



Risk Management
Fund



2019

A N N U A L
R E P O R T



ANNUAL
REPORT



C O N T E N T S

CHAIR'S LETTER	2
ABOUT THE FUND	4
DESIRED FUTURE CONDITIONS	8
FINANCIAL HIGHLIGHTS	9
COVERAGES	16
BOARD OF TRUSTEES	18
MEMBERSHIP	19
SAFETY AWARDS	21
NATIONAL RECOGNITION	24

DEAR FRIENDS,

The Texas Water Conservation Association Risk Management Fund is entering its 31st year stronger and better than ever. This annual report will illustrate its financial strength, the diversity of its membership, and the effective services the Fund provides its members. Stable pricing, broad and customized coverage, and highly-qualified and competent staff form the insurance foundation of the Fund. In addition, the suite of services that comes with Fund membership sets the Fund apart from other insurance options that are available to water districts. These elements combine to poise the Fund for a challenging future that is roaring toward all of us. In this Annual Report, we will examine some of the potential trends, events, and emerging risks that face water districts in Texas. The real strength of the Fund is that it allows all of its members to face these developments together as a strong alliance as opposed to standing alone.

Some of the challenging trends that will affect members include the state's population growth and resulting growth in personal, public, and industrial water demand. Future trends could be negative if demand is not met or water supplies diminish instead of increase. Potential imposition of water rationing through increased cost or absolute restriction could be possible. Texas has been faced with similar problems before that led to usage restrictions and ultimately abandonment of towns and farms.

Just as not enough water could have a huge impact on Texas, too much water coming in too short a time can be just as devastating. The consequences of Hurricane Harvey have already propelled us into the future as water districts, river authorities, and other local governments deal with the aftermath and work to prevent future catastrophes. Could a future, wetter climate help offset the negative consequences of a growing population and water demand set against diminished supply? Only time will tell, but it is our duty and responsibility to prepare for both possibilities.

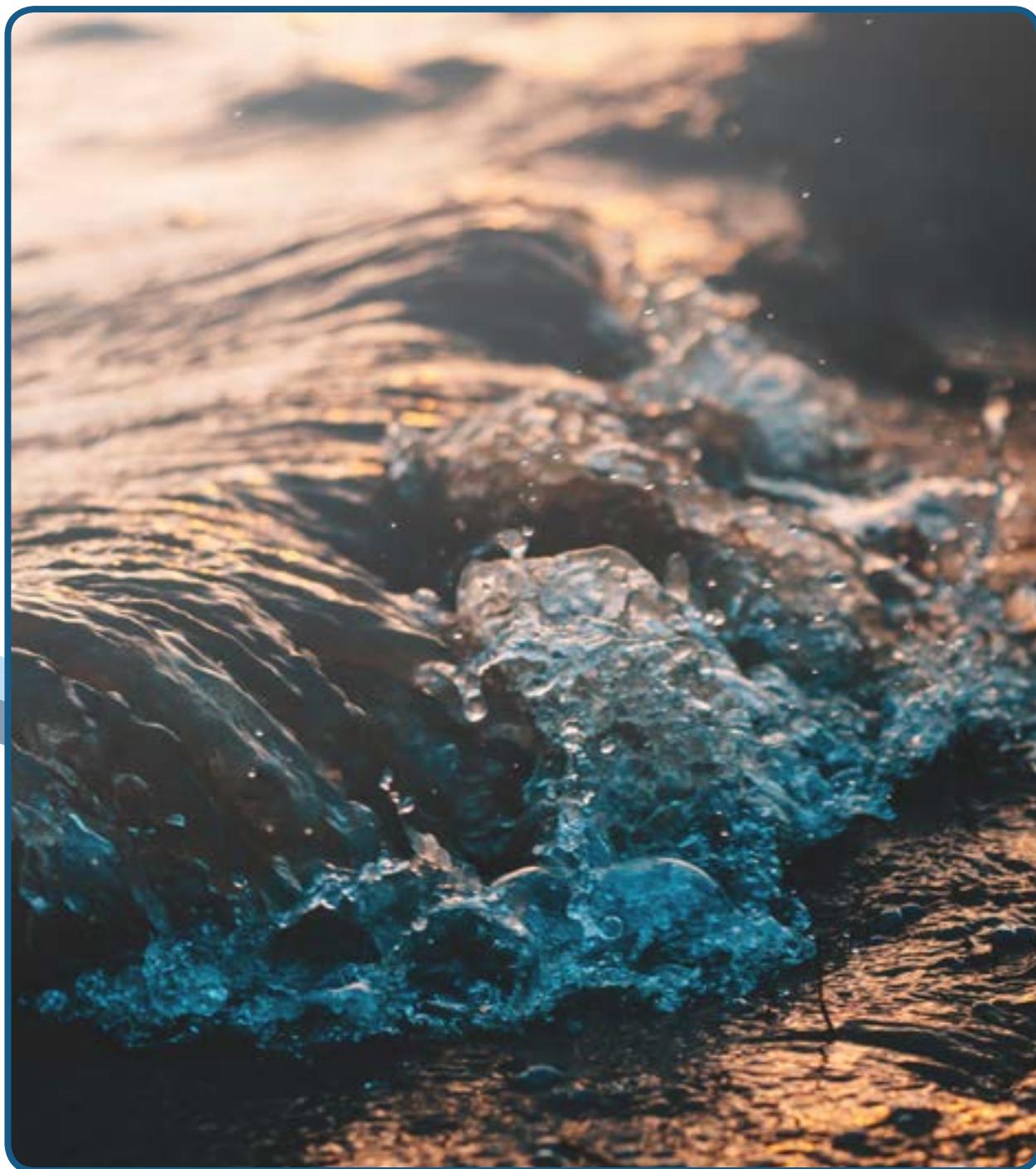
How can the Fund help us respond to the future conditions we must meet? One answer lies in its willingness to consider new coverages that respond to changing risks facing our members. The description of coverages later in this report gives examples of unique coverages designed to deal with risks members have encountered. The willingness and ability to modify coverage language and sell the changes to our reinsurance carriers is a tremendous benefit of the Fund. The Fund also continues to deploy new resources to deal with emerging threats. Leadership Training is one resource all members with employees should utilize. The training of our managers and supervisors not only makes them more effective, it helps prevent claims and litigation arising from poor employment decisions. The training also helps us hire the right people. The fact that the Fund is governed by water district leaders will ensure that these capabilities will continue.

Throughout this report, we will look at some of the trends and developments that will impact members of the Fund. Many will be positive and help us evolve, while others may be negative and contribute difficulties in operations or supply. Whatever they are, we will deal with them as we always have - together.

I encourage you to take in all of the good information about the Fund in this Annual Report. If you have any questions please don't hesitate to contact any member of the board or the Fund administrators. We look forward to the next thirty years of serving the members of TWCA and also extend our hearty congratulations to them on their 75th anniversary. We also thank them for their vision in establishing the Fund and supporting it so well over the years.

Sincerely,

Jace A. Houston
Chair, TWCARMF Board of Trustees



AN EXTRAORDINARY COMMITMENT TO SERVICE AND COVERAGE

The TWCA Risk Management Fund provides many services for its members. The following list highlights the services and characteristics that distinguish the Fund from its competitors and fulfill its commitment to members.

- Fund members own and govern the Fund

- The Board of Trustees is composed of leaders from different water districts including river authorities, irrigation districts, a groundwater conservation district, municipal water districts, a drainage district and a waste disposal district

-
- Risk Management Consulting services include:
 - contract issues
 - insurance requirements
 - claims analysis
 - policies and procedures designed to improve risk management
 - comprehensive on site risk management reviews for members result in a report to management and recommendations for improvements in all areas of risk
 - risk management review of specific projects, locations or documents

- Loss Prevention
 - facility safety inspections
 - direct consultations regarding specific safety issues
 - safety training
 - help form and coach safety committees
 - investigate serious accidents
 - driver training specific to water district vehicles and usage





TWCARMF REINSURANCE PROTECTION

Protection from catastrophic losses through comprehensive reinsurance is provided by Government Entities Mutual, FM Global and A+ rated reinsurance carriers in a carefully designed program to protect the Fund and its members.

The Fund retains a portion of each claim then reinsurance pays for amounts exceeding the Fund's retention up to their limit of liability. Current retentions and reinsurer limits are:

REINSURANCE PROTECTION

Coverage Program	Fund Retention	Reinsurer Limit of Liability	Maximum
Workers' Compensation	\$300,000	\$ 1,500,000	Statutory*
Liability	\$400,000	\$ 9,600,000	\$ 10,000,000
Property	\$200,000	\$ 500,000,000	\$ 500,000,000

*Statutory limits mean that there is no maximum limit on medical benefits available to injured workers. The reinsurance company will pay amounts above the retention and first layer of coverage (\$1,800,000) for Workers' Compensation medical benefits.

ABOUT THE FUND

Safety seminars and on-site training for individual members or as regional workshops at several locations around the state without cost to the member. Topics include:

- Public Railroad Safety (presented by Texas Operation Lifesaver)
- Emergency Preparedness
- Slips, Trips and Falls
- Arc Flashes
- Analysis of Recent Claims
- Flammable Liquid Storage and Handling

Leadership Training for managers and supervisors is provided through courses in:

- Retaining, Encouraging and Developing Employees for Success
- Respect in the Workplace
- Leadership Skills
- Managing Behavior and Performance

Courses are taught either at the district or in a regional setting

Fund publications include:

- Risk Advisor, quarterly newsletter about current trends and developments in safety and risk management
- Bulletins provide in depth coverage of current risk management topics such as Flood Insurance, Contracts, Property Coverage and Hurricane Preparedness
- Risk Alerts issued when members need to know about current risk related events such as tropical storms, cyber threats or potential pandemics
- Emergency Management Resources guide (published in 2018)
- Personnel Policies Guide (updated in 2018)
- Annual Report

Legal Loss Prevention is offered on a case by case basis through attorneys familiar with water districts and Texas water law

Amicus brief or other legal intervention on behalf of members in litigation that could have wide impact on Fund members decided at the discretion of the Board of Trustees

-
- Annual property valuation trending and periodic professional on-site appraisals insure currently valued coverage to prevent under-insurance in the event of a loss
-

- Online services include:
 - claim reporting
 - submission of renewals
 - MVR checks with quick, same day response for new hires

- Accessible and useful website at twcarmf.org with:
 - upcoming events
 - registration for workshops and seminars
 - archived publications
 - risk and safety resources
 - FAQ guidance for contractor and vendor insurance requirements at twcarmf.org/Resources/LossPreventionBulletins
-

- Designated claims adjusters handle workers' compensation, liability and property claims for the Fund
-

- Members participate in Political Subdivision Workers' Compensation Alliance, a preferred and vetted network of medical providers that provide immediate access to care, resulting in excellent outcomes for member employees and reduced medical cost
-

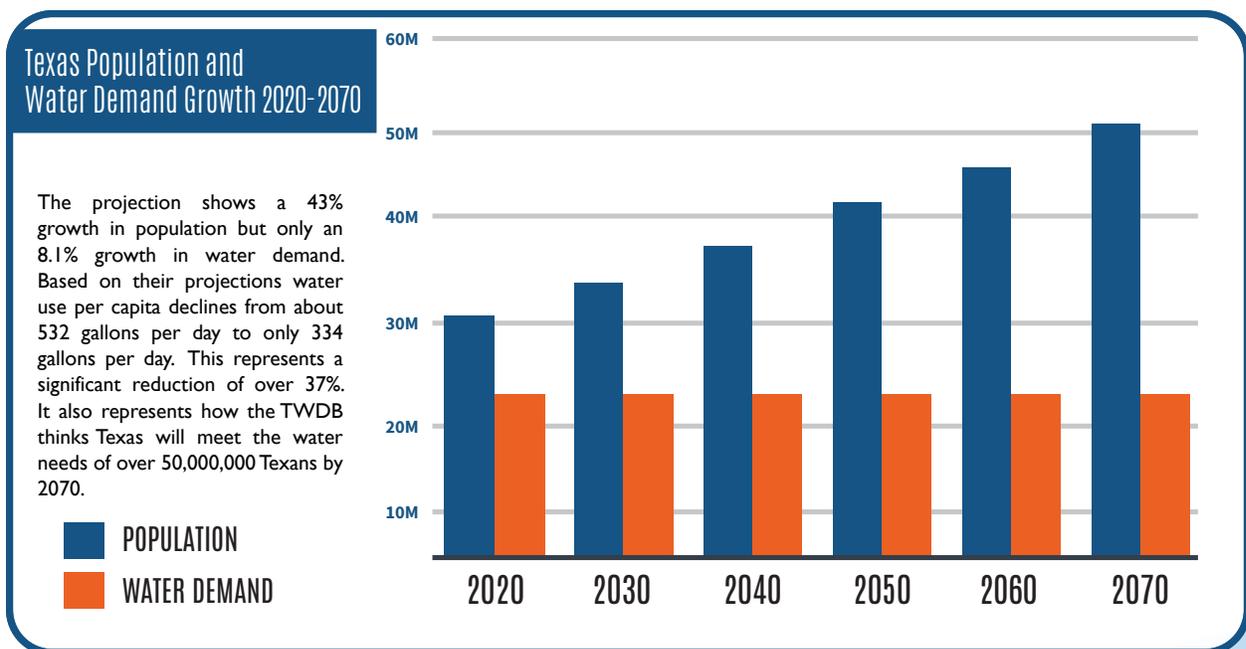
- Medical bill review for cost, appropriateness and efficacy on every claim
-

- Accredited nurse case managers help seriously injured workers and their families navigate and understand medical treatment
-

- Comprehensive coverages have evolved over time to respond to emerging risks such as:
 - Dam failure liability
 - Ultra vires actions against individual district trustees
 - Limited pollution liability
 - Assumption of liability by contract
 - Employee benefits liability
 - Cyber liability including 24 hour breach response

The reduction in daily demand that must be achieved by 2070 will require innovation, serious conservation measures, new water sources and a lot of hard work. Some of the strategies, innovations and concerns that may play a role in the future of water in Texas will appear throughout this annual report as “Glimpses of the Future” as the Fund and its members move forward for Texas. The coverages and services offered by the Fund have been evolving for over thirty years in response to the changing risks affecting our members. This process will continue with the commitment of the members and the Board of Trustees. The Fund is committed to respond to the coverage and claims issues posed by the developments described in this report.

The Texas Water Development Board shows the following chart predicting population growth and water demand in acre feet for the next 50 years:



The strategies for achieving such a significant reduction rely on

- reduced consumption
- reuse
- desalination
- increased water capture like off channel reservoirs
- technology

Texas Estimated Water Demand per Capita 2020 - 2070

Year	2020	2030	2040	2050	2060	2070
Population est.	29,683,671	33,898,444	38,045,103	42,273,134	46,739,153	51,458,748
Acre/feet Demand	17,676,750	18,422,790	18,322,074	18,389,445	18,642,212	19,224,751
acre/feet per capita	0.60	0.54	0.48	0.44	0.40	0.37
gallons/year/capita	194,046	177,090	156,926	141,750	129,968	121,736
gallons/day/capita	530.18	485.18	428.76	388.36	355.10	333.52

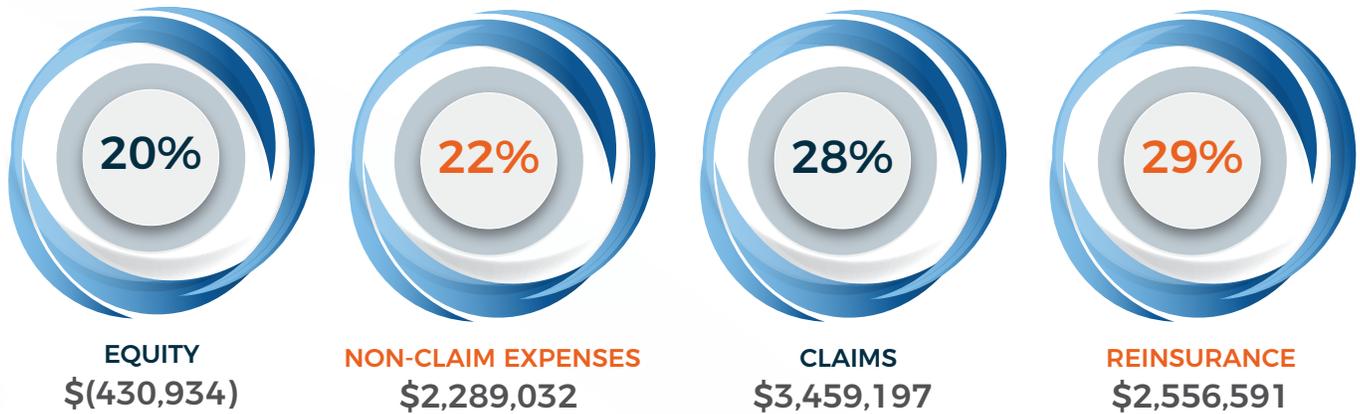
2018 & BEYOND

FINANCIAL HIGHLIGHTS

Total assets of the Fund increased about \$3,750,000 over 2016-2017. Incurred losses increased and member net position decreased slightly. Member contributions increased slightly due to member growth, new members to the Fund and a slight increase in rates.

COMPONENTS OF CONTRIBUTIONS

This chart illustrates the main components of member contributions.



TOTAL ASSETS
\$30.5M

LONG TERM INVESTMENTS \$19,800,000

MEMBER EQUITY \$19,000,000

NET CONTRIBUTIONS \$5,200,000

INVESTMENT INCOME \$73,000

NET INCURRED LOSSES

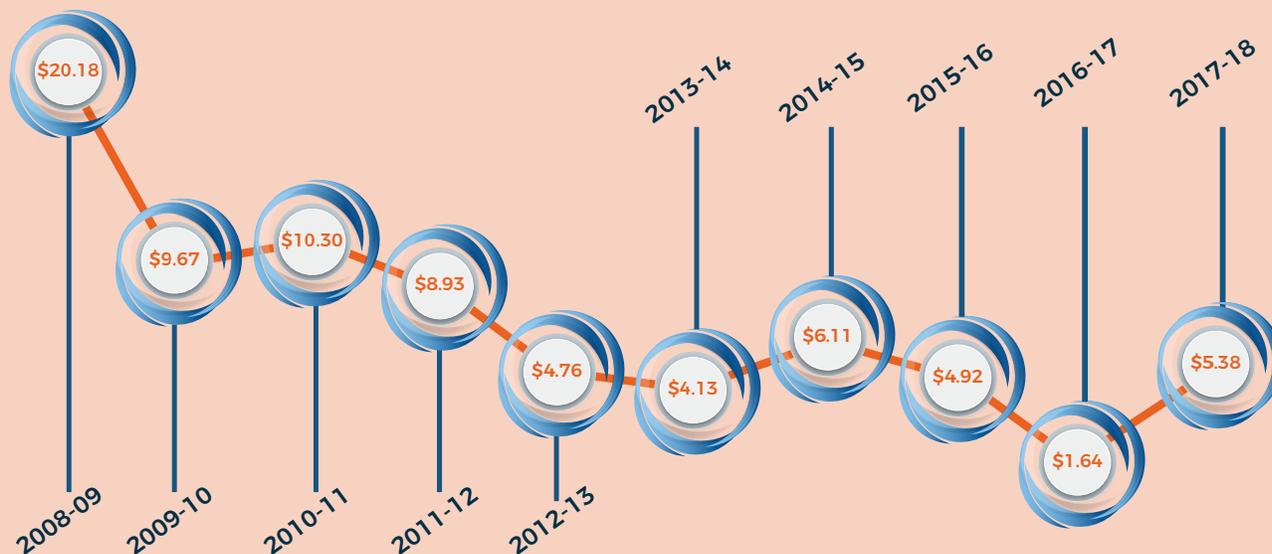
\$3,500,000

NET POSITION CHANGE

\$(400,000)

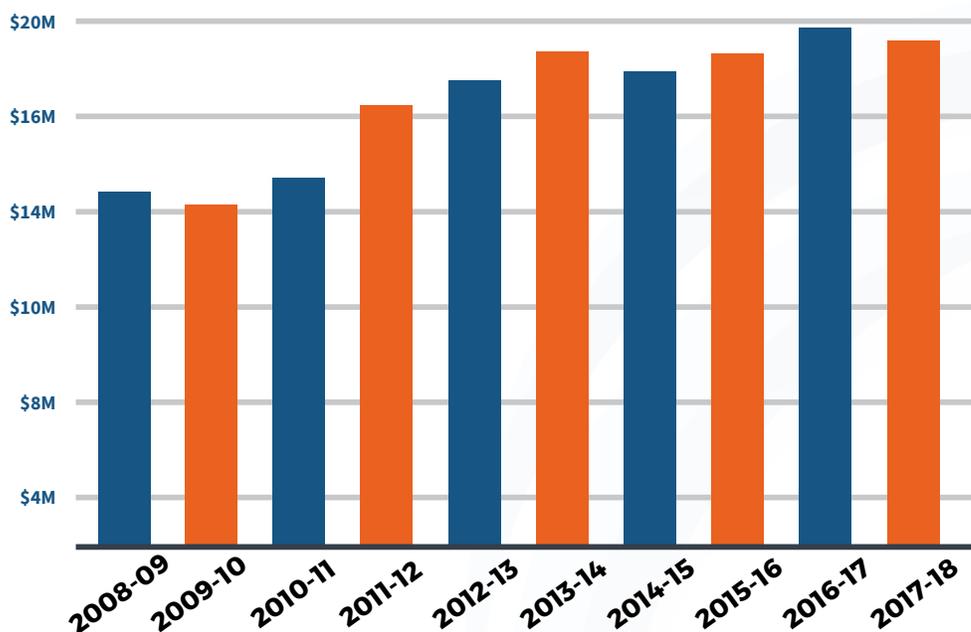
ALL LINES LOSS RATE

The All Lines Loss Rate is a benchmark of the total of claims incurred for all lines of coverage in the 2017-2018 Fund year against the net operating expenditures of all members of the Fund. The rate shown is claims cost per \$1,000 of net operating expenditures.



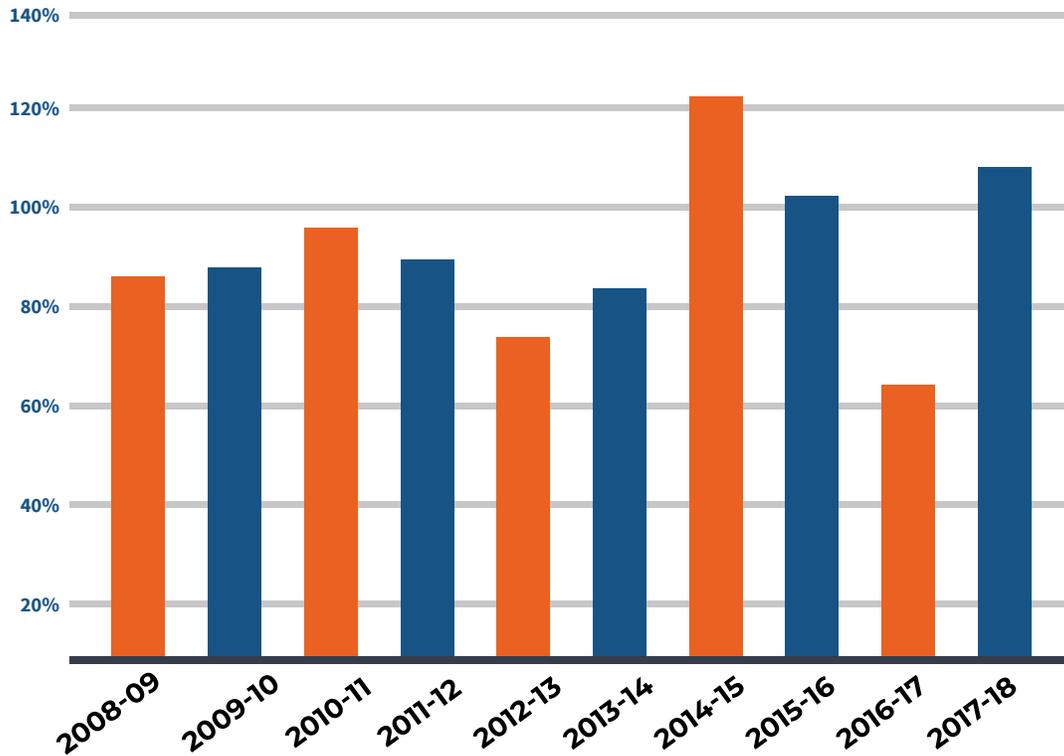
NET POSITION

The progress of Members' Net Position or equity in the Fund is illustrated in the next chart. The less favorable results translate to a slight decrease in net position for 2017-2018.



COMBINED RATIO

A combined ratio is an insurance industry measure of the relationship of claims costs and expenses to the premiums paid by their insureds. Results in the 2017-2018 year were less favorable than last year due to increased claims.



To the Board of Trustees of
Texas Water Conservation Association
Risk Management Fund:

We have audited the accompanying financial statements of Texas Water Conservation Association Risk Management Fund (the “Fund”), which comprise the balance sheets as of June 30, 2018 and 2017, and the related statements of operations and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Water Conservation Association Risk Management Fund as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the claims development information and changes in claims liabilities be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER FINANCIAL INFORMATION

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying other financial information, consisting of balance sheets by program as of June 30, 2018, and the statements of operations and changes in net position by program for the year ended June 30, 2018, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

HOLTZMAN
PARTNERS

AUDIT • TAX • ADVISORY

November 2, 2018
Austin, Texas

AS OF JUNE 30, 2018 AND 2017

ASSETS

CURRENT ASSETS:

	2018	2017
Cash and cash equivalents (Note 3)	\$ 5,332,262	\$ 5,216,495
Investments – short-term (Note 3)	428,811	4,994,650
Contributions receivable from members, including unbilled contributions of \$340,522 and \$289,973 at June 30, 2018 and 2017, respectively (Note 2)	443,473	395,491
Reinsurance recoverable – paid (Note 6)	1,352,320	179,882
Accrued interest	111,260	59,324
Prepaid expenses	3,076,773	2,624,042

Total current assets	10,744,899	13,469,884
----------------------	------------	------------

NONCURRENT ASSETS:

Investments – long-term (Note 3)	19,271,842	12,958,290
Other assets – long-term (Note 9)	500,000	500,000
Total noncurrent assets	19,771,842	13,458,290

TOTAL

\$ 30,516,741	\$ 26,928,174
---------------	---------------

LIABILITIES

CURRENT LIABILITIES:

Reserve for losses and loss adjustment expenses — net of reinsurance (Notes 5 and 6)	\$ 2,161,247	\$ 1,508,894
Unearned member contributions	4,148,539	2,205,674
Bank overdraft	1,281,392	—
Other accrued expenses and liabilities	170,026	181,938

Total current liabilities	7,761,204	3,896,506
---------------------------	-----------	-----------

LONG-TERM LIABILITIES – Reserve for losses and loss adjustment expenses – net of reinsurance (Notes 5 and 6)

3,727,770	3,572,967
-----------	-----------

Total liabilities	11,488,974	7,469,473
-------------------	------------	-----------

NET POSITION – unrestricted	19,027,767	19,458,701
-----------------------------	------------	------------

TOTAL

\$ 30,516,741	\$ 26,928,174
---------------	---------------

Financial statements available on request.

FOR THE YEARS ENDING JUNE 30, 2018 AND 2017

STATEMENTS OF OPERATIONS & CHANGES IN NET POSITION

CONTRIBUTIONS

Gross contributions earned
Reinsurance contributions ceded (Note 6)

	2018	2017
\$	7,800,470	\$ 7,320,072
	(2,556,591)	(2,635,491)

Net earned contributions

5,243,879 4,684,581

LOSSES AND LOSS ADJUSTMENT EXPENSES (Notes 5 & 6)

Paid losses and loss adjustment expenses – net of deductibles, reinsurance recoveries and reinsurance recoverables
Change in reserve for losses and loss adjustment expense – net of deductibles and reinsurance recoverables

2,652,041 2,356,956

807,156 (1,362,156)

Net incurred losses and loss adjustment expenses

3,459,197 994,800

OTHER OPERATING EXPENSES

Contract and support fees (Notes 4 and 7)
Loss control fees
Legal and professional fees
Other expenses

1,393,239 1,329,494

402,028 385,315

311,663 133,609

182,102 151,177

Total other operating expenses

2,289,032 1,999,595

OPERATING INCOME (LOSS)

(504,350) 1,690,186

OTHER INCOME

Investment income
Change in fair value of investments

253,566 157,760

(180,150) (53,640)

Total other income

73,416 104,120

NET INCOME (LOSS)

(430,934) 1,794,306

NET POSITION - Beginning of Year

19,458,701 17,664,395

NET POSITION - End of Year

\$ 19,027,767 \$ 19,458,701

Financial statements available on request.

COVERAGES

The TWCA Risk Management Fund offers comprehensive coverage programs designed for Texas water districts. Coverages are subject to constant evaluation and revision based on emerging risks facing members. Coverages have been evolving since the Fund started in 1988.



AUTOMOBILE LIABILITY

Provides required coverage for third party claims of bodily injury or property damage from the operation of member owned, hired or non-owned vehicles including employee use of personal vehicles in district business.

WORKERS' COMPENSATION

The Fund provides statutory Workers' Compensation coverage with unlimited medical benefits and partial lost wages for employees injured on the job and in the course of their employment. Claims adjusters coordinate with employers' return to work program and help the injured employee achieve the best medical care and earliest return to work possible.



CYBER LIABILITY

Cyber Liability provides both liability and property coverage for the district's computers, software and data processing operations. Damage to equipment and software by malware, viruses, ransomware or other breach attempts are covered. Liability to the district from breaches to private and confidential information is also covered for breach response, breach forensics, expenses to notify parties who were victims of the breach and any fines levied by regulatory authorities. Basic coverage is provided by a master policy for members of the Liability Program Fund by Beazley, LLC., a Lloyd's of London syndicate. Beazley provides a 24-hour breach response to help a member contain a breach, limit damage, respond and determine how the breach occurred.



PROPERTY



Protects member buildings, contents, contractor's equipment and water related equipment and facilities from all risk of direct physical loss. Coverage includes physical damage to owned or leased vehicles and Flood coverage for facilities not in a 100 year flood plain.

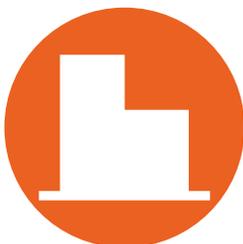
ERRORS & OMISSIONS

Errors & Omissions coverage responds to allegations of wrongful acts by employees, officers and trustees. Includes coverage for employment related actions by the member.



GENERAL LIABILITY

General Liability coverage responds to bodily injury or property damage to third parties arising out of the member's premises or operations.



ROBOTICS



Robots could replace human staff in hazardous environments like confined spaces, chlorine storage areas or around lakes and water treatment facilities. Robots could perform mowing and routine maintenance work. Employee exposure to hazards such as drowning, swarming bees, other dangerous insects, snakes and irritating plants could be reduced. Robotics would be covered by the Fund just as current schedules of human operated equipment are now.

CYBER ATTACK, BREACH AND RANSOMWARE



Just as software development for improved operations is advancing, so are the abilities of hackers, criminals and state sponsored entities to take control of operating systems to wreak havoc and extort money. The 2015 and 2018 attacks on the Ukrainian power grid specifically targeted SCADA and computer systems. The SCADA system was tricked into providing erroneous feedback and log deletion to the operators that masked the spread of the power blackout. The attacks also targeted VPN access, existing Microsoft software, credential theft and data exfiltration. (E-ISAC | Analysis of the Cyber Attack on the Ukrainian Power Grid) Ransomware will also continue to be common as water district staff continue to succumb to the introduction of malware through e-mails or vendor access to district systems. Hackers will continue to develop ways to infiltrate and hijack operating systems for malicious purposes. Current cyber liability coverage provided by the Fund to members will continue to evolve along with threats.

NEW SURFACE WATER SUPPLY



One new major water supply reservoir is currently under construction in Northeast Texas by the North Texas Municipal Water District. The Bois D'arc Reservoir is the first significant permitted reservoir to be built in Texas in over 30 years. Many of the best locations for reservoirs were developed in response to the drought of record in the mid-1950's. Are there good reservoir possibilities left in Texas? The 2017 State Water Plan proposes a number of large and small reservoirs, most in East Texas or off channel of major rivers. Permitting, environmental group resistance and cost to construct are all factors in determining if any of these reservoirs will be built. The Fund has already provided risk management consulting related to the Bois D'arc Reservoir and will continue to offer these services and provide coverage for member operations during and after construction. We also provide input on bid specifications for large and complex projects like reservoirs or pipelines.

BOARD OF TRUSTEES

JACE HOUSTON

Chair
San Jacinto River Authority

SONIA LAMBERT

Vice Chair
Cameron County Irrigation District #2
Cameron County Drainage District #3

NORMAN ASHTON

Trustee
Tarrant Regional Water District

JOHN GRANT

Trustee
Colorado River Municipal Water District

SONNY HINOJOSA

Trustee
Hidalgo County Irrigation District #2

LORI TRAWEEK

Trustee
Gulf Coast Authority

DAVID MONTAGNE

Trustee
Sabine River Authority of Texas

KATHY TURNER JONES

Trustee
Lone Star Groundwater Conservation District

BRUCE KNOTT

Trustee
San Antonio River Authority

ALVIN SCHUERG

Trustee
Guadalupe-Blanco River Authority

RODNEY RHOADES

Trustee
North Texas Municipal Water District

DEAN ROBBINS

Secretary
TWCA General Manager

SPONSORING ASSOCIATION

Texas Water Conservation Association

HOPE WELLS

President

PROFESSIONAL ADVISORS

Financial Auditor
HOTZMAN PARTNERS, LLP

Administrator
YORK RISK SERVICES GROUP

Broker
JI SPECIAL RISKS INSURANCE AGENCY, INC.

Consulting Actuary
GLICKSMAN CONSULTING

Investment Advisor
THE CONCORD ADVISORY GROUP, LTD.

RIVER AUTHORITIES

Angelina & Neches River Authority
Brazos River Authority
Guadalupe-Blanco River Authority
Lower Colorado River Authority
Nueces River Authority

Sabine River Authority of Texas
San Antonio River Authority
San Jacinto River Authority
Sulphur River Basin Authority
Upper Colorado River Authority

MUNICIPAL WATER DISTRICTS AND AUTHORITIES

Canadian River Municipal Water Authority
Coastal Water Authority
Colorado River Municipal Water District
Franklin County Water District
Greater Texoma Utility Authority
Gulf Coast Authority
North Harris County Regional Water Authority

North Texas Municipal Water District
Riverbend Water Resources District
Tom Green County Fresh Water Supply District #2
Upper Neches River Municipal Water Authority
West Central Texas Municipal Water District
West Harris County Regional Water Authority

MUNICIPAL UTILITY DISTRICTS

New Caney Municipal Utility District
Roman Forest Consolidated Municipal Utility District
Wells Branch Municipal Utility District

SPECIAL UTILITY DISTRICTS

Mustang Special Utility District
Marilee Special Utility District

WATER CONTROL & IMPROVEMENT DISTRICTS

Angelina & Nacogdoches County Water Control and Improvement District #1
Brown County Water Improvement District #1
Cameron County Water Improvement District #10
Hidalgo County Water Improvement District #3
Hidalgo County Water Control and Improvement District #19
Jefferson County Water Control and Improvement District #10
Maverick County Water Control and Improvement District #1
Stonewall Water Control and Improvement District
Tarrant Regional Water District
Tom Green County Water Control and Improvement District #1
Wichita County Water Improvement District #2
Zavala-Dimmit Counties Water Improvement District #1

GROUNDWATER CONSERVATION DISTRICTS

Brazoria County Groundwater Conservation District
Coastal Bend Groundwater Conservation District
Coastal Plains Groundwater Conservation District
Evergreen Underground Water Conservation District
Fort Bend Subsidence District
Harris-Galveston Subsidence District
Hemphill County Underground Water Conservation District
High Plains Underground Water Conservation District
Kenedy County Groundwater Conservation District
Lone Star Groundwater Conservation District
Medina County Groundwater Conservation District

Mid-East Texas Groundwater Conservation District
North Plains Groundwater Conservation District
North Texas Groundwater Conservation District
Northern Trinity Groundwater Conservation District
Panhandle Groundwater Conservation District
Panola County Groundwater Conservation District
Pineywoods Groundwater Conservation District
Plum Creek Conservation District
Prairielands Groundwater Conservation District
Red River Groundwater Conservation District
Sandy Land Underground Water Conservation District
Upper Trinity Groundwater Conservation District

PORT AUTHORITIES & NAVIGATION DISTRICTS

Chambers-Liberty Counties Navigation District
Orange County Navigation and Port District
Victoria County Navigation District
West Side Calhoun County Navigation District

IRRIGATION DISTRICTS

Adams Gardens Irrigation District #19
Brownsville Irrigation District
Cameron County Irrigation District #2
Cameron County Irrigation District #6
Delta Lake Irrigation District
Donna Irrigation District Hidalgo County #1
Harlingen Irrigation District Cameron County #1
Hidalgo County Irrigation District #1

Hidalgo County Irrigation District #2
Hidalgo County Irrigation District #5
Hidalgo County Irrigation District #16
Hidalgo and Cameron Counties Irrigation District #9
Santa Cruz Irrigation District #15
United Irrigation District of Hidalgo County
Valley Acres Irrigation District
Ward County Irrigation District #1

DRAINAGE DISTRICTS

Brazoria County Drainage District #4
Brookshire-Katy Drainage District
Cameron County Drainage District #1
Cameron County Drainage District #3
Cameron County Drainage District #5
Dewitt County Drainage District #1

Galveston County Consolidated Drainage District
Jefferson County Drainage District #3
Jefferson County Drainage District #7
Orange County Drainage District of Texas
San Patricio County Drainage District

The Fund's 2018 safety awards were presented at the Texas Water Conservation Association's Fall Conference in San Antonio. The four categories of winners were:

- OUTSTANDING SAFETY RECORD IN WORKERS' COMPENSATION
- MOST IMPROVED SAFETY RECORD IN WORKERS' COMPENSATION
- OUTSTANDING SAFETY RECORD IN LIABILITY
- THE LEROY GOODSON EXCELLENCE IN RISK MANAGEMENT AWARD

The Leroy Goodson Excellence in Risk Management Award recognizes the effort it takes to achieve great results in all areas of risk management. It is named for Leroy Goodson, former General Manager of the TWCA to honor his commitment to effective risk management through his constant effort to grow and improve the Fund from its inception in 1988 until his retirement in 2016. Winners in each category are selected based on their overall claims experience in comparison to all other members of the Fund.

AND THE WINNER IS...

BRAZORIA COUNTY DRAINAGE DISTRICT #4



OUTSTANDING SAFETY RECORD IN WORKERS' COMPENSATION

The following Fund members had superior experience in workers' compensation claims as reflected by their workers' compensation experience modifier of .75 or better. The experience modifier reflects how well a member has controlled its losses over the past three years.

GUADALUPE-BLANCO RIVER AUTHORITY
GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT
COASTAL WATER AUTHORITY

MOST IMPROVED SAFETY RECORD IN WORKERS' COMPENSATION

The workers' compensation experience modifiers for the following members have declined by greater than 10 percent from the previous year with a resulting modifier of less than 1.00.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
ORANGE COUNTY DRAINAGE DISTRICT OF TEXAS
BROWN COUNTY WATER IMPROVEMENT DISTRICT #1

OUTSTANDING SAFETY RECORD IN LIABILITY

The 2017-18 liability experience modifier reflects the best liability loss history in General Liability, Automobile Liability and Errors & Omissions with a best combined underwriting factor for all three liability coverages.

COLORADO RIVER MUNICIPAL WATER DISTRICT
TARRANT REGIONAL WATER DISTRICT
JEFFERSON COUNTY DRAINAGE DISTRICT #7
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

CONSERVATION



Conservation is looked upon as a new source of water for many water suppliers and has already had an enormous impact in Texas. Water efficiency in home appliances and industrial equipment continues to advance. Irrigation techniques to prevent water waste through leakage or evaporation are significantly reducing usage. Simple changes required by construction codes such as lower flow faucets and toilets are now standard in new home construction. Even rainwater capture and landscaping with native plants have a positive impact. Many municipal water suppliers and groundwater conservation districts are transitioning to “smart” metering of customer usage to detect leaks, impose different pricing structures and enhance awareness of water usage.

STRICT WATER USE RESTRICTIONS



When voluntary conservation measures don't work and water supplies are almost gone, extremely restrictive measures might have to be imposed. In 2018, South Africa came very near a complete depletion of reservoirs that supplied Cape Town, a city of almost 4,000,000. Severe restrictions and significant conservation efforts did not alleviate the effects of the multi-year drought on the city's reservoirs. Even limiting residents to 50 liters/day/person (13.2 gallons) was ineffective as “Zero Day” approached. On that day all water taps in the city would be shut off and people would have to rely on 200 water stations and only 25 liters/day/person. City officials were worried about the potential for anarchy. Fortunately rains returned and Zero Day was called off. This was a close call that could be repeated in many areas of the world including Texas. Litigation involving water restrictions has already been seen in Texas. The Fund responded to “ultra vires” suits alleging that members exceeded their authority by providing defense coverage to sever individual trustees from the original suits. Although the Fund cannot cover the voluntary regulatory actions of boards, it can help eliminate the coercive impact of including individual board members as defendants.

REUSE



Big Spring and Wichita Falls have implemented direct reuse of wastewater to supplement fresh water supplies for their citizens. Return flows of treated wastewater supply many rivers and creeks with sustained and environmental flows even during droughts. Non-potable reuse is also common for irrigation for public facilities like golf courses and parks. The Fund provides property coverage for existing facilities and will respond to any future litigation that may arise from increased use of treated wastewater.

AQUIFER STORAGE AND RECOVERY



Aquifers near major metropolitan areas can be used to store excess or imported water for later use in aquifers which protect the water and prevent evaporation. This option is being considered across the state as an effective storage method. The San Antonio Water System (SAWS) stores excess water from their allocations from the Edwards Aquifer in the Carrizo Aquifer south of San Antonio for use during dry periods or droughts. SAWS can store up to 200,000 acre feet in the aquifer. The Fund provides coverage for the infrastructure used to inject and extract water stored in this manner.

OFF CHANNEL CAPTURE AND STORAGE



The LCRA is nearing completion of an off channel storage reservoir south of Wharton on the Colorado. It will be used to capture excess and flood flows that would normally go on down to the Gulf. The Arbuckle Reservoir will hold 40,000 acre feet and be filled, used and refilled as conditions permit. The reservoir will provide more stable supplies for agricultural users and help conserve the 20% loss to evaporation as water flows from Lake Travis to Matagorda Bay.

DESALINATION



Desalination is one of the long term strategies Cape Town embraced as a new source of water. Desalination plants are complicated and expensive to build and operate. Texas has not fully embraced desalination but it is an obvious choice with a 367 mile coast line and huge underground aquifers of brackish water. As reverse osmosis technology advances and cheaper energy continues to be available this source of “new” water will grow. Disposal of residual brine will also be a challenge in locations not near the Gulf. El Paso sends the wastewater from its reverse osmosis plant to a private company that extracts minerals from the waste stream for sale and then sends about 2 mgd back to the city as potable water. The plant produces agricultural gypsum, liquid potash fertilizer, high purity salt and milk of magnesia. The Fund currently covers reverse osmosis arrays used in water treatment plants and will develop and adjust coverage for desalination plants as they become more common. This will include possible coverage during construction and after completion of possible multi-million and billion dollar projects. Loss control and risk management consulting services will also be available for members designing and building these projects.

NATIONAL RECOGNITION

The Association of Governmental Risk Pools accredited the Fund as compliant with their high standards of pool governance and management. The standards are recognized as the “best practices” by public entity pools across the United States. Accreditation is for three years after which the Fund must re-apply.



AGRiP Recognition is a current, industry-specific method for member pools to conduct a comprehensive review and evaluation of internal operational procedures. Approximately one-third of AGRiP member pools have achieved AGRiP Recognition.

The Advisory Standards for Recognition provide a framework to examine current practices and procedures, train new pool leaders, and provide governing bodies with assurance that operational best practices are being met.

The TWCARMF has received AGRiP recognition for the 2017–2020 period.



Risk Management
Fund

CONTACT THE FUND

www.twcarmf.org

1-800-580-8922

TWCA Risk Management Fund

P.O. Box 26655

Austin, Texas 78758-0655

office@twcarmf.org



Risk Management
Fund

P.O. Box 26655
Austin, Texas 78758-0655
www.twcarmf.org