

CHARTING OUR COURSE

Activities of WSTIP's Committees and Board



WSTIP Activity Report April 23, 2009 ~ Executive Committee Meeting

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

To view the supporting materials for the meeting go to <http://board.wstip.org> and select the April 2009 Executive Committee Meeting.

The Washington State Transit Insurance Pool Executive Committee met on April 23, 2009, at the Holiday Inn Express in Lacey, WA. Executive Committee members present were: Mark Carlin, Grays Harbor Transit (Secretary); Jamie Collier, Clallam Transit (Past-President); Ben Foreman, Intercity Transit (Treasurer); Tom Hingson, Everett Transit (Vice-President); Ed McCaw, (Small System Representative); Jim Plaster, Spokane Transit (President); and Chris Smith, CUBS (At-Large System Representative). WSTIP staff present were: Anna Broadhead, Member Services Assistant; Tracey Christianson, Member Services Manager; Ron Franz, General Counsel; Al Hatten, Executive Director; and Jerry Spears, Deputy Director.

Call to Order

President Plaster called the meeting to order at 10:05 am. He asked for changes to the agenda, hearing none, a verbal roll call ensued as a sign-in sheet was passed around the room.

Consent Agenda

Collier moved to remove the minutes from the consent agenda pending revisions, but accept the check numbers 19803 through 19961 in the amount of \$500,086.97; internet transfers of \$33,335.91 for 03/15/09 payroll and \$34,640.04 for 03/31/09 payroll from the WSTIP Claims and Administration Account to the WSTIP Payroll Account at US Bank; and internet/ACH payments for staff credit cards and consulting services total \$6,797.26. Total voucher approval is \$574,860.18. McCaw seconded the motion and it passed.

Items Removed from the Consent Agenda

Collier stated her revisions to the minutes. McCaw asked to add the words "non-union employee" and strike the word "one."

Plaster asked about the 20 hours a week or more language on part time employees. He said it is more common to see 30 hours a week. Ristau said he thought the same thing. Collier explained the hours of credit. McCaw said any non-union employee working over 20 hours have to be covered at Valley Transit. Ristau asked about the determination, and Collier explained PERS eligibility, replied if someone works 70 hours out of 12 months, they are eligible. She said you can

~~start out saying a position is a project position and it is expected not to exceed the requirement, but if the person works more than 70 hours, then you can see that was an aberration, but if they do it again, you have to put them in from the beginning.~~ Twenty hours for part time employees was determined to be left in.

~~Foreman had concerns about removing the cap on accumulated~~ general leave. He asked what the cap was and that at least he would like to see a cap. ~~Collier asked if the employment lawyers were aware of any liability on the accumulated leave. Christianson said no. Spears said this question comes up every year in the audit, but Kristen Anger didn't specifically address it.~~ Ristau said the Executive Committee previously approved a 690 hour cap. The two provisions on page 22 will be put back into the handbook.

McCaw moved to approve the minutes as amended. Collier seconded the motion and it passed.

Staff Reports Q&A

Treasurer's Report, Balance Sheet, Income and Expense Statement, and RiskMaster Report

Spears fielded questions regarding the Income and Expense Report and the RiskMaster Report.

Executive Staff Report

Hatten reported on the upcoming property renewals, his upcoming trip to Washington DC to attend a GEM board meeting, and the legal symposium planned to discuss public disclosure requests for video recordings on May 11. A lengthy discussion ensued regarding the public disclosure request for video recordings that Everett Transit had received.

Plaster reported Spokane Transit was preparing to release a RFP to purchase cameras for their busses, and asked what the best practice would be since half of their paratransit is contracted; should they require the contractors to have cameras as well, since Spokane Transit Authority (STA) requires them to adhere to all their operating procedures and insure liability. Hatten asked if the contractors have the STA logo. Plaster said they do not. Christianson said if it is your policy to have them adhere to your operating procedures then there would be no way to get around it, however, you could make them purchase the cameras. Plaster said we pay for their services; they do not operate the vans for anyone but STA.

Hatten continued reporting that the WSTA Roadeo will go on as planned and WSTIP will be asked to continue their support as budgeted, talked about Schedule 21 (see Executive Staff report for more information), and thanked Collier for her work on the "Best of Breed" and said that project would be coming to an end with an RFP. Collier said that Steve Clancy was willing to be on the review committee, but did not want to write the RFP. This project should be wrapped up by the end of June or beginning of July. Hatten said the way the Pool had been determining member equity may not be appropriate based on the legislative intent of "joint self-insurance". He explained further when the Pool ends a policy year with a surplus it should be distributed to all members based on the approved allocation, likewise with a deficit. This is the essence of risk and Loss sharing. The committee had a lengthy discussion regarding the equity positions of members. Kevin Wick, of PriceWaterHouse the Pool's actuary, will be at the May 28 Executive Committee meeting to discuss this topic.

Collier said the underwriting sub-committee had met prior to the Executive Committee meeting and are trying to figure out how to get to a position to continue to reduce the loss rate by measuring conformance

to best practices. She said they haven't come up with a solution but with Wick's help on how to use his actuarial data perhaps they can. Plaster asked to be invited to the next underwriting sub-committee meeting.

Hatten updated the Committee on bills that had passed and were pending signature of the Governor, welcomed Broadhead back from maternity leave, and thanked Kerrigan for her service while Anna was gone. Franz said he wanted to talk about the Property Advisory Liability Board (PLAB), they are proposing changes to regulation of Interlocal Agreements and process to amend them, and he would like to testify against that. Hatten said the recommended changes are still in the draft mode and the State Risk Manager will announce public hearings once the final recommended changes are completed by the PLAB. He noted upcoming conferences. If you are interested in attending any of the conferences in the report, please let Broadhead know. If you plan on attending ARMTech he recommends you attend the pre-conference workshop.

Plaster called for a break at 11:10 am. The meeting resumed at 11:22 am. Plaster congratulated Mark Carlin on becoming the General Manager at Grays Harbor Transit. Carlin thanked everyone for their help, and said to ask if they need anything.

Sub-Committee Reports

IT Support/Update – Spears reported that the consultant would be visiting Spokane on April 24th, and would be visiting one more member. Once that visit is complete staff will compile all the data received and make a presentation at the June Quarterly Board meeting.

Legislative Update – Hingson said the report was previously made in the Executive Staff Report.

IRM & IRM Benchmark Sub-committee Report – McCaw said the committee is working on their work plan, trying to decide which level they are going to work on Best Practices, macro or micro level, and the other issue of the need to update the Best Practices. So far the committee has noted that the Best Practices need to be updated and will request that the Board appoint a sub-committee, but for now they plan on getting measuring instruments in place. Christianson added that the sub-committee will be meeting immediately following this meeting. She added that the Pool did receive a contract from Department of Licensing (DOL) for monitoring driver's abstracts but it is long and complicated and she isn't sure we can even sign it as a public entity. The Pool will likely go back to DOL and see if they will recognize us as a public entity and try to get a simplified contract. She reported on DeVoll's activities, and all western Washington members have been visited or are scheduled to be visited.

Underwriting Sub-committee Report - Collier said the report was made previously during the Executive Staff Report.

Executive Session

The Executive Committee went into Executive Session at 11:27 am pursuant to RCW 48.62.101 to discuss claim settlement matters. The session was expected to last 15 minutes. The Executive Committee came out of executive session at 11:41 am and authorized the Executive Director specific settlement authority.

Discussion

Follow-Up Discussion from Work Session: Minimum Member Requirements – Collier said she felt the materials provided were a very good re-cap of the meeting she felt there were two items that came from that discussion. The first item was the Board needs to have another discussion about what is broken possibly in June or December. Hatten said the June agenda is already full, and suggested March of 2010. The second item is to define the new member criteria, and she was wondering if the work should be done by the Executive Committee or if a sub-committee should be appointed. Plaster asked what the pleasure of the Committee was for defining new member criteria. The consensus was that new member criteria and admission policies are an important issue and should be an Executive Committee topic.

New Governance Policies

New Member Admission

Franz said he put this policy together after the March Quarterly in Chelan. He was asked to draft criteria for admission to the Pool. He said when he talked to Hatten regarding the policy Hatten would like a checklist of who is in and who is out. The important part of the admissions policy is burden of proof. In the past the question has been to ask Hatten, and he makes a recommendation as to whether they should be in or out. This puts the burden of proof on the individual making the request to show how they would fit into the Pool, and that they aren't going to mess up the equity of the Pool. The last part of the policy is a probationary period, but this will not work because the state risk manager says you are either in or out. The committee had a lengthy discussion regarding the criteria, burden of proof, probationary membership, state regulator, and it was determined this topic needed more time .

Collier moved to remand the New Member Admission policy back to the Policy Review Committee to come up with a way to structure (frame) the discussion regarding criteria. Smith seconded the motion and it passed.

This topic will continue at the May Executive Committee meeting.

Member Corrective Action

Franz said this policy tries to capture Hatten's concerns that there was no due process outlined on how to handle errant members. Plaster asked for comments. Collier said it sets forth a process; everyone can have their day in court, and felt it was super as it stands. Hatten raised concerns about General Counsel being on both sides, Franz said that was a good point. There was a lengthy discussion regarding allegiance, the appeal process, double jeopardy, whether action had to be taken or not if a complaint valid or invalid is brought forward, and what would happen if the complaint was against the Executive Committee or President. Plaster said he sensed the committee was not ready to take action on this policy and called for a lunch break.

The Executive Committee broke for lunch at 12:36 pm and resumed their meeting at 12:49 pm.

Member Termination

Franz said this policy is pretty abbreviated, he feels it would take an extraordinary event to propose termination, but if it were to happen this provides a process for the Executive Director and or the Executive Committee to make a recommendation to the Board. Plaster suggested adding the word "a" in front of member on the first sentence, and asked that the last sentence of number two include the members CEO. Foreman questioned why termination would be effective six months after the Board

votes. Franz said it was in the Interlocal Agreement. Franz said he would make the revisions and bring back to the May 28th Executive Committee meeting.

Financial Ratios

Franz explained this policy was Ristau's idea and his words. This is an outgrowth of the strategic planning meeting. If you want to know why these ratios and not others you will have to ask Ristau. There was much debate about what the policy should be called. The policy will be called the Strategic Financial Target Ratio Policy. Members of the committee suggested changes to the policy. Franz and the Policy Review Committee will make the changes and bring back to the May 28th Executive Committee meeting. Hingson pointed out that when this policy goes to the Board for approval that it has fiscal impact on the actuarial study.

Governance Policies for Review – Collier moved to forward the Policies (Ethics, Governance Responsibilities and Procedures, Audit Committee, Management Succession, Governance, and Board Development) to the Policy Review Committee to review and recommend changes to the policies. Hingson seconded the motion and it passed. Collier asked that if anyone had suggestions to please forward them to herself, Hingson, or Franz.

General Counsel Expenses – Plaster asked Franz to walk the Committee through his issue. Franz said he was seeking clarification as to who approves his expenses and hours of work and vacation. Collier believed you're employment contract states general counsel reports to the President of the Board. Plaster said he doesn't mind approving expenses or his hours, and is comfortable with approving them via email rather than shipping paperwork back and forth. The concern regarding Franz's hours and vacation is Franz would like to only use leave when he is absent from an Executive Committee Meeting or Quarterly Board Meeting. Franz was upset that while on his yearly vacation, his leave balance was drawn down by 30 hours. Plaster asked Franz what he intends to do with his leave. Franz would like to let the leave accrue. Smith asked if there was a cap on the leave a person can accrue. Christianson said Franz has no cap on his contract, but that Hatten and DeVoll are capped at 690. Hingson said its inconsequential since Franz is working less than 2,080 hours per year. Hatten said he is paid twice a month whether he is working or not. Foreman asked if vacation hours used count towards the limit Franz has, if it does then it is less productive time. Franz feels he should only be required to take leave if he is going to miss an obligation. Foreman said he liked the ways it's been. Hingson concurred that as long as we get the work we expect to be done, it is the President's discretion if it's being done or not. Plaster asked Franz to revise the proposed memorandum of agreement. McCaw asked Franz to add the 690 hour cap to be consistent with the other employees. Collier also said there needs to be a mechanism for negotiating time off without pay.

RECAP/Review Meeting/Topics for Next Meeting –

Plaster noted staff had made minor changes to the work plan.

Adjournment

Plaster adjourned the meeting at 1:50 pm.