



MUNICIPAL SERVICES AUTHORITY (MSA) AGENDA

Agenda materials may be viewed on www.rgs.ca.gov or by contacting Richard H. Averett prior to the meeting.

REGULAR MEETING
May 17, 2012
1:00 p.m.

Walnut Creek Downtown Library
Las Trampas Conference Room, 2nd Fl.
1644 N. Broadway
Walnut Creek, CA 94596

1. CALL TO ORDER

2. CHANGES TO THE ORDER OF AGENDA

3. APPROVAL OF CONSENT AGENDA

Consent agenda items are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Executive Committee, staff or public request specific items to be removed for separate action.

A. Approval of **January 12th 2012** Minutes

Action

4. TREASURER'S REPORT

A. Approval of FY2013 budget and member allocation

Action

5. OLD BUSINESS

A. Approval of Cooperation Agreement Utilization Plan to Reduce Duplication

Action

6. NEW BUSINESS

7. PUBLIC COMMENT

Each speaker is limited to two minutes. If you are addressing the Executive Committee (EC) on a non-agenda item, the EC may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the EC's general policy is to refer items to staff for attention, or have a matter placed on a future EC agenda for a more comprehensive action or report.

8. NEXT MEETING: August 16th 2012, 1:00 p.m., location to be determined

Americans with Disabilities Act

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Richard Averett at (650) 587-7301. Notification in advance of the meeting will enable Agency to make reasonable arrangements to ensure accessibility.

**MUNICIPAL SERVICES AUTHORITY
JOINT POWERS AUTHORITY
BOARD OF DIRECTORS MINUTES**

The Municipal Services Authority Joint Powers Authority held a regular Board meeting on **January 12th, 2012** at Yountville Community Center, 6516 Washington Street, Yountville, CA 94599. The meeting was called to order at **4:16 p.m.**

1. CALL TO ORDER

2. ROLL CALL

Members Present: Steve Rogers - Regional Government Services
Ken Nordhoff - Local Government Services

Other Attendees: Richard Averett, Executive Director/CFO Michael Garvey, Exec. Comm. Chair
Jefferson Kise, Project Consultant Nancy Mackle, RGS Board Member
David Rendeiro, Keenan and Associates Joni Pattillo, LGS Board Member
Steve Bour, Keenan and Associates Herb Pike, RGS Board Member
Dan Schwartz, LGS Board Member

3. APPOINTMENT OF INTERIM CHAIR TO CONDUCT MEETING

ACTION: **M/S Nordhoff/Rogers** to nominate Member Rogers to the position of Interim Chair.

AYES: Chair Rogers, Member Nordhoff

NOES: None

ABSTAIN: None

4. APPROVAL OF AGENDA

ACTION: **M/S Nordhoff/Rogers** to approve the agenda without change.

AYES: Chair Rogers, Member Nordhoff

NOES: None

ABSTAIN: None

5. ADOPTION OF AGREEMENT & BYLAWS

ACTION: **M/S Nordhoff/Rogers** to approve Agreement & Bylaws that govern and operate the Joint Powers Authority subject to correcting the date on the cover of the agreement.

AYES: Chair Rogers, Member Nordhoff

NOES: None

ABSTAIN: None

6. ACCEPT FOUNDING MEMBERSHIP ACTIONS

ACTION: **M/S Nordhoff/Rogers** to review and accept founding member agencies' decisions with respect to MSA creation and appointment of representatives and alternate representatives.

AYES: Chair Rogers, Member Nordhoff

NOES: None

ABSTAIN: None

7. ELECTION OF OFFICERS

ACTION: **M/S Nordhoff/Rogers** to elect Member Nordhoff as Chair and Member Rogers as Vice-Chair.

AYES: Chair Nordhoff, Vice-Chair Rogers

NOES: None

ABSTAIN: None

8. APPROVAL OF COOPERATION AGREEMENT

ACTION: **M/S Rogers/Nordhoff** to approve a Cooperation Agreement with LGS and RGS.

AYES: Chair Nordhoff, Vice-Chair Rogers

NOES: None

ABSTAIN: None

9. APPROVAL OF INTERIM BUDGET AND RGS ADMINISTRATIVE SERVICES AND POLICIES

MSA will owe RGS for support services used this fiscal year and will reimburse RGS for these costs in the next fiscal year.

ACTION: **M/S Rogers/Nordhoff** to approve an interim FY2012 budget and to approve use of RGS Administrative services, including staffing, postal and mailing addresses, investment and all other policies, procedures and services as the Authority's staff and official agents, addresses, policies and procedures, as appropriate.
AYES: Chair Nordhoff, Vice-Chair Rogers
NOES: None
ABSTAIN: None

10. APPROVE JPA BROKERAGE/RISK MANAGEMENT CONSULTING AGREEMENT

The Executive Director reviewed the due diligence process performed by staff, and requested Board approval of the Agreement, with staff's noting of several items needing adjustment, subject to these administrative adjustments and JPA counsel's approval as to form.

ACTION: **M/S Rogers/Nordhoff** to approve the Agreement with Keenan & Associates for brokerage/risk management services.
AYES: Chair Nordhoff, Vice-Chair Rogers
NOES: None
ABSTAIN: None

11. ESTABLISH 2012/2013 MEETING DATES, TIMES & LOCATIONS

ACTION: **M/S Rogers/Nordhoff** to approve a minimum of one annual Board meeting, in conjunction with RGS and LGS annual Board meetings.
AYES: Chair Nordhoff, Vice-Chair Rogers
NOES: None
ABSTAIN: None

12. ADOPT CONFLICT OF INTEREST CODE

ACTION: **M/S Rogers/Nordhoff** to adopt a Conflict of Interest Code as presented.
AYES: Chair Nordhoff, Vice-Chair Rogers
NOES: None
ABSTAIN: None

13. PUBLIC COMMENT

No comment was received.

14. NEXT MEETING: to be coordinated with RGS and LGS Board meetings in May, 2012.

15. ADJOURNED – Meeting adjourned at 4:28 p.m.



TO: BOARD OF DIRECTORS **BOD Meeting: 5-17-2012**
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR **Item: 4A**
SUBJECT: APPROVAL OF FY2013 BUDGET AND MEMBER ALLOCATION

RECOMMENDATION

Approve the proposed FY2013 Budget and Member Allocation as recommended by the Executive Director.

BACKGROUND

Local Government Services Authority and Regional Government Services Authority currently receive insurance services through California Joint Powers Insurance Authority (CJPIA). Deductible amounts with CJPIA are \$30,000 per occurrence. If LGS and RGS were to continue with CJPIA, the estimated FY2013 costs for insurance premiums alone are reflected in the table below. It is important to note that these premium calculations were based on JPA census data that did not incorporate recent growth in clients and employees.

	<u>General Liability</u>	<u>Crime</u>	<u>Workers' Comp</u>
LGS	\$128,416	\$ 500	\$71,614
RGS	92,623	500	23,898
TOTALS:	<u>\$221,039</u>	<u>\$1,000</u>	<u>\$95,512</u>

Premiums for CJPIA are subject to retrospective adjustments based on actual claims for LGS and RGS as well as the pools' actual claims. In fiscal year 2011 these adjustments resulted in total insurance costs of \$421,000. LGS and RGS will continue to be subject to retrospective adjustments for a period of 8 years after LGS and RGS cease active participation in the pool (6/30/2012).

MUNICIPAL SERVICES AUTHORITY

As an alternative to actively participating in the CJPIA pool, LGS and RGS can purchase insurance services through Municipal Services Authority, an insurance JPA. With MSA, the policy would have a per occurrence deductible of \$50,000. Estimated FY2013 costs for insurance are reflected in the table below. Premiums are not subject to retrospective adjustments.

	<u>General Liability & Crime</u>	<u>Workers' Comp</u>
MSA	<u>\$85,000</u>	<u>\$76,000</u>

Additional MSA expenditures would include brokerage fees (\$38,000), RGS administration (\$30,000), and annual independent audit costs (\$6,000). Staff recommends that member agencies also contribute to funding reserves for retention of risks (i.e. deductibles). The total MSA budget for FY13 is recommended to be \$335,000.

Member Allocation: It is recommended that insurance costs be allocated to each member of the insurance JPA on the basis of each Agency’s most recent FTE counts, adjusted for projected changes, at the time of budget creation.

	<u>FTE Count</u>	<u>%</u>	<u>Allocation</u>
LGS	39	33%	\$111,000
RGS	78	67%	\$224,000

ANAYLSIS

Cost per employee is expected to be down approximately 10% from CJPIA costs, when anticipated adjustments for growth in the number of employees are factored into premium costs. In addition, MSA (and LGS and RGS) will not bear the costs of adverse claim history of non-member agencies, as is the case with CJPIA. Increasing the deductible and pooling LGS and RGS headcounts, reduces premium costs. This is a cost that is paid to external parties and is never recovered. Funding the deductible risks means LGS and RGS contribute to MSA reserves for losses. This money is retained by MSA until needed, and can accumulate – which can result in lower future annual contributions from the Members.

FISCAL IMPACT

There is a projected annual insurance cost savings of at least \$368 per employee achieved by switching to purchasing insurance services through MSA. There is also the potential of retaining moneys contributed for deductible coverage.

Municipal Services Authority

FY13 Budget

Income

Member Contributions	
RGS	\$ 224,000
LGS	\$ 111,000
Total Income	<u>\$ 335,000</u>

Expenses

Insurance Premium	
General Liability Coverages	\$ 85,000
Worker's Compensation	\$ 76,000
	<u>\$ 161,000</u>
RGS Administration Fees	\$ 30,000
Insurance Broker Fees	\$ 38,000
Audit Fees	\$ 6,000
	<u>\$ 235,000</u>
Reserve Contribution	\$ 100,000
Total Expenses and Reserves	<u>\$ 335,000</u>
Net Income	<u><u>\$ -</u></u>



TO: MSA BOARD OF DIRECTORS
FROM: RICHARD H. AVERETT, Executive Director
SUBJECT: COOPERATION AGREEMENT UTILIZATION PLAN

MSA Meeting: 5-17-12
Item: 5A

RECOMMENDATION

Approve utilization of the Cooperation Agreement to reduce duplication of shared administrative procedural and policy actions.

BACKGROUND

LGS, RGS and MSA adopted an updated Cooperation Agreement on January 12, 2012. The Cooperation Agreement states that the agencies will share administrative resources, including staff and vendor services, to more cost-effectively achieve and coordinate their operational needs.

Currently, administrative actions that are duplicated between agencies appear in all agency packets and are discussed and acted upon multiple times. Examples of such items include quarterly investment reports and annual updates of the Investment Policy and Personnel Rules & Regulations Policy. On those administrative items where RGS is lead agency and where the governing bodies of LGS and/or MSA would be taking identical actions and relying on RGS to implement those actions, governing body and staff time can be saved by using the Cooperation Agreement as authorization by the dependent JPA.

COOPERATION AGREEMENT UTILIZATION PLAN

In order to more fully realize the value of the Cooperation Agreement, it is recommended that shared administrative actions taken by RGS are effectively approved by LGS and MSA as signatories of the Cooperation Agreement. If LGS or MSA is the lead agency on administrative actions in the future, those actions will be effectively approved by the other agencies, as appropriate.

FISCAL IMPACT

The primary impacts of this action would be in reducing staff time spent duplicating reports and in reducing governing body time spent reviewing and acting on duplicated agenda items. Given the recent growth of the JPAs, both in number of employees and variety of activities (more contracts to manage, insurance pooling, investing funds, and internal functions to support growth such as adapting internal controls, coordinating activities, and improving support infrastructure), the time savings can be better allocated to these functions rather than duplicating efforts.