

Town of Yucca Valley
TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Debra Breidenbach, Human Resources and Risk Manager

Date: September 9, 2020
Meeting Date: September 15, 2020

Subject: Public Agency Risk Sharing Authority of California (PARSAC) Update

Recommendation:

That the Town Council receive and file this informational summary regarding the proposed merger of the Public Agency Risk Sharing Authority (PARSAC) and the Redwood Empire Municipal Insurance Fund (REMIF).

Prior Review

There has been no prior review.

Order of Procedure

- Request Staff Report
- Request Public Comment
- Council Discussion/Questions of Staff
- Motion/Second
- Discussion on Motion
- Call the Question (Roll Call Vote)

Discussion

The Town of Yucca Valley has been a member of the Public Agency Risk Sharing Authority of California (PARSAC) since July 1, 1992. PARSAC is a statewide, risk sharing Joint Powers Authority (JPA) providing comprehensive coverage to cities, towns and non-municipal public agencies throughout California. There are currently thirty-four (34) member agencies spread all over the state and encompass small rural communities and mid-size urban cities. It has provided a financial safety net for municipalities for over thirty-four (34) years and serves as a resource network for all its members. As a risk pool sharing organization, PARSAC prides itself on sharing risk by investing in each agency's success and providing financial support and assistance when adversity occurs.

Throughout the past decade, the pooling industry has dramatically changed. Some pools have dissolved due to retirement of key personnel, inability to remain fiscally solvent or have been absorbed by larger organizations. The industry has also become very competitive with pools competing for new members in a finite market. Larger organizations may leverage their assets to offer short term rate reductions, programs, and services to attract new members. Smaller organizations are somewhat vulnerable to these aggressive marketing campaigns. As a result of

the changing landscape, PARSAC started looking into the potential benefit of merging with another small pool. Since early 2019, PARSAC has been in discussions with the Redwood Municipal Insurance Fund (REMIF) as a potential partner. REMIF is a pool of 15 cities located throughout five counties in Northern California; Sonoma, Napa, Lake, Mendocino, and Humboldt.

The merger of the organizations will strengthen the pool. It will lead to long term stability and sustainability as they will be able to spread risks and operating costs to a larger base of members. A larger membership base will also result in more predictable funding and reserving forecasts. Consolidating the two organizations will improve service delivery and put the organization in a better position to leverage for better services, rates and coverage with service providers and excess insurers.

The name of the organization is being recommended to change to the California Intergovernmental Risk Authority (CIRA) effective July 1, 2021 in order to create a new brand. A transition committee consisting of representatives from both PARSAC and REMIF, as well as general counsel, are working on finalizing the Joint Powers Agreement and By-laws which will be brought back to Council for consideration and approval by January 2021.

Alternatives

None

Fiscal Impact

There is no fiscal impact.