



# MUNICIPAL SERVICES AUTHORITY

*Providing Insurance Solutions for California Public Agencies*

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## MUNICIPAL SERVICES AUTHORITY (MSA) AGENDA

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### REGULAR MEETING

May 16, 2013

1:15 p.m.

### Central Marin Police Authority

Community Room  
250 Doherty Drive  
Larkspur, CA 94939

#### 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 **June 22<sup>nd</sup>, 2012** Minutes

Action

#### 4. TREASURER'S REPORT

A. Approval of FY2014 budget and member allocation

Action

#### 5. OLD BUSINESS - None

#### 6. NEW BUSINESS - None

#### 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: **TBD**

#### 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 held a regular Board of Directors meeting on **June 22<sup>nd</sup>, 2012** via teleconference. The meeting was called to order at **10:04am**.

**1. CALL TO ORDER**

Members Present: Ken Nordhoff, Chair, Member for Local Government Services  
Steve Rogers, Vice Chair, Member for Regional Government Services

Other Attendees: Richard Averett, Executive Director/CFO  
Jennifer Bower, Director of HR  
Bill Poland, Keenan and Associates  
David Rendeiro, Keenan and Associates  
Steve Bour, Keenan and Associates

**2. CHANGES TO THE ORDER OF AGENDA - None**

**3. APPROVAL OF CONSENT AGENDA**

A. Approval of **May 17<sup>th</sup> 2012** Minutes

**ACTION:** **M/S Rogers/Nordhoff** moved to approve the May 17<sup>th</sup>, 2012 minutes as presented.

**AYES:** Members Rogers, Nordhoff

**NOES:** None

**ABSTAIN:** None

**4. TREASURER'S REPORT - None**

**5. OLD BUSINESS**

A. Approval of Workers' Compensation proposal and resolutions **MSA2012-01**, **RGS2012-01** and **LGS2012-01** to self-insure – The Executive Director reported that he had checked with LGS and RGS Board Chair Schwarz and confirmed his approval of the process of having MSA act on behalf of LGS and RGS, with the resolutions to be presented at the next regular meetings of the two Boards for confirmation of these decisions. There was discussion of having a reserve policy, which would specifically identify target Workers' Compensation and General Liability reserve levels, and consider taking on the exposure once held by LGS and RGS.

**ACTION:** **M/S Rogers/Nordhoff** moved to approve the Workers' Compensation vendor and to approve the resolutions **MSA2012-01**, **RGS2012-01** and **LGS2012-01** as presented with the request that staff develop a reserve policy for MSA.

**AYES:** Members Rogers, Nordhoff

**NOES:** None

**ABSTAIN:** None

**6. NEW BUSINESS - None**

**7. PUBLIC COMMENT - None**

**8. NEXT MEETING:** The next meeting will be held on August 16th at 1:45 p.m. at Falkirk Community Center, San Rafael, CA

**9. ADJOURNED - Meeting adjourned at 10:18 a.m.**



# MUNICIPAL SERVICES AUTHORITY

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**TO:** BOARD OF DIRECTORS **BOD Meeting: 5-16-2013**  
**FROM:** RICHARD H. AVERETT, EXECUTIVE DIRECTOR **Item: 4A**  
**SUBJECT: APPROVAL OF FY2014 BUDGET AND MEMBER ALLOCATION**

## **RECOMMENDATION**

Approve the proposed FY2014 Budget and Member Allocation as recommended by staff.

## **BACKGROUND**

Beginning July 1, 2012, Local Government Services Authority and Regional Government Services Authority receive insurance services through MSA. The current year budget is \$335,000 and \$800,000 in additional member contributions was received mid-year in order to accelerate funding of claims reserves, in light of the high deductible, workers' compensation policy available this first year of MSA operations.

MSA has paid one liability claim of \$1,633.52 during the fiscal year. Claim losses originating prior to July 1, 2012 have not been realized, with three cases being addressed by the prior carrier – California Joint Powers Insurance Authority. The JPAs are subject to CJPIA retrospective adjustments based on actual claims for LGS and RGS as well as the pool's actual claims. MSA's reserve will be used to pay these retrospective adjustment invoices. 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).

## **BUDGET PERFORMANCE AND AVAILABLE BALANCE**

The MSA budget for fiscal year 2013 and fiscal year end (FYE) projections are shown below, along with the proposed budget for FY2014. It is recommended that all major expenditure categories for FY2014 be held at the same level as budgeted in FY2013. Carrier proposals have not been received as of the date of budget preparation, but our broker advises that premium costs are not expected to vary considerably from last year's amounts. This year's liability policy has a per occurrence deductible of \$50,000. This year's workers' comp policy has a \$1,000,000 deductible with \$200,000 per year cash flow protection. In consultation with our broker, MSA may consider eliminating the cash flow protection because of the Agency's claims reserve funding status.

	FY13 Budget	FY13 Proj'd	Variance	FY14 Budget
General Liab	85,000	62,256	-22,744	85,000
Workers' Comp	76,000	50,040	-25,960	76,000
RGS Admin	30,000	45,000	15,000	30,000
Brokerage	38,000	57,000	19,000	38,000
Audit Services	6,000	0	-6,000	6,000
Claims Reserve	<u>100,000</u>	<u>0</u>	<u>-100,000</u>	<u>100,000</u>
Total	335,000	214,296	120,704	335,000

As staff noted when the FY13 Budget was approved, start-up costs for brokerage and administrative services would be charged to MSA during the first fiscal year of operations. Thus, brokerage expenses

exceed the budget for the half-year services were provided by the vendor, and RGS Administration was reimbursed \$15,000 for its staff support of start-up.

MSA expects to start the FY2014 with in-tact reserves of \$920,704. The proposed FY2014 budget includes member agencies contributions to funding reserves for retention of risks (i.e. deductibles) of \$100,000.

Member Allocation: It is recommended that insurance costs be allocated to each member of the insurance JPA on the basis of Agency's share of revenues as a percentage of total revenues. This is the same allocation as used to spread Administrative costs not attributable to a specific client.