



Staff report for meeting date 5/16/2024

Prepared by Secretary/Treasurer Rae Bell Arbogast– *disclaimer: any opinions expressed in this document belong to the author and do not represent the official stance of the district.*

Agenda item 4. a) Correspondence since last meeting.

Incoming. Letter from AT&T assuring us that they won't take away landlines without providing a better alternative. **Outgoing** Sympathy card mailed to Sherri Allen, signed audit engagement letter sent to Blain Boden CPA, **Email topics (in & out):** Cal-Fire sent inquiry about Volunteer Capacity Grant (50/50 grant), GSRMA re new portal and new indication of coverage for FY24/25, Sierra County Firesafe Counsel RE: use of trailer for cemetery district, house of print and copy re new Patient Care Report form, NSJ Fire re patient care report that they use,

Agenda item 4. b) 5 Staff Reports. I recently learned that the district's insurance company Golden State Risk Management (GSRMA) has a legal department that will review contracts at no charge. I sent them a copy of my contract to review, as it is based on a 20-year-old template that was provided by GSRMA way back when. They made a few suggested changes which will be incorporated with contract renewal in June.

The emergency preparedness grant that Sierra County OES is administering got reduced from \$6,000 to \$3,000. We were able to get all of the medical bags that we need included and that was it.

NOTES re: Preliminary Budget

Up until last month, training expenses were included in the "Compliance" expense account for each department. Last month the board authorized making training a shared expense (not tracked by fire department). The only other expense that was posted to "Compliance" was the cost of recertification for SCBA's and Fire Extinguishers. I decided that moving forward those expenses can be classified as "Small Equipment Maintenance" rather than "Compliance". The Small Equipment expenses are tracked by fire department and "Compliance" has been made inactive. These changes will be disclosed in the Management's Discussion and Analysis portion of the audit report. If there is any objection to this change, please speak up and the item can be placed on next month's agenda.

Insurance

On April 26th the district got our "indication" of insurance coverage for next year (FY24/25) and it showed \$14,761 which is \$5,863 more (66%) over the previous year's expense of \$8,898.

Then on May 6th the following message came in from Golden State RMA (our insurance pool).

revised 2024-25 Contribution Indications

The increase in the cost of insurance in recent years has been unprecedented. We traditionally issue preliminary contribution indications for the upcoming policy year to our members for budgetary purposes in late March or early April once we receive the cost of our reinsurance and the actuarial loss estimates from our business partners. The indications sent out in early April this year were, at best, troublesome.

We have spent the last several months receiving options from our excess partners, analyzing our loss reserves, fine-tuning budgets, and essentially entertaining ways to provide some rate relief to members for the upcoming 2024-25 year.

One option we have selected for the Liability and Workers' Compensation programs is to take on more risk as a pool. This reduces the cost we pay to others for excess insurance. Due to an even stronger focus on risk control, we expect to be in a good position to help our members keep losses down, which will keep our claims costs not covered by excess insurance to a minimum.

In addition, because of our historically conservative fiscal pool management, the pool has sufficient reserves to allow us to use a portion to alleviate some of the rate increases across all programs.

Due to these initiatives, we have been able to move average liability rate increases from 25% down to 15%, workers' compensation increases from 10% down to 5%, and property rate increases from 30% down to 15%.

In addition, we will be recommending to the Board to apply a dividend to the 2024-25 contributions that will result in savings of another 1-2%.

All of this is preliminary and will need approval by the Board at its May 22 meeting. Until then, we are re-generating revised indications so members can budget accordingly.

Even more than ever, it is a good time to belong to a risk pool.

Thank you for being part of GSRMA!

Scott Schimke
Risk Manager
Golden State Risk Management Authority

The new indication of coverage is \$13,562. This is \$1,199 less than the indication sent in April. I have used this figure for the preliminary budget. (Assuming this is the final amount, it represents a 52% increase over our last covered year's expense, better than the 66% above!)