Redmond
WASHINGTON

15670 NE 85th Street
Redmond, WA

City of Redmond

Memorandum

Date: 8/3/2026
Meeting of: City Council Special Meeting

File No. AM No. 26-124
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran	425-556-2748

DEPARTMENT STAFF:

Finance	Kelly Hsi	Risk Program Manager
Finance	Adam O'Sullivan	Finance Manager
Finance	Haritha Narra	Deputy Finance Director

TITLE:
Approval of Pre-Membership in the Washington Cities Insurance Authority (WCIA) and the Pre-Membership Interlocal Agreement

OVERVIEW STATEMENT:
The City is interested in pursuing membership in the Washington Cities Insurance Authority (WCIA). WCIA is a member-governed municipal risk pool serving over 165 public entities in Washington State and has over $220M in assets. Joining WCIA would replace the City's current carrier-based liability insurance structure with comprehensive coverage, dedicated claims management, and proactive risk management services with an emphasis on loss prevention, training, and partnership. WCIA membership would be effective December 1, 2026.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information** ☐ **Provide Direction** ☒ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
  N/A
- **Required:**
  Council is required to approve an interlocal agreement as part of the City joining WCIA.
- **Council Request:**
  N/A
- **Other Key Facts:**
  N/A

OUTCOMES:

Since September 2022, the City has received its property and general liability coverage through the Cities Insurance Association of Washington (CIAW), administered through a contracted insurance broker, Leavitt Group. In this structure, CIAW contracts with Clear Risk Solutions to serve as the third-party administrator for claims adjusting and risk control services, while Leavitt Group provides claims consulting support and contract review for insurance language.

As the City has grown in population and complexity, the City's risk exposure and operational needs have also expanded. This growth is occurring in a state with no cap on compensatory damages, which means liability claims can carry significant financial consequences for public entities. The multi-entity structure of the current program can make coordination more challenging, and a consolidated, municipally governed risk pool such as WCIA is better positioned to support the City of Redmond's scale.

To ensure the City Council has adequate time to understand WCIA's program and benefits, the transition to WCIA is being brought forward in two phases. This first phase introduces WCIA to Council and seeks approval to participate in pre-membership at no cost to the City, which will allow the City to assess WCIA's support services, training resources, claims consulting, and risk-prevention guidance. In the fall, after the City has had the opportunity to assess WCIA's fit for Redmond, Council will then receive a second phase action for final approval of full membership and adoption of the resolution for the City to become a member of WCIA effective December 1, 2026, with a minimum three-year commitment upon execution of Appendix 172-26 to the Interlocal Agreement. Continued participation in WCIA for future coverage periods would occur through the annual renewal process. This phased approach provides clarity, transparency, and adequate time for Council evaluation prior to full commitment.

By transitioning to WCIA, the City would receive:

- Integrated claims oversight
- Direct access to WCIA's in-house municipal-focused claim and litigation handling
- Pre-defense and risk consulting legal assistance
- Risk management resources
- A governance model aligned with the needs of Washington cities.

These outcomes are expected to strengthen the City's overall risk posture and provide more predictable long-term protection for the community.

During the pre-membership period, the City's current insurance program, claims handling, and broker services through CIAW, Clear Risk Solutions, and Leavitt Group will remain fully in place to ensure there is no gap in insurance coverage. The City will retain all existing coverages and claims handling processes until WCIA membership becomes effective.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
  2025
- **Outreach Methods and Results:**
  - Consulted and met with the Risk Managers at the cities of Bothell, Issaquah, and Sammamish.
  - Met with WCIA
- **Feedback Summary:**
  Peer cities confirm strong WCIA support and collaborative approach with members to reduce risk.

BUDGET IMPACT:

Total Cost:
Pre-membership is no cost to the City of Redmond.

$2,796,706 effective December 1, 2026, for the first year of membership. The City is committed to a three-year period with annual renewals. Increases are anticipated during renewal depending on market conditions and loss run history.

For comparison, the City's current insurance structure is $2,824,537 per year. A cost comparison between the coverages (current structure vs. proposed WCIA) is available in Attachment F.

Approved in current biennial budget: ☒ **Yes** ☐ **No** ☐ **N/A**

Budget Offer Number:
297 (Fiscal Accountability)

Budget Priority:
Strategic & Responsive

Other budget impacts or additional costs: ☐ **Yes** ☐ **No** ☒ **N/A**
If yes, explain:
N/A

Funding source(s):
Risk Fund

Budget/Funding Constraints:
N/A

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
7/14/2026	Committee of the Whole - Finance, Administration, and Communications	Provide Direction

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:
The City's current insurance policies expire November 30, 2026. The City would like to enter into pre-membership with

WCIA in August 2026, to allow for adequate time for the assessment period and onboarding process, and to avoid renewal conflicts.

ANTICIPATED RESULT IF NOT APPROVED:

If joining WCIA is not approved, the City would continue with its current property and liability coverages and maintain its existing relationships with CIAW, Clear Risk Solutions, and the Leavitt Group. While this structure has supported the City in past years, the resources available through this multi-entity arrangement have become increasingly limited relative to the City's growing risk exposure, rising claims activity, and expanding legal demands. Washington's lack of caps on compensatory damages further heightens the potential financial impact of complex claims, making it essential for the City to have comprehensive and fully integrated support. Remaining with the current model would not provide the same level of coordinated claims management, proactive risk guidance, or municipal governance that a consolidated risk pool such as WCIA offers and may make it more difficult to keep pace with the City's evolving needs over time.

In addition, if the City does not move forward with joining WCIA, the City will need to proceed with its existing renewal cycle with CIAW and outside insurance carriers and prepare comprehensive renewal applications and underwriting submissions on a significantly condensed timeline prior to the December 1, 2026, policy renewal date. This process would be highly rushed and operationally challenging, limiting the City's ability to fully review options, negotiate effectively, or meaningfully address risk exposures in advance of renewal. This is not an ideal position for the City and may increase the risk of unfavorable renewal outcomes.

ATTACHMENTS:

Attachment A: Interlocal Pre-Membership Agreement
Attachment B: Appendix 172-26 Redmond (to be signed for full membership in WCIA)
Attachment C: WCIA Interlocal Agreement (effective upon approval of joining WCIA)
Attachment D: List of WCIA Members
Attachment E: WCIA Membership Overview to Redmond
Attachment F: Cost Comparison - Current Insurance Structure vs. WCIA
Attachment G: Council Approval Timeline