

CITY OF SEBASTOPOL CITY COUNCIL
AGENDA ITEM REPORT FOR MEETING OF: June 17, 2025

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To: Honorable Mayor and City Councilmembers
From: REMIF/CIRA Council Representative
Requestor: Mayor Zollman
Responsible Department: Acting City Manager Mary Gourley
Subject: Receipt of Information requested from the June 3, 2025 CIRA Presentation.
It should be noted that specific information on any claims related specifically to Sebastopol is confidential and cannot be released.

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RECOMMENDATION(S):

That the City Council receive the Information requested from the June 3, 2025 CIRA Presentation.
It should be noted that specific information on any claims related specifically to Sebastopol is confidential and cannot be released..

EXECUTIVE SUMMARY:

The City of Sebastopol is a member of the California Intergovernmental Risk Authority (CIRA), a statewide Joint Powers Authority (JPA) providing comprehensive risk-sharing and insurance solutions to cities, towns, and public agencies across California.

The City of Sebastopol is a member of this JPA and receives coverage for general liability, property, auto, and workers' compensation claims. As with all pooled risk models, each member's share of premiums is based in part on their own claims experience, particularly frequency and severity of claims.

BACKGROUND:

Each member agency is represented on CIRA's Board of Directors, which meets biannually to review program budgets, funding decisions, and organizational direction. An elected Executive Committee meets quarterly to propose strategic goals and policies. Additional subcommittees composed of subject matter experts support both governance and operational guidance. The City's current representative is Mayor Zollman and the City's alternate is Councilmember Hinton.

CIRA operates a self-funded liability program that includes:

- General Liability
- Auto Liability
- Public Officials' Errors and Omissions
- Employment Practices Liability
- Workers' Compensation

While the City values transparency and public accountability, there are legal and ethical limitations that prevent the public disclosure of specific details related to liability and workers' compensation claims. These limitations include:

Confidentiality of Personnel and Medical Information

Many claims involve City employees or former employees. Under state and federal laws (such as HIPAA and the California Confidentiality of Medical Information Act), the City is prohibited from disclosing medical conditions, injury details, or other sensitive personnel information.

Attorney-Client Privilege and Pending Litigation

Some claims are tied to active or potential litigation. Disclosure of specific details, evidence, or strategy could compromise the City's legal position and violate attorney-client privilege or closed session confidentiality.

Risk of Prejudice or Interference

Publicly discussing the specifics of ongoing claims could interfere with negotiations, settlements, or legal proceedings, and potentially increase the City's financial exposure.

Privacy Rights of Third Parties

Claims may involve members of the public, contractors, or other third parties. These individuals also have a legal right to privacy, and the City has a duty to protect that right.

What Can Be Shared

While individual claim details remain confidential, CIRA can share general information about the City's overall risk profile, including how Sebastopol's experience modification factors compare to the rest of the pool. These Ex-Mods reflect the City's historical loss experience relative to similar agencies and are used to adjust premium contributions accordingly. As of the current program year, Sebastopol's Ex-Mod is 1.06 for general liability and 1.43 for workers' compensation, indicating that general liability exposure is near the pool average, while workers' compensation experience is currently higher than average. This information helps identify areas for targeted risk management support while maintaining appropriate privacy safeguards.

DISCUSSION:

CIRA operates on a pooling model, where all member agencies contribute to a shared fund used to pay claims. The annual contributions (premiums) are based on several factors, including:

- Agency payroll (for workers' comp)
- Historical claims data (severity and frequency) and expected losses
- Exposure (such as safety, fleet size, number of employees, facilities)

Contributions (premiums) for workers' compensation coverage are primarily determined by:

- Payroll levels (classified by job type/risk level)
- Experience Modification Rate (Ex-Mod) – A formula that compares our actual loss experience to that of a typical employer of similar size and exposure
- Loss history – Particularly recent and severe claims, such as permanent disability, litigation, or long-term medical expenses and expected losses

For general liability, similar principles apply. If the City experiences a high number or cost of liability claims (e.g., trip/fall incidents, employment-related claims, or vehicle accidents), our share of the pool's cost increases.

The key questions is how do claims affect City Premiums

- High-frequency claims (even if low cost) can signal City risks or gaps in safety training.
- High-severity claims (large settlements, permanent injuries) impact long-term trends in premium calculation.
- The Ex-Mod for workers' compensation is recalculated annually and directly adjusts the base premium up or down.

- CIRA uses a rolling average of past claim years (typically five years) to smooth out fluctuations but still reflect trends.

Salaries also impact the City's contributions; Workers' comp premiums are largely based on payroll—the higher the payroll, the higher the premiums for the pool which does impact the city premiums; higher salaries also mean higher benefit payouts, which can influence the total claim cost; claims costs—affected by salary-based benefits—contribute to our Ex-Mod.

If the City of Sebastopol has a favorable claims history relative to peers, we may benefit from lower-than-average rate adjustments. However, if the City experiences a series of costly claims or fails to implement recommended risk mitigation strategies, our premiums will reflect that risk exposure in future cycles.

The City's annual contribution to the pool can fluctuate based on three key factors: changes in Sebastopol's own claims experience, changes across the entire CIRA pool, and changes in the City's payroll. Even if the City's claims remain stable, an increase in payroll or higher overall costs across the pool, such as losses, can still result in higher contributions (premiums). Similarly, improvements in the City's risk profile or reductions in pool-wide costs can lead to more favorable rate adjustments in future cycles.

Staff regularly reviews open claims with CIRA, collaborates on training and prevention, and works with departments to limit future liability.

FISCAL IMPACT

CIRA premiums are included annually in the City's adopted budget. A significant increase in claims could result in future premium increases that may impact the General Fund. Staff continues to monitor this area closely to mitigate risks and contain costs.

Staff Analysis:

There is no separate staff analysis for this item. City staff maintains a collaborative and ongoing relationship with CIRA's team, as well as the City's Representative and Alternate, working together on training, program compliance, risk assessments and safety protocols. This partnership helps ensure the City remains in good standing, which in turn contributes to lower claim frequency, improved risk posture, and premium cost control.

City Council Goals/Priorities; and/or General Plan Consistency:

This agenda item represents the City Council goals/priorities as follows:

Goal 4. HIGH PERFORMANCE ORGANIZATION
 Restoring public trust
 Improve Public Communications

FISCAL IMPACT: There is no fiscal impact with receipt of this presentation. Of Note: CIRA premiums are included annually in the City's adopted budget. A significant increase in claims could result in future premium increases that may impact the General Fund. Staff continues to monitor this area closely to mitigate risks and contain costs.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to schedule meeting date. The City has also used social media to promote and advertise the City Council Meeting Agenda Items.

As of the writing of this agenda item report, the City has not received public comment. If staff receives public comments following the publication and distribution of this agenda item report, such comments will be provided to the City Council as supplemental materials before or at the meeting and will be posted to the city website.

RESTATED RECOMMENDATION:

Staff recommends that the City Council receive and file this informational agenda report.

CITY COUNCIL OPTIONS: None

ATTACHMENTS:

None

APPROVALS:

Department Head Responsible for Agenda Item: Mary Gourley Approval Date: 6-8-2025

CEQA Determination (Community Development/Planning): Emi Theriault Approval Date: 6-8-2025

This project is not subject to CEQA pursuant to CEQA Guidelines Section 15061(b)(3), often referred to as the "General Rule Exemption," as it is not an activity that has the potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment

Administrative Services (Financial): Ana Kwong Approval Date: 6-8-2025

Costs authorized in City Approved Budget: ☐ Yes ☐ No ☒ N/A

Account Code (if applicable) (Please list which account the funds are to be allocated from:

City Attorney Approval Alex Mog Approval Date: N/A

Acting City Manager Approval: Mary Gourley Approval Date: 6-8-2025



Sebastopol's Risk Profile: Benchmarking for Improved Risk Management

Highlights the types of risk-related information that can be shared, while respecting confidentiality, to help inform Sebastopol's risk management strategy.

What Can Be Shared

CIRA maintains strict confidentiality for individual claim details. However, we can share general information about the City's overall risk profile. One key measure is the Experience Modification Factor (Ex-Mod) — a score that compares the City's historical claims to similar agencies in the pool.



Sebastopol's Risk Profile Compared to the Pool

(Pool average = 1.00)

General Liability

1.06

Workers' Compensation

1.43