

CHARTING OUR COURSE

Activities of WSTIP's Committees and Board



WSTIP Activity Report

September 28, 2006 – Work Session

September 28, 2006 - Executive Committee Meeting

September 29, 2006 - Quarterly Board Meeting

September 29, 2006 – Executive Committee Meeting

This Activity Report is an effort to keep all Board and Associate Members informed on recent and ongoing WSTIP activities. Feel free to pass this information on to any and all interested parties.

Work Session

September 28, 2006

The Washington State Transit Insurance Pool Board of Directors held a Work Session at the Holiday Inn Express in Yakima, Washington on September 28, 2006. Attendees were: Lynn Bourton, Link Transit; Mark Carlin, Grays Harbor Transit; Van Church, Jefferson Transit; Steve Clancy, Whatcom Transit; Jamie Collier, Clallam Transit; Nick Covey, Link Transit; John Escure, Grant Transit (arrived at 8:57 am); Ben Foreman, Intercity Transit; Ernie Graichen, Twin Transit; Stephanie Guettinger, Columbia County Public Transportation (arrived at 11:00 am); Emmett Heath, Community Transit; Tom Hingson, Everett Transit; Sandra Kuykendall, Island Transit; Ken Mehin, Yakima Transit; Chris Mitchell, Pullman Transit; Dale O'Brien, Skagit Transit; Gary Pira, Yakima Transit (arrived at 9:20 am); Jim Plaster, Spokane Transit; Mike Pollack, Jefferson Transit; Rob Riner, Kitsap Transit; Martha Rose, Island Transit; Chris Smith, CUBS; Rod Thornton, Pullman Transit; and Allen Walch, Ben Franklin Transit. Staff in attendance were: Anna Broadhead, Tracey Christianson, Ron Franz, Al Hatten, Don Orton, and Jerry Spears.

2005 Competitive Grant Presentations – Rob Riner from Kitsap Transit and Mike Pollack from Jefferson Transit gave a presentation on their 2005 project. Their project was paratransit operator injury prevention. The plan is for this project to be available for state-wide distribution. For more information regarding the paratransit operator injury prevention program that Kitsap Transit and Jefferson Transit are using, please contact Rob Riner at Kitsap Transit.

Chris Mitchell from Pullman Transit gave a presentation regarding their 2005 project which was partnered with Valley Transit. Rick White from Valley Transit was unable to attend the meeting. Their project was cooperative ride check or "mystery rider" program. The purpose of their project was to observe drivers to make sure they were doing call-outs, not running stop signs, customer relations. Findings from the reviews fed into their training programs and were viewed as a positive experience. The plan is for this project to be tested on a regional basis. For more information regarding the cooperative ride check program, please contact Chris Mitchell at Pullman Transit.

Introductions took place.

Governance – Al updated the Board on the proposed Governance Policy Manual project. He asked everyone to look at the information in the packets which included a review schedule for policies. Al explained the project would take the resolutions we have now and put them into a policy manual. The goal is easier tracking (using categories) and more continuity. There was a lengthy discussion and it was the consensus of the group to expend time and effort into making a governance policy manual.

Integrated Risk Management - Al gave a PowerPoint presentation regarding Integrated Risk Management, including a review of the draft budget for the project.

Steve remarked WSTIP's value added services obviously allow us to avoid some costs, however, it has been his experience that individuals or companies do not recognize value or place importance on a project unless they pay a portion of the cost. He suggested adding a cost for the members' participation. Al recommended a holistic approach (everyone in), and an additional assessment may cause some members shy away. Al remarked that the goal is to stabilize the rate, which benefits everyone, and not necessarily stabilize the exposures, which are unique member to member. Steve asked if it was mandatory to participate. Al said you have to let us come in, and won't really work if you don't let us take on some of your responsibilities. Jim said conceptually he really likes this idea. Steve agreed and said understands the reasons to not assess members.

Emmett was curious to hear from the Executive Committee members what their view was. Lynn said from Link Transit's perspective it would have real benefit. Link Transit lost their risk manager after 695, and have not been able to bring the position back. Ben said his general manager is pretty excited about the concept. Jamie remarked the only way to drive down our risk is to change behavior across the whole system. She concluded that whatever the risk, if it goes down in one operation, it will go down in another.

Steve said he thinks it's a great program and could be a great success if managed correctly. He wondered if one person for each region would be overwhelmed. Steve cautioned everyone, however, it might be a case of careful for what you wish. Al concurred and said he has discussed the concept with several risk managers. He thinks the first three to six months will be the most overwhelming, and may need collateral temporary support, but to implement only part of the plan may not provide the successes we are looking for. Steve wanted to know if it would be a big bang approach with all members and or a few members at a time. Al said it would include all members, but be phased in. Steve suggested strongly testing the business model first.

Jim said he isn't convinced that the million dollars is the right amount, although conceptually he likes it. At Spokane Transit, the risk manager is mainly managing the security force. We still need to conduct those risk management functions and having outside expertise come to us has been enlightening and helpful. He sees this as an opportunity even outside the transit industry to avoid some of the blind spots and stereotypes.

Emmett said we are just now starting to talk about numbers and it appears this would be a decision at the November Board meeting. His concern is if we used surplus funding it would change dynamics if we have an additional assessment. Rather than taking the easy funding route, he was inclined to recommend an additional assessment. Emmett asked the Executive Committee to kick this alternative around at their next meeting. Emmett said he likes the concept, but would need a more formalized

business structure and a lot more due diligence for the million dollar price tag. Emmett said he hasn't been involved in these discussions, but would talk to staff to get more details. .

Al said because the suggested funding source is surplus, the start date could March 1 or June 1, or even 2008. Al stated his commitment to working this program and bringing a program forward to meet your expectations. However, he fully realized some faith would be involved as not all questions will have answers.

Lynn said the Executive Committee plan to take all comments into consideration. Jim said he appreciates the comments too, and agrees more review is needed.

2007 Budget – The participants discussed the 2007 preliminary budget. Details of the discussion centered around the actuary's confidence rates (60, 65 or 70 percent), the Board's tolerance of a reassessment, surplus goals, and philosophy. If you have questions regarding the information sent out in the Board packets, please contact Jerry or Al.

Executive Committee Meeting September 28, 2006

The Washington State Transit Insurance Pool Executive Committee met at the Holiday Inn Express in Yakima, Washington on September 28, 2006. Committee members present were: Lynn Bourton, Link Transit; Jamie Collier, Clallam Transit; Ben Foreman, Intercity Transit; Ernie Graichen, Twin Transit; Dale O'Brien, Skagit Transit; and Jim Plaster, Spokane Transit. Other participants of the meeting were: Anna Broadhead, WSTIP; Tracey Christianson, WSTIP, Steve Clancy, Whatcom Transit; Kathy Cook, Mason Transit (virtually); Ron Franz, WSTIP; Al Hatten, WSTIP; Emmett Heath, Community Transit; Tom Hingson, Everett Transit; Don Orton, WSTIP; Chris Smith, CUBS; Jerry Spears, WSTIP; Rick Steddom, Alliant Insurance Services; and Allen Walch, Ben Franklin Transit

President Bourton called the meeting to order at 3:32 pm. Ron added the Gallagher settlement authorization to the agenda. Ben Foreman moved to accept the consent agenda. Dale O'Brien seconded the motion and it carried unanimously.

ACTION ITEMS

Renew contract with broker for the period of 01/01/2007 to 01/01/2008 for the amount of \$96,000.

Al reported the broker requested contract renewal for an additional year. The original contract was signed on July 28, 2005, and included the option to renew for four additional one-year terms. Jim moved to approve the broker contract renewal for the amount of \$96,000 for January 1, 2007 to January 1, 2008. Ben seconded the motion and it carried unanimously.

Resolution 01-06 Nominations and Elections Policy. Ron explained to the guests that the Executive Committee had a conference call on September 21, 2006, regarding a nominations and elections policy. Resolution 01-06 would create a nominating committee who would propose candidates for secretary and four committee members. It was discussed during the conference call having the Past President fill the at-large position on the committee. Passing the resolution would require a change to the bylaws, which is a full Board action item on tomorrow's agenda. After a lengthy discussion, the Executive Committee

postponed action on Resolution 01-06 and planned to reconvene on September 29, 2006, after the Board of Directors meeting.

DISCUSSION ITEMS

Marine Exposures – Ron explained his memo regarding the marine exposures to the pool. He explained the exposure is substantial and the Board should address the exposure in some fashion. Steve stated that at a minimum we should charge any marine exposures a similar rate of that we collect for the buses. He added the sentiment if the rest of members are paying for miles and anyone with marine exposure should be paying as well. Al explained the exposure is when the boats are docked. Ron further explained it was not the intent of the policy to provide coverage for full marine exposures, rather the language was to provide coverage if a member rented a boat for a function. Steve reiterated that if the pool has exposure then money should be collected for it.

Jim asked if Kitsap has marine exposure at this time. Ron said the pool provides coverage for the vessel when loading or unloading. There is no coverage for watercraft less than 50' in length that are owned by Kitsap Transit. But there is coverage for vessels that are leased under 100' in length. Kitsap Transit has coverage when loading or unloading watercraft they do not own less than 100' in length. Since they lease vessels that are less than 100' in length, Ron feels there is exposure. Al said he would prefer to find coverage for Kitsap outside of the coverage agreement and place more language that clearly excludes the exposure in the agreement. Jim said we haven't had a \$2 million loss, but he can see running into a ferry dock and having a \$30 million loss. Rick said he would like to see us get away from covering marine exposures too. Steve said he sees it differently, more as an opportunity to make money. Al said we can continue to stay land based for the regular members, eliminate a risk to the pool, but still provide services to Kitsap (and other members that may entertain water based operations) by having a joint purchasing program.

Jamie motioned whereas the original intent was not to cover regular transportation vessels over water, we clarify the coverage language to specify the exclusion of marine risks that involve watercraft. Jim seconded. Steve asked if Kitsap Transit has paid their premium for the year, can the Board terminate coverage to a member, and if so are we going to have to refund their money? Ron said the full Board is in control of the coverage language, however, Kitsap did not pay premium for coverage nor is he sure Kitsap Transit thinks they have coverage. The motion passed unanimously.

Broker Report – Rick said he wanted everyone to know that Driver Alliant Insurance Services is now Alliant Insurance Services. Rick said that the current property market is in shambles; however, it should become clearer after wind season where things are. The liability renewal is flat to possibly down a bit. Rick thinks that WSTIP will take a hit in the GEM layer, but the Am-Re layer will be flat.

Jim asked Rick about the ownership change. Rick said they have been operating under the new ownership since the first of January. Rick said they are approximately 40 percent owned by employees and the balance is a group of investors. The name change is purely cosmetic.

Executive Committee Retreat - Al asked if the Executive Committee would like to have a retreat possibly in downtown Seattle, December 14-15. Jim said that the 14th will not work. Al went over possible topics for discussion at the retreat: 2007 meeting structure (dates, times, locations), policy manual content; strategic business plan, ethics, 2007 Board work plan, personality assessment and

leadership development (collaboration, problem solving, innovation, commitment). The retreat will be old and new executive committee members. The Committee concurred a retreat was a beneficial idea, and Lynn asked staff to survey for dates and look for locations in downtown Seattle.

2007 Addition to Surplus. The attendees of the work session voted on different confidence rates: six people voted to stay at 70 percent confidence level, three people voted to go to a 65 percent confidence level, and eight people voted to go to a 60 percent confidence level. Jamie said she would like to see more information such as the pattern of the rates for the last 5-10 years, and if we kept rates the same in the coming year what revenue would that generate and how does it compare with actuarial assumption.

Al said the rate is going to be the same as surplus is a different line item. We add in the expected re-insurance premiums and divide it into the exposures to get the rate needed. Jamie suggested making the rate the first thing, meaning start with the rates times exposure then add interest income and associate member income to see how much that puts into surplus. If the number that goes into surplus is \$150,000 maybe we can reduce the rates.

Ron felt it would be useful to see how the surplus has grown over the last six years, perhaps it would show where the pool will be in another five years. Dale asked if there was a way to see if the confidence level remained at 70 percent, how long it would take before we could increase the self-insurance retention.

Al advised the Board that whatever they select for the upcoming year's confidence rate, any amount excess of the expected (55 percent) goes into surplus as defined by GASB. The real question has little to do with the confidence rate, but more to the policy question of "how much surplus." The Board should discuss this topic every year, and consciously come to consensus on what amount they want to assess themselves to add to the surplus balance and not rest on the actuary's confidence rates.

Best practices for non-traditional transportation programs – Tracey reminded the Committee she was asked to start working on best practices for non-traditional transportation programs. Tracey directed the Committee to an outline of her proposed work plan for this project and asked if she was missing anything. Tracey said her plan is to put together a group of five to seven members. She will report on the progress at each meeting. Tracey said she expects final resolution on the topic in March of 2007. The Committee concurred, but offered comments about the "insurance requirements." Tracey said she will bring it back at the next meeting as a discussion item, and by that time, we will have more information on the Board's thoughts regarding permissive users.

Board travel incentive policy – Tracey reported at the last meeting she was asked to research a policy regarding reimbursement of expenses for the quarterly board meetings and an incentive policy for attendance. She reminded the Executive Committee that this is their topic and not staffs. The cost for total implementation is included in the 2007 draft budget.

Jamie said the idea that she had behind this proposal is to achieve attendance of as many members as possible. As we move toward Integrated Risk Management, and the governance policies our roles as Board members are very critical and the pool will be much more successful if everyone is involved. For the smaller systems, it's a major impact to pick up the travel cost, particularly if you are coming clear across the state. It is not just travel time it is the time away from work. With these policies, the

person is away and you miss them, but they are doing something for the organization. It gets funneled back to safety.

Jim asked Al if GEM pays all expenses of attendance at Board meetings. Al said yes they do. Emmett said he needs some help understanding the policy. It appears that WSTIP would be reimbursing fees making the larger members subsidize the smaller members to attend the meetings. Ben reminded Emmett we already do that for the Executive Committee meetings, not associated with quarterly Board meetings. Ben said he felt the Board meetings are really a cost of being part of the Pool and there should not be a bribe to be here. Lynn said she concurs with Ben. Jim said Spokane Transit joined with that same understanding, but he agrees with Jamie that the cost is a burden. The reimbursement policy level the playing field so everyone can participate regardless of cost.

Tom remarked it is easier to explain travel reimbursement rather than a safety award. It is tougher to sell the intangible. Emmett agreed that he could recommend subsidizing travel expenses of other members, but he would not support an incentive program. Dale asked if it includes the Board member and alternate? Tracey remarked it is for one representative (either the Board member or alternate).

Jim moved that the quarterly Board meeting travel expenses be reimbursed one representative from each member effective at the Annual Meeting this year. Jamie seconded the motion. Ben voted Nay. The motion carried.

Jamie moved that the incentive structure proposed if a member attends 75 percent of the meetings that their safety grant increase by \$500 and if an Executive Committee member attends 75 percent of Executive Committee meetings a separate \$500 be awarded. Motion died due to lack of second.

Tracey said she will bring the revised policy back to the Executive Committee with an adopted date of today. Under the new policy manual the next revision date would be in September 2008. Dale asked the Executive Committee reimbursement be included in the policy so it is clearly in one place. This part should reference the bylaws as the authority.

EXECUTIVE SESSION

The Executive Committee went into Executive Session at 4:45 pm to discuss claim settlement authority. Executive Session adjourned at 4:55 pm.

OTHER BUSINESS

Tracey presented the job description and salary schedule for administrative assistant/receptionist, which is on the full Board agenda as an action item. There were no comments.

Steve said he would like to discuss uninsured motorist coverage for staff vehicles. It came to his attention that WSTIP does not offer this coverage on the staff vehicles and he thinks members should at least have the option. Also, ethically he felt an obligation to inform employees there is no uninsured motorist coverage for the non-revenue vehicles. Al said it would not be a problem to offer the coverage, however, it provides duplicative coverage for the employee. The employee should be covered under workers compensation. For the non-revenue vehicles where uninsured motorist coverage is available, there has been six or seven liens from L&I and they routinely collect. Al said staff will review and make a recommendation on the issue.

ADJOURNMENT

Meeting adjourned at 5:02 pm.

Quarterly Board Meeting September 29, 2006

The Washington State Transit Insurance Pool Board of Directors met at the Holiday Inn Express in Yakima, Washington on September 29, 2006. Board members in attendance were: Lynn Bourton, Link Transit; Mark Carlin, Grays Harbor Transit; Van Church, Jefferson Transit; Steve Clancy, Whatcom Transit; Jamie Collier, Clallam Transit; Kathy Cook, Mason Transit (virtually); Nick Covey, Link Transit; John Escure, Grant Transit; Ben Foreman, Intercity Transit; Ernie Graichen, Twin Transit; Stephanie Guettinger, Columbia County Public Transportation; Emmett Heath, Community Transit; Tom Hingson, Everett Transit; Ed McCaw, Valley Transit; Ken Mehin, Yakima Transit; Chris Mitchell, Pullman Transit; Dale O'Brien, Skagit Transit; Jim Plaster, Spokane Transit; Paul Shinnors, Kitsap Transit; Chris Smith, CUBS; Rod Thornton, Pullman Transit; and Allen Walch, Ben Franklin Transit. Staff in attendance were: Anna Broadhead, Tracey Christianson, Ron Franz, Al Hatten, Don Orton, and Jerry Spears.

President Bourton called the meeting to order at 8:38 am.

CONSENT AGENDA

Dale moved to approve the consent agenda. Ben Foreman seconded the motion and it carried unanimously.

EXECUTIVE COMMITTEE UPDATE

Al said the Executive Committee met August 1, August 31, and September 28. Al asked if they had comments to bring forward. Jamie said she would like to reconvene the Executive Committee meeting immediately following the Board meeting. Tracey reminded the Executive Committee about the new policy the enacted that is effective with the next Board meeting. Tracey said WSTIP will pay expenses for one representative from each member to attend the quarterly meetings. Ben noted that it isn't mandatory to turn in reimbursement.

ACTION ITEMS

Receptionist/Administrative Assistant Request for Position – After a short discussion regarding the addition of a staff position, Jim Plaster motioned to add a receptionist/administrative assistant to staff. Chris Smith seconded the motion and it passed unanimously.

Permissive User Policy Change – A very lengthy discussion ensued regarding Ron's proposed permissive user policy change. The discussion ended with the Board asking Ron to re-write the section and bring it back to them at the Annual meeting.

Proposed Bylaw Revision – After a lengthy discussion and several motions and amendments to the motion, the Board decided to change the bylaws to make the Executive Committee an eight-member committee. The Executive Committee will consist of the President, Vice-President, Secretary, Past President, an at-large member, and one representative from small, medium, and large transit agencies. The President will only vote in the event of a tie.

FINANCIAL REPORTS

Jerry briefly went over the Treasurer's Report, Balance Sheet, Income and Expense Statement, and the RiskMaster Report. If you have questions regarding any of the financial reports, contact Jerry.

STAFF REPORTS

Al asked if anyone would object to staff not giving verbal reports. There were no objections. If you have questions regarding any staff reports, please contact that staff member.

EXECUTIVE SESSION

The Board went into executive session to discuss personnel matters at 10:15 am. Executive Session ended at 10:40 am.

OTHER BUSINESS

Breeze Presentation – Don Orton gave a presentation regarding a new software WSTIP is testing for virtual meetings and trainings. If you have questions regarding the software, please contact Don or Jerry.

GEM Annual Report – Al said that the GEM Annual Report was included in the packets. If you have questions regarding the GEM Annual Report, please contact Al.

Member Updates – Each member present gave a brief what's happening at their facility.

ADJOURNMENT

Emmett moved to adjourn the September 29, 206 Quarterly Board Meeting at 11:33 am. Chris Smith seconded the motion and it carried unanimously.

Executive Committee Meeting September 29, 2006

President Bourton called the Executive Committee meeting back to order at 11:33 am.

ACTION ITEM

Resolution 01-06 – Ron said as the Board has taken action to amend the bylaws he will need to revise Resolution 01-06 to reflect the changes. Jamie moved to approve Resolution 01-06 to include revisions in accordance with the bylaw revisions. Dale seconded the motion and it carried unanimously.

Jamie asked what the size differentiation was. Jerry pulled up the actual miles from 2005 to show how small, medium, and large were classified.

ADJOURNMENT

Dale moved to adjourn the September 29, 2006, Executive Committee meeting at 11:47 am. Ben seconded the motion and it carried unanimously.