



City of Grass Valley City Council Agenda Action Sheet

Title: Participation in the CIRA Fire District Sub-Pool Program for FY 2026-27 General Liability Coverage.

CEQA: Not a Project.

Recommendation: That the City Council provide direction on whether to participate in the CIRA Fire District Sub-Pool beginning in FY 2026-27.

Prepared by: Jennifer Styczynski, Finance Director

Council Meeting Date: 12/09/2025

Date Prepared: 11/30/2025

Agenda: Consent

Background: The City of Grass Valley receives its general liability (GL) and workers' compensation coverage through the California Intergovernmental Risk Authority (CIRA). Over the past several years, CIRA has seen growth in membership from standalone fire districts, largely due to the withdrawal of commercial insurance carriers from the fire sector and the historically low liability exposure associated with fire operations.

To provide more stable and cost-effective coverage options for these agencies, CIRA—working with its fire agency broker, Christian Mello of George Petersen Insurance Agency—developed a Fire District Sub-Pool. While the initial program was limited to independent fire districts, FY 2026-27 will be the first year city fire departments are eligible to participate.

Discussion: As part of the FY 2026-27 GL renewal, CIRA reviewed the City's reported fire department payroll of \$4,020,866 and provided an updated premium comparison. Under the current PRISM general liability excess program, the estimated GL premium attributable to fire operations for the City would be approximately \$286,286.

If the City elects to join the new Fire District Sub-Pool, the total estimated cost for fire-related GL coverage would be approximately \$69,000. This figure consists of two components:

1. a \$45,000 excess insurance premium charged by the Sub-Pool's carrier, and
2. \$24,125 in CIRA GL pool funding, which replaces the portion of the GL contribution that would otherwise be paid through PRISM.

Together, these costs total \$69,000 and represent the full cost of providing general liability coverage for fire operations under the Sub-Pool. When compared to the PRISM estimate, participation in the Sub-Pool would reduce annual costs by approximately \$217,160. While adjustments to the City's fire department payroll could modify the projected savings, the Sub-Pool premium itself would not change.

If the City transitions to the Sub-Pool, the general liability coverage limit for fire operations would shift from the current \$40 million per occurrence to \$11 million. Although this is a significant reduction, the \$11 million limit is consistent with the standard liability limits provided to standalone fire districts statewide and reflects the typical level of exposure associated with fire operations. Under the Sub-Pool framework, fire-related liability claims would be reported directly to the insurance carrier rather than through George Hills. Additionally, CIRA's overall deductible would decrease from \$1 million to \$100,000, lowering exposure for all member agencies.

CIRA's review of liability claims involving fire operations over the past decade indicates that member agencies have experienced fewer than ten such claims, with total incurred losses under \$30,000. This extremely low level of claims activity suggests that the reduced coverage limit poses minimal practical risk to the City. Taken together with the substantial financial benefit, the information provided supports participation in the Fire District Sub-Pool as a cost-effective option for insuring fire operations beginning in FY 2026-27.

Council Goals/Objectives: Participation in the Fire District Sub-Pool supports the City Council's goals of maintaining long-term financial stability and ensuring responsible stewardship of public funds. The projected annual savings of approximately \$217,160 allows the City to reduce operating costs without impacting service levels. The program also strengthens the City's risk management efforts by providing coverage that aligns with the low liability exposure of fire operations, helping ensure predictable and sustainable insurance costs for essential public safety services.

Fiscal Impact: Participation in the Fire District Sub-Pool is projected to save the City approximately \$217,160 in FY 2026-27. This represents a reduction from an estimated PRISM-based premium of \$286,286 to a Sub-Pool cost of approximately \$69,000.

Funds Available: N/A

Account #: N/A

Reviewed by: City Manager