

RESOLUTION XXXX

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AUTHORIZING TERMINATION OF MEMBERSHIP IN THE POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS AUTHORITY AND AUTHORIZING THE TOWN MANAGER AND TOWN ATTORNEY TO EXECUTE THE NECESSARY DOCUMENTS TO JOIN THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY AND TO PROCURE RISK MANAGEMENT AND INSURANCE COVERAGES

WHEREAS, the Town of Los Gatos currently participates in the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a joint powers authority created under Government Code section 6500 and related provisions to provide pooled liability and property programs for its member entities and to assume the assets, liabilities, and obligations of the former ABAG PLAN corporation; and

WHEREAS, on December 5, 2017, the Town Council adopted Resolution 2017-069 approving and authorizing execution of the PLAN JPA Joint Exercise of Powers Agreement and authorizing transfer of the Town's prior ABAG PLAN participation to PLAN JPA; and

WHEREAS, Article XIX of the PLAN JPA Joint Powers Agreement requires that any member agency withdrawing from PLAN JPA provide at least six months' written notice of its intent to withdraw, with such withdrawal effective only at the end of a fiscal year, and the Town must therefore issue timely notice in order to comply with these mandatory withdrawal procedures; and

WHEREAS, PLAN JPA currently provides pooled liability coverage under its Liability Memorandum of Coverage with a limit of \$1,000,000 per occurrence above each covered party's retained limit, and excess liability protection up to a total of \$30,000,000 per occurrence, with each member paying a self-insured retention before the pooled and excess layers respond; and

WHEREAS, PLAN JPA also provides pooled property coverage through the Alliant Property Insurance Program (APIP), under which members share a combined all risk property limit of \$1,000,000,000 per occurrence subject to pool and member deductibles, including a \$500,000 pool deductible and member level deductibles for most property and vehicle losses; and

WHEREAS, the Town's current participation in PLAN JPA includes liability, property, cyber, pollution, crime, and ERMA employment practices programs, for which recent annual contributions have exceeded \$1,300,000, including liability premiums of \$620,910 to \$975,227 dollars and property premiums of \$145,790 to \$242,373 dollars from fiscal year 2022-23 through fiscal year 2024-25; and

WHEREAS, the California Joint Powers Insurance Authority (CJPIA) is a statewide joint powers authority formed under Government Code section 6500 and section 990.8 to administer

pooled self-insured liability and property programs for cities and other public agencies, as described in its Liability and Property Memoranda of Coverage; and

WHEREAS, CJPIA's Liability Program Memorandum of Coverage provides pooled protection with a primary layer of \$30,000,000 per occurrence for bodily injury, property damage, personal injury, public officials liability, employment practices liability, automobile liability, and employee benefit administration liability, backed by excess insurance that increases coverage up to \$50,000,000 per occurrence for each member; and

WHEREAS, CJPIA's Property Program Memorandum of Coverage provides all risk coverage for buildings, contents, business interruption, boiler and machinery, mobile equipment, fine arts, and related time element losses, with specified per occurrence limits and sublimits for earthquake, flood, newly acquired property, and other extensions for all participating members; and

WHEREAS, CJPIA also administers dedicated cyber liability, crime, and pollution liability programs which provide first-party and third-party cyber incident response, crime coverage for theft and fraud, and pollution coverage for Town locations and associated pipelines, each with defined member level deductibles and pooled aggregates; and

WHEREAS, Town staff have reviewed coverage documents and quotations from CJPIA and have compared CJPIA's liability, property, cyber, crime, and pollution programs to the Town's current coverage through PLAN JPA, including limits, deductibles, coverage breadth, exclusions, and member services; and

WHEREAS, based on that review, staff have concluded that CJPIA's liability program offers higher per occurrence limits for the Town's highest risk exposures, including police and general liability, together with elimination of the Town's current \$50,000 liability self-insured retention, while CJPIA property, cyber, crime, and pollution programs provide substantially equivalent or improved coverage as compared to the Town's current programs; and

WHEREAS, staff estimate that moving from PLAN JPA to CJPIA for liability, property, cyber, crime, and pollution coverage, while retaining a \$50,000 property retention and eliminating the current \$50,000 liability self-insured retention, will produce ongoing annual savings of approximately \$250,000 dollars and allow the Town to reduce its self-insured retention budget from \$200,000 dollars to \$50,000 dollars, based on comparison of recent PLAN JPA premiums and CJPIA quotes in the staff fiscal analysis; and

WHEREAS, Article 24(a) of the California Joint Powers Insurance Authority Joint Powers Agreement requires each new member agency to participate for a mandatory three-year initial term; and

WHEREAS, Article 24(c) of the CJPIA Joint Powers Agreement requires members, after the initial term, to provide twelve months' written notice prior to withdrawal; and

WHEREAS, Article 27 of the CJPIA Joint Powers Agreement authorizes cancellation of membership by a three-fourths vote of the Board of Directors, with the member thereafter treated as having voluntarily withdrawn; and

WHEREAS, the CJPIA Bylaws require each member agency to appoint a Director and an Alternate Director to the CJPIA Board of Directors; and

WHEREAS, the Town Manager and Town Attorney recommend that the Town Council authorize withdrawal from PLAN JPA in accordance with the PLAN JPA Joint Powers Agreement and authorize the Town to join CJPIA and to execute all necessary agreements to secure substantially equivalent or broader risk management and insurance coverage for the Town and its officers, employees, and volunteers.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Los Gatos as follows:

1. The Town Council finds that terminating the Town's membership in PLAN JPA and joining the California Joint Powers Insurance Authority is in the best interests of the Town and its residents because it is expected to improve coverage for key risk exposures and produce ongoing cost savings while maintaining prudent risk management protections.
2. The Town Council hereby authorizes and directs the Town Manager and Town Attorney, or their designees, to issue the written notice of withdrawal and termination required by the PLAN JPA Joint Powers Agreement, with an effective date that complies with the requirement that withdrawal occur at the end of a fiscal year and that PLAN JPA receive at least six months prior written notice.
3. The Town Council approves the Town's participation as a member of the California Joint Powers Insurance Authority and authorizes the Town Manager and Town Attorney, or their designees, to negotiate, approve, and execute on behalf of the Town the CJPIA Joint Powers Agreement, the CJPIA Liability and Property Program Memoranda of Coverage, and any related participation, coverage, and indemnity agreements, in forms substantially consistent with the coverage documents reviewed by staff, together with such minor technical or clarifying changes as the Town Manager or Town Attorney may approve.
4. The Town Council further authorizes the Town Manager and Town Attorney, or their designees, to negotiate, approve, and execute all necessary or appropriate documents to implement the transition of the Town's insurance and risk management programs from PLAN JPA to CJPIA, including but not limited to:
 - Any agreements required to cancel, assign, or otherwise conclude existing PLAN JPA related coverage arrangements in coordination with PLAN JPA staff and brokers.

- Any applications, endorsements, schedules of locations, and declarations needed to secure liability, property, cyber, crime, and pollution coverage through CJPIA that provide substantially equivalent or improved coverage relative to the Town's current programs.
- Any ancillary agreements for risk management, claims administration, training, and loss control services provided by CJPIA.

5. The Town Council authorizes the Town Manager and Finance Director to make any necessary budget amendments and appropriations to reflect revised premium costs, reductions in self-insured retention appropriations, and any one time transition costs associated with the change in risk management providers, consistent with the fiscal impact described in the staff report.
6. The Town Manager and Town Attorney are authorized and directed to take such additional actions and to execute such further documents as they deem necessary or appropriate to carry out the intent and purpose of this Resolution and to complete the Town's withdrawal from PLAN JPA and entry into CJPIA.
7. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the ____ day of _____ 20__, by the following vote: