



c/o ALLIANT INSURANCE SERVICES  
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**OFFICERS:**  
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415.892.1694

**PAST PRESIDENTS:**  
Greg Baatrup  
2018-2020  
Paul Bushee  
2014-2018

## EXECUTIVE BOARD MEETING AGENDA

**Date:** Tuesday, January 28, 2025  
**Time:** 4:00 PM

**LOCATION:** Hilton Palm Springs  
400 East Tahquitz Canyon Way  
Palm Springs, CA 92262  
**Room:** Plaza B  
**Hotel Phone:** (760) 320-6868

		A = Action	
		I = Information	
		V = Verbal	
		S = Separate	
		H = Handout	
<b>A.</b>	<b>CALL TO ORDER</b>		
<b>B.</b>	<b>PUBLIC &amp; BOARD MEMBER COMMENTS</b>		
<b>C.</b>	<b>CONSENT CALENDAR</b>		
1.	<b>Meeting Minutes of December 2, 2024</b> <i>Recommendation: Approve minutes from their last meeting.</i>	A	p. 6
2.	<b>Demands as of December 1 &amp; 15, 2024 and January 1 &amp; 7, 2025</b> <i>Recommendation: Approve demands issued for payment.</i>	A	p. 18
3.	<b>Long Range Action Plan 2024/25 Update</b> <i>Recommendation: Receive an update on the Long Range Action Plan.</i>	I	p. 22
<b>D.</b>	<b>CLOSED SESSION TO DISCUSS PENDING CLAIMS</b> Action may be taken per Government Code Section 54956.95 See reverse for full listing of claims to be discussed.	A	
<b>E.</b>	<b>GENERAL ADMINISTRATION</b>		
1.	<b>Reporting and Ratification of Claims Settlements</b> <i>Recommendation: Recieve report and ratify claims settlements approved in closed session.</i>	A/V	
2.	<b>Long Range Planning Session Discussion Topics</b> <i>Recommendation: Review and finalize the LRP Discussion Topics.</i>	A	p. 33
3.	<b>Captive Update</b> <i>Recommendation: Receive an update on CWIC captive insurance company.</i>	I	p. 35
4.	<b>Resolution Recognizing the Contributions of Craig Murray</b> <i>Recommendation: Review and recommend a resolution honoring the contributions of Craig Murray.</i>	A	p. 69
5.	<b>Resolution Recognizing the Contributions of Michelle Gallardo</b> <i>Recommendation: Review and recommend a resolution honoring the contributions of Michelle Gallardo.</i>	A	p. 71
<b>F.</b>	<b>OFFICER/PROGRAM DIRECTORS/COMMITTEE REPORTS</b> None		
<b>G.</b>	<b>POOLED LIABILITY PROGRAM</b>		
1.	<b>Carl Warren &amp; Company Staffing Update</b> <i>Recommendation: Receive a verbal update on the Carl Warren &amp; Company Service Team.</i>	V	
<b>H.</b>	<b>PROPERTY PROGRAM</b> None		
<b>I.</b>	<b>WORKERS' COMPENSATION PROGRAM</b> None		
<b>J.</b>	<b>PRIMARY INSURANCE PROGRAM</b> None		
<b>K.</b>	<b>LOSS CONTROL</b> None		

<b>L. INFORMATION ITEMS</b>			
1.	Review of Board of Directors Meeting Agenda	V	
2.	"Poem of the Day"	I	p. 73
3.	Article - LA fires Average insured claim estimated at \$19m with 17,027 structures destroyed or damaged	I	p. 76
4.	GFOA Award News Release	I	p. 78
5.	CSRMA 2025 Meeting Calendar	I	p. 79
6.	CSRMA Organizational Chart	I	p. 80
7.	CSRMA Service Team	I	p. 81

**M. ADJOURNMENT**

*The next meeting is scheduled for March 18, 2025*

*Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location requires routine provision of identification to building security. However, CSRMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.*



Report Criteria: Feature Status <-> C And Tier 1 = CAL SANITATION RMA And As-Of Transaction Begin Date = And As-Of Transaction End Date = And Loss Run? = Yes | Row Count: 98 | Report Run: 1/1/2025 04:32 AM

Table with 8 columns: Member District, Claim Number, Claimant Name, Coverage, Claimant Number, Date Of Loss, Claim Date Reported. Contains 98 rows of claim data.



Report Criteria: Feature Status <> C And Tier 1 = CAL SANITATION RMA And As-Of Transaction Begin Date = And As-Of Transaction End Date = And Loss Run? = Yes | Row Count: 98 | Report Run: 1/1/2025 04:32 AM

Member District	Claim Number	Claimant Name	Coverage	Claimant Number	Date Of Loss	Claim Date Reported
WEST BAY SANITARY DISTRICT	1973920	ODEN, PEBBLES	PROPERTY DAMAGE	2	07/01/2016	12/07/2017
WEST BAY SANITARY DISTRICT	1973920	VESTRYS, CHRISTOPHER	PROPERTY DAMAGE	3	07/01/2016	12/07/2017
WEST BAY SANITARY DISTRICT	1973920	MORENO, JULIO	PROPERTY DAMAGE	4	07/01/2016	12/07/2017
WEST BAY SANITARY DISTRICT	3065754	Trinity Church	PROPERTY DAMAGE	1	12/22/2023	02/14/2024
WEST BAY SANITARY DISTRICT	3066314	Ricci, Nicole	PROPERTY DAMAGE	1	10/25/2023	03/06/2024
WEST COUNTY WASTEWATER DISTRICT	3039920	[REDACTED]	EMPLOYMENT PRACTICES	1	11/09/2022	11/09/2022
WEST COUNTY WASTEWATER DISTRICT	3045201	Williams, Maurice & Mohania	PROPERTY DAMAGE	1	03/28/2023	03/30/2023
WEST COUNTY WASTEWATER DISTRICT	3045201	McKneely, Wilford & Gwendolyn	PROPERTY DAMAGE	2	03/28/2023	03/30/2023
WEST COUNTY WASTEWATER DISTRICT	3056801	[REDACTED]	EMPLOYMENT PRACTICES	1	07/25/2023	08/21/2023
WEST COUNTY WASTEWATER DISTRICT	3061610	[REDACTED]	LIABILITY PERSONAL INJURY	1	09/01/2023	09/05/2023
WEST COUNTY WASTEWATER DISTRICT	3061610	[REDACTED]	EMPLOYMENT PRACTICES	1	09/01/2023	09/05/2023
WEST COUNTY WASTEWATER DISTRICT	3063620	Stowell, Samuel	PROPERTY DAMAGE	1	12/01/2022	11/17/2023
WEST COUNTY WASTEWATER DISTRICT	3065343	Angelita	PROPERTY DAMAGE	1	11/22/2023	01/30/2024
WEST COUNTY WASTEWATER DISTRICT	3071849	Ashley Rollins C/O AAA Insurance	PROPERTY DAMAGE	1	04/10/2024	05/08/2024
WEST COUNTY WASTEWATER DISTRICT	3071849	Rollins, Ashley	BODILY INJURY	2	04/10/2024	05/08/2024
WEST COUNTY WASTEWATER DISTRICT	3077882	Shapiro, Matt	PROPERTY DAMAGE	1	12/15/2024	12/16/2024
WEST VALLEY SANITATION DISTRICT	1992584	YOUNGBLOOD, FRANKIE & DORIS	PROPERTY DAMAGE	1	03/17/2019	03/19/2019
WEST VALLEY SANITATION DISTRICT	1992584	RAMACCIOTTI, MARIA	PROPERTY DAMAGE	2	03/17/2019	03/19/2019
WEST VALLEY SANITATION DISTRICT	1992584	RAMACCIOTTI, MARIA	BODILY INJURY	2	03/17/2019	03/19/2019
WEST VALLEY SANITATION DISTRICT	1992584	RAMACCIOTTI, SOPHIA	BODILY INJURY	4	03/17/2019	03/19/2019
WEST VALLEY SANITATION DISTRICT	1992584	RAMACCIOTTI, GIULIANA	BODILY INJURY	5	03/17/2019	03/19/2019
WEST VALLEY SANITATION DISTRICT	3075320	Stoffer, Katie	PROPERTY DAMAGE	1	09/09/2024	09/11/2024
WEST VALLEY SANITATION DISTRICT	3075653	Carnico Tools and Provisions	PROPERTY DAMAGE	1	09/20/2024	09/23/2024

**CSRMA WORKERS' COMPENSATION PROGRAM  
CLAIMS INCURRED AS OF 12.31.24**

**INDEMNITY**

<b>Claimant Name</b>	<b>Account Name</b>	<b>Loss Date</b>
Acosta, Gilbert	Lake Arrowhead Community Services District	05/12/2022
Adams, Nathanael	Sanitation District #5 of Marin County	11/07/2024
Alejos, Sylvia	Silicon Valley Clean Water	08/17/2021
Baggerly, Russ	Ojai Valley Sanitary District	12/17/2018
Bailey, David	Dublin San Ramon Services District	08/25/2023
Baxter, Kenneth	Dublin San Ramon Services District	03/01/2021
Carrera, Benjamin	Victor Valley Wastewater Reclamation Authority	11/04/2019
Chavarela, Jesse	Santa Margarita Water District	02/21/2023
Cordova, Joana	Santa Margarita Water District	05/04/2021
Derrick, DeWayne	Central Contra Costa Sanitary District	06/01/2021
Egan, Mark	Napa Sanitation District	04/10/2021
Espinoza, Julio	Victor Valley Wastewater Reclamation Authority	10/21/2019
Ford, Thomas	Central Contra Costa Sanitary District	08/13/2019
Fontaine, Tyrell	Dublin San Ramon Services District	08/29/2024
Gaetano, Anthony	Santa Margarita Water District	02/12/2020
Gallaher, Raymond	Ventura Regional Sanitation District	02/24/2019
Gamble Holley, Robin	Napa Sanitation District	12/30/2021
Gamble Holley, Robin	Napa Sanitation District	09/22/2021
Golshani, Sahar	Las Gallinas Valley Sanitation District	10/30/2023
Gray, Mark	South Tahoe Public Utility District	02/06/2015
Griewe, Adam	Santa Margarita Water District	10/05/2020
Herrera, Jason	Silicon Valley Clean Water	04/21/2021
Hill, Nathan	Central Contra Costa Sanitary District	11/06/2024
Hughes, Tim	Union Sanitary District	02/03/2024
Hunsaker, James	Victor Valley Wastewater Reclamation Authority	07/13/2022
Kupel, Nora	West Valley Sanitation District	10/21/2013
Loaiza, Stephen	Santa Margarita Water District	07/07/2020
Lucia, Jesse	Central Contra Costa Sanitary District	01/18/2024
Mayor, Joseph	Ross Valley Sanitary District	12/08/2013
McDuffie, Jacqueline	Delta Diablo	07/22/2022
Morales, Hugo	Monterey Water One	11/16/2022
Mosing, James	Fairfield/Suisun Sewer District	07/20/2021
Pearson, Derrick	Dublin San Ramon Services District	05/16/2022
Pimm, Michael	Central Marin Sanitation Agency	03/16/2022
Prentice, Robert	Santa Margarita Water District	10/14/2022
Tarnowski, Allen	Union Sanitary District	11/07/2016
Tarnowski, Allen	Union Sanitary District	10/03/2018
Valdez, Ivan	Santa Margarita Water District	02/06/2023
Valikonis, John	Carpinteria Sanitary District	08/30/2024
Walker, Michael	Silicon Valley Clean Water	08/06/2022
Woolwine, Dwight	Ojai Valley Sanitary District	12/06/2024
Wright, Robert	Delta Diablo	09/01/2018

**FUTURE MEDICAL**

Alsbury, Jay	South Tahoe Public Utility District	04/23/1999
Anderson, Frederick	Silicon Valley Clean Water	11/21/2021
Armstrong, Albert	West Valley Sanitation District	11/10/1998
Ayers, James	Vallejo Flood and Wastewater District	09/11/2002

**CSRMA WORKERS' COMPENSATION PROGRAM  
CLAIMS INCURRED AS OF 12.31.24**

<b>Claimant Name</b>	<b>Account Name</b>	<b>Loss Date</b>
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**FUTURE MEDICAL (CONTINUED)**

Bailey, David	Dublin San Ramon Services District	06/08/2004
Baker, Jacob	Lake Arrowhead Community Services District	01/06/2005
Bally, Robert	Central Marin Sanitation Agency	08/20/2020
Benitez, Victor	Ironhouse Sanitary District	03/31/2016
Bish, Mark	West County Wastewater District	05/12/2015
Brough, Robert	Dublin San Ramon Services District	07/28/2016
Comito, Anthony	Montecito Sanitary District	11/16/1995
Dincau, Dustin	Ventura Regional Sanitation District	01/10/2018
Dugan, Jodey	Santa Margarita Water District	03/28/2007
Eastland, Jerry	Delta Diablo	05/15/2015
Fiore, Alan	Central Marin Sanitation Agency	05/24/2016
Flanders, Dolores	Central Contra Costa Sanitary District	04/16/2009
Ford Sr, Thomas	Central Contra Costa Sanitary District	06/22/2009
Ford Sr, Thomas	Central Contra Costa Sanitary District	03/27/2019
Freitas, Ronald	Dublin San Ramon Services District	11/09/2015
Godinez, Ignacio	Ventura Regional Sanitation District	09/06/2010
Gonzales, Frank	Carpinteria Sanitary District	06/19/2001
Grabowski, Mathew	Union Sanitary District	11/09/2015
Gregory, Leonard	Union Sanitary District	09/10/1993
Hernandez, Ralph	Delta Diablo	04/17/1997
Inman, Erin	Ventura Regional Sanitation District	05/06/2014
James, Gregory	South Tahoe Public Utility District	08/18/2015
Jannings, Andrew	Vallejo Flood and Wastewater District	10/27/2010
Jones, Lorine	Silicon Valley Clean Water	10/05/2005
Keeton, Bonnie	Central Contra Costa Sanitary District	05/17/2014
Kurz, Charles	Dublin San Ramon Services District	01/17/2001
Lawhon, Lance	Carpinteria Sanitary District	09/09/2022
Lofgren, Russell	Delta Diablo	11/25/1997
Lucia, Jesse	Central Contra Costa Sanitary District	06/10/2020
Lynskey, Andrew	Vallejo Flood and Wastewater District	11/30/2016
Marin, James	Union Sanitary District	11/01/1990
Martinez, David	Central Contra Costa Sanitary District	10/10/2015
McCleave, Georgiana	Central Contra Costa Sanitary District	04/12/2006
Moore, James	Ironhouse Sanitary District	11/25/2015
Moore, Paul	Vallejo Flood and Wastewater District	04/23/2007
Mueller Piombo, Gretchen	Central Marin Sanitation Agency	02/07/2017
Myers, Charles	West County Wastewater District	06/14/2016
Papp, Steven	Lake Arrowhead Community Services District	02/01/2006
Pelupessy, Louis	Ventura Regional Sanitation District	05/11/2016
Pelupessy, Louis	Ventura Regional Sanitation District	07/19/2019
Plascencia, Jose	Central Contra Costa Sanitary District	04/19/2022
Potter, Timothy	Central Contra Costa Sanitary District	02/27/2007
Potter, Timothy	Central Contra Costa Sanitary District	04/11/2018
Prieto, Tony	South Tahoe Public Utility District	10/12/2004
Rabago, Francine	Ventura Regional Sanitation District	03/01/2010
Raphael, Zandra	Delta Diablo	02/11/2010
Rojo, Jamie	Union Sanitary District	09/24/2020

**CSRMA WORKERS' COMPENSATION PROGRAM  
CLAIMS INCURRED AS OF 12.31.24**

Claimant Name	Account Name	Loss Date
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**FUTURE MEDICAL (CONTINUED)**

Smith, Anthony	Central Marin Sanitation Agency	08/16/2017
Smith, David	Ironhouse Sanitary District	04/09/2012
Solari, Tom	Union Sanitary District	08/24/2020
Stanovich, Danilo	Vallejo Flood and Wastewater District	06/09/2021
Synstebly, Eric	Monterey Water One	09/21/2000
Tyler, Alan	Santa Margarita Water District	04/24/2019
Van Horn, James	Carmel Area Wastewater District	08/04/2011
Vasut, Victor	Union Sanitary District	11/26/2011
Whitman, Joshua	Central Contra Costa Sanitary District	07/19/2017
Wilkinson, Edward	South Tahoe Public Utility District	01/24/2014
Wright, Robert	Delta Diablo	04/09/2013

**CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY  
EXECUTIVE BOARD MEETING TELECONFERENCE  
SAN FRANCISCO, CA  
DECEMBER 2, 2024**

**MEMBERS & OFFICERS PRESENT**

Mr. Craig Murray, President, Carpinteria Sanitary District  
 Mr. Sandeep Karkal, Vice-President, Novato Sanitary District  
 Mr. Jason Dow, Treasurer-Auditor, Central Marin Sanitation Agency  
 Mr. Roland Williams, Secretary, Castro Valley Sanitary District  
 Mr. Vince De Lange, Delta Diablo  
 Ms. Michelle Gallardo, Dublin-San Ramon Services District  
 Mr. Patrick Ostly, North of River Sanitary District  
 Mr. Michael Thornton, San Elijo JPA  
 Mr. Tyson Zimmerman, Ironhouse Sanitary District

**MEMBERS & OFFICERS ABSENT**

Mx. Teresa Herrera, Silicon Valley Clean Water

**GUESTS & CONSULTANTS**

Mr. Dennis Mulqueeny, Alliant Insurance Services, Inc. (arrived 10:04 a.m.)  
 Mr. Seth Cole, Alliant Insurance Services, Inc.  
 Mr. P.J. Skarlanic, Alliant Insurance Services, Inc.  
 Mr. Myron Leavell, Alliant Insurance Services, Inc.  
 Mr. David Patzer, DKF Solutions Group  
 Mr. Byrne Conley, Gibbons & Conley  
 Mr. Alan Dialon, Carl Warren & Company  
 Ms. Stella Sebastiani, Athens Administrators (left 10:10 a.m.)  
 Ms. Kimberly Moreno, Athens Administrators (left 10:10 a.m.)  
 Ms. Erika Alvarado, Athens Administrators (left 10:10 a.m.)

**A. CALL TO ORDER**

The meeting was called to order by President Craig Murray at 10:02 a.m.

**B. PUBLIC & BOARD MEMBER COMMENTS**

None.

**C. CONSENT CALENDAR**

**C.1. Meeting Minutes - October 7, 2024**



The minutes of the meetings on October 7, 2024 were reviewed.

**C.2. Demands as of September 15, October 1 & 15 and November 1 & 15, 2024**

The Executive Board reviewed the demands as of September 15, October 1 & 15 and November 1 & 15, 2024.

**C.3. CSRMA Investment Performance Review**

The Executive Board reviewed the CSRMA Investment Performance Review for the quarter ended September 30, 2024 prepared by PFM Asset Management Group.

**C.4. Pooled Liability Program Actuarial Study**

The Executive Board reviewed the actuarial study results as prepared by Aon.

**C.5. Long Range Action Plan 2024/25 Update**

The Executive Board reviewed the Long-Range Action Plan.

**C.6. Captive Insurance Company Update**

The Executive Board reviewed an update on the Clean Water Insurance Captive.

A motion was made to approve the Consent Calendar as presented above.

**MOTION:** Vince De Lange                      **SECOND:** Michael Thornton                      **MOTION CARRIED**

**AYES:** De Lange, Dow, Gallardo, Karkal, Murray, Ostly, Thornton, Williams, Zimmerman

**NAYS:** None

**ABSTAIN:** None

**ABSENT:** Herrera

**D. CLOSED SESSION TO DISCUSS PENDING CLAIMS**

The Board entered Closed Session at 10:04 a.m. pursuant to Government Code Section 54956.95. The Board left Closed Session at 10:52 a.m., at which time it was announced that legal counsel was provided direction concerning the disposition of certain claims, however no final settlements were approved, nor was any action taken.

**E. GENERAL ADMINISTRATION**

**E.1. Reporting and Ratification of Claims Settlements**

None.

## **E.2. Trustees E&O Renewal**

Seth Cole reported that CSRMA's Trustees Errors & Omissions coverage is due to renew on December 31, 2024. Seth reviewed the renewal options with the Executive Board with no material changes in terms or conditions. The 5% increase in premium represents a slight rate decrease, as CSRMA's revenue, the rating basis for such coverage, increased by approximately 9% in the same period.

This cover is designed to protect CSRMA the entity, the Board and Committee members for decisions made by the Board and Committees. CSRMA currently purchases \$5,000,000 in limits with a \$15,000 deductible.

A motion was made to renew the Trustee Errors & Omissions coverage with the incumbent carrier effective December 31, 2024 at \$5,000,000 in limits with a \$15,000 deductible at a cost of \$36,895 plus taxes and fees and to purchase TRIA coverage for an additional \$369 in premium plus taxes & fees.

**MOTION:** Sandeep Karkal                      **SECOND:** Tyson Zimmerman                      **MOTION CARRIED**

**AYES:** De Lange, Dow, Gallardo, Karkal, Murray, Ostly, Thornton, Williams, Zimmerman

**NAYS:** None

**ABSTAIN:** None

**ABSENT:** Herrera

## **E.3. 2023-24 Fiscal Year Audit**

Seth Cole reviewed the 2023-2024 financial audit findings which were presented to the Finance Committee in November by James Marta of James Marta & Company. The Finance Committee's feedback was incorporated into the final audit report. A copy of the Annual Comprehensive Financial Report (ACFR) was provided to the Executive Board for their review and discussion.

Seth reported that overall, this is a good audit result. Net Position increased \$1,984,348 over last year to \$12M and total assets increased nearly \$4M to \$39M. Seth noted that this year is a consolidated report including CWIC.

The audit opinion is unmodified with no internal control deficiencies and no material weaknesses.

James Marta will present the final audit to the Board of Directors at their January 2025 meeting.

A motion was made to recommend the 2023-2024 Fiscal Year Audit to the Board of Directors for acceptance.

**MOTION:** Sandeep Karkal                      **SECOND:** Roland Williams                      **MOTION CARRIED**

**AYES:** De Lange, Dow, Gallardo, Karkal, Murray, Ostly, Thornton, Williams, Zimmerman  
**NAYS:** None  
**ABSTAIN:** None  
**ABSENT:** Herrera

## **F. OFFICER/PROGRAM DIRECTORS/COMMITTEE REPORTS**

### **F.1. LRP Discussion Topics & Hotel**

Seth Cole reviewed the item with the Executive Board. The 2025 Long Range Planning Session is scheduled for March 16-18 in the Central Coast region. The Program Administrators presented a list of potential discussion topics for the Executive Board's review:

- A. Risk Control Work Plan
- B. Growth Goals
  - a. Consider Providing Access to Cities with Sanitation Districts
  - b. Growth Feasibility Study
- C. Clean Water Insurance Captive (CWIC)
  - a. Additional Lines of Coverage
  - b. Premiums Retrospectively Rated
  - c. Future Dividends to CSRMA
- D. Climate Change and Flood Risk (Floodbase)
- E. Pooling Options (PLP) for PIP Members
- F. Member Education and Engagement

Direction was provided to the Program Administrators to prioritize the discussion topics (with Growth Goals being a low priority) and estimate the time frames for each, and bring back to the Executive Board for further discussion at their January 2025 meeting. The Program Administrators were also directed to add "Refine Strategies for Controlling Employment Risk" to the list of discussion topics.

The Executive Board also discussed the use of a facilitator for the planning session. Seth Cole has reached out to Rick Brush, who indicated that he is available for the session.

Regarding the venue, the Program Administrators reached out to three hotel properties for availability, as below:

- Montecito Inn
- Courtyard Santa Barbara
- Hilton Beachfront Santa Barbara

Myron Leavell reviewed the availability and cost proposals for the various venues with the Executive Board.

A motion was made to engage Rick Brush as the LRP facilitator and to secure the Hilton Beachfront Santa Barbara hotel venue for the 2025 Long Range Planning Session.

**MOTION:** Tyson Zimmerman      **SECOND:** Patrick Ostly      **MOTION CARRIED**

**AYES:** De Lange, Dow, Gallardo, Karkal, Murray, Ostly, Thornton, Williams, Zimmerman

**NAYS:** None

**ABSTAIN:** None

**ABSENT:** Herrera

## **F.2. 2025 Proposed Meeting Calendar**

Seth Cole reviewed the 2025 proposed meeting Calendar with the Executive Board and advised the group that there were no changes made to the Executive Board meeting dates since they last reviewed the preliminary calendar at their October meeting..

Seth reminded everyone to please let the Program Administrators know if any scheduling conflicts should arise.

A motion was made to adopt the 2025 CSRMA Meeting Calendar as presented.

**MOTION:** Tyson Zimmerman      **SECOND:** Patrick Ostly      **MOTION CARRIED**

**AYES:** De Lange, Dow, Gallardo, Karkal, Murray, Ostly, Thornton, Williams, Zimmerman

**NAYS:** None

**ABSTAIN:** None

**ABSENT:** Herrera

## **F.3. CSRMA Rebranding**

P.J. Skarlanic reviewed the item for the Executive Board. The Ad-Hoc Committee for the CSRMA Rebranding initiative met on October 31<sup>st</sup> and November 19<sup>th</sup>. The Committee developed a list of recommendations for the Executive Board’s consideration.

The Committee decided that a full renaming and rebranding of CSRMA would not be in the best interest of CSRMA or its members at this time, given the cost and administrative undertaking required to execute.

The Committee recommended reaffirming the current Mission and Values of CSRMA, and updating the Vision portion only of CSRMA’s *Mission, Vision & Values* statement to be more forward looking. The Executive Board reviewed the proposed revision to the Vision statement and recommended removing the word “organizational”.

The Committee also recommended creation of a tagline for CSRMA: “Insuring the Future of Clean Water”. The tagline would be used on CSRMA’s letterhead, website, and other communications.

There was discussion regarding the use of the word “insuring” in the tagline and whether the reference to “insurance” was appropriate as CSRMA is a JPA and not an insurance company.

The Executive Board directed the Program Administrators and Ad Hoc Committee to reconvene and bring back this item for further discussion at the Long Range Planning Session in March.

## **G. Pooled Liability Program**

### **G.1. Deductible Selection Policy & Procedure**

Seth Cole reviewed the item with the Executive Board. Based on a review of the deductible selection worksheet as of 6/30/24, the Pooled Liability Committee directed the Program Administrators to scheduled meetings with two member agencies who met the threshold of having adverse loss experience. The Program Administrator met with both Santa Margarita Water District and West County Wastewater District to discuss claims activity at the respective agencies, and to discuss risk control efforts to address the root causes of those claims. At the November 2024 Pooled Liability Committee meeting, the consensus was to take no action at this time, though there was discussion to explore increasing Santa Margarita Water District’s deductible in the coming years.

### **G.2. Retrospective Rating Calculation Policy & Procedure Recommendations**

Seth Cole reviewed the item with the Executive Board. CSRMA engaged Bickmore Actuarial to evaluate the Pooled Liability Program’s Retrospective Rating Calculation Policy & Procedure, who returned several recommendations that closely mirror the changes that were implemented to the same Policy & Procure for the Workers’ Compensation Program. The proposed changes are summarized below and were incorporated into a proposed redline strikeout version of the Retrospective Rating Plan Policy & Procedure reviewed with the Executive Board.

- The Retro calculation should be performed 3 and a half years following the expiration date of a program year.
- Discontinue the Retro for program years older than 10 years.

A motion was made to recommend that the Board of Directors adopt the proposed changes to the Pooled Liability Program Retrospective Rating Calculation Policy & Procedure as presented.

**MOTION:** Jason Dow                      **SECOND:** Michelle Gallardo                      **MOTION CARRIED**

**AYES:** De Lange, Dow, Gallardo, Karkal, Murray, Ostly, Thornton, Williams, Zimmerman  
**NAYS:** None  
**ABSTAIN:** None  
**ABSENT:** Herrera

### **G.3. Retrospective Rating Calculation at 6/30/24**

Seth Cole reported that the retrospective rating calculation as of June 30, 2024 is complete and that the results by member can be found on page 97 of the agenda packet. The calculation resulted in an adjustment of \$275,885 to be collected from the membership in total. The adjustments will appear as either a debit or credit on the member's renewal invoice.

The Program Administrators have reached out to Victor Valley WRA given the size of their retro adjustment.

A motion was made that a net adjustment of \$275,885 be added to member renewal invoices.

**MOTION:** Michael Thornton      **SECOND:** Patrick Ostly      **MOTION CARRIED**

**AYES:** De Lange, Dow, Gallardo, Karkal, Murray, Ostly, Thornton, Williams, Zimmerman

**NAYS:** None

**ABSTAIN:** None

**ABSENT:** Herrera

### **G.3. Program Year 39 (2024/25) Renewal**

Seth Cole reported that the Pooled Liability Program will be renewing December 31, 2024. Seth reviewed the table on page 98 of the agenda packet summarizing the proposed renewal terms at the expiring structure with the Executive Board.

Seth explained that the CWIC Gross Premium was developed by Alliant Actuarial and the increase in the premium was due in large part to unfavorable loss development in older program years. While claims frequency is down, the severity of claims has risen considerably.

Renewal terms have been received from the incumbent reinsurance and excess liability markets. Munich Re is the reinsurer currently providing coverage in excess of the pooled layer (\$10M x \$750K); Munich Re has provided renewal terms at the expiring SIR of \$750K. Berkley Public Entity provides the next layer of reinsurance (\$5M x \$10M). AWAC provides the top layer of coverage (\$10M x \$15M) for a total of \$25M in limits excess of the pooled layer. The premium for the estimated excess insurance expense increased approximately 13%.

The Fixed Expense (JPA Charge) increased by approximately 13.30% (\$51,454), largely due to an increase in the approved Risk Control Work Plan.

Overall, the total expected costs increased 17.66%. This is in line with the Program Administrators original estimate of a 10% - 20% increase.

A motion was made to renew the Pooled Liability Program at a total cost not to exceed \$8,753,445 at the expiring program structure transferring the pooled layer risk to CWIC.

**MOTION:** Roland Williams      **SECOND:** Michelle Gallardo      **MOTION CARRIED**

**AYES:** De Lange, Dow, Gallardo, Karkal, Murray, Ostly, Thornton, Williams, Zimmerman  
**NAYS:** None  
**ABSTAIN:** None  
**ABSENT:** Herrera

#### **G.4. Dividend Calculation as of 6/30/24**

The Pooled Liability Program Policy & Procedure No. 5-L, allows for dividends to be declared from completed program years if the following requirements are met:

- Dividends can be declared only if, on an aggregate basis, all eligible program years are fully funded at the confidence level established in the procedure, and the retained fund amount is in excess of seven (7) times the pooled layer program's per occurrence limit currently in force prior to the dividend calculation, ***subject to a minimum retained fund balance in the program after the dividend is calculated in the amount of \$5,000,000.***
- Dividends cannot be declared sooner than five years after expiration of a program year.
- No more than 25% of any years' retained earnings will be declared as dividends.

As of June 30, 2024, the Pooled Liability Program retained funds were \$4,578,402, and therefore dividends are not eligible for declaration.

#### **H. PROPERTY PROGRAM**

None.

#### **I. WORKERS' COMPENSATION PROGRAM**

##### **I.1. Workers' Compensation Excellence Award**

David Patzer reported that he received applications from the following member agencies:

- Goleta Sanitary District
- Oro Loma Sanitary District
- Silicon Valley Clean Water
- West Bay Sanitary District

All applications met the criteria and were recommended by the Workers' Compensation Committee to receive the Workers' Compensation Excellence Award.

A motion was made to approve Goleta Sanitary District, Oro Loma Sanitary District, Silicon Valley Clean Water and West Bay Sanitary District as the recipients of the Workers' Compensation Excellence Award.

**MOTION:** Roland Williams                      **SECOND:** Tyson Zimmerman                      **MOTION CARRIED**

**AYES:** De Lange, Dow, Gallardo, Karkal, Murray, Ostly, Thornton, Williams, Zimmerman  
**NAYS:** None  
**ABSTAIN:** None  
**ABSENT:** Herrera

**J. PRIMARY INSURANCE PROGRAM**

**J.1. Program Renewal**

Seth Cole reported that the Primary Insurance Program (PIP) will be renewing December 31, 2024, with the WaterPlus Insurance Program. Munich Re (AM Best Rated A+ XV) will be taking over as the carrier for the Program from Homesite Insurance Company. Allied Public Risk will continue to administer the Program and claims handling will remain unchanged.

The policy terms and conditions will remain the same as expiring except for the Employment Practices Liability deductible, which will be increased to \$25,000 minimum for all members.

The total cost for the renewal is \$1,147,934, representing an 11.13% increase. The increase in Estimated Insurance Premium (Net) is the result of changes in the exposure (i.e. budget, number of vehicles) and losses for individual member agencies.

The Program Directors Fee and JPA Charge come from the Board approved budget.

A motion was made to renew the PIP program with the WaterPlus Insurance Program at a total cost not to exceed \$1,147,934.

**MOTION:** Jason Dow                      **SECOND:** Patrick Ostly                      **MOTION CARRIED**

**AYES:** De Lange, Dow, Gallardo, Karkal, Murray, Ostly, Thornton, Williams, Zimmerman  
**NAYS:** None  
**ABSTAIN:** None  
**ABSENT:** Herrera

**K. LOSS CONTROL**

None.

**L. INFORMATION ITEMS**

**L.1. *Poem of the Day***

**L.2. *Article – Don't Hold Down The Ctrl Key – New Warning As Cyber Attacks Confirmed – forbes.com***



**L.3. Article – *Hot and cold days drive 10% uptick in work comp claims***

**L.4. Article – *4 LA-area people arrested for using a bear suit in alleged insurance fraud* – npr.org**

**L.5. CSRMA 2024 Meeting Calendar**

**L.6. CSRMA Organizational Chart**

**L.7. CSRMA Service Team**

The Executive Board reviewed the information items.

## **M. ADJOURNMENT**

The meeting was adjourned at 12:23 p.m. The next meeting is scheduled for January 28, 2025 during the CASA Conference.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY  
DISBURSEMENT REGISTER GENERAL ACCOUNT NO. xxxxxx2488  
DEMANDS AS OF December 1, 2024

DISB. #	VENDOR	INVOICE DATE	INVOICE NUMBER	AMOUNT	DESCRIPTION
	ATHENS INSURANCE SERVICE, INC. - CCD				
ACH - 719	Total for ATHENS INSURANCE SERVICE, INC. - CCD	12/01/2024	ivc0000000037826	31,999.00	Claim Admin
	DKF SOLUTIONS GROUP, LLC - CCD			\$ 31,999.00	
		10/16/2024	22504	16,000.00	Summit
ACH - 720	Total for DKF SOLUTIONS GROUP, LLC - CCD	12/01/2024	22588	2,000.00	Vector Solutions
	HEATHER TRURO - CCD			\$ 18,000.00	
ACH - 721	Total for HEATHER TRURO - CCD	11/20/2024	5995	3,120.00	Consulting/Printing
	LIEBERT CASSIDY WHITMORE - CCD			\$ 3,120.00	
ACH - 722	Total for LIEBERT CASSIDY WHITMORE - CCD	10/31/2024	279640	2,700.00	training & program consulting
	ARCLIGHT MEDIA			\$ 2,700.00	
25145	Total for ARCLIGHT MEDIA	12/01/2024	12003	875.00	RCO Web Hosting/Consulting
	SAM ROSE CONSULTING			\$ 875.00	
25144	Total for SAM ROSE CONSULTING	11/19/2024	SRC2024-108	400.00	Webinar
	TOTAL			\$ 400.00	
				\$ 57,094.00	

I HEREBY CERTIFY THAT THE ABOVE LISTED DISBURSEMENTS ARE FOR CORRECT AND JUST SERVICES OR MATERIALS RECEIVED THAT PAYMENT HAS NOT BEEN PREVIOUSLY MADE, AND THAT FUNDS ARE AVAILABLE TO COVER THESE PAYMENTS.

Jason Dow, Treasurer-Auditor

Roland Williams, Secretary

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY  
DISBURSEMENT REGISTER GENERAL ACCOUNT NO. xxxxxx2488  
DEMANDS AS OF December 15, 2024

DISB. #	VENDOR	INVOICE DATE	INVOICE NUMBER	AMOUNT	DESCRIPTION
	ALLIANT INSURANCE SERVICES - CCD				
		12/04/2024	2904830	40,521.88	24/25 E&O renewal
		12/10/2024	2906593,2910209,197	4,550,474.00	24/25 Liab renewal
		12/11/2024	2911784	2,153.00	24/25 WC audit
ACH - 723	Total for ALLIANT INSURANCE SERVICES - CCD BRIAN BIEHLE - CCD			<u>\$ 4,593,148.88</u>	
		12/01/2024	763	400.00	CSRMA Website Maint
ACH - 724	Total for BRIAN BIEHLE - CCD CARL WARREN & CO. - CCD			<u>\$ 400.00</u>	
		11/30/2024		12,077.48	Monthly Claims Admin & Billings
ACH - 725	Total for CARL WARREN & CO. - CCD GIBBONS & CONLEY - CCD			<u>\$ 12,077.48</u>	
		12/06/2024	24 Nov 4615	4,128.18	Program/Gen Fees & Exp
ACH - 726	Total for GIBBONS & CONLEY - CCD MCLARENS LLC - CCD			<u>\$ 4,128.18</u>	
		12/05/2024	90042340 1	357.00	Professional Services
ACH - 727	Total for MCLARENS LLC - CCD BICKMORE ACTUARIAL			<u>\$ 357.00</u>	
		12/01/2024		10,000.00	Programming
25147	Total for BICKMORE ACTUARIAL BRUSH STROKES CONSULTING			<u>\$ 10,000.00</u>	
		12/01/2024	Letter of Agreement	500.00	LRP
25148	Total for BRUSH STROKES CONSULTING STUART A. MORRISON			<u>\$ 500.00</u>	
		10/01/2024	2410-2	400.00	Consulting
25146	Total for STUART A. MORRISON TOTAL			<u>\$ 400.00</u> <u>\$ 4,621,011.54</u>	

I HEREBY CERTIFY THAT THE ABOVE LISTED DISBURSEMENTS ARE FOR CORRECT AND JUST SERVICES OR MATERIALS RECEIVED THAT PAYMENT HAS NOT BEEN PREVIOUSLY MADE, AND THAT FUNDS ARE AVAILABLE TO COVER THESE PAYMENTS.

Jason Dow, Treasurer-Auditor

Roland Williams, Secretary

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY  
DISBURSEMENT REGISTER GENERAL ACCOUNT NO. xxxxxx2488  
DEMANDS AS OF January 1, 2025

DISB. #	VENDOR	INVOICE DATE	INVOICE NUMBER	AMOUNT	DESCRIPTION
	Alliant INSURANCE SERVICE, INC. - CCD	01/01/2025	2930912	11,665.02	PIP Renewal
			2929479	7,504.94	PIP Renewal
			2930799	3,739.06	PIP Renewal
			2929547	173,769.40	PIP Renewal
			2930792	60,807.27	PIP Renewal
			2930801	80,140.26	PIP Renewal
			2930823	163,008.71	PIP Renewal
			2930834	5,950.37	PIP Renewal
			2930855	75,682.01	PIP Renewal
			2930865	130,116.89	PIP Renewal
			2930875	2,529.61	PIP Renewal
			2930881	105,009.56	PIP Renewal
			2930891	182,312.10	PIP Renewal
			2930902	88,419.65	PIP Renewal
ACH - 728	Total for Alliant INSURANCE SERVICE, INC. - CCD ATHENS INSURANCE SERVICE, INC. - CCD			<u>\$ 1,090,654.85</u>	
		01/01/2025	ivc0000000038188	31,999.00	Claim Admin
ACH - 729	Total for ATHENS INSURANCE SERVICE, INC. - CCD DKF SOLUTIONS GROUP, LLC - CCD			<u>\$ 31,999.00</u>	
		12/18/2024	22621	2,650.00	Training link
		01/01/2025	22626	2,000.00	Vector Solutions
ACH - 730	Total for DKF SOLUTIONS GROUP, LLC - CCD KBF COLLABORATIVE SERVICES - CCD			<u>\$ 4,650.00</u>	
		01/02/2025	CSR-186 187 190	3,000.00	program update
ACH - 731	Total for KBF COLLABORATIVE SERVICES - CCD MYRON D. LEAVELL - CCD			<u>\$ 3,000.00</u>	
		12/30/2024	2024 12 Leavell 2	1,699.22	LRP
		12/30/2024	2024 12 Leavell	920.00	Cert of Achievement
ACH - 732	Total for MYRON D. LEAVELL - CCD			<u>\$ 2,619.22</u>	
	TOTAL			<u>\$ 1,132,923.07</u>	

I HEREBY CERTIFY THAT THE ABOVE LISTED DISBURSEMENTS ARE FOR CORRECT AND JUST SERVICES OR MATERIALS RECEIVED THAT PAYMENT HAS NOT BEEN PREVIOUSLY MADE, AND THAT FUNDS ARE AVAILABLE TO COVER THESE PAYMENTS.

Jason Dow, Treasurer-Auditor

Roland Williams, Secretary

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY  
DISBURSEMENT REGISTER GENERAL ACCOUNT NO. xxxxxx2488  
DEMANDS AS OF January 7, 2025

DISB. #	VENDOR	INVOICE DATE	INVOICE NUMBER	AMOUNT	DESCRIPTION
	ALLIANT INSURANCE SERVICES - CCD				
ACH - 733	Total for ALLIANT INSURANCE SERVICES - CCD BRIAN BIEHLE - CCD	10/10/2024	2843060	5,794.59	Renew Crime
				<u>\$ 5,794.59</u>	
ACH - 734	Total for BRIAN BIEHLE - CCD CARL WARREN & CO. - CCD	01/01/2025	764	400.00	CSRMA Website Maint
				<u>\$ 400.00</u>	
ACH - 735	Total for CARL WARREN & CO. - CCD ARCLIGHT MEDIA	12/31/2024	December 2024	13,661.17	Monthly Claims Admin & Billings
				<u>\$ 13,661.17</u>	
25149	Total for ARCLIGHT MEDIA TOTAL	01/01/2025	12063	675.00	RCO Web Hosting/Consulting
				<u>\$ 675.00</u>	
				<u>\$ 20,530.76</u>	

I HEREBY CERTIFY THAT THE ABOVE LISTED DISBURSEMENTS ARE FOR CORRECT AND JUST SERVICES OR MATERIALS RECEIVED THAT PAYMENT HAS NOT BEEN PREVIOUSLY MADE, AND THAT FUNDS ARE AVAILABLE TO COVER THESE PAYMENTS.

Jason Dow, Treasurer-Auditor

Roland Williams, Secretary



**California Sanitation Risk Management Authority**

## **Long-Range Action Plan**

**2024/25**



***Alliant Insurance Services, Inc.***

560 Mission St, 6<sup>th</sup> Floor  
San Francisco, CA 94105  
(415) 403-1400

As of: January 20, 2025

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**COMPLETED**

## I. Key Vendor Succession Planning

**Description:** The Executive Board directed the Program Administrators to work with CSRMA's key vendors and service providers on their respective succession plans for personnel assigned to CSRMA.

**Objective:** To ensure that all vendors and service providers key to CSRMA have a plan to provide continuity of services should there be a disruption to their service teams.

### Action(s):

1. Identify key vendors and service providers
2. Present list of key vendors to the Executive Board for review
3. Work with those key vendors to establish a succession plan for each
4. Present succession plans to the Executive Board

### Responsibility:

1. Alliant Insurance Services
2. Alliant Insurance Services and Executive Board
3. Alliant Insurance Services and Key Vendors
4. Alliant Insurance Services and Executive Board

### Deadlines:

1. July 2024
2. August 2024
3. September – November 2024
4. December 2024

**Fiscal Impact:** None.

**Background:** At the March 2024 Executive Board meeting, the Program Administrators provided the Executive Board with their Business Continuity and Succession Plan Documents. The document provided a detailed succession plan for the Insurance Brokerage, Program Administration and Risk Control duties provided. Review of this plan prompted the Executive Board to discuss succession plans for other vendors and service providers key to CSRMA.

**Status:** As of July 22, 2024, this project is on target. The Program Administrators have identified key vendors and service providers that they believe warrant succession plans for their respective personnel assigned to CSRMA. This topic is agendized for discussion at the July 30<sup>th</sup> Executive Board meeting.



As of September 26, 2024, this project is on target. Based on discussions at the July Executive Board meeting, the following vendors were identified as warranting succession plans: Carl Warren and Company, Athens Administrators, and Gibbons and Conley. The Program Administrators are working with each vendor to establish a succession plan. The respective succession plans will be presented to the Executive Board at their December meeting.

As of November 25, 2024, this project is delayed. Carl Warren and Company and Athens Administrators have prepared succession plans. The respective succession plans have been reviewed by the Pooled Liability and Workers' Compensation Committees and are attached to Long Range Action Plan for the Executive Board's review. The Program Administrators are working with Gibbons and Conley on their succession plan.

As of January 20, 2025, this project is completed. Gibbons and Conley's succession plan is attached to the Long Range Action Plan for the Executive Board's review. Given the recent staffing changes at Carl Warren & Company (CWC) to be discussed at the Executive Board meeting, the Program Administrators will work with CWC to update their succession plan.

**ON TARGET**

## II. CSRMA Value Proposition

**Description:** Develop a written value proposition for CSRMA.

**Objective:** To establish a document that outlines what sets CSRMA apart from other risk pools, insurance and risk management solutions. To ultimately be used for both marketing of new members and retention/recruitment of member agency's employees.

**Action(s):**

1. Gather ideas for items to include, and the format for the value proposition
2. Draft value proposition document
3. Review draft document with the Executive Board
4. Share final document with the Board of Directors
5. Implement and update as necessary

**Responsibility:**

1. Alliant Insurance Services and Risk Control Advisor
2. Alliant Insurance Services
3. Alliant Insurance Services and Executive Board
4. Alliant Insurance Services and Board of Directors
5. Alliant Insurance Services

**Deadlines:**

1. November – December 2024
2. January - February 2025
3. March 2025
4. June 2025
5. June 2025 – ongoing updates as necessary

**Fiscal Impact:** Unknown at this time.

**Background:** At the March 2024 Long Range Planning Session the Executive Board provided direction to the Program Administrators to develop a Value Proposition for CSRMA. The goal is to have a quick-reference document that explains the benefits of CSRMA membership and be used as marketing collateral.

**Status:** As of November 25, 2024, this project is on target. The Program Administrators have begun gathering ideas for items to include in the value proposition.

As of January 20, 2025, this project is on target. This action plan item ties into the CSRMA Rebranding action plan item. Once we have clarity on the Vision Statement and Tagline, the Program Administrators will prepare a draft value proposition document for review.

**ON TARGET**

### **III. Employment Practices**

**Description:** The Executive Board directed the Program Administrators to continue CSRMA's efforts in reducing the impact of Employment related matters on CSRMA, by addressing the issue from two tracks:

1. Enhanced training for the membership
2. Evaluation of the coverage provided in the Pooled Liability Program

**Objective:** To reduce both the frequency and severity of Employment Practices Liability claims on the membership, and ultimately reduce the impact of these claims on the Pool.

#### **Track 1: Enhanced Training for Membership**

**Action(s):**

1. Review current training opportunities provided to the membership
2. Share and solicit ideas for enhanced/expanded offerings with the PLP Committee
3. Review ideas with Risk Control Work Plan Sub-Committee
4. Review with Workers' Compensation Committee as part of Draft Risk Control Work Plan
5. Review with Pooled Liability Committee as part of Draft Risk Control Work Plan
6. Review with Executive Board as part of Risk Control Work Plan
7. Implement as part of Risk Control Work Plan

**Responsibility:**

1. Alliant Insurance Services and Risk Control Advisor
2. Alliant Insurance Services, Risk Control Advisor and PLP Committee
3. Alliant Insurance Services, Risk Control Advisor and Risk Control Work Plan Sub-Committee
4. Alliant Insurance Services, Risk Control Advisor and WC Committee
5. Alliant Insurance Services, Risk Control Advisor and PLP Committee
6. Alliant Insurance Services, Risk Control Advisor and Executive Board
7. Alliant Insurance Services and Risk Control Advisor

**Deadlines:**

1. August 2024
2. September 2024
3. September - October 2024
4. October 2024
5. November 2024
6. March 2025
7. March – Ongoing 2025

## **Track 2: Evaluation of Coverage Provided in Pooled Liability Program**

### **Action(s):**

1. Review Employment Practices Coverage, and related Policies & Procedures (i.e. Deductible Selection) provided in PLP
2. Develop ideas for potential coverage and/or deductible changes
3. Draft language for changes as necessary
4. Review draft language with PLP Committee
5. Review draft language with Executive Board
6. Review draft language with Board of Directors
7. Adopt and implement as necessary

### **Responsibility:**

1. Alliant Insurance Services
2. Alliant Insurance Services, PLP Committee
3. Alliant Insurance Services and CSRMA Legal Counsel
4. Alliant Insurance Services, CSRMA Legal Counsel and PLP Committee
5. Alliant Insurance Services, CSRMA Legal Counsel and Executive Board
6. Alliant Insurance Services, CSRMA Legal Counsel and Board of Directors
7. Alliant Insurance Services, CSRMA Legal Counsel and Board of Directors

### **Deadlines:**

1. July 2024
2. September 2024
3. October 2024
4. November 2024
5. December 2024
6. January 2025
7. January 2025 – retroactive to December 31, 2024 if necessary

**Fiscal Impact:** Unknown at this time.

**Background:** The Executive Board discussed the ongoing concern surrounding Employment Practices Liability (EPL) claims at their March 2024 Long Range Planning Session. EPL claims, while not the most frequent cause of loss for CSRMA, are among the costliest. Over the years CSRMA has dedicated resources to the membership in an effort to prevent and minimize these types of claims. The Pooled Liability Committee and Executive Board regularly discuss this topic, and at the 2020 Long Range Planning Session an item was included to develop ideas and potential strategies to address the issue. From this conversation the EPL Deductible Reduction Incentive Program was developed and made effective at the December 31, 2023 Program Renewal.

Below is a sampling of items CSRMA has instituted to address the issue.

- EPL Deductible Reduction Incentive Program
- CSRMA Provided 10 virtual seminars on labor law issues in calendar year 2023
- Liebert Cassidy Whitmore (LCW) provides 20+ hours of EPL Instruction Annually
- LCW Employment Hotline

- Focused CASA Trainings
- Email Communications – EPL Law Changes and Updates
- EPL related questions on Risk Control Survey

**Status:** As of September 26, 2024, this project is on target. The Pooled Liability Committee discussed opportunities to provide enhanced/expanded EPL trainings to the membership at their September meeting. The ideas discussed at the meeting will be reviewed with the Risk Control Work Plan subcommittee when they meet. The Committee also discussed Employment Practices Coverage and related Policies & Procedures (i.e. Deductible Selection) provided in the Pooled Liability Program at their meeting and concluded that EPL coverage in the Memorandum of Coverage is in keeping with coverage provided by other JPAs.

As of November 25, 2024, this project is on target. The ideas to provide enhanced/expanded EPL trainings to the membership will be reviewed with the Risk Control Work Plan subcommittee when they meet in December.

As of January 20, 2025, this project is on target. The Risk Control Work Plan subcommittee discussed this topic and is recommending that four web-based training modules be developed to address soft skills. Additionally, the subcommittee discussed increasing the minimum EPL deductible in the Pooled Liability Program. This will be discussed as part of the 2025 LRP Discussion Topic “Refine Strategies for Controlling Employment Risk”.

**DELAYED**

#### IV. CSRMA Rebranding

**Description:** The Executive Board directed the Program Administrators to explore a potential rebranding of CSRMA, beginning with a review of the current *Mission, Vision & Values* statement.

**Objective:** To ensure the *Mission, Vision & Values* represents the current message and direction desired.

**Action(s):**

1. Create an Ad-Hoc Committee
2. Ad-Hoc Committee meets
3. Report out to Executive Board, and share any suggested changes
4. Share with Board of Directors and adopt changes if necessary
5. Take on any other rebranding initiatives as suggested by Ad-Hoc Committee, if necessary

**Responsibility:**

1. Alliant Insurance Services and Executive Board
2. Alliant Insurance Services and Ad-Hoc Committee
3. Alliant Insurance Services, Ad-Hoc Committee and Executive Board
4. Alliant Insurance Services, Ad-Hoc Committee and Board of Directors
5. Alliant Insurance Services and Ad-Hoc Committee

**Deadlines:**

1. August 2024
2. September 2024
3. October 2024
4. January 2025
5. January 2025 – Ongoing

**Fiscal Impact:** Unknown.

**Background:** The original CSRMA Mission was adopted in 1988, it has been rewritten and evolved over time. Every year at the Long Range Planning Session the Executive Board reviews the Mission Statement to guide their thinking and work efforts for the Authority. In 2019 a special Task Force was assembled from members of the Executive Board to review the Statement and make any suggested changes. The most current Statement comes from the suggestions made by this task force in 2019, and ultimately adopted by the Board of Directors in January 2020.

At their March 2024 Long Range Planning Session, the Executive Board suggested that CSRMA may be due for a rebranding. More specifically, undertaking a detailed review of the current *Mission, Vision & Values* statement of CSRMA to ensure the message represents the current goals and direction of CSRMA. For the same reason, the Executive Board also discussed potentially renaming CSRMA. The wastewater industry at large has begun to move away from the “wastewater” terminology and instead rebranding with

a “clean water” focus. A number of CSRMA members have rebranded themselves along these lines, and we suspect others are considering the change as well.

**Status:** As of July 22, 2024, this project is on target. Creation of an ad-hoc committee is agendized for discussion at the July 30<sup>th</sup> Executive Board meeting.

As of September 26, 2024, this project is delayed. An ad-hoc committee was appointed at the July Executive Board meeting, however, the ad-hoc committee has not met. The Program Administrators are in the process of scheduling a meeting and expect that they will be able to report out to the Executive Board at their December meeting.

As of November 25, 2024, this project is back on target to share the outcome of this action plan item with the Board of Directors in January. The ad-hoc committee met twice and will be making a recommendation to the Executive Board to amend the Vision Statement and create a tag line. This topic is agendized for the Executive Board meeting on December 2<sup>nd</sup>.

As of January 20, 2025, this project is delayed. The Executive Board reviewed the Ad Hoc Committee’s proposed revision to the Vision Statement and the proposed Tagline at their December 2<sup>nd</sup> meeting. The Executive Board provided feedback and directed the Program Administrators and Ad Hoc Committee to reconvene and bring back this item for further discussion at the Long Range Planning Session in March. The Ad Hoc Committee will be meeting on January 28<sup>th</sup> in Palm Springs.

A. Byrne Conley  
Peter A. Urhausen  
Sean C. Conley

**GIBBONS & CONLEY**  
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Austin R. Gibbons (**Retired**)

[www.gibbons-conley.com](http://www.gibbons-conley.com)

January 2, 2025

Seth Cole, Alliant

By email: [scole@alliant.com](mailto:scole@alliant.com)

Re: CSRMA Succession Planning

Dear Seth;

This is in response to CSRMA's request for information on succession planning.

I have had the privilege of serving as Board Counsel for CSRMA for 21 years now. Generally, I do all of the work myself, but if I became unavailable or incapacitated, Sean Conley and Peter Urhausen in my office are also quite familiar with coverage and JPA governance issues. Peter does regular coverage work for PERMA and NCCSIF, and both of them litigate contractual indemnity issues where necessary.

Very Truly Yours,

*s/Byrne Conley*

A. Byrne Conley



## **Long Range Planning Discussion Topics**

**ISSUE:** The Executive Board discussed potential discussion topics for the March long range planning session at their December meeting. Direction was provided to the Program Administrators to prioritize the discussion topics (with Growth Goals being a low priority) and estimate the time frames for each and bring back to the Executive Board for further discussion at their January 2025 meeting. The Program Administrators were also directed to add “Refine Strategies for Controlling Employment Risk” to the list of discussion topics. The Program Administrators added a new topic for consideration based on recent conversations with member agencies.

The Program Administrators will review the attached draft agenda and discussion topics with the Executive Board at the meeting.

**RECOMMENDATION:** Review and discuss.

**FISCAL IMPACT:** None, information only.

**BACKGROUND:** Every year the Program Administrators arrange an off-site Long-Range Planning Session as directed by the Executive Board. These sessions allow the Executive Board to review last year’s accomplishments as well as project future goals and concepts for the JPA and its members.

**ATTACHMENTS:** LRP Agenda & Discussion Topics - Draft

***DRAFT***

**2025 Long-Range Planning Session**

01/10/2025

Kick Off Activity - TBD

Potential Discussion Items

- A. Risk Control Work Plan (30 - 45 minutes)
- B. Vision Statement and Tag Line (45 minutes)
- C. Pooled Liability Program Claims Handling Philosophy (1 hour – 1.5 hours)
  - a. Best Practices, Lessons Learned, Member Education
- D. Refine Strategies for Controlling Employment Practices Liability Risk (1 hour)
- E. Clean Water Insurance Captive – What’s Next? (1 hour – 1.5 hours)
  - a. Additional Lines of Coverage
  - b. Premiums Retrospectively Rated
  - c. Future Dividends to CSRMA
- F. Climate Change and Flood Risk (45 minutes)
- G. Growth Goals (30 minutes)
  - a. Consider Providing Access to Cities with Sanitation Districts
  - b. Growth Feasibility Study

Appendix

- A. Member Survey Results
- B. State of the Insurance Market
- C. Mission Statement
- D. JPA Agreement
- E. Bylaws
- F. List of Members and Programs
- G. Pooled Liability Program Memorandum of Coverage (MOC)
- H. Workers’ Compensation Program Memorandum of Coverage (MOC)
- I. Property Program Memorandum of Coverage (MOC)
- J. CSRMA Annual Liability Loss Analysis 2024
- K. CSRMA Annual Workers’ Compensation Loss Analysis 2024
- L. CSRMA 2024 Annual Report
- M. Annual Comprehensive Financial Report as of June 30, 2024
- N. CSRMA FY 24-25 Budget
- O. CSRMA Organizational Chart

Executive Board Meeting Agenda

Sent Under Separate Cover

**Clean Water Insurance Captive Update**

**ISSUE:** The Program Administrators will provide the Executive Board with an update on the Clean Water Insurance Captive (CWIC).

**RECOMMENDATION:** None. Information Only.

**FISCAL IMPACT:** None.

**BACKGROUND:** Below is an update since the last Executive Board meeting.

- 1) **Investment Performance Update** – CWIC’s investment manager PFM will be providing their Investment Performance Report for the quarter ending 12/30/24. As of this writing the report is not finalized, and the Program Administrators will share the results at the meeting.
  
- 2) **2023-24 Fiscal Year Financial Audit** – James Marta of James Marta & Company has completed an audit of CWIC’s 2023-24 Fiscal Year Financials, the first full fiscal year of CWIC. The Audit Report has been reviewed and accepted by CWIC’s Board of Directors and is attached to this item for reference. The audit indicated that the financial statements are presented fairly and in accordance with the accounting principles generally accepted in the United States and found no deficiencies in CWIC’s internal controls.

CWIC is in a strong financial position exhibited by the following highlights from the report:

- Total Assets of \$9.3M; majority of the assets are cash and investments.
- Total Liabilities of \$6.2M; nearly all of which are short and long-term claims liabilities.
- Net Position of \$3.4M

- 3) **CSRMA Pooled Liability Renewal** – Effective December 31, 2024, CSRMA renewed coverage with CWIC to reinsure the pooled layer (\$0 - \$750K) of the Pooled Liability Program as presented to the Executive Board’s at their December meeting.

**ATTACHMENTS:**

1. CWIC’s 2023-24 Fiscal Year Audit Report

**CLEAN WATER  
INSURANCE CAPTIVE**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2024**

# CLEAN WATER INSURANCE CAPTIVE

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# James Marta & Company LLP

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Clean Water Insurance Captive  
San Francisco, California

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying Combined Statement of Net Position of Clean Water Insurance Captive (CWIC) as of June 30, 2024, and the related Combined Statement of Revenues, Expenses, and Changes in Net Position, and the Combined Statement of Cash Flows for the year then ended, and the related notes to the financial statements which collectively comprise CWIC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the CWIC, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CWIC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

CWIC's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CWIC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CWIC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CWIC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

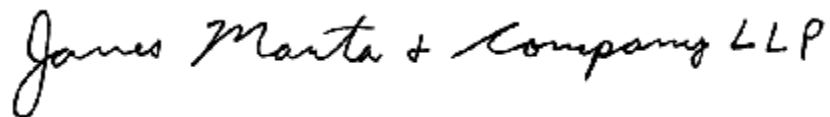
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Reconciliation of Claims Liabilities by Program and Claims Development Information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the CWIC's basic financial statements. The Combining Statement of Net Position, the Combining Statement of Revenues, Expenses and Changes in Net Position, and the Graphical Summary of Claims are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Net Position, the Combining Statement of Revenues, Expenses and Changes in Net Position, and the Graphical Summary of Claims are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of CWIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CWIC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CWIC's internal control over financial reporting and compliance.



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 18, 2024



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CLEAN WATER INSURANCE CAPTIVE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2024**

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**Introduction**

The Management of Clean Water Insurance Captive (CWIC) is pleased to present the following discussion and analysis of the financial position and operating results of our organization for the fiscal year ended June 30, 2024. This discussion should be read in conjunction with the financial statements, required supplementary information, and notes to the financial statements included with this report.

**The Captive – An Overview**

CWIC, a component unit of California Sanitation Risk Management Authority (CSRMA), provides insurance coverage to CSRMA. As part of CSRMA, the assets, liabilities, revenues, expenses, and changes in net position of CWIC are included in the consolidated financial statements of CSRMA. CWIC is a not-for-profit corporation formed under the State of Utah Revised Nonprofit Corporation Act and is governed by its Board of Directors and regulated by the State of Utah Insurance Department.

CWIC was established to provide assumed reinsurance coverage for CSRMA's workers' compensation claims up to the program's self-insured retention of \$250,000 per occurrence for claims occurring July 1, 2023, and subsequent. CWIC also provides reinsurance coverage for CSRMA's liability program from the member deductible to \$750,000 for claims occurring December 31, 2023 and subsequent

**General Administration and Finance**

CWIC is managed by CSRMA staff and follows governing documents, including Bylaws and policies, established by CWIC. Accounting staff consists of the CSRMA Finance Manager and one full-time Accounting Technician. Further oversight is provided by the CSRMA Executive Director, who also serves as President of CWIC.

Management is responsible for establishing and maintaining an internal control structure, to ensure that assets are protected from loss, theft or misuse, and that adequate accounting data is compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles.

**Financial Highlights for FY 2022-23**

- Ø *Total Assets of \$9.3 million; majority of the assets are cash and investments.*
- Ø *Total Liabilities of \$6.2 million; nearly all of which are short and long-term claims liabilities.*
- Ø *Net Position of \$3.4 million.*

**Description of the Basic Financial Statements**

CWIC's financial statements are prepared in conformity with generally accepted accounting principles and necessarily include amounts based upon reasonable estimates and judgments. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Change in Net Position; and a Statement of Cash Flows. The assets, liabilities, revenues, and expenses of CWIC are reported on a full accrual basis.

## CLEAN WATER INSURANCE CAPTIVE

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

The *Statement of Net Position* presents information on all CWIC assets and liabilities, with the difference between them representing Net Position, or net equity. Changes in total Net Position from one year to the next are based on activity described in the *Statement of Revenues, Expenses and Changes in Net Position*.

The *Statement of Revenues, Expenses and Changes in Net Position* presents total revenues versus total expenses and the resulting change in Net Position for the year. Revenues earned and expenses incurred during the year are classified as either “operating” or “non-operating.” All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of the related cash flows. Thus, revenues and expenses are reported for some items that will result in the disbursement or collection of cash during future fiscal years (payment of ultimate liability on workers’ compensation claims, for example).

The *Statement of Cash Flows* presents the changes in cash and cash equivalents during the fiscal year, using both the direct and indirect methods of cash flow analysis. The statement breaks cash flows into three categories: operating activities, financing activities, and investing activities. NBIG’s routine program and administrative activities appear in operating activities. Cash received from capital contributions is shown in capital and related financing activities. Interest earnings, purchases, and proceeds from investment transactions appear in investing activities.

The financial statements are accompanied by Notes to the Financial Statements, which provide additional information essential to a full understanding of the data provided. The notes describe the nature of CWIC’s operations and significant accounting policies and clarify unique financial information.

#### Condensed Statement of Net Position

The Condensed Statement of Net Position in this MD&A presents the financial position of CWIC at June 30, 2024. The difference between total assets and total liabilities – net position – is one indicator of the current financial condition of CWIC, while the change in net position is an indication of whether the overall financial condition has improved or worsened during the year. CWIC’s assets, liabilities, and net position at June 30, 2024, are summarized as follows:

Current Assets	\$ 172,188
Noncurrent Assets	9,448,507
Total Assets	<u>9,620,695</u>
Current Liabilities	3,337,047
Noncurrent Liabilities	2,844,939
Total Liabilities	<u>6,181,986</u>
Paid-in Capital	1,365,000
Unrestricted	2,073,709
Total Net Position	<u>\$ 3,438,709</u>

**CLEAN WATER INSURANCE CAPTIVE  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2024**

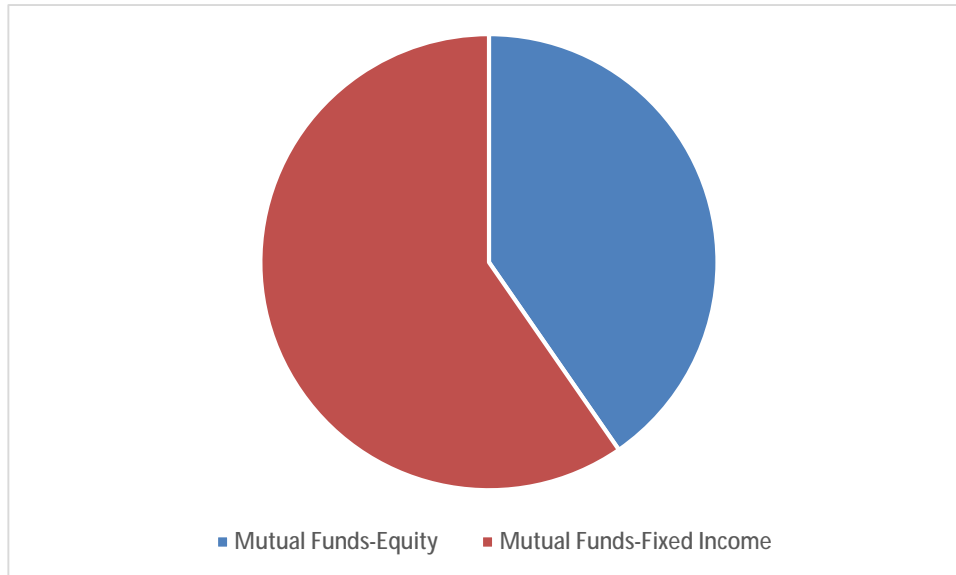
**Assets**

The assets of CWIC totaled \$9.6 million at June 30, 2024. Most assets are in cash or investments and are provided by current year operating activities, which includes the collection of premiums of \$6.2 million in fiscal year 2023/24, much of which could then be invested as claims are paid over a longer period. At June 30, 2024, all cash was held in a bank, a money market account, or investment portfolios managed by US Bank, a professional investment management firm. CWIC's Long-Term Investment Portfolio at June 30, 2024, is summarized as follows:

**Long-Term Investment Portfolio**

Asset Class			
Mutual Funds-Equity	\$	3,813,764	
Mutual Funds-Fixed Income		5,634,743	
Total	\$	9,448,507	

**Long-Term Portfolio Investment Allocation**



**Liabilities**

The liabilities of CWIC totaled \$6.2 million at June 30, 2024. CWIC's liabilities continue to be mainly comprised of reserves for losses and Loss Adjustment Expenses (LAE) incurred from current period operations and unearned revenues for liability coverage. The reserves for losses and LAE are stated on an undiscounted basis, meaning they do not reflect an adjustment for net present value. Unallocated Loss Adjustment Expenses (ULAE) costs are not reserved by CWIC as they are paid by CSRMA.

**CLEAN WATER INSURANCE CAPTIVE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2024**

Management believes that its aggregate liability for unpaid losses and LAE at period-end represents its best estimate of the amount necessary to cover the ultimate cost of losses, based upon the available data and an actuarial analysis prepared by an actuary.

**Net Position**

Net position totaled \$3.4 million at June 30, 2024. This amount includes \$1.365 million of paid in capital contributed by CSRMA. CWIC's unrestricted net position was in excess of the \$250,000 minimum, unimpaired paid-in capital and surplus required by the State of Utah Insurance Department (the Department).

**Statement of Revenue, Expenses, and Change in Net Position (at June 30)**

	<b>Total</b>
<b>REVENUES</b>	
Member contributions	\$ 6,220,990
Total Operating Revenues	6,220,990
<b>OPERATING EXPENSES</b>	
Program expenses:	
Provision for unpaid claims and claim adjustment expenses	4,622,313
Insurance expense	11,818
Management consultants	117,764
Other program expenses	25,870
Total program expenses	4,777,765
General and administrative expenses	27,547
Total operating expenses	4,805,312
Operating income (loss)	1,415,678
<b>NONOPERATING REVENUES</b>	
Investment income	658,031
<b>Change in Net Position</b>	2,073,709
Net Position, Beginning of year	-
Net Position, End of year	\$ 2,073,709

**CLEAN WATER INSURANCE CAPTIVE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2024**

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**Revenues and Expenses**

The Captive's operating revenues totaled \$6.22 million for the year ended June 30, 2024. Revenue is determined by a reinsurance agreement between CWIC and CSRMA that is renewed annually. Claims and claims adjustment expenses are primarily driven by actuarial estimates of ultimate loss.

**Economic Factors that will affect the Future**

**Investment Factors**

CWIC faces many factors that can affect the value of investments including concentration of credit risk, the current state of the US and global economic outlook, geopolitical risks, and systemic risks, which may affect both equity and fixed-income securities. Equities securities respond to such factors as economic conditions, individual Captive earnings performance, and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates.

## **BASIC FINANCIAL STATEMENTS**

**CLEAN WATER INSURANCE CAPTIVE**  
**COMBINED STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2024**

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**ASSETS**

Current Assets	
Cash and cash equivalents	\$ 139,984
Accounts receivable:	
General	28,035
Interest	230
Prepaid expenses	3,939
Total Current Assets	172,188
Noncurrent Assets	
Investments	9,448,507
Total Assets	9,620,695

**LIABILITIES**

Current Liabilities	
Accounts payable	363,434
Unearned revenue	1,473,613
Current portion of unpaid claims and claim adjustment expense	1,500,000
Total Current Liabilities	3,337,047
Noncurrent Liabilities	
Unpaid claims and claim adjustment expense	2,844,939
Total Liabilities	6,181,986

**NET POSITION**

Paid-in capital	1,365,000
Unrestricted	2,073,709
Total Net Position	\$ 3,438,709



**CLEAN WATER INSURANCE CAPTIVE**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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<b>REVENUES</b>	
Member contributions	\$ 6,220,990
Total Operating Revenues	<u>6,220,990</u>
<b>OPERATING EXPENSES</b>	
Program expenses:	
Provision for unpaid claims and claim adjustment expenses	4,622,313
Insurance expense	11,818
Management consultants	117,764
Other program expenses	<u>25,870</u>
Total program expenses	4,777,765
General and administrative expenses	<u>27,547</u>
Total operating expenses	<u>4,805,312</u>
Operating income (loss)	1,415,678
<b>NONOPERATING REVENUES</b>	
Investment income	<u>658,031</u>
<b>Change in Net Position</b>	2,073,709
Net Position, Beginning of year	<u>-</u>
Net Position, End of year	<u><u>\$ 2,073,709</u></u>

**CLEAN WATER INSURANCE CAPTIVE**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Cash Flows From Operating Activities**

Cash received from members	\$ 7,666,568
Cash paid for claims	(277,374)
Cash paid for Insurance	(15,757)
Cash paid to vendors	192,253
Net Cash Flows Provided (Used) by Operating Activities	7,565,690

**Cash Flows From Investing Activities**

Investment income received	187,765
Payments for purchases of investments	(14,361,550)
Proceeds from sales and maturities of investments	6,748,079
Net Cash Flows Provided (Used) by Investing Activities	(7,425,706)

Net Increase (Decrease) in Cash	139,984
Cash and Cash Equivalents - Beginning of year	-
Cash and Cash Equivalents - End of year	\$ 139,984

**Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities**

Operating income (loss)	\$ 1,415,678
Adjustments to Reconcile Net Income (loss) to Net Cash Provided (used) by Operations:	
(Increase) Decrease in:	
Member receivable	(28,035)
Prepaid expenses	(3,939)
Increase (Decrease) in:	
Accounts payable	363,434
Unearned revenue	1,473,613
Claims liability	4,344,939
Net Cash Provided (Used) by Operating Activities	\$ 7,565,690

**Supplementary Information**

Noncash Investing and Financing Transactions	
Change in fair value of investments	\$ 470,036

**CLEAN WATER INSURANCE CAPTIVE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

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**1. GENERAL INFORMATION**

**A. ORGANIZATION**

The Clean Water Insurance Captive (CWIC) is a captive insurance company regulated by the Utah Insurance Department. CWIC is reported as a blended component unit of the California Sanitation Risk Management Authority (the Authority), which is a California governmental Joint Powers Authority. Only the risks of the Authority, its parent company, are transferred to CWIC. CWIC, a component unit of the Authority, provides insurance coverage to the Authority. As part of the Authority, the assets, liabilities, revenues, expenses, and changes in net position of CWIC are included in the consolidated financial statements of the Authority. CWIC is a not-for-profit corporation formed on July 1, 2023 under the State of Utah rules for nonprofit entities and is governed by its Board of Directors and regulated by the Utah Insurance Department.

The Authority is the sole member of CWIC. The Authority Board of Directors authorized the formation of Clean Water Insurance Captive, Inc. (CWIC), in order to diversify the Authority's investment portfolio and more effectively finance its claims liabilities on a reinsurance basis. An initial capitalization payment (paid-in capital) of \$1,365,000 was transferred from the Authority to CWIC. CWIC officially began operations on July 1, 2023.

The Clean Water Insurance Captive (CWIC) was established on July 1, 2023 to more effectively finance the Authority's claims liabilities on a reinsurance basis. Effective July 1, 2023, CWIC began reinsuring the Workers' Compensation Pooled Layer risk (\$0 - \$250K). Effective December 31, 2023, CWIC began reinsuring the Pooled Liability Program Pooled Layer risk (Member deductible - \$750,000). The reinsurance premiums collected from the Authority for the year ended June 30, 2024 for the Workers' Compensation and Pooled Liability Programs were \$4,747,378 and \$1,473,612, respectively.

Effective for the year ended June 30, 2024, the unallocated loss adjustment expense (ULAE) component of the outstanding liability estimate is included in the Authority's workers' compensation or general liability claims liability, as those expenses are not ceded to CWIC.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF ACCOUNTING**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Under the accrual basis, revenues and the related assets are recognized when earned, and expenses are recognized when the obligation is incurred. CWIC applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for its proprietary operations, except where superseded by GASB pronouncements. Liabilities for reserves for open claims and claims incurred but not reported have been recorded in CWIC's financial statements.

**CLEAN WATER INSURANCE CAPTIVE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

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**B. STATEMENT OF CASH FLOWS**

CWIC considers interest on investments to be non-operating revenue; therefore, investment income is presented in the investing section of the Statement of Cash Flows.

**C. CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, cash and cash equivalents include all checking and savings accounts, cash in bank, and all highly liquid debt instruments purchased with original maturity of three months or less.

Cash and cash equivalents consisted of the following on June 30, 2024:

U.S. Bank Checking	\$ 86,741
U.S. Bank Money Market Funds	<u>53,243</u>
Total Cash and Cash Equivalents	<u><u>\$ 139,984</u></u>

**D. INVESTMENTS**

CWIC records its investments at fair market value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. CWIC does not have any investments that are measured using Level 3 inputs. Changes in fair market value are reported as revenue in the Statements of Revenues, Expenses, and Changes in Net Position. The effect of recording investments at fair market value is reflected as a net increase in the fair value of investments on the Statement of Revenues, Expenses, and Changes in Net Position and on the Statement of Net Position.

**E. UNPAID CLAIMS LIABILITIES (CLAIMS PAYABLE, CLAIMS INCURRED BUT NOT REPORTED, AND LIABILITY FOR UNALLOCATED LOSS ADJUSTMENT EXPENSES)**

Each program establishes claims liabilities based on estimates of the ultimate cost of claims (including future allocated claim adjustment expense) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as workers' compensation.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be

**CLEAN WATER INSURANCE CAPTIVE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

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appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

**F. CONTRIBUTION INCOME**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Revenues mainly consist of premium contributions from the Authority. Contribution development is performed by actuaries and the Board of Directors based on the particular characteristics of the Authority's underlying members. Contribution income consists of payments from the Authority that are planned to match the expense of its self-insured workers' compensation claims for years covered by CWIC. The activities of CWIC consist solely of risk management programs and claims management activities related to the coverage described above.

**G. MANAGEMENT ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are described elsewhere in this report.

**3. INVESTMENTS**

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 Inputs to the valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**CLEAN WATER INSURANCE CAPTIVE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds are valued using quoted market prices (Level 1 Input).

Investments are not rated using a nationally recognized rating agency due to the nature of mutual fund. Investments consist of the following as of June 30, 2024:

Mutual Funds:	
Equity:	
PFM Multi Manager Domestic Equity	\$ 2,505,529
PFM Multi Manager International	1,308,235
Fixed Income:	
PFM Multi Manager Fixed Income Fund	5,634,743
Total	\$ 9,448,507

The mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets for identical assets.

Concentration of Credit Risk

CWIC's investment policy places long-term asset allocation targets stated below:

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Growth Assets		
Domestic Equity	6% -46%	26%
International Equity	0% -34%	14%
Other	0% -10%	0%
Income Assets		
Fixed Income	40% -80%	60%
Other	0% -10%	0%
Real Return Assets	0% -10%	0%
Cash Equivalents	0% -20%	0%

*Equities:*

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the

**CLEAN WATER INSURANCE CAPTIVE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

---

shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS).

*Fixed Income:*

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization (“NRSRO”). Additionally, allocations to direct below investment grade credit strategies may not exceed 20% of the Fixed Income portfolio.

*Prohibited Investments:*

Except for purchase within authorized investments, securities having the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, or private placements (with the exception of Rule 144A securities). Further, derivatives, options, or futures for the sole purpose of direct portfolio leveraging are prohibited. Direct ownership of real estate, natural resource properties such as oil, gas or timber and the purchase of collectibles is also prohibited.

The investments in CWIC’s portfolio as of June 30, 2024 conform to these guidelines.

Custodial Credit Risk

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2024, the average effective maturity of the underlying investments held in the CWIC’s fixed-income funds was approximately 7.61 years.

**CLEAN WATER INSURANCE CAPTIVE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**4. CLAIM LIABILITIES**

CWIC establishes a liability for both reported and unreported insured events at undiscounted, which includes estimates of both future payments of losses and related claims adjustment expenses. The following represents changes in liabilities for CWIC during the year ended June 30, 2024.

Unpaid claims and claim adjustment expenses at beginning of year	\$	<u>-</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year		4,622,313
Increase/(decrease) in provision of insured events of prior years		<u>-</u>
Total incurred claims and claim adjustment expenses		<u>4,622,313</u>
Payments:		
Claim and claim adjustment expenses attributable to insured events of the current year		277,374
Claim and claim adjustment expenses attributable to insured events of the prior years		<u>-</u>
Total Payments		<u>277,374</u>
Total unpaid claims and claims adjustment expenses	\$	<u>4,344,939</u>

The components of unpaid claims liability and claims adjustment expense as of June 30, 2024 was as follows:

Claims reserves	\$	449,849
Claims incurred but not reported (IBNR)		<u>3,895,090</u>
Total		4,344,939
Current portion		<u>(1,500,000)</u>
Non-current portion	\$	<u>2,844,939</u>



**CLEAN WATER INSURANCE CAPTIVE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**5. RELATED PARTY TRANSACTIONS**

Related party transactions result from premiums written, losses and loss adjustment expenses, incurred from insurance coverage provided to the Authority by CWIC.

Premiums	\$ 6,220,990
Captive Management Fees	\$ 50,000
Program Consulting	\$ 60,000
Actuarial Fees	\$ 15,000

Amounts due to the Authority as of June 30, 204 was \$312,909

**6. RECONCILIATION TO ANNUAL STATEMENT**

Part of the Utah Insurance Department's audit requirements is to reconcile and explain the differences between the Annual Statement and the Audit.

	<b>Per Annual Statement</b>	<b>Per Audit Report</b>	<b>Variance</b>
<b>Assets</b>			
Reinsurance Recoverable on Unpaid Losses & LAE	\$ 144,039	\$ -	\$ 144,039
<b>Liabilities</b>			
Losses	4,306,777	4,344,939	(38,162)
<b>Expenses</b>			
Net Losses Incurred/Adjustment Expenses Incurred	4,440,091	4,622,313	(182,222)

The primary variances are due to the reclassifications of the deductible recovery on the income statement and recoverables on the balance sheet. The loss reserves were adjusted to match the actuary report subsequent to the Annual Statement being submitted.

**7. SUBSEQUENT EVENTS**

CWIC's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2024 through December 18, 2024, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements

**REQUIRED SUPPLEMENTARY INFORMATION**

**CLEAN WATER INSURANCE CAPTIVE**  
**RECONCILIATION OF CLAIMS LIABILITIES BY PROGRAM**  
**AS OF JUNE 30, 2024**

	<u>Workers Compensation</u>	<u>Liability</u>	<u>Totals</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ -	\$ -	\$ -
Incurred claims and claim adjustment expenses:			
Provision for insured events of the current year	3,246,657	1,375,656	4,622,313
Increase/(decrease) in provision of insured events of prior years	-	-	-
Total incurred claims and claim adjustment expenses	<u>3,246,657</u>	<u>1,375,656</u>	<u>4,622,313</u>
Payments:			
Claim and claim adjustment expenses attributable to insured events of the current year	254,378	22,996	277,374
Claim and claim adjustment expenses attributable to insured events of the prior years	-	-	-
Total Payments	<u>254,378</u>	<u>22,996</u>	<u>277,374</u>
Total unpaid claims and claims adjustment expenses	<u>\$ 2,992,279</u>	<u>\$ 1,352,660</u>	<u>\$ 4,344,939</u>
Claims reserves	\$ 264,045	\$ 185,804	\$ 449,849
Claims incurred but not reported (IBNR)	<u>2,728,234</u>	<u>1,166,856</u>	<u>3,895,090</u>
	2,992,279	1,352,660	4,344,939
Current portion	<u>(500,000)</u>	<u>(1,000,000)</u>	<u>(1,500,000)</u>
Non-current portion	<u>\$ 2,492,279</u>	<u>\$ 352,660</u>	<u>\$ 2,844,939</u>

**CLEAN WATER INSURANCE CAPTIVE**  
**CLAIMS DEVELOPMENT INFORMATION**  
**WORKERS' COMPENSATION**

**AS OF JUNE 30, 2024**

	<b>Fiscal Year Ended</b>
	<b>June 30</b>
	<b>2024</b>
1. Premiums and investment revenue:	
Earned	\$ 5,136,698
Ceded	-
Net earned	5,136,698
2. Unallocated expenses	91,499
Dividends	-
3. Estimated incurred claims and expenses, end of policy year	
Incurred	3,246,657
Ceded Claims	-
Net incurred claims	3,246,657
4. Paid (cumulative) as of:	
End of policy year	254,378
One year later	
Two years later	
5. Reestimated ceded claims and expenses:	-
6. Reestimated net incurred claims and expenses:	
End of policy year	3,246,657
One year later	
Two years later	
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ -

\*First year of program

**CLEAN WATER INSURANCE CAPTIVE**  
**CLAIMS DEVELOPMENT INFORMATION**  
**LIABILITY**

**AS OF JUNE 30, 2024**

	<b>Fiscal Year Ended</b>
	<b>June 30</b>
	<b>2024</b>
1. Premiums and investment revenue:	
Earned	\$ 1,742,323
Ceded	-
Net earned	1,742,323
2. Unallocated expenses	91,499
Dividends	-
3. Estimated incurred claims and expenses, end of policy year	
Incurred	1,375,656
Ceded Claims	-
Net incurred claims	1,375,656
4. Paid (cumulative) as of:	
End of policy year	22,996
One year later	
Two years later	
5. Reestimated ceded claims and expenses:	-
6. Reestimated net incurred claims and expenses:	
End of policy year	1,375,656
One year later	
Two years later	
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ -

\*First year of program

## CLEAN WATER INSURANCE CAPTIVE

### NOTES TO CLAIMS DEVELOPMENT INFORMATION

#### CUMULATIVE FROM INCEPTION THROUGH JUNE 30, 2024

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The table on the previous page illustrates how CWIC earned revenues and investment income compare to related costs of loss and other expenses assumed by CWIC as of the end of each of the last ten years (this is the first year of the program so only one year is shown). The rows of the tables are defined as follows:

1. Total of each fiscal year's gross earned contribution and investment income less ceded (excess insurance cost, assessments/dividends) contributions to arrive at net earned contribution and investment revenues.
2. Fiscal year's other operating costs of CWIC for each fiscal year including overhead and loss expenses not allocable to individual claims.
3. CWIC's gross incurred losses and allocated loss adjustment expenses, losses assumed by reinsurers and net incurred losses and allocated loss adjustment expenses as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.
4. Cumulative amounts paid as of the end of successive years for each policy year.
5. The latest re-estimated amount of losses assumed by reinsurers as of the end of the current year for each policy year.
6. Shows how each policy year's net incurred losses increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known losses, reevaluation of existing information on known losses and emergence of new losses not previously known.
7. Compares the latest re-estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally projected. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature policy years.

## **SUPPLEMENTARY INFORMATION**

**CLEAN WATER INSURANCE CAPTIVE**  
**COMBINING STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2024**

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 97,989	\$ 41,995	\$ 139,984
Accounts receivable:			
General	-	28,035	28,035
Interest	161	69	230
Prepaid expenses	<u>2,757</u>	<u>1,182</u>	<u>3,939</u>
Total Current Assets	100,907	71,281	172,188
Noncurrent Assets			
Investments	<u>5,807,476</u>	<u>3,641,031</u>	<u>9,448,507</u>
Total Assets	<u>5,908,383</u>	<u>3,712,312</u>	<u>9,620,695</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	254,404	109,030	363,434
Unearned revenue	-	1,473,613	1,473,613
Current portion of unpaid claims and claim adjustment expense	<u>500,000</u>	<u>1,000,000</u>	<u>1,500,000</u>
Total Current Liabilities	754,404	2,582,643	3,337,047
Noncurrent Liabilities			
Unpaid claims and claim	<u>2,492,279</u>	<u>352,660</u>	<u>2,844,939</u>
Total Liabilities	<u>3,246,683</u>	<u>2,935,303</u>	<u>6,181,986</u>
<b>NET POSITION</b>			
Paid-in capital	750,000	615,000	1,365,000
Unrestricted	<u>1,911,700</u>	<u>162,009</u>	<u>2,073,709</u>
Total Net Position	<u>\$ 2,661,700</u>	<u>\$ 777,009</u>	<u>\$ 3,438,709</u>



**CLEAN WATER INSURANCE CAPTIVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**

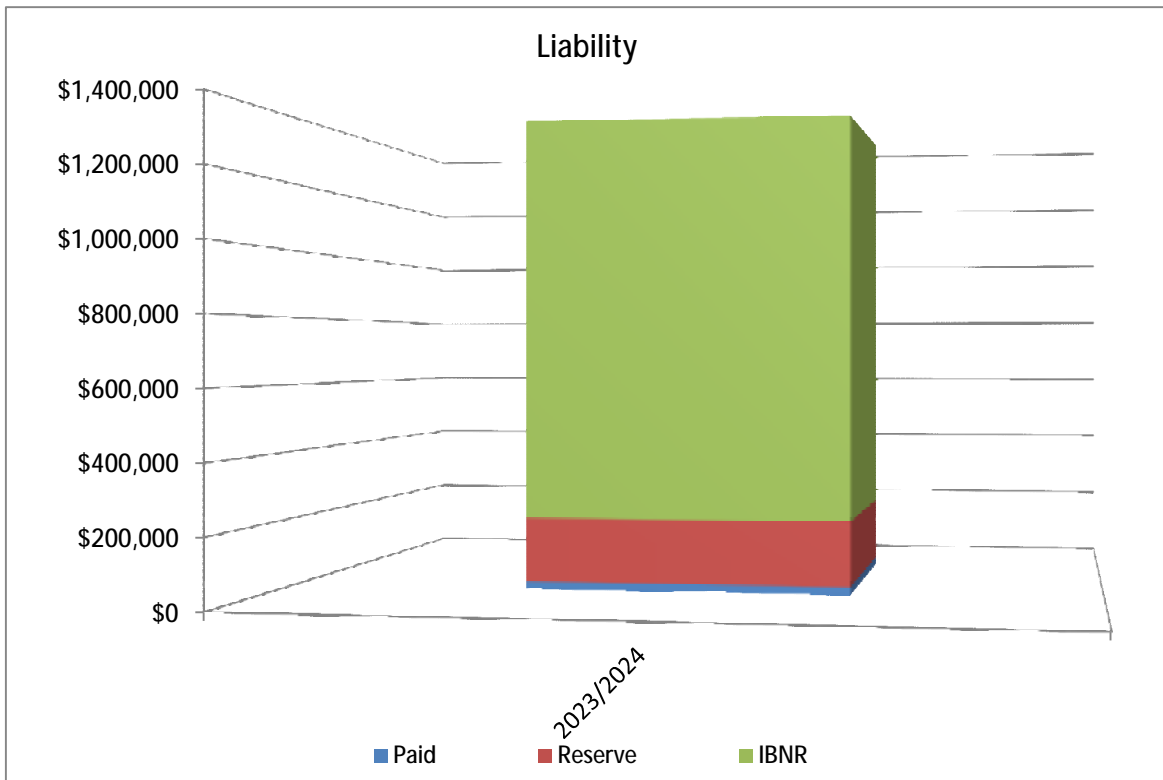
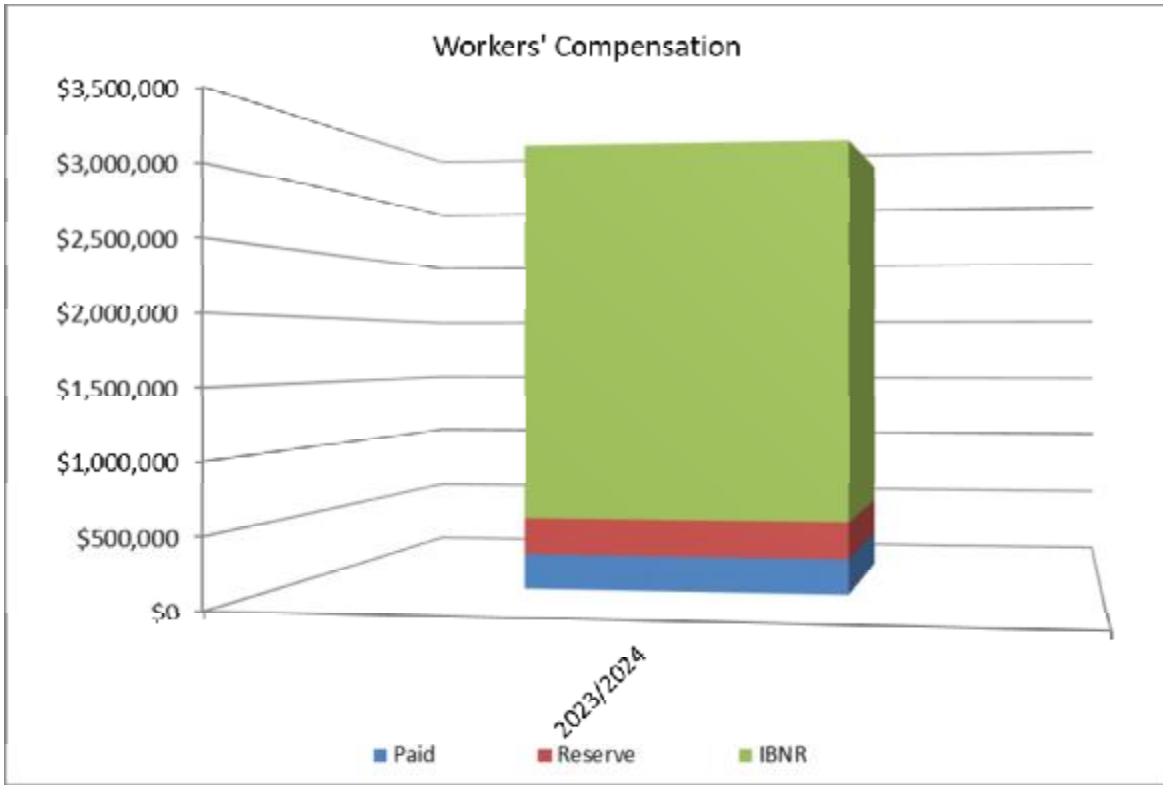
**AS OF JUNE 30, 2024**

	<b>Workers'</b>		
	<b>Compensation</b>	<b>Liability</b>	<b>Total</b>
<b>REVENUES</b>			
Member contributions	\$ 4,747,378	\$ 1,473,612	\$ 6,220,990
Total Operating Revenues	<u>4,747,378</u>	<u>1,473,612</u>	<u>6,220,990</u>
<b>OPERATING EXPENSES</b>			
Program expenses:			
Provision for unpaid claims and claim adjustment expenses	3,246,657	1,375,656	4,622,313
Insurance expense	9,454	2,364	11,818
Management consultants	101,222	16,542	117,764
Other program expenses	21,990	3,880	25,870
Total program expenses	<u>3,379,323</u>	<u>1,398,442</u>	<u>4,777,765</u>
General and administrative expenses	<u>22,856</u>	<u>4,691</u>	<u>27,547</u>
Total operating expenses	<u>3,402,179</u>	<u>1,403,133</u>	<u>4,805,312</u>
Operating income (loss)	1,345,199	70,479	1,415,678
<b>NONOPERATING REVENUES</b>			
Investment income	<u>566,501</u>	<u>91,530</u>	<u>658,031</u>
<b>Change in Net Position</b>	1,911,700	162,009	2,073,709
Net Position, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, End of year	<u>\$ 1,911,700</u>	<u>\$ 162,009</u>	<u>\$ 2,073,709</u>

CLEAN WATER INSURANCE CAPTIVE

GRAPHICAL SUMMARY OF CLAIMS

AS OF JUNE 30, 2024





**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

The Governing Body  
Clean Water Insurance Captive  
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Clean Water Insurance Captive as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Clean Water Insurance Captive's basic financial statements, and have issued our report thereon dated December 18, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Clean Water Insurance Captive's internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clean Water Insurance Captive's internal control. Accordingly, we do not express an opinion on the effectiveness of Clean Water Insurance Captive's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

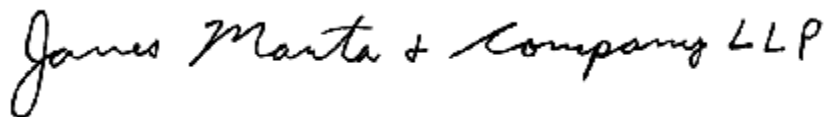
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Clean Water Insurance Captive's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 18, 2024

**Resolution Recognizing the Contributions  
of  
Craig Murray**

**ISSUE:** The Executive Board wishes to recognize in a formal manner Craig Murray's many contributions to CSRMA over the past seventeen years.

**RECOMMENDATION:** The Program Administrators recommend that the Executive Board recommend that the Board of Directors honor the contributions of Craig Murray with a formal resolution.

**BACKGROUND:** Craig Murray has served on CSRMA's Pooled Liability Committee, Workers' Compensation Committee, Executive Board, and Board of Directors. Craig has served as President of CSRMA for the past five years. CSRMA has greatly benefited from his experience, expertise, guidance and support.

**ATTACHMENTS:** Resolution No. 1-25 (BD)

**California Sanitation Risk  
Management Authority**

**Board of Directors  
Resolution No. 1-25 (BD)**

**Resolution Recognizing the Contributions of  
Craig Murray  
To the California Sanitation Risk Management Authority**

The Board of Directors of the California Sanitation Risk Management Authority finds and determines as follows:

- (a) Craig Murray has diligently served as Board Member, Executive Board Member, Workers' Compensation Committee Chair, Pooled Liability Committee Member, Vice President and President of the California Sanitation Risk Management Authority.
- (b) Craig Murray has dedicated his time and effort and has made many contributions to ensure the growth and success of the California Sanitation Risk Management Authority.
- (c) For the many contributions made to the California Sanitation Risk Management Authority, its Board of Directors finds it incumbent to express sincere gratitude and appreciation.

In consideration of the foregoing findings and determinations,

IT IS RESOLVED by the Board of Directors of the California Sanitation Risk Management Authority as follows:

1. The California Sanitation Risk Management Authority does hereby recognize the many contributions of Craig Murray to the Authority, and by this Resolution does express to him sincere gratitude and appreciation.
2. The President and Secretary are directed to subscribe and execute on behalf of the Authority a true copy of this Resolution, and to cause a copy of the Resolution to be suitably bound, inscribed and presented to Craig Murray.

\* \* \* \* \*

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Board of Directors of the California Sanitation Risk Management Authority held on the 29th day of January 2025, which was approved by unanimous acclamation of all Board of Directors members in attendance.

ATTEST:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

**Resolution Recognizing the Contributions  
of  
Michelle Gallardo**

**ISSUE:** The Executive Board wishes to recognize in a formal manner Michelle Gallardo’s many contributions to CSRMA over the past eight years.

**RECOMMENDATION:** The Program Administrators recommend that the Executive Board recommend that the Board of Directors honor the contributions of Michelle Gallardo with a formal resolution.

**BACKGROUND:** Michelle Gallardo has served on CSRMA's Pooled Liability Committee and as the Committee Chair, Executive Board, and Board of Directors for many years. CSRMA has greatly benefited from her experience, expertise, guidance and support.

**ATTACHMENTS:** Resolution No. 2-25 (BD)

**California Sanitation Risk  
Management Authority**

**Board of Directors  
Resolution No. 2-25 (BD)**

**Resolution Recognizing the Contributions of  
Michelle Gallardo  
To the California Sanitation Risk Management Authority**

The Board of Directors of the California Sanitation Risk Management Authority finds and determines as follows:

- (a) Michelle Gallardo has diligently served as Board Member, Executive Board Member, and Pooled Liability Committee Chair of the California Sanitation Risk Management Authority.
- (b) Michelle Gallardo has dedicated her time and effort and has made many contributions to ensure the growth and success of the California Sanitation Risk Management Authority.
- (c) For the many contributions made to the California Sanitation Risk Management Authority, its Board of Directors finds it incumbent to express sincere gratitude and appreciation.

In consideration of the foregoing findings and determinations,

IT IS RESOLVED by the Board of Directors of the California Sanitation Risk Management Authority as follows:

1. The California Sanitation Risk Management Authority does hereby recognize the many contributions of Michelle Gallardo to the Authority, and by this Resolution does express to her sincere gratitude and appreciation.
2. The President and Secretary are directed to subscribe and execute on behalf of the Authority a true copy of this Resolution, and to cause a copy of the Resolution to be suitably bound, inscribed and presented to Michelle Gallardo.

\* \* \* \* \*

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Board of Directors of the California Sanitation Risk Management Authority held on the 29th day of January 2025, which was approved by unanimous acclamation of all Board of Directors members in attendance.

ATTEST:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary



## Sometimes a Wild God

Sometimes a wild god comes to the table.  
He is awkward and does not know the ways  
Of porcelain, of fork and mustard and silver.  
His voice makes vinegar from wine.

When the wild god arrives at the door,  
You will probably fear him.  
He reminds you of something dark  
That you might have dreamt,  
Or the secret you do not wish to be shared.

He will not ring the doorbell;  
Instead he scrapes with his fingers  
Leaving blood on the paintwork,  
Though primroses grow  
In circles round his feet.

You do not want to let him in.  
You are very busy.  
It is late, or early, and besides...  
You cannot look at him straight  
Because he makes you want to cry.

Your dog barks;  
The wild god smiles.  
He holds out his hand and  
The dog licks his wounds,  
Then leads him inside.

The wild god stands in your kitchen.  
Ivy is taking over your sideboard;  
Mistletoe has moved into the lampshades  
And wrens have begun to sing  
An old song in the mouth of your kettle.

'I haven't much,' you say  
And give him the worst of your food.  
He sits at the table, bleeding.  
He coughs up foxes.  
There are otters in his eyes.

When your wife calls down,  
You close the door and  
Tell her it's fine.  
You will not let her see  
The strange guest at your table.

The wild god asks for whiskey  
And you pour a glass for him,  
Then a glass for yourself.  
Three snakes are beginning to nest  
In your voicebox. You cough.

*Oh, limitless space.*  
*Oh, eternal mystery.*  
*Oh, endless cycles of death and birth.*  
*Oh, miracle of life.*  
*Oh, the wondrous dance of it all.*

You cough again,  
Expectorate the snakes and  
Water down the whiskey,  
Wondering how you got so old  
And where your passion went.

The wild god reaches into a bag  
Made of moles and nightingale-skin.  
He pulls out a two-reeded pipe,  
Raises an eyebrow  
And all the birds begin to sing.

The fox leaps into your eyes.  
Otters rush from the darkness.  
The snakes pour through your body.  
Your dog howls and upstairs  
Your wife both exults and weeps at once.

The wild god dances with your dog.  
You dance with the sparrows.  
A white stag pulls up a stool  
And bellows hymns to enchantments.  
A pelican leaps from chair to chair.

In the distance, warriors pour from their tombs.  
Ancient gold grows like grass in the fields.  
Everyone dreams the words to long-forgotten songs.  
The hills echo and the grey stones ring  
With laughter and madness and pain.

In the middle of the dance,  
The house takes off from the ground.  
Clouds climb through the windows;  
Lightning pounds its fists on the table  
And the moon leans in.

The wild god points to your side.  
You are bleeding heavily.  
You have been bleeding for a long time,  
Possibly since you were born.  
There is a bear in the wound.

'Why did you leave me to die?'  
Asks the wild god and you say:  
'I was busy surviving.  
The shops were all closed;  
I didn't know how. I'm sorry.'

Listen to them:

The fox in your neck and  
The snakes in your arms and  
The wren and the sparrow and the deer...  
The great un-nameable beasts  
In your liver and your kidneys and your heart...

There is a symphony of howling.  
A cacophony of dissent.  
The wild god nods his head and  
You wake on the floor holding a knife,  
A bottle and a handful of black fur.

Your dog is asleep on the table.  
Your wife is stirring, far above.  
Your cheeks are wet with tears;  
Your mouth aches from laughter or shouting.  
A black bear is sitting by the fire.

Sometimes a wild god comes to the table.  
He is awkward and does not know the ways  
Of porcelain, of fork and mustard and silver.  
His voice makes vinegar from wine  
And brings the dead to life.

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## LA fires: Average insured claim estimated at \$1.9m with 17,027 structures destroyed or damaged

[reinsurancene.ws/la-fires-average-insured-claim-estimated-at-1-9m-with-17027-structures-destroyed-or-damaged/](https://reinsurancene.ws/la-fires-average-insured-claim-estimated-at-1-9m-with-17027-structures-destroyed-or-damaged/)

20 January 2025

The wildfires still burning in parts of the Palisades and Eaton areas of Los Angeles, California, have now damaged or destroyed more than 17,000 structures, with an average insured loss per structure of an estimated \$1.9 million, based on the mid-point of initial insured loss estimates from catastrophe risk modellers.

As containment efforts continue for the two largest fires in LA County since the outbreak on January 7th, 2025, risk modellers CoreLogic and Moody's RMS Event Response have released preliminary insured loss estimates.

CoreLogic's insured loss range stands at between \$35 billion and \$45 billion, while Moody's RMS pegged losses at between \$20 billion and \$30 billion, both of which include losses to the California FAIR Plan.



The mid-point of the \$20 billion to \$45 billion range is \$32.5 billion, which as noted by analysts at Peel Hunt, would make the fires the worst in recent history, exceeding the \$23 billion of insured losses from the peril in 2018, which was driven by the Camp Fire in Northern California's Butte County.

According to the most recent update from the California Department of Forestry and Fire Protection, the Palisades Fire has destroyed 5,829 structures and damaged 744, and is now 56% contained, covering 23,713 acres. The Eaton Fire is more contained at 81%, covering 14,021 acres, but has destroyed 9,391 structures and damaged 1,063.

Together, the two main fires cover more than 37,000 acres, have destroyed 15,220 structures and damaged a further 1,807, meaning that a total of 17,027 structures have been damaged or destroyed by the events.

Based on the aforementioned mid-point of cat risk modeller insured loss estimates so far, and as noted by Peel Hunt in a recent note on the LA fires, this results in an average insured loss per structure of \$1.9 million.

Of course, there's a risk that losses to the insurance and reinsurance industry will increase as the two main fires are still not fully contained. Further, extreme fire weather conditions are expected for the next few days, with the National Weather Service predicting strong wind gusts and potential for rapid fire spread of both new and existing fires between noon Monday and late Tuesday evening, local time.

In response, Governor Gavin Newsom announced yesterday the mobilisation of additional personnel, engines, and aircraft to rapidly attack any new fires as continued extreme weather arrives.

In terms of the insured losses, analysts at Peel Hunt note that it is still unclear "what proportion of insured losses will be retained by insurers in the admitted market, how much exposure has been transferred to the E&S market in the past few years, and what will be picked up by the reinsurance industry."

"Starting with the latter, reinsurers have lowered their exposure to secondary perils such as wildfires since 2022. In addition, reinsurers increased their attachment points significantly in 2023 and there was no great reduction in these attachment points in 2024 or 2025," said Peel Hunt analysts.

Adding: "Meanwhile, regarding insurance cover, many admitted market insurers have exited the high value/wildfire-exposed homeowners market in California. This has created a significant disruption, with many policyholders seeking refuge with the insurer of last resort, the California FAIR Plan."

Expanding on the FAIR Plan, analysts said: "The California FAIR Plan's policy numbers ballooned in 2024, with new business increasing 41%, covering 465k policies across the state. The majority of this is domestic properties. The California FAIR plan's exposure to Palisades is one of the largest in the State with a US\$5.9bn limit (1,430 policies) and we separately estimate a c.US\$1.8bn aggregate exposure to the Eaton fire (958 policies).

"The California FAIR Plan has c.US\$2.5bn of reinsurance cover, leaving a net exposure of US\$5.3bn. Stripping this from the midpoint of the catastrophe modelling agencies' loss estimate leaves a private market insured loss of US\$27.2bn. This is equivalent to a major Hurricane Milton type insured loss."

"The question is then how much of the exposure has been transferred to the E&S market and therefore could be picked up by Lloyd's. Given the fact that terms and conditions, including attachment points, can be freely set in the E&S market and pricing is unregulated would suggest that E&S insurers may be able to absorb these elevated wildfire losses and be retained within catastrophe budgets," concluded analysts.



GOVERNMENT FINANCE OFFICERS ASSOCIATION  
**NEWS RELEASE**

**FOR IMMEDIATE RELEASE**

7/30/2024

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(Chicago, Illinois)—Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to **California Sanitation Risk Management Authority** for its annual comprehensive financial report for the fiscal year ended June 30, 2023. The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

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### CSRMA MEETING CALENDAR 2025

JANUARY	FEBRUARY	MARCH	APRIL
<b>CSRMA EB - TUE - 28</b>	CSRMA LIAB (TC) - TUE - 18	<b>CSRMA LRP - SUN - TUE - 16, 17, 18</b>	<b>CSRMA FIN - TUE - 15 (SFO)</b>
<b>CSRMA BD - WED - 29</b>	<b>CSRMA WC - THUR - 20 (SFO)</b>		
<i>CASA January 29 - 31 Palm Springs</i>	<i>PARMA February 23 - 26 Anaheim</i>		
MAY	JUNE	JULY	AUGUST
<b>CSRMA LIAB - MON - 5 (WC OFFICE)</b>	CSRMA EB (TC) - MON - 9	<b>CSRMA EB - TUE - 29</b>	
CSRMA OC (TC) - TUES - 6	CSRMA BOD (TC) - WED - 18	<b>CSRMA BD - WED - 30</b>	
CSRMA WC (TC) - THUR - 15	CSRMA OC (TC) - WED - 25		
		<i>CASA July 30 - August 1 San Diego</i>	
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
<b>CSRMA LIAB - MON - 8 (WC OFFICE)</b>	<b>CSRMA EB - MON - 6 (SFO)</b>	CSRMA FIN (TC) - MON - 3	CSRMA EB (TC) - MON - 8
CSRMA OC (TC) - FRI - 12	CSRMA WC (TC) - WED - 15	<b>CSRMA LIAB - MON - 17 (WC OFFICE)</b>	CSRMA OC (TC) - THUR - 11
	CSRMA OC (TC) - FRI - 31		
<i>CAJPA September 16 - 19 Monterey</i>			

**Meetings in RED are IN-PERSON**

**CSRMA  
Board of Directors  
60 Members**

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*Jason Dow, Chair*  
*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*  
*Teresa Herrera, Silicon Valley Clean Water*  
*Patrick Ostly, North of River SD*  
*Tyson Zimmerman, Ironhouse SD (Alternate)*

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*Roland Williams*

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*Byrne Conley, Esq.*  
*Gibbons & Conley*

**Financial Auditor**  
*James Marta,*  
*James Marta & Company*

**Program Management  
Alliant Insurance Services, Inc.  
JPA Administration & Insurance**  
*Dennis Mulqueeny*  
*Seth Cole*  
*Myron Leavell*  
*Marilyn Schley*  
*P.J. Skarlanic*  
*Steve Davidson*  
*Thary Ou*  
*Tevea Him*  
*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*

**Pooled Liability Program Committee**  
*Teresa Herrera, Silicon Valley Clean Water, Chair*  
*Sergio Ramirez, West Bay SD*  
*Jimmy Dang, Oro Loma SD*  
*Mark Carlson, Union SD*  
*Jordan Damerel, Fairfield-Suisun SD*  
*Veronica Cazares, Selma-Kingsburg-Fowler County SD*

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*Curtis Paxton, Las Gallinas Valley SD*  
*Jennifer Sabine, Encina Wastewater Authority*  
*Jan Lee, Dublin San Ramon SD*  
*VACANT*

**Claims**  
*Alan Dialon*  
*Carl Warren & Co.*

**Claims**  
*Stella Sebastiani*  
*Athens*



***Service Team***

