calls for boots on the ground to boost cyber resilience in small utilities***
- H.2. Article – *Pipeline getting sunk to the bottom of reservoir; in 4 years, it could carry drinking water***
- H.3. Article – *California approves rules for converting sewage waste to drinking water***
- H.4. Article – *5 Forces Driving Commercial Auto Insurance Costs***
- H.5. CSRMA 2023 Meeting Calendar**
- H.6. CSRMA Organizational Chart**
- H.7. CSRMA Service Team Chart**

The Board of Directors reviewed the presented information items.

H. ADJOURNMENT

The meeting was adjourned at 5:17 p.m. The next meeting is scheduled for June 20, 2024, via teleconference.

**New Member:
Lincoln-Sewer Maintenance District 1 Wastewater Authority**

ISSUE: The Lincoln-Sewer Maintenance District 1 Wastewater Authority (LiSWA) became a member of CSRMA and joined the Primary Insurance and Property Programs effective May 1, 2024.

RECOMMENDATION: None, information only.

FISCAL IMPACT: The approximate annual contribution is \$254,937.

BACKGROUND: The Board of Directors approved LiSWA's membership in the JPA and participation in the Primary and Property Programs at its January 24, 2024 meeting.

LiSWA is a joint powers authority between the City of Lincoln and Placer County formed in 2023. As a joint powers authority, LiSWA owns and operates the regional wastewater facilities in Lincoln (CA), employs agents and employees, establishes charges, develops and adopts policies and procedures and is governed by a Board comprised of two County Board of Supervisors and two City Council members.

ATTACHMENTS: None.

Estimated Actual 23/24 Budget & Proposed 24/25 Budget

ISSUE: Review and discuss the budget for Fiscal Year 2024/25.

In FY 23/24 the Pooled Layer risk in both the Workers' Compensation and Pooled Liability Programs was transferred to the Clean Water Insurance Captive (CWIC). A new line item was added to the budget (Affiliate Insurance Premiums) to capture the premiums paid to CWIC. Additionally, new exhibits were created to show the consolidated budgets for CSRMA and CWIC, which are attached to this item for the Executive Board's review.

RECOMMENDATION: The Executive Board recommends that the Board of Directors adopt the proposed budget for the 2024-2025 fiscal year as presented with any verbal changes that may be noted at the meeting.

FISCAL IMPACT: As depicted in the budget document.

BACKGROUND: The proposed budget is the result of a number of assumptions and the analysis of many disparate factors. Each Program of the JPA is analyzed individually with "general expenses" of the JPA allocated to each program on a percentage basis. The majority of expenses however, are program specific.

The Primary Insurance Program (PIP) is a group purchase program and is designed to "break even" each year as there is no risk sharing involved and monies generally do not need to be accrued beyond a single fiscal year.

The revenue and expenses of the pooling programs (liability, workers' comp. and property) however are driven heavily by actuarial projections and the underwriting results of prior Program Years as reflected through the retrospective rating and dividend calculations. For these reasons there is not necessarily a balance between revenue and expenses in any one year. A "pooled" layer was implemented for the Property Insurance Program in fiscal year 21-22. Losses between the program deductible (\$100,000) and member deductibles are retained by the program. The property program is driven more heavily by insurance premiums.

The Program Administrators have identified some items that the Board may want to focus on, or review. These are described as follows:

1. Allocation percentages are used in the budget to calculate: JPA Expenses and Safety Expenses for each Program, as follows:

- A. JPA Expenses are allocated back to each program based on the total expenses for the JPA, **unless** an expense item is program specific. The percentages used are 10% PIP, 10% Property, 45% Liability, and 35% Workers' Compensation. The percentages are based on an estimate of how much time each Program takes as a percentage of overall JPA administration time.
 - B. Safety Expenses allocation percentages are 10% PIP, 10% Property, 45% Liability, and 35% Workers' Compensation **unless** an expense item is program specific. These percentages are based on the Risk Control Advisor's time and resources applied to each program.
2. Non-Member Revenue is expected to be nil in fiscal year 2024-25, as interest in subscriptions to access Risk Control Online/Vector Solutions has waned.
3. Interest Income. PFM provided CSRMA with an earnings projection for fiscal year 24-25. They used an average earnings rate of 2.89% for total projected earnings of \$730,503. Projected LAIF earnings are in addition to PFM's earnings projection. Of note, the CWIC earnings projections compare favorably to CSRMA's, as shown in the CSRMA/CWIC Consolidated Budget 24/25 Exhibit, given the size of the respective portfolios.
4. The Program Directors' Fee is program specific and is based on the annual hours worked on each program in accordance with the contract agreement between Alliant Insurance Services and CSRMA. No change to the Program Directors' Fee account is proposed for fiscal year 2024-25.
5. Dividends are not budgeted for the Workers' Compensation Program in fiscal year 24-25, as it is anticipated that dividends will not be eligible for declaration based on the Dividend Policy & Procedure. Dividends are conservatively budgeted for the Pooled Liability Program.
6. The Investment Policy is included in the Budget packet and is discussed in agenda item D.2. No changes are recommended by PFM.
7. Insurance Premium (Net) for all programs is budgeted to increase 14.2% (\$1,981,898) over the 23-24 'budget' amount. This is largely driven by insurance market conditions, changes in exposure (mainly total insured values and payroll) and the addition of a new member, the Lincoln-Sewer Maintenance District 1 Wastewater Authority (LiSWA) into the Property and PIP Programs effective 5/4/24.
8. Affiliate Insurance Premiums is a new item added to the budget this year. This line item accounts for the premiums paid to the CSRMA captive insurance company CWIC.
9. Retro Adjustments are unknown at the time the budget is formulated, and as it is difficult to budget these amounts because they are unknown, the retrospective

adjustments are budgeted conservatively. The amount of the actual Retro (credit or debit) can vary greatly from the budgeted amount as a result of claims activity.

10. Deductible Recoveries can fluctuate considerably given the uncertainty of claims activity for members with various deductible levels and can vary greatly from the budgeted amount because of this uncertainty.
11. The Risk Control expenses are budgeted to increase 20.7% (\$94,259) largely due to additional services included in the approved FY 24/25 Risk Control Work Plan. Cyber security services provided by KYND are included in the Work Plan.
12. The Admin (Legal, Board, Operations, etc.) expenses are budgeted to increase approximately 7.6% (\$44,082) largely due to increases in User Fraud/Assessment, Memberships/Other (CAJPA Accreditation fee) and CSRMA Provided Seminars line items.

- ATTACHMENTS:**
1. Estimated Actual 23/24 Budget & Proposed 24/25 Budget (Separate)
 2. CSRMA/CWIC Projected Consolidated Budget 23/24 Exhibit
 3. CSRMA/CWIC Consolidated Budget 24/25 Exhibit

**CSRMA / CWIC Projected Consolidated Budget
FY 2023-24**

Description	CSRMA Adopted Budget 2023-24	Projected CSRMA 2023-24	Projected CWIC 2023-24	Affiliate Elimination	Projected Consolidated 2023-24
Operating Revenues:					
Non-Member Revenue	\$ -	\$ -	\$ -		\$ -
JPA Charge	1,037,630	1,012,895	-		1,012,895
Program Directors' Fee	1,451,000	1,431,038	-		1,431,038
Pooled Deposit	7,471,949	1,936,407	-		1,936,407
Net Insurance Premium	13,997,015	13,834,577	-		13,834,577
Affiliate Insurance Premium		5,585,051	6,225,028	(6,225,028)	5,585,051
Deductible Recoveries	400,000	394,742	-		394,742
Total Operating Revenues	24,357,594	24,194,711	6,225,028	(0)	30,419,739
Non-Operating Revenues:					
Investment Earnings	532,430	689,164	460,592		1,149,756
Total Non-Operating Revenues	532,430	689,164	460,592	0	1,149,756
Total Revenues	24,890,024	24,883,875	6,685,620	0	31,569,495
Operating Expenses:					
Program Directors' Fee Expense	1,451,000	1,431,288	-		1,431,288
Net Insurance Premium	13,997,015	13,856,850	-		13,856,850
Affiliate Insurance Premium		6,225,028		(6,225,028)	-
Risk Control	455,300	468,327	-		468,327
Admin (Legal, Board, Operations, etc.)	582,330	550,707	196,573		747,280
Risk Control Online	-	-	-		-
Total Operating Expenses	16,485,645	22,528,165	196,573	0	22,724,738
Non-Operating Expenses:					
Claims & Loss Adjustment Expense	5,493,907	4,616,362	460,592		5,076,954
Dividends	500,000	0	-		0
Total Non-Operating Expenses	5,993,907	4,616,362	460,592	(0)	5,076,953
Total Expenses	22,479,552	27,144,527	657,165	0	27,801,692
Estimated Income (Loss) Before Retro Adjustments	2,410,472	(2,260,652)	6,028,455	0	3,767,803
Retro Adjustments	(500,000)	(802,167)	-		(802,167)
Estimated Income (Loss) After Retro Adjustments	\$ 1,910,472	\$ (3,062,819)	\$ 6,028,455	\$ 0	\$ 2,965,637

**CSRMA / CWIC Consolidated Budget
FY 2024-25**

Description	CSRMA Adopted Budget 2023-24	CSRMA Budget 2024-25	CWIC Budget 2024 25	Affiliate Elimination	Consolidated 2024-25
Operating Revenues:					
Non-Member Revenue	\$ -	\$ -	\$ -		\$ -
JPA Charge	1,037,630	1,174,720			1,174,720
Program Directors' Fee	1,451,000	1,451,000			1,451,000
Pooled Deposit	7,471,949	653,298			653,298
Net Insurance Premium	13,997,015	15,829,612			15,829,612
Affiliate Insurance Premium		6,806,001	6,806,001	(6,806,001)	6,806,001
Deductible Recoveries	400,000	400,000			400,000
Total Operating Revenues	24,357,594	26,314,631	6,806,001	-	33,120,632
Non-Operating Revenues:					
Investment Earnings	532,430	830,503	841,646		1,672,149
Total Non-Operating Revenues	532,430	830,503	841,646	-	1,672,149
Total Revenues	24,890,024	27,145,134	7,647,647	-	34,792,781
Operating Expenses:					
Program Directors' Fee Expense	1,451,000	1,451,000			1,451,000
Net Insurance Premium	13,997,015	15,829,612			15,829,612
Affiliate Insurance Premium		7,776,601		(6,806,001)	970,600
Risk Control	455,300	549,559			549,559
Admin (Legal, Board, Operations, etc.)	582,330	625,161	192,057		817,218
Risk Control Online	-	-	-		-
Total Operating Expenses	16,485,645	26,231,933	192,057	-	26,423,990
Non- Operating Expenses:					
Claims & Loss Adjustment Expense	5,493,907	4,000,000	841,646		4,841,646
Dividends	500,000	500,000			500,000
Total Non- Operating Expenses	5,993,907	4,500,000	841,646	-	5,341,646
Total Expenses	22,479,552	30,731,933	1,033,703	-	31,765,636
Estimated Income (Loss) Before Retro Adjustments	2,410,472	(3,586,799)	6,613,944	-	3,027,145
Retro Adjustments	(500,000)	(500,000)			(500,000)
Estimated Income (Loss) After Retro Adjustments	\$ 1,910,472	\$ (4,086,799)	\$ 6,613,944	\$ -	\$ 2,527,145

5 MOST COMMON CYBERSECURITY MISTAKES

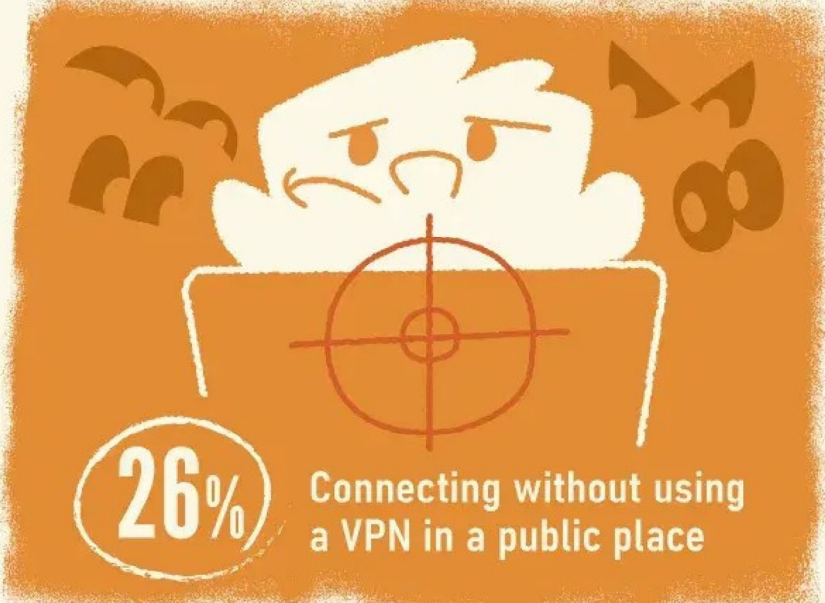
H.1



29% of users reported using a work device for personal activities



26% Reusing or sharing their password



26% Connecting without using a VPN in a public place



24% Responding to a message from someone they don't know



20% Accessing inappropriate websites



EPA says it will step up cyber regulation of water systems amid increase in cyberattacks

[cnn.com/2024/05/20/politics/epa-cyber-regulation-water-systems/index.html](https://www.cnn.com/2024/05/20/politics/epa-cyber-regulation-water-systems/index.html)

Sean Lyngaas

May 21, 2024



The William Jefferson Clinton Building, which houses the Environmental Protection Agency, is viewed, Friday, May 19, 2023, in Washington.

Phelan M. Ebenhack/AP
CNN —

The US Environmental Protection Agency is stepping up inspections of water facilities that may be vulnerable to cyberattacks, the agency said Monday, citing an increase “in frequency and severity” of cyberattacks on the nation’s water plants.

“EPA inspectors have identified alarming cybersecurity vulnerabilities at drinking water systems across the country and taken actions to address them,” the agency said in an enforcement alert.

The new alert from the EPA outlines basic cybersecurity measures that US water facilities need to take to comply with the Safe Drinking Water Act, a federal law the agency uses to regulate water plants’ safety and security practices. The EPA can fine facilities that are deemed noncompliant or, in more serious cases, can pursue criminal charges.

More than 70% of water systems the EPA has inspected since September violate “basic” requirements of the Safe Drinking Water Act, according to the agency.

A spate of cybercriminal and state-backed hacks against US water facilities in the last six months has alarmed senior US officials because of the ease with which the hackers accessed sensitive equipment at the facilities. A Russian-speaking hacking group claimed credit for a cyberattack in January that caused a tank at a Texas water facility to overflow.

“As EPA steps up inspections [of facilities], the Agency intends to use enforcement authorities to address problems quickly that it observes in the field such as failure to prepare adequate” emergency response plans, the EPA alert says.

Asked if EPA will increase the resources it puts towards cybersecurity inspections of water facilities, EPA spokesperson Jeffrey Landis told CNN the agency is “not receiving additional resources to support this effort.” EPA does, however, have 88 “credentialed [Safe Drinking Water Act] inspectors and their planned work is being modified to accommodate this urgent need,” Landis said in an email.

The EPA, US Cybersecurity and Infrastructure Security Agency and, in some cases, state programs offer free cybersecurity training and tools for water facility operators, Landis said.

Report: At least \$630 billion needed for wastewater, stormwater over next 20 years

 waterfm.com/report-at-least-630-billion-needed-for-wastewater-stormwater-over-next-20-years

By WFM Staff

May 20, 2024



The U.S. Environmental Protection Agency recently transmitted a report to Congress outlining clean water infrastructure investments – including wastewater and stormwater system upgrades – that are needed over the next 20 years.

Through the Clean Watersheds Needs Survey, states and U.S. territories report on future capital costs or investment needs to maintain and modernize publicly owned wastewater treatment works, stormwater infrastructure, nonpoint source control, and decentralized wastewater treatment systems like septic tanks.

“Protecting our nations waterways is vital for healthy communities. They provide sources of drinking water, support farming, power economic opportunity and transport and allow for recreation and fishing,” said EPA’s Acting Assistant Administrator for Water Bruno Pigott. “This survey is an important estimate of needs that is based on information collected from

the communities themselves. President Biden has secured the largest investments in history for water infrastructure, putting America in a strong position to help local systems protect our nation's water quality.”

//** advertisement **//

[Maximizing the Financial Value of Advanced Metering Projects – this eBook reviews traditional AMI benefits, smarter meter maintenance, risk mitigation, and more. Download for Free.](#)

The 2022 survey represents the most recent comprehensive and robust report on wastewater, stormwater, and other clean water infrastructure needs in the U.S., and shows that at least \$630 billion will be needed over the next 20 years to protect our nation's waterbodies. The National Association of Clean Water Agencies (NACWA) said this represents a 73 percent increase in total reported needs since the previous 2012 report a decade ago.

“[This] report to Congress confirms what public clean water utilities across America already know – that there is a massive gap between available funds and the dollars actually needed to invest in the country's clean water infrastructure, and that the gap is growing at a rapid and unsustainable pace,” said Adam Krantz, NACWA CEO. “Local utilities and their ratepayers simply cannot continue to bear the full burden for these costs. While the \$50 billion in federal water investments provided by the Bipartisan Infrastructure Law (BIL) are important and much appreciated, this new report makes clear that amount will hardly make a dent in the overall need. Local ratepayers will continue to pay for the majority of investments, but the federal government must step up and come forward as a full and long-term partner to address the funding need.”

According to NACWA, unlike the Drinking Water Needs Assessment, which is EPA is required by statute to complete every four years, there is no similar statutory requirement for EPA to complete the CWNS on a specific timeline. The last survey was in 2012, and NACWA advocated strongly to include language in the Bipartisan Infrastructure Law (BIL) requiring EPA to produce an updated CWNS.

//** advertisement **//

[Beyond Wire Breaks: Pipeline Monitoring to Prevent Failures and Advance Asset Management Sponsored by Pure Technologies, A Xylem Brand Tuesday, June 4th at 2pm EDT](#)

The BIL aims to provide a \$50 billion investment in upgrading critical water infrastructure – with almost \$13 billion going to wastewater and stormwater management. EPA's Clean Water State Revolving fund has supported over \$160 billion in infrastructure since its inception in 1987, and EPA's Water Infrastructure Finance and Innovation Act (WIFIA) program has issued over \$43 billion in financing for water infrastructure projects since 2018.

Learn more about the [survey and access the interactive dashboard.](#)

Background

This is the 17th survey conducted since the passage of the Clean Water Act over 50 years ago. The last survey was conducted in 2012. Along with the needs data, the survey also collected technical data from all existing treatment facilities (e.g., flow, population served, effluent level, etc.). As of January 2022, there are 17,544 POTWs serving 270.4 million Americans, or 82% of the population. This information can be viewed and downloaded on the [CWNS website](#).

Sources: U.S. EPA, NACWA

Tags: [Clean Water](#), [Clean Water Act](#), [EPA](#), [investment](#), [NACWA](#), [stormwater](#), [water finance](#)

CSRMA MEETING CALENDAR 2024			
JANUARY	FEBRUARY	MARCH	APRIL
CSRMA EB - WED - 24	CSRMA LIAB (TC) - MON - 12	CSRMA LRP - SUN - TUE - 3, 4, 5	CSRMA FIN - MON - 15 (SFO)
CSRMA BD - WED - 24	CSRMA WC - THUR - 15		
<i>CASA January 24 - 26</i>	<i>PARMA February 20 - 23</i>		
<i>Palm Springs</i>	<i>Indian Wells</i>		
MAY	JUNE	JULY	AUGUST
CSRMA LIAB - MON - 6 (WC OFFICE)	CSRMA EB (TC) - MON - 10	CSRMA EB - TUE - 30	
CSRMA OC (TC) - TUES - 7	CSRMA BOD (TC) - THUR - 20	CSRMA BD - WED - 31	
CSRMA WC (TC) - THUR - 16	CSRMA OC (TC) - WED - 26		
		<i>CASA July 31 - August 2</i>	
		<i>Monterey</i>	
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
CSRMA LIAB - MON - 9 (WC OFFICE)	CSRMA EB - MON - 7 (SFO)	CSRMA OC (TC) - FRI - 1	CSRMA EB (TC) - MON - 2
CSRMA OC (TC) - FRI - 13	CSRMA WC (TC) - WED - 16	CSRMA FIN (TC) - MON - 4	CSRMA OC (TC) - THUR - 12
		CSRMA LIAB - MON - 18 (WC OFFICE)	
<i>CAJPA September 10 - 13</i>			
<i>South Lake Tahoe</i>			

Meetings in RED are IN-PERSON

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60 Members**

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Matt Anderson
Philip Leiber
Ryan Green

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Sandeep Karkal, Novato SD (Vice President)
Michael Thornton, San Elijo JPA
Vince De Lange, Delta Diablo
Michelle Gallardo, Dublin San Ramon SD
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Patrick Ostly, North of River SD
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Phuntsok Gaphel
Loss Control Services
David Patzer, Patzer Risk Control Services
CSRMA Risk Control Advisor
Heather Truro, HT Consulting
Return to Work Consultant
Accounting
Tami Giovanni

Financial Advisor
Michael Kronbeter,
PFM Asset Management LLC

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Jimmy Dang, Oro Loma SD
Mark Carlson, Union SD
Jordan Damerel, Fairfield-Suisun SD
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