



County of Santa Cruz 0043

GENERAL SERVICES DEPARTMENT

701 OCEAN STREET, SUITE 330, SANTA CRUZ, CA 95060-4073

(831) 454-2718 FAX: (831) 454-2710 TDD: (831) 454-2123

BOB WATSON, DIRECTOR

November 1, 2000

AGENDA: November 14, 2000

Board of Supervisors
COUNTY OF SANTA CRUZ
701 Ocean Street
Santa Cruz, CA 95060

SANTA CRUZ COUNTY FIRE AGENCIES INSURANCE GROUP JOINT POWERS AGREEMENT

Dear Members of the Board:

The Board of Directors of the Santa Cruz County Fire Agencies Insurance Group (SCCFAIG) has approved a revision of the joint powers agreement which establishes and maintains a self insurance pool for workers' compensation for Santa Cruz County fire agencies. As a member of SCCFAIG (receiving workers' compensation services for volunteer firefighters), the Santa Cruz County Fire Department is a signatory agency to the agreement.

The SCCFAIG joint powers agreement has not been amended since 1989. The SCCFAIG Board of Directors recently reviewed the agreement and approved a revision on September 26, 2000. A summary of the major changes follows:

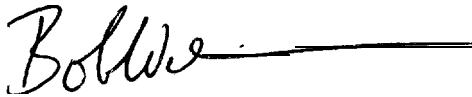
- The document has been reviewed by attorney Alan Smith and modified to reflect updated legal terms and verbiage.
- The SCCFAIG Board has recommended that the executive committee be abolished. A ten-member board (with a five-member quorum) does not need an executive committee.
- A quorum for normal business is five members. Any decision that requires modification of the budget or requires the determination of contribution rates must receive a "super majority" vote of seven members. A seven member vote is also required to amend the joint powers agreement.
- The Chief Administrative Officer is also the secretary/treasurer of the SCCFAIG and has signature authority for the payment of bills up to \$2,500; amounts greater than \$2,500 require a second signature. A certified public accountant performs annual audits of the group.
- The Board of Directors approves member contribution rates by April 15th of each year. Contributions are adjusted according to loss experience. Late payment of insurance premiums by member agencies is subject to a fee of 1.5%.

Board of Supervisors
Agenda: November 14, 2000
October 31, 2000
Page Two

- The withdrawal and involuntary termination section has been re-written according to a model recommended by the State Department of Insurance.
- There is no change in financial obligation as a result of adoption of the revised joint powers agreement.

It is therefore RECOMMENDED that your Board approve the revised Santa Cruz County Fire Agencies Insurance Group Joint Powers Agreement and authorize the County Fire Chief to sign the agreement on behalf of the County Fire Department.

Sincerely,



BOB WATSON
Director

BW:NCG:mc

Attachment: Joint Powers Agreement

RECOMMENDED:



SUSAN A. MAURIELLO
County Administrative Officer

cc: County Administrative Office
General Services Department
County Fire Department
County Counsel
Risk Management

TO ESTABLISH, OPERATE, AND MAINTAIN AN INSURANCE AND
SELF-INSURANCE PROGRAM FOR FIRE AGENCIES

THIS AGREEMENT, effective March 28, 1977 (and amended 4-26-82, 5-24-82, 7-83, 10-16-89 and 9-26-2000), by and among fire prevention and suppression agencies of Santa Cruz County signatory hereto, is entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to joint powers agreements, for the purpose of operating a group insurance and self-insurance program to be known and designated as the Santa Cruz County Fire Agencies Insurance Group Program.

WITNESSETH:

WHEREAS, it is to the mutual benefit and in the best public interest of the parties hereto to join together to establish this Joint Powers Agreement ("Agreement") to accomplish the purposes hereinafter set forth; and

WHEREAS, the fire agencies signatory hereto have each determined that there is a need to provide for insurance and self-insurance on a group rather than an individual basis; and

WHEREAS, Each member agency has requested and received a Certificate of Consent to Self-Insure from the State of California, Department of Industrial Relations, and is included under the

Groups Affiliate Certificate pursuant to Section 3700 through 3705 of the Labor Code which allow any local public entity to fund its own workers' compensation claims; and

WHEREAS, Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code permits two or more public agencies jointly to exercise any power common to the contracting parties; and

WHEREAS, it appears economically practical for the parties hereto to join together for the purpose of operating a group insurance and self-insurance program;

NOW THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN AND OF THE MUTUAL BENEFITS TO BE DERIVED THEREFROM, each of the parties hereto agrees as follows:

1. CREATION

Pursuant to Sections 6500 et seq., of the California Government Code, there is hereby created a public entity, separate and apart from the parties hereto, to be known as the Santa Cruz County Fire Agencies Insurance Group, hereinafter designated as the Group. The debts, liabilities and obligations of the Group do not constitute debts, liabilities, or obligations of any party to this Agreement, except as described under item 15 of this Agreement, "Withdrawal and Involuntary Termination".

2. PURPOSE

0029

The purpose of the Group shall be to provide the member agencies the capabilities of self-insurance, pooling, and joint purchase of insurance (including, but not limited to the establishment and maintenance of a fund to pay for desired insurance coverages, claims adjustment and administration, safety engineering, other risk management services) and the defense and payment of claims. The Group shall defend, administer and pay only those claims of member agencies arising out of facts occurring during the period of membership in the Group.

3. TERM

This Agreement became effective as of March 28, 1977, and shall continue until terminated as hereinafter provided.

4. MEMBERSHIP

Public agencies providing direct fire protection and/or fire suppression services are eligible for membership. Subject to membership approval pursuant to this Agreement, membership is effective on the date such agency executes this Agreement. Each member agency is entitled to the rights and privileges, and is subject to the obligations, of membership, all as provided in this Agreement. The addition of new members to the Group will require unanimous approval of the existing Group members.

15

5. GOVERNING BOARD

The Administering Agency of the Group shall consist of the Group Board of Directors (hereinafter "Group Board") composed of one representative from each member agency. Each member agency shall appoint one representative and one alternate. The alternate appointed by the member agency shall have the authority to attend and participate in the meetings of the Group Board, but shall not vote unless the appointed representative is absent. Each representative or alternate shall serve at the pleasure of the member agency by which such representative or alternate has been appointed. Each representative, or in the representative's absence, his or her alternate, shall have one (1) vote.

6. MEETING OF THE BOARD AND OFFICERS

A. The Group Board shall provide for its regular, adjourned regular and special meetings provided, however that it shall hold at least one regular meeting annually.

B. All meetings of the Group Board shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950 et seq.). Special meetings may be called and in accordance with and must adhere to the provisions of the Ralph M. Brown Act (Government Code Section 64956).

C. A minimum of 5 representatives to the Group Board shall constitute a quorum for the transaction of normal business. All official actions of the Group Board shall be approved by a vote of a majority of those representatives present at the meeting. Any decision however, that involves the approval or modification of the annual Budget or determines member contribution rates will require a "Super Majority" vote. Any Super Majority decision must be approved by a minimum of seven member representatives.

D. The Group Board shall elect a chairperson and a vice chairperson annually pursuant to the Group Board's established meeting policy. The Group Board shall elect or reelect its chairperson and vice chairperson for immediate assumption of office. In the event that the chairperson or vice chairperson so elected ceases to be a representative to the Group Board, the resulting vacancy shall be filled at the next meeting of the Group Board held after such vacancy occurs. In the absence or inability of the chairperson to act, the vice chairperson shall act as chairperson.

All meetings will adhere to established Board policies and procedures.

7. POWERS

The Group shall possess the power to establish, operate, and maintain an insurance and self-insurance program, and may exercise said power in the manner provided in this Agreement. The Group is hereby authorized, in its own name, to do all acts necessary for

the exercise of said power, including but not limited to any or all-of the following: to make and enter into contracts; or to employ agents or employees, or to incur debts, liabilities or obligations which shall not constitute debts, liabilities or obligations to any party to this Agreement; or to acquire, hold or dispose of property, or to receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, corporations and any government entity; or to sue and be sued in its own name. Said powers shall be exercised in the manner provided by law, and except as expressly set forth herein, subject only to restrictions upon the manner of exercising such powers as are imposed upon member agencies.

The Group Board shall have the power to determine the kinds of insurance to be purchased and proportions of insurance and self-insurance to be maintained. The Group Board shall have the power to determine the kinds of claims (e.g. workers' compensation, liability, property loss) the Group shall be responsible for. The Group Board shall have the power to determine the methods and procedures for claims adjustment, administration and defense.

Only a Super Majority of the Group Board shall be empowered to determine the contribution rates for self-insurance funds and the relative portions of insurance premiums and other costs for each member agency. Only the Super Majority shall also be empowered to provide for additional assessments during the year if necessary to

allow for increased costs due to changes in the law or excessive claims.

8. MANAGEMENT

Any person may be appointed by the Group Board to be Chief Administrative Officer - Risk Manager, of the Group. The duties and responsibilities of the Chief Administrative Officer-Risk Manager shall include: (1) preparing recommendations for each action appearing before the Group Board; (2) recommending insurance brokers, insurance coverages, policy forms and policies to the Group Board; (3) recommending claims and claim handling methods to the Group Board; (4) recommending the kinds and levels of insurance and self-insurance to be maintained; and (5) other duties and responsibilities as described within his/her contract.

The Chief Administrative Officer-Risk Manager shall serve as the Secretary-Treasurer of the Group unless the Group Board appoints others and will administer his/her duties in accordance with California Government Code Section 6505.6.

An independent Certified Public Accountant shall perform a financial audit of the Group once each year in compliance with Government Code Section 26909, and upon completion, a copy of this audit will be submitted to the Santa Cruz County Auditor-Controller.

The Group Board may hire legal counsel as deemed appropriate at any time.

9. FUNDS

The Group Shall maintain its funds in the treasury as authorized by the Group Board. Warrants shall be issued by the Chief Administrative Officer-Risk Manager, upon the prior authorization of the Group Board.

A. The Chief Administrative Officer-Risk Manager may authorize payments for insurance premiums, contracts, purchases, and other obligations approved by the Group Board.

B. The Chief Administrative Officer-Risk Manager shall authorize settlement and payment of self-insured workers' compensation claims under policies set by the Group Board.

10. FISCAL AND POLICY YEARS

The fiscal and policy year for the Group shall be July 1st through the next following June 30th .

11. BUDGET

The Group Board shall adopt a budget for each fiscal year pursuant to item 6C of this Agreement. Insurance premiums, self-insurance reserves, and administrative costs shall be estimated by the Chief Administrative Officer-Risk Manager in February of each year and, when approved by the Group Board, shall be adopted in the budget by the Group Board for the subsequent fiscal year.

12. ACCOUNTS AND RECORDS

The Chief Administrative Officer-Risk Manager shall keep financial records and accounts in a manner consistent with government accounting standards for joint power authorities.

13. MEMBER CONTRIBUTIONS

Member agency contributions shall be finally determined by April 15th of each year. Member agency contributions shall include a factor to incorporate the loss experience of each member agency in the manner required by law. Special assessments in excess of the regular contribution may be levied by a Super Majority vote of the Group Board, as described in 6C of this Agreement, when necessary, due to changes-in the law or excessive claims experience. Member agency contributions and special assessments shall be paid to the Treasurer on or before the due date set by the Group Board.

Any member agency contribution and any special assessment not paid to the Chief Administrative Officer-Risk Manager on or before the date set by the Group Board shall be subject to a penalty for the late payment at a rate of one and one-half percent (1 and 1/2%) per month or a fraction thereof on the unpaid amount of the contribution or special assessment from the date on which the remittance first became delinquent until paid.

14. NOTICES

Notices required hereunder shall be sufficient when delivered to the last official address of each member agency reported in writing to the Chief Administrative Officer-Risk Manager.

15. WITHDRAWAL AND INVOLUNTARY TERMINATION

A. Any member may terminate its participation in this Group at the end of any fiscal year by notifying the Group Board in writing prior to December 31st of that fiscal year.

B. Any member who terminates its participation in this Group shall not be considered for readmission to the Group for a period of five (5) years from the date of termination of participation in the Group. Further, the application to rejoin will be considered and reviewed in the same manner as any new application.

C. Any member agency shall be deemed to have withdrawn as a member agency upon the effective date of such member agency's consolidation or merger with a non-member agency, unless within sixty (60) days thereafter, the Group Board shall have agreed otherwise.

D. A member agency may be involuntarily terminated as a party to this Agreement for failure to pay member contributions within three months of the due date set by the Group Board

(pursuant to Paragraph 13). Such removal may be accomplished by resolution with concurrence of a Super Majority, as described in 6C of this Agreement, of the current member agencies following 20 days written notice and an opportunity to be heard by the Group Board. A member which is involuntarily terminated by the Group shall have no residual rights to any funds or other assets of the Group whether or not resulting from participation by the member, and the member shall continue to be responsible for the amount of any costs, liabilities, assessments or contingencies required because of the members participation in the Group.

E. A member agency which terminates its participation or that is removed from the Group shall have no residual rights to any funds resulting from participating in the Group.

F. Any member agency which terminates its membership in the Group or that is removed from the Group shall continue to be responsible for the amount of any costs, liabilities, assessments or other contingencies required because of losses against the member and/or the Group which exceed the amount collected from the member for the last 5 years within which the member participated.

16. INDEMNIFICATION AND RELEASE

Each member shall and hereby agrees to indemnify and save the Group and all other members harmless from and against all claims, losses and damages, including legal fees and expenses arising out of any breach or default on the part of such member in

the performance of any of its obligations under this Agreement, or any act or negligence of such member or any of its agents, contractors, servants, employees or licensees with respect to the coverage provided such member. No indemnification is made under this section or else where in this Agreement by the Group of its officers, agents, employee successors or assignees.

Each member further shall and hereby agrees to indemnify and save the Group, its members, and all of its agents, and employees, harmless from and against any claims losses and damages, including legal fees and expenses, arising out of any action or decision taken by the Group to accept or reject a claim or proceeding against any member, or the denial of coverage under this Agreement for any conduct of the member resulting in any claim or proceeding which, were it not for the absolute discretion of the Group, might or could be construed to be included within the coverage provided by this Agreement, or by any memorandum of coverage relating to such member.

17. DISSOLUTION

This Agreement may be terminated in its entirety upon the consent of all parties hereto. The Group shall continue to be responsible for claims arising out of facts occurring prior to the termination of the Agreement. No assets may be divided or returned until all outstanding obligations have been resolved or a paid-up contract has been enacted which will remove any further obligation

from the Group. Said contract may be for the member agency to accept responsibility for any outstanding claims. Disposition of the remaining assets will then be made in proportion to the contributions of the then participating members for the calendar year of dissolution.

18. NEW MEMBER AGENCIES

A. Definition A "prospective new member agency" is any agency eligible for membership under Paragraph 4 of this Agreement which is not a member agency at the time it applies for the approval of the Group Board to become a member agency. A "prospective new member agency" includes, but is not limited to, an agency which is the product of consolidation, merger, or a reorganization including a consolidation or merger, of a member agency and any non-member agency, except that any consolidation, merger or reorganization by existing member agencies does not require reapplication and such membership is automatic.

B. Upon approval of the Group Board of its application, any eligible agency may become a member agency of the Group upon execution of this Agreement upon first agreeing by resolution to:

(1) a future fiscal year contribution rate calculated and set in the same manner as for the other member agencies; (2) a special assessment calculated and levied by the Group Board for the remainder of that fiscal year when such new member joins the Group

at a time other than July 1; and (3) a special contribution to the Group fund may be assessed as determined by the Group Board.

19. AMENDMENT

This Agreement may be amended with the concurrence of a Super Majority, as described in 6C of this Agreement, of the current member agencies, by resolution.

IN WITNESS WHEREOF, The following parties hereto have caused ,this Agreement to be executed and attested by their duly authorized officers:

JOINT POWERS AGREEMENT TO ESTABLISH, OPERATE, AND MAINTAIN AN
INSURANCE SELF-INSURANCE PROGRAM FOR FIRE AGENCIES.

DATED : _____ ,2000 By _____
Typed Name / Title
Aromas Tri County FPD

DATED : _____ ,2000 By _____
Aptos/La Selva FPD

DATED : _____ ,2000 By _____
Boulder Creek FPD

DATED : _____ ,2000 By _____
Branciforte FPD

DATED : _____ ,2000 By _____
Central FPD

DATED : _____ ,2000 By _____
Santa Cruz County FPD

DATED : _____ ,2000 By _____

Typed Name / Title

Felton FPD

DATED : _____ ,2000 By _____

Pajaro Valley FPD

DATED : _____ ,2000 By _____

Scotts Valley FPD

DATED : _____ ,2000 By _____

Zayante FPD