



DATE: June 8, 2026

TO: Honorable Mayor and City Council

FROM: Kimberly Cilley, City Attorney

SUBJECT: Staff recommends the City Council adopt a resolution authorizing the City Attorney to execute a Joint Powers Agreement for the City's membership, effective July 1, 2026, in the Authority for California Cities Excess Liability (ACCEL) and to take any additional actions necessary to implement the City's participation in ACCEL

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution authorizing the City Attorney to execute a Joint Powers Agreement for the City's membership, effective July 1, 2026, in the Authority for California Cities Excess Liability (ACCEL) and to take any additional actions necessary to implement the City's participation in ACCEL

SUMMARY

The City of Livermore currently participates in excess liability coverage through the California Joint Powers Risk Management Authority (CJPRMA). In response to changing market conditions, evolving pool performance, and the City's long-term risk management objectives, staff conducted a comprehensive evaluation of alternative excess liability providers.

Based on this analysis, staff recommends transitioning to the Authority for California Cities Excess Liability (ACCEL), a joint powers authority composed of California cities that pool catastrophic liability risks. ACCEL offers a financially stable, member-governed structure, competitive and predictable cost allocation, and strong alignment with the City's risk management goals.

DISCUSSION

The City maintains a layered risk financing structure in which primary liability risks are retained or managed through pooled programs, while excess liability coverage protects against catastrophic losses. CJPRMA has historically provided this excess coverage for the City and many other California public agencies since 1986.

Public agency insurance markets continue to experience significant volatility. The liability insurance market, in particular, continues to harden due to increasing reinsurance costs, social inflation, nuclear

verdicts, and rising claims severity. These market conditions have resulted in substantial premium increases and financial pressure on many public agency risk pools statewide. While workers' compensation markets have remained relatively stable and property markets have shown short-term softening, long-term liability market conditions remain challenging and uncertain.

These pressures have prompted public agencies statewide to reassess risk pool participation and long-term financial exposure. Based on these trends, staff initiated a review of available excess liability options to ensure the City's program remains cost-effective, stable, and aligned with best practices in municipal risk management. Staff evaluated multiple excess liability options, including continued participation in CJPRMA, alternative joint powers authorities, and market-based insurance solutions. Consistent with industry best practices, emphasis was placed on governance structure and financial strength, coverage adequacy and alignment with the City's risk management goals, cost stability and overall fiscal impact to the City.

Evaluation of the ACCEL pool against these criteria is discussed below in support of staff's recommendations.

Governance Structure and Financial Strength

Risk pooling through a joint powers authority (JPA) remains the preferred approach due to its long-term stability, member control, and ability to tailor coverage to public agency needs. Compared to commercial insurance, JPAs provide greater predictability, reduced exposure to market cycles, and access to specialized risk management resources. ACCEL is a joint powers authority formed specifically to provide excess liability coverage to California public agencies. ACCEL operates as a member-governed pool focused on long-term stability and cost control. ACCEL is comprised of fourteen municipalities, including Mountain View, Palo Alto, Santa Cruz, Monterey, Bakersfield, Anaheim, and Ontario.

Staff also considered the inherent disadvantages associated with pooled insurance programs. Unlike guaranteed-cost commercial insurance, pooled contributions are estimates and may be subject to retrospective adjustments or assessments depending on group loss performance and reinsurance market conditions. Additionally, claims severity trends and catastrophic losses can negatively impact pool financial positions and available coverage capacity. However, staff's review concluded that ACCEL's current financial position and governance structure compare favorably to alternative pooling options.

ACCEL is governed by its member agencies, providing a high level of local control and responsiveness. This allows for direct participation in governance decisions, transparent policy-setting process, and alignment with member agency priorities. ACCEL emphasizes proactive risk management and member collaboration through shared best practices among member agencies, risk management resources and training opportunities, and focus on reducing long-term claims exposure.

ACCEL maintains strong financial reserves and utilizes a conservative actuarial funding methodology designed to promote long-term sustainability and minimize volatility in member contributions. ACCEL is funded at an actuarially determined 90% confidence level (meaning that member contributions are generally sufficient to cover 90% of the claims liability at any given time) and incorporates retrospective rating plan features that allow premiums to be adjusted based on actual loss performance over time.

In comparison, although CJPRMA is currently funded at an 85% confidence level, it was funded at a 75%

confidence level up until the 2021/22 program year and is presently operating with a negative net position estimated at approximately \$87,347,852. To address this funding shortfall, CJPRMA has implemented and proposed member assessments estimated to total approximately \$109,847,852 over a ten-year period. The City was subject to an assessment payable in 2024 and is expected to incur an additional assessment in July 2027, estimated to be \$2.5 to 3.5 million. It is uncertain whether CJPRMA will impose additional future assessments. These assessments contribute to increased uncertainty regarding long-term contribution stability and future financial obligations.

While all joint powers insurance pools carry some exposure to supplemental assessments or contribution adjustments based on pooled losses and reinsurance market conditions, staff's review indicates that ACCEL currently demonstrates stronger reserve levels, greater long-term membership stability, and lower projected volatility than CJPRMA.

Coverage Adequacy and Alignment with the City's Risk Management Goals

ACCEL provides excess liability coverage that meets or exceeds the City's current program requirements, including high coverage limits tailored to public agency needs, access to reinsurance markets for catastrophic protection, and flexibility in program design. Staff confirmed that coverage terms are comparable to or better than those currently provided through CJPRMA. This aligns with the City's strategic goal of minimizing liability risk while maintaining fiscal responsibility.

Cost Stability and Overall Fiscal Impact to The City

Staff's analysis indicates that ACCEL offers pricing that is competitive with CJPRMA when evaluated in the context of overall financial exposure, projected assessments, reserve adequacy, and available coverage limits. Although CJPRMA's projected base contribution rates at comparable limits may appear marginally lower, ACCEL's stronger financial position, reduced exposure to future assessments, and optional higher coverage limits provide potential long-term value and improved budget predictability.

ACCEL also offers the potential for retrospective premium credits or equity returns based on favorable loss performance, which may offset long-term program costs. These factors support the City's goal of maintaining cost-effective and sustainable risk financing practices.

The City currently participates in CJPRMA with a self-insured retention (SIR) of \$750,000 per claim. In comparison, ACCEL requires a \$1,000,000 SIR. Transitioning to ACCEL would increase the City's retained risk by \$250,000 per claim and necessitate adjustments to actuarial reserve recommendations to ensure adequate funding for potential liabilities at the higher retention level.

In addition to the higher self-insured retention, participation in ACCEL may require the City to increase reserve funding levels to maintain adequate funding for retained losses and claims development. Staff anticipates that reserve funding recommendations will continue to be evaluated annually through the City's actuarial review process and may require additional contributions to internal liability reserves over time.

CJPRMA currently provides excess liability coverage up to \$40,000,000. ACCEL offers a more flexible structure, with coverage available up to \$65,000,000 depending on the level of participation selected by the City. The City may elect to participate in all excess layers or limit participation to a lower threshold, such as \$40,000,000, which is comparable to its current coverage.

For FY 2025-26, the City paid \$1,948,784 in premium for the general liability program. This year, CJPRMA estimates that amount to increase by approximately 20%, which equates to \$2,338,541. Preliminary estimates from ACCEL indicate that, for FY 2026–27, the City’s premium would be approximately \$2,577,142 if participating in all excess layers up to \$65,000,000. Alternatively, if the City elects to participate only up to \$40,000,000 in coverage, the estimated premium is \$2,449,467. These estimates are conservative and may ultimately be lower at the time of renewal.

The City also participates in pool property programs through CJPRMA which ACCEL does not offer, and will need to have coverages placed directly with Alliant Insurance Services (which administers ACCEL). Pricing for these coverages is not expected to vary significantly from rates offered through CJPRMA.

Overall, the cost difference between CJPRMA and ACCEL at comparable coverage levels (\$40,000,000) is minimal based on current projections. However, ACCEL provides the option to obtain significantly higher coverage limits for a moderate increase in premium. This additional coverage capacity should be evaluated in the context of the City’s risk exposure and tolerance, alongside the financial implications of a higher self-insured retention and corresponding reserve requirements. Staff’s recommendation is to obtain a coverage level of \$40,000,000 and to reassess in future years if there is a need to increase to a higher coverage level up to the maximum limits available.

As with most joint powers insurance pools, ACCEL members may also be subject to retrospective premium adjustments, supplemental contributions, or assessments in the event pooled losses exceed projected levels or reinsurance costs materially increase. While ACCEL has historically demonstrated financial stability and lower volatility than comparable pools, the City should nevertheless anticipate the potential need for additional funding associated with pool-wide loss experience or market conditions.

FISCAL AND ADMINISTRATIVE IMPACTS

Transitioning the City’s excess liability coverage from CJPRMA to ACCEL will have both immediate and long-term fiscal implications associated with premium contributions, retained risk exposure, and actuarially recommended reserve funding. Based on current preliminary estimates, the City’s FY 2026–27 premium contribution through ACCEL is projected to be approximately \$2,449,467 for coverage limits up to \$40,000,000, compared to an estimated \$2,338,541 through CJPRMA at comparable limits. If the City elects to participate in ACCEL’s full available coverage structure up to \$65,000,000, the estimated premium would increase to approximately \$2,577,142. Final premium amounts remain subject to underwriting, actuarial review, and reinsurance market conditions at renewal.

Although ACCEL’s projected premium costs are modestly higher than CJPRMA’s current estimates, staff’s analysis indicates that ACCEL provides improved long-term financial stability, stronger reserve adequacy, reduced projected exposure to future supplemental assessments, and greater predictability in overall program costs. By comparison, CJPRMA is currently addressing a significant negative net position through a series of member assessments projected over a ten-year period, including an anticipated future assessment to the City estimated between \$2.5 million and \$3.5 million in July 2027.

Participation in ACCEL will increase the City’s self-insured retention from \$750,000 to \$1,000,000 per claim, thereby increasing the City’s direct retained exposure by \$250,000 per occurrence. As a result, the City’s actuarially determined liability reserve recommendations are expected to increase in order to

maintain adequate funding for retained losses and claims development. Staff anticipates that reserve funding levels will continue to be evaluated annually through the City's actuarial review process and may require additional appropriations in future fiscal years.

A summary of the anticipated cost impacts to the City is presented below.

Insurance Element	FY 2025-2026 (CJPRMA)	FY 2026-2027 (CJPRMA)	FY 2026-2027 (ACCEL)
Liability insurance premium	\$1,948,784 (based on \$750k SIR)	\$2,448,440 (based on \$750k SIR)	\$2,526,089 (based on \$1,000,000 SIR)
Property insurance premium	\$840,974	TBD	\$764,127
Additional liability reserve for SIR increase	N/A	N/A	Based on actuarial study
Property Deductible	\$250,000	\$250,000	\$25,000

COMMUNITY PILLAR

1: A Safe Community That Thrives

GOAL

15: Develop, oversee, implement, and manage an effective and efficient risk management program

ATTACHMENTS

- 1. [ACCEL Resolution](#)
- 2. [Exhibit A - ACCEL JPA Agreement](#)

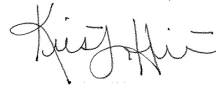
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