SECTION 3: EXECUTIVE SUMMARY

Our estimates are presented below. Details of our analysis are described in this report including the attached schedules, tables and exhibits.

There have been no changes in procedure, methodology or significant assumptions to derive our estimates since our December 31, 2016 unpaid claim liability study and our August 31, 2017 study except for the following:

- The empirical and fitted increased limit factors were updated to use current data
- We lowered the severity trends for workers' compensation and general liability from 6.0% to 5.0%.

Adjustments to trends are based on a long-term perspective blended with recent experience.

Unpaid Claim Liability Summary

Based on our analysis, our estimates of unpaid claim liabilities by line of coverage as of December 31, 2017 are displayed in the following table.

Coverage	Undiscounted Liabilities
Workers' Compensation	44,254,281
General Liability	36,874,364
Auto Liability	1,956,026
Auto Physical Damage	39,256
First Party Coverage	432,444
Member Deductible	-3,182,846
Aggregate Reduction	0
Actuarial Central Estimate Total *	80,373,526
Low Range Total **	76,354,849
High Range Total **	84,392,202

* The above table is rounded to eliminate liabilities less than $1.
** A range has been developed based on 5% from the actuarial central estimate.

The Member Deductible reflects the amount estimated to be recoverable from members for claims paid by IRMA within the member's deductible. As such it is a reduction in IRMA's net liability. The unpaid claim liabilities are also net of the aggregate limits for the years 1979-1986.

Comparison to Prior Year Estimates

The following table compares our estimates of ultimate losses to those from our previous estimate in our December 31, 2016 study. For further detail by line of business, please see Comparison Exhibits at the end of this report.

Year Ending 12/31	Selected Actuarial Central Estimate 3/1/17*	Selected Actuarial Central Estimate 3/1/18*	Difference in Central Estimate 3/1/17-3/1/18*
Prior	201.4	200.6	-0.8
2003	16.6	16.6	0.0
2004	17.1	17.1	0.0
2005	27.3	27.3	0.0
2006	27.9	27.3	-0.6
2007	37.6	37.5	-0.1
2008	25.9	25.9	0.0
2009	25.0	25.1	0.2
2010	25.0	25.4	0.4
2011	22.1	21.7	-0.5
2012	19.1	18.6	-0.5
2013	23.3	23.0	-0.3
2014	22.4	21.3	-1.1
2015	22.7	23.0	0.3
2016	27.2	29.6	2.4
2017		25.2	25.2
Total 1979 and forward	540.7	565.3	24.6
Excluding 2017	540.7	540.1	-0.6

*Rounded to the nearest $100,000.

The following table summarizes changes by line of business from our December 31, 2016 study excluding the 2017 accident year.

Coverage	3/1/17 Actuarial Central Estimate Ultimate*	3/1/18 Actuarial Central Estimate Ultimate*	Change*
Workers' Compensation	333.1	331.8	-1.3
General Liability	195.4	196.9	1.6
Auto Liability	39.1	38.5	-0.7
First Party Coverage	21.0	21.2	0.2
Auto Physical Damage	17.5	17.2	-0.2
Subtotal	606.0	605.6	-0.5
Member Deductible	-65.3	-65.5	-0.2
Net	540.7	540.1	-0.6

* Rounded to the nearest $100,000.

Future Loss Projection

Based on our analysis, our estimates of projected losses by coverage for the 2019 fiscal year are as follows. We have shown the projected losses and pure premiums assuming all members in 2019 will choose the $2,500 deductible.

Coverage	2019 Limit	Projected Losses	Revenue (00s)	Pure Premium Selected	Pure Premium Low	Pure Premium High
Workers' Compensation	1,500,000	20,543,283	17,871,798	1.149	1.092	1.207
General Liability	3,000,000	10,530,768	17,871,798	0.589	0.560	0.619
Auto Liability	3,000,000	1,686,623	17,871,798	0.094	0.090	0.099
Auto Physical Damage	450,000	817,515	17,871,798	0.046	0.043	0.048
First Party Coverage	450,000	1,353,130	17,871,798	0.076	0.072	0.079
Member Deductible		-2,524,683	17,871,798	0.141	0.148	0.134
Total		32,406,636	17,871,798	1.813	1.708	1.918

Pure Premium is calculated per $100 of revenue and is based on projected 2019 covered revenues of $1,787,179,791. This revenue estimate reflects a 4.6% increase over 2018. The selected 2019 pure premium of 1.813 reflects a 3.46% decrease from the pure premium underlying the 2018 rates (as estimated in our August 31, 2017 report). The pure premiums above include losses and allocated loss adjustment expenses. The premiums do not include any other expenses which need to be reflected in IRMA's rates. The low and the high values have been determined as a 5% decrease/increase from the selected value.

Member Deductible Credit

Based on our analysis, our estimates of Member Deductible credits per $100 of revenue by per-occurrence deductible option without an annual aggregate are as follows.

Deductible	Projected 2019 Losses Below Deductible [1]	Projected 2019 Revenues (00s)	Rate Credit
$2,500	2,524,683	17,871,798	0.141
$10,000	6,180,585	17,871,798	0.346
$25,000	10,202,573	17,871,798	0.571
$50,000	14,161,961	17,871,798	0.792
$100,000	18,786,603	17,871,798	1.051
$175,000	22,655,014	17,871,798	1.268
$250,000	25,045,107	17,871,798	1.401

[1] Credit is per $100 of revenue.

SECTION 4: STUDY BASIS

Our analysis was based on the following.

- Coverage provided through December 31, 2017
- Program exposures and losses as of March 1, 2018
- A set of assumptions and methods

All of these elements are discussed in the following paragraphs.

General

Before describing the specifics involved in our analysis for the Program, it is important to discuss general principles used in actuarial work.

The actuarial principles used to evaluate claim liabilities of this insurance program principally revolve around three factors.

- Loss Triangles and Loss Development
- Trends
- Exposure

Loss Triangles and Loss Development (Including Payment Patterns)

Loss triangles are shown for paid losses, incurred losses and claim counts on Exhibits 2, 3 and 4 for each coverage category. We have used triangles that are both unlimited and limited. For the limited triangles, we have adjusted IRMA's losses by subtracting the amounts in excess of IRMA's retention.

Loss development refers to the change in the estimated value of a body of claims from an early point in time until the claims are all closed. Generally, the reported amounts for a group of claims will increase over time for several reasons.

First, it is difficult for the claims adjuster to accurately estimate the damages/indemnities or legal expenses for claims when initially reported. The estimated value of a claim, called a case reserve, is adjusted up or down as more information is obtained on the given claim. Generally the total incurred losses for a group of claims (i.e., payments to date plus case reserves) will develop upward over time.

Second, it may take several years for a claim to be discovered and reported. Unreported claims are termed "pure" incurred but not reported (IBNR) claims.

A third factor which causes total claim amounts to increase over time is reopened claims. These are cases on which the claims adjuster reasoned no further payments would be made and therefore closed the case. However, such claims may be reopened at a later date.

The total additional development of known and unknown claims is termed IBNR.

Loss development methods use patterns of development observed from older, more mature years to project the expected future development (IBNR) for more recent years. It is preferable to use the historical loss development of a given client or program to determine the extent of future development; a broader database (e.g., insurance industry data) is utilized to the extent that a client's data are incomplete or unstable.

The payment pattern by line of business has been estimated on Exhibit 14. The payment pattern is based on IRMA's historical experience and is shown for informational purposes only.

Trends

The estimate of ultimate losses is generally made based on historical experience. Trend is a measure of the annual rate of change of a claim element (frequency, severity). Examples of trend drivers include inflation, societal attitudes toward legal action, and changes in law. Trend factors are used to adjust historical loss experience. We have assumed in this study an inflationary trend of 2.5% in exposures such as payroll, revenue and property values. The following selected trends are derived from IRMA's loss history, supplemented with insurance industry trend data. Trends are similar with the last study other than those noted in the Executive Summary.

Line	Severity Trend	Frequency Trend
Workers Compensation	5.0%	-3.0%
Auto Liability	4.5%	-2.5%
General Liability	5.0%	-3.0%
Auto Physical Damage	5.0%	-2.5%
First Party	3.5%	0.0%

Exposure

The incidence of claims tends to directly vary with the exposure of the entity at risk. We used the following exposure for each line of business: workers' compensation (payroll), auto liability (vehicle count), general liability (revenue), auto physical damage (vehicle count) and first party (property values). The actuary must consider both the historical loss level and the corresponding exposures when evaluating historical claim liabilities and expected future costs. It is important to choose an exposure measure that is relevant to the unique situation of each self-insurance program. Revenue is used as the general base for all lines of coverage in calculation of the rate.

Loss and Exposure Data

Our estimates of premium rates are based on the historical loss and exposure of IRMA's insurance program.

The loss data available for our analysis were summarized on Exhibit 1 (for each coverage group) and provided as of March 1, 2018. Note that losses in excess of the per-claim retention have been removed on Exhibit 1. The excess losses are shown on Exhibit 1A.

Exposure has been provided by IRMA and is summarized on Exhibit 15.

Actuarial Assumptions

The key assumptions selected for purposes of our actuarial analysis of the Program as of December 31, 2017 are summarized in Schedule 2 of this report.

Loss development was solely based on IRMA data. Trends in general consider relevant industry data as well as directional differences as supported from IRMA's experience.

SECTION 5: STUDY RESULTS

This section of the report provides details of our estimate of the Program's outstanding unpaid claim liabilities as of December 31, 2017.

For each of the coverage groupings earlier identified, we have prepared a series of exhibits which are identified in the following general discussion of the methods used in our analysis.

Projection Methods

Incurred and paid losses valued as of December 31, 2017 are summarized on Exhibit 1.

We utilized the following methods.

- Incurred Loss development
- Paid Loss development
- Incurred Bornhuetter-Ferguson
- Paid Bornhuetter-Ferguson
- Frequency/Severity

The incurred loss development method demonstrated on Exhibit 5 derives an estimate of ultimate losses by multiplying incurred losses by an incurred loss development factor. Incurred losses are defined as paid losses plus case reserves on open claims. The loss development factors are derived from IRMA's historical data (on Exhibit 3).

The paid loss development method demonstrated on Exhibit 6 derives an estimate of ultimate losses by multiplying paid losses by a paid loss development factor. The paid loss development factors include a provision for future loss payments for a particular accident year. Again, the factors are derived from IRMA's historical data (on Exhibit 2).

The incurred and paid Bornhuetter-Ferguson (B-F) methods derive estimated ultimate losses by adding an expected unreported provision (IBNR) or expected unpaid amount to the reported or paid losses. The B-F methods derive an estimate of ultimate losses based on the following.

- Actual reported (incurred) or paid losses to date
- An á-priori estimate of ultimate losses
- An assumed reporting or payment pattern for losses

The á-priori estimates are from our prior actuarial analysis. The á-priori ultimate losses are multiplied by the expected percentage of losses unreported or unpaid to derive the expected IBNR or unpaid amount. Then this IBNR value or unpaid amount is added to reported or paid losses to produce an estimate of ultimate losses. Exhibits 7 and 8 display the incurred and paid Bornhuetter-Ferguson methods.

The percentage of losses unreported or unpaid is derived from our selected cumulative reported or paid loss development factors. Specifically, the percentage of losses unreported or unpaid is equal to 1.0 minus the reciprocal of the cumulative reported or paid loss development factor.

For the more recent several years an additional method is considered. Exhibits 9 through 11 display the estimate of ultimate losses based on a frequency and severity method. Ultimate losses for the

Frequency/Severity technique are equal to the projected number of ultimate claims multiplied by the selected severity. The ultimate number of claims is based on reported claims multiplied by a claim count development factor. Exhibit 4 presents our calculation of the claim count development factors including our selected values for claim development. The selected severity is based on severities for older years adjusted to current cost levels using the trend assumptions discussed earlier. Exhibit 10 displays the selected severity based on incurred developed losses and ultimate claim counts. Exhibit 11 estimates ultimate losses for the most recent several years based on the selected severity and ultimate claim counts.

The ultimate losses from each of these different methods are compared on Exhibit 12 and used to select the actuarial central estimate of ultimate loss and ALAE. Usually, the more mature accident years use the incurred loss development estimate. The less mature years use a combination of estimates.

Unpaid Claim Liability

Exhibit 13 presents the outstanding liability estimate. Unpaid claim liability estimates are calculated as of December 31, 2017 based on ultimate losses from Exhibit 12, less actual payments as of December 31, 2017.

The unpaid claim liabilities by coverage line are shown on Summary Exhibit 3.

The unpaid claim liabilities do not include a reserve for fees such as claims administration or other unallocated expenses.

Please note the unpaid claim liability exhibits are rounded to exclude unpaid claim liabilities less than $1.

Increased Limits Factors

Exhibit 15 shows the increased limits factors (ILFs) by each line of business for various retentions based on three different sources (when available); industry, empirical or fitted. The empirical and fitted ILFs are based entirely on IRMA data. A selection of the ILF used in the study was made among the three different methods.

Future Loss and Rate Projection

The estimated loss cost (rate) is based on our estimate of ultimate losses and ALAE for 2018. For each of the coverage groupings this estimate is displayed on Exhibit 14. The selected ultimate losses are adjusted to the 2018 level. The adjustments are for annual changes in exposure, benefit levels, claim frequency and claim severity. Each adjusted historical year is an estimate of fiscal year 2018 losses. Based on these indications, with further adjustments to reflect 2018 exposure and cost levels, we selected an estimate of future losses for fiscal year 2018 as shown on the bottom of the exhibit. We also show the estimated rate (projected losses and ALAE divided by estimated exposure), as well as a range around our estimates. Based on these indications, with further adjustments for 2019 exposure and cost levels, we selected an estimate of future losses for the fiscal year 2019 as shown on Summary Exhibit 4.

Exhibit 15A in the Member Deductible exhibits shows the 2019 per-occurrence deductible credits at the different deductible options available to members. The deductible credits were based on IRMA's historical claim experience by creating a size of loss and estimating a theoretical credit from the loss distribution.

Summary Exhibit 4 displays estimates for each of the coverage groups as well as the combined estimates.

Summary & Comparison Exhibits

Summary Exhibits 1 and 2 summarize losses by accident year by line of business. Summary Exhibit 3 shows the liability by accident year by line of business. Summary Exhibit 4 displays rate estimates for each of the coverage groups, as well as the combined estimates. Summary Exhibit 4 also shows a comparison of 2018 rates with prior rates from previous studies.

Comparison Exhibits 1 and 2 show the changes in data and ultimate selections between the current study and the December 31, 2016 study. Comparison Exhibit 3 shows the change in the unpaid claim liability estimates between the current study and December 31, 2016.

We have also shown Comparison Exhibits 1 and 2 to show the changes in data and ultimate selections between the current study and the August 31, 2017 study.

SECTION 6: SCHEDULES AND EXHIBITS

Schedules

1 Main Provisions of the Program
2 Actuarial Assumptions

Exhibits by Group by Line

1 Summary of Historical Loss Data (3/1/18)
1A Large Losses (Where Applicable)
2 Paid Loss Triangle
3 Incurred Loss Triangle
4 Claim Count Triangle
5 Incurred Loss Development
6 Paid Loss Development
7 Bornhuetter/Ferguson Incurred Loss Development
8 Bornhuetter/Ferguson Paid Loss Development
9 Claim Count Developed
10 Selected Severity
11 Frequency Severity Method
12 Selection of Expected Ultimate Losses
13 Unpaid Claim Liability Estimate (12/31/17)
14 Loss Projection
15 Increased Limits Factor
15A Member Deductible Rate Credits

Summary Exhibits

1A Summary of Paid Losses (3/1/18)
1B Summary of Case Reserves (3/1/18)
1C Summary of Incurred Losses (3/1/18)
2 Summary of Ultimate Losses
3 Summary of Unpaid Claim Liabilities (12/31/17)
4 Summary of Loss Projection

Comparison Exhibits

1 Comparison of Paid & Incurred Losses
2 Comparison of Ultimates
3 Comparison of Unpaid Claim Liabilities

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MANAGEMENT AGENCY

The Risk Management Solution for Local Government

M E M O R A N D U M

TO: Administration & Finance Committee

FROM: Rita Boserup, Director, Financial Services

DATE: May 23, 2018

RE: 2017 Audited Financial Statements

ACTION REQUESTED: Approve the 2017 audited Financial Statements.

BACKGROUND and DISCUSSION: IRMA's bylaws requires that a financial audit be performed annually. Attached is the draft report, along with the required communications.

RECOMMENDATION: Approve the 2017 Audited Financial Statements.

Administration and Finance Committee (5/23/18): The AFC approved the 2017 audited Financial Statements.

Executive Board (5/30/18): The Executive Board approved the 2017 audited financial statements.

/RB
Attachment

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INTERGOVERNMENTAL RISK
MANAGEMENT AGENCY

The Risk Management Solution for Local Government

MEMORANDUM

TO: Board of Directors

FROM: Rita Boserup, Director of Financial Services & Administration

DATE: May 31, 2018

RE: Revenue Base Deduction – Bylaw Change

Action Requested: Approve an amendment to the Bylaws to provide three deductions to the revenue base.

Background/Discussion: The attached memorandum was reviewed by the Administration and Finance Committee and the Executive Board. The item that generated the most discussion is the storm water fees/charges because of the different ways that municipalities raise revenue for storm water maintenance issues. The existing deduction applies to water and sewer sales and services and is rational because these types of revenues have very little correlation to risk. For example, a municipality charges its residents for their consumption of water, which may include the cost of the water as well as water operation costs and even capital costs. For this reason, the deduction is for 50% rather than no deduction.

Recently, municipalities have implemented specific storm water fees or charges in order to finance improvements to storm water related infrastructure. The proposed amendment addresses this new approach in order to assure the deduction maintains equality since this revenue is similar to water and sewer. Some municipalities rely on property tax or sales tax revenues for storm water maintenance and some municipalities have chosen to implement an infrastructure fee. The simplicity of IRMA's deductions is important not only for administrative implementation, but also for uniformity. For this reason, this deduction should only apply to storm water fees and not the more general revenues like sales tax and property tax, even if they are in a storm water fund. The fact that some municipalities choose to rely on more general revenues, rather than a specific revenue, cannot be accommodated by the IRMA formula, which looks to revenues and not expenditures. Both the AFC and the Executive Board discussed these issues and concluded that the Bylaw amendment is appropriate and equitable.

Almost all IRMA members require employees to contribute toward health insurance costs. However, very few report the employee contributions as revenue. For those that report employee contributions as revenue, this deduction is appropriate since this revenue has no relation to risk. For this reason, the proposed Bylaw amendment to deduct this revenue from the contribution formula was unanimously approved by both the AFC and the Executive Board.

Recommendation: Approve the amendment to the Bylaws.

IRMA

INTERGOVERNMENTAL RISK MANAGEMENT AGENCY

The Risk Management Solution for Local Government

MEMORANDUM

TO: Administration & Finance Committee

FROM: Rita Boserup, Director of Financial Services & Administration

DATE: May 14, 2018

RE: Revenue Base Deduction – Bylaw Change

Action Requested: Approve an amendment to the Bylaws to provide three deductions to the revenue base.

Background: Revenue base deductions and exclusions started around 1991 and are allowed for certain items that do not expose the member to significant risk. After reviewing the 2018 revenue bases from our two newest large members, we are recommending 3 new deductions, which would not reduce or increase the overall contribution to IRMA but would adjust the amounts paid by each member.

Discussion: The IRMA contribution formula relies on revenue as the denominator. Calculation of a member's revenue is provided in Section 3 of the IRMA Bylaws, which outline 13 deductions to the revenue base We are recommending three additional deductions: a storm water processing charge; interest expense deduction for water/sewer funds and employee contributions to health insurance costs. The storm water processing and health insurance deductions are recommended due to limited or no exposure for IRMA, and the interest expense deduction to be consistent across all member funds.

Storm Water Fees:
Currently, Section 3.03 provides for a deduction for water/sewer sales, stating: "Fifty percent (50%) of the revenue from the sale of water and sewer services or electric service distribution." Similar to water/sewer sales, storm water fees are not directly linked to a high exposure, which is why the 50% deduction makes sense.

Interest Expense Deduction for Water/Sewer Funds:
Section (iv) allows for the deduction of interest expense for all funds except for water/sewer funds stating: "Interest expenditures or expenses in funds other than water and sewer or electric service distribution funds." There isn't a good reason why these two funds are excluded from the interest expense deduction, so this section is adjusted to allow the deduction for all fund types.
Update from the AFC-we believe that the deduction was not allowed in these two funds because of the 50% revenue deduction already being allowed in the funds. The bylaw language has been changed to remove this deduction from the Storm Water Fund also, assuming the prior item passes.

Employee Contributions to Health Insurance Funds:
Many IRMA members charge a percent of their health insurance costs to employees. The payments from employees should not be included in the revenue base. Section (vi) is changed to reflect this exclusion.

Recommendation: Approve the amendment to the Bylaws.

Administration and Finance Committee 5/23/18: The AFC discussion of this topic was fairly extensive, highlighting that municipalities collect storm water revenues in different ways, such as a charge on a water bill, or as part of the property tax and not through an explicit storm water fee. The AFC recommended including "charges" in addition to "fees" in order to assure this deduction is equitably available. With respect to the revision related to interest expenditures or expenses, the AFC discussed that this provision is necessary because of the deduction provided in (i) and therefore recommended that the language simply reference the deduction provided in (i). Finally, the AFC supported the addition of the health insurance contribution language in (vi) with no revision.

Executive Board (5/30/18): The Executive Board discussed the 3 revisions and after much discussion, approved them all.

/RB
Attachment
G:\Committees\Administration & Finance Committee\2018\5-23-18\Cover Memo Revenue Base Revisions-2018.Doc

Section 1.01– Revenue Base

A MEMBER's Annual Contribution to IRMA for any fiscal year of IRMA shall be based upon the following: the average of the most recent five years of "Revenue Base" (as hereinafter defined) of that MEMBER. For purposes of determining the amount of the Annual Contribution, the "Revenue Base" shall mean the total income of the MEMBER from all sources based on the MEMBER's fund financial statements, with the following exclusions or deductions:

(i) Fifty percent (50%) of the revenue from the sale of water, ~~and~~ sewer ~~services~~ services, storm water fees/charges, or electric service distribution;

(ii) Tax revenue for the capital costs of water and sewer or electric distribution systems, which is passed through to other governmental bodies;

(iii) Bond proceeds and borrowings;

(iv) Interest expenditures or expenses in funds other than those with revenues eligible for the deduction provided above in (i). ~~water and sewer or electric service distribution funds~~;

(v) Revenues of a municipal library governed by a Municipal Library Board pursuant to the Local Library Act, Chapter 75 of the Illinois Compiled Statutes, where the MEMBER has elected in writing at least ninety (90) days before the start of a fiscal year to exclude such municipal library from IRMA coverage;

(vi) Interest income of and employee contributions to police or fire pension funds, or health insurance funds, when these amounts are recorded as revenue;

(vii) Ninety percent of payments by a MEMBER for services provided by an independent contractor to residents of the MEMBER for garbage, refuse and trash collections when the independent contractor indemnifies the MEMBER and any contract entered into or renewed after May 1, 2014 contains IRMA's suggested indemnity language or other indemnity language that has been approved in writing by IRMA;

(viii) Tax Increment Financing (TIF) refunds of surplus, which were reported as revenue to IRMA;

(ix) Revenues from refunds and credits from IRMA; and

(x) Payments made to another MEMBER where (1) the payment or payments to such MEMBER exceeds $5,000, and (2) the payee MEMBER reports the payment as revenue to IRMA; however, in the case of payments made to another IRMA MEMBER for water and/or sewer services, only 50% of such payments may be deducted.

(xi) Notwithstanding the foregoing, in the case of a MEMBER who is a special governmental service district whose primary purpose is the production and sale of water and/or sewer treatment, then: (1) all of the revenue from the sale of water and sewer services shall be included in determining the total income of such MEMBER for purposes of determining the Revenue Base, and (2) with respect to subsection (iv) above, all of the interest expenditures or expenses will be deducted in determining the Revenue Base.

(xii) Proceeds from the sale of capital assets not to exceed the original cost of the asset.

(xiii) Ninety percent of the amount paid by the member to independent contractors or other governmental entities (Service Provider) when the following conditions are met:

(a) The intent is to transfer the risk to the Service Provider and the contract contains IRMA’s suggested indemnity language or other indemnity language that has been approved in writing by IRMA.

(b) The contract is not for construction.

(c) The total value of the contract is more than 5% of the members’ revenue base at the time of application for deduction.

(d) IRMA has approved in writing the request for a revenue base deduction at the time contract goes into effect.

The Revenue Base of each MEMBER shall be based upon the financial statements of the MEMBER submitted to IRMA pursuant to Section 3.09 hereof. IRMA shall annually prepare a written report setting forth the proposed Revenue Base of each MEMBER and shall send such report to each MEMBER. If a MEMBER desires to contest the determination of its Revenue Base, it shall appeal such decision in the manner provided in Section 4.04 of this Contract and Bylaws. If as member changes its fiscal year, both the short year and the following year will be averaged together to come up with the revenue base. For example, a 4/30 year end member switching to a calendar year would have an eight month financial report ending 12/31 and a subsequent full year financial report ending 12/31. A revenue base worksheet would be prepared for each financial report, the totals added together, and 60% of the amount used for the final revenue base (12 months divided by 20 months = 60%).

INTERGOVERNMENTAL RISK
MANAGEMENT AGENCY

The Risk Management Solution for Local Government

M E M O R A N D U M

TO: Training & Education Committee

FROM: Jennifer Swahlstedt, Risk Management & Training Manager

DATE: April 26, 2018

RE: Accreditation / Re-Accreditation Grant Application

Action Requested: Approve staff recommended modification to the Accreditation / Re-Accreditation Grant Application to include accreditation from the Commission for Accreditation of Park & Recreation Agencies (CAPRA).

Background: The Accreditation / Re-Accreditation Grant Application includes funding for members attaining Police, Fire, Public Works and Parks & Recreation Accreditation. Police Departments can apply for reimbursement for Commission on Accreditation for Law Enforcement Agencies (CALEA) or Illinois Law Enforcement Accreditation Program (ILEAP) Accreditation, Fire for Center for Public Safety Excellence (CPSE) Accreditation, Public Works for American Public Works Association (APWA) Accreditation and Parks & Recreation for Illinois Distinguished Accreditation Program (IAPD/IPRA) Accreditation.

Discussion: At the April 19, 2018, Parks & Recreation Steering Committee (PRSC) meeting, members discussed obtaining accreditation and the accreditation process. One member is currently going through the accreditation process for the Commission for Accreditation of Park & Recreation Agencies (CAPRA). CAPRA Accreditation is based on an agency's compliance with the 151 standards for national accreditation. The PRSC requested CAPRA Accreditation be included as an accepted accreditation on the IRMA Accreditation / Re-Accreditation Grant Application.

CAPRA Accreditation is not unlike many of the other accreditation agencies which are acceptable for this grant. The accreditation cycle, process and costs are similar to other approved accreditation agencies.

Staff is recommending CAPRA be added as an acceptable accreditation for grant submission for the Parks and Recreation Department, outlining that the member can apply for either IAPD/IPRA or CAPRA, but not both. This is similar language already established for police accreditation application of either CALEA or ILEAP. See attachment. This change will not result in a budget increase.

Recommendation: Approve staff's recommended modifications to the Accreditation / Re-Accreditation Grant Application to add the CAPRA Accreditation to the Parks & Recreation section.

Training & Education Committee, 5/9/18: Motion made by DeFeo, seconded by Smizinski to approve changes as recommended. Motion passed unanimously.

Executive Board, 5/30/18: Motion made by Halik, seconded by Cedillo to approve changes as recommended. The motion passed.

ACCREDITATION/ REACCREDITATION GRANT PROGRAMS

American Public Works Association

IRMA

ACCREDITATION/REACCREDITATION GRANT PROGRAMS

Each year, IRMA offers a reimbursement grant program for those members attaining Police, Fire, Public Works, Parks and Recreation Accreditation. Those members who are planning to request reimbursement for completed accreditation must submit a submittal form to the IRMA office. Please do not request reimbursement, if you are not confident that you will receive accreditation/reaccreditation during the next calendar year. IRMA will work on making the funds available upon receipt of written notice verifying accreditation/reaccreditation.

FUNDING PROCEDURE

All reimbursements are on a first/come, first/served basis, based on completed grant requirements, during each calendar year until the budgeted amount is depleted. Any remaining applications will be moved to the following budget year. For more information regarding the General Grant Guidelines, please visit the IRMA website or click here.

POLICE – Since 1986, IRMA has sponsored the Commission on Accreditation for Law Enforcement Agencies (CALEA) grant program to encourage its members to upgrade their police department standards by achieving accreditation. In 2010, the IRMA Board approved the Illinois Law Enforcement Accreditation Program (ILEAP) -Tier 2 as a grant program. Members may submit a grant application for either CALEA or ILEAP, but not both. Local governments are increasingly being held liable for damages resulting from public employees wrongfully carrying out or acting without a policy. This makes police agency accreditation extremely desirable. An excellent defense to lawsuits charging police with such acts as false arrest, use of excessive force, or violation of civil rights is that the officer was acting properly in accordance with established policies, and that those policies were approved by an accrediting agency. Conversely, lack of acceptable department policies and/or training certainly cast doubt on any police agency defense and may actually be the basis for the plaintiff's case.

FIRE – This accreditation is sponsored by the Center for Public Safety Excellence (CPSE), which was established by the International Association of Fire Chiefs. The process of attaining accreditation provides for initial and ongoing self-assessment followed by a team of professionals practiced in a particular discipline reviewing every aspect of program compliance at the applicant's site. It is an extensive and thorough review of all aspects of organizing and managing a Fire Service function.

PUBLIC WORKS – The American Public Works Association (APWA) developed the public works department accreditation program. The process of attaining accreditation provides for initial and ongoing self-assessment followed by a team of professionals practiced in a particular discipline reviewing every aspect of program compliance at the applicant's site. It is an extensive and thorough review of all aspects of organizing and managing a Public Works function.

PARKS & RECREATION – The goal of the Illinois Distinguished Accreditation program, sponsored by the Illinois Association of Park Districts & the Illinois Park and Recreation Association, is to improve the delivery of recreation services to the residents of Illinois through a voluntary comprehensive evaluation process. The desired result is to improve the quality of life for Illinois residents and to recognize those agencies that provide this quality service. The Commission for Accreditation of Park & Recreation Agencies (CAPRA) is a national accreditation standard which accredits park and recreation agencies for excellence in operation and service. Accreditation from this agency is also accepted under this grant program. Members may submit a grant application for IAPD/IPRA or CAPRA, but not both.

IRMA will reimburse the member, upon notification of accreditation, a sum of 50% of the initial accreditation fee and on-site visit charges, paid by the member up to a maximum of $3,500. IRMA will also reimburse 25% of the service fee and on-site visit charges (otherwise known as the annual continuation fee) for reaccreditation.

Should you have any questions about the procedure, please contact Jennifer Swahlstedt at the IRMA office (708.236.6365) for assistance.

3. The most IRMA will pay in any one occurrence under this coverage for loss or damage to:
   a. Any one police dog is $50,000;
   b. All loss or damage, regardless of the number of police dogs involved is $250,000.

Coverages j. Covered Property At Undescribed Premises, k. Covered Property in Transit and I, Covered Property Overseas are each subject to the applicable Limit of Insurance specified in the Property Coverage Declarations for the coverage, but in no event will IRMA pay more for loss or damage to any type of Covered Property than the amount that would have been paid if the loss or damage had occurred at or within 1,000 feet of the Member's premises.

2. COVERED COSTS AND EXPENSES

a. Debris Removal

(1) IRMA will pay the necessary and reasonable expense incurred by the Member to remove, reinstall and/or replace debris of Covered Property, ~~other than "Outdoor Property,"~~ caused by or resulting from a Covered Cause of Loss that occurs during the Coverage Agreement period. Such expenses will be paid only if reported to IRMA in writing within 180 days of the date of direct physical loss or damage. Coverage for the expense to remove debris of "Outdoor Property" is also provided ~~separately~~ under Section 1h of this Coverage Form.

(2) For this Debris Removal Coverage, IRMA will pay up to 25% of:
   (a) The amount IRMA pays for the direct physical loss or damage to the Covered Property; plus
   (b) The deductible in this Coverage Agreement applicable to that direct physical loss or damage.

   This limit is part of and not in addition to the Limit of Insurance that applies to the lost or damaged Covered Property. But if:
   (a) (i) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
       (ii) The debris removal expense exceeds the above 25% limitation; and
   (b) A Limit of Insurance is specified in the Property Coverage Declarations for Debris Removal (additional);

   IRMA will also pay an additional amount, up to the Limit of Insurance specified in the Property Coverage Declarations for Debris Removal (additional).

(3) In no event will this Debris Removal Coverage apply to:
   (a) Costs to extract "pollutants" from land or water; or
   (b) Costs to remove, restore or replace polluted land or water.

b. Pollutant Cleanup and Removal

IRMA will pay the necessary and reasonable expense incurred by the Member to extract "pollutants" from land or water at the Member's premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a "specified cause of loss" which occurs during the Coverage Agreement period.