

## MUNICIPAL SERVICES AUTHORITY (MSA) AGENDA

*Agenda materials may be viewed on the Agency's web site or by contacting the Executive Director prior to the meeting.*

### REGULAR MEETING

May 26, 2017

9:00 a.m.

Via Teleconference

**Dublin Civic Center**, City Manager's Office, 100 Civic Plaza, Dublin, CA 94568  
**Larkspur City Hall**, City Manager's Office, 400 Magnolia Avenue, Larkspur, CA 94939  
**SamTrans**, Executive Conference Room, 3<sup>rd</sup> Fl., 1250 San Carlos Ave, San Carlos, CA 94070  
**Walnut Creek City Hall**, City Manager's Office, 1666 North Main Street, Walnut Creek, CA 94596  
**Yountville Town Hall**, Town Manager's Office, 6550 Yount Street, Yountville, CA 94599

#### 1. CALL TO ORDER / ROLL CALL

#### 2. PUBLIC COMMENT

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

#### 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 **March 30, 2017** Minutes

Action

#### 4. TREASURER'S REPORT

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through April 2017

Information

B. Approval of FY18 Budget

Action

#### 5. OLD BUSINESS

A. Dental Pool Update

Information

#### 6. NEW BUSINESS

#### 7. EXECUTIVE DIRECTOR AND MEMBER REPORTS

A. Executive Director: MIC update; PACE update; Support for AB1250 opposition, JPA legislative proposal, and CalPERS reform proposal

Information

B. Members:

Information

#### 8. ADJOURN

**The next Regular Meeting will take place on August 17, 2017 at 1:00 p.m. in Walnut Creek.**

#### 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  
BOARD OF DIRECTORS MINUTES  
MARCH 30, 2017**

Draft Action Minutes

The Municipal Services Authority held a regular meeting of the Board of Directors on March 30, 2017 at the Dublin Civic Center Regional Meeting Room. The meeting was called to order at 1:28 p.m.

**1. CALL TO ORDER**

Members Present: Dan Schwarz, Vice-Chair  
Fran Robustelli, Member

Members Absent: Steve Rogers, Chair

Other Attendees: Richard Averett, Executive Director  
Sophia Selivanoff, Director of HR Services  
Sky Woodruff, General Counsel  
Julie Carter, Dublin HR Director

A. Election of Officers

**Action:** Moved and seconded (Robustelli/Schwarz) to elect Steve Rogers Chair.

**AYES:** Schwarz, Robustelli

**NOES:** None

**ABSTAIN:** None

**2. PUBLIC COMMENT – None**

**3. APPROVAL OF CONSENT AGENDA**

A. Approval of **November 17, 2016** Minutes

**Action:** Moved and seconded (Robustelli/Schwarz) to approve consent agenda items.

**AYES:** Schwarz, Robustelli

**NOES:** None

**ABSTAIN:** None

**4. TREASURER’S REPORT**

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through February 2017

This is an information item and no action was taken. Executive Director Averett reviewed the financial performance of the agency, noting that financial results were on target with the budget.

**5. OLD BUSINESS**

A. Dental Pool Update

This is an information item and no action was taken. Executive Director Averett referred to the Board’s prior request to establish an Executive Director-appointed Advisory body for the dental pool. At this time, staff and Keenan & Associates are recommending no action until a decision is closer on self-insuring the program. Delta Dental has changed the threshold for this decision to 5,000 lives. The Board requested the Executive Director to find out why the threshold has changed, especially when other, smaller plans can and are self-insuring.

**6. NEW BUSINESS**

A. Authorize Executive Director to Award Audit Services Contract

**Action:** Moved and seconded (Robustelli/Schwarz) to authorize Executive Director to award the audit services contract to Badawi & Associates.

**AYES:** Schwarz, Robustelli

**NOES:** None

**ABSTAIN:** None

**7. EXECUTIVE DIRECTOR AND MEMBER REPORTS:**

- A. Executive Director: survey members to find a suitable date for the next meeting (possibly telephonic).
- B. Members: none.

**8. ADJOURNMENT** – The meeting adjourned at 1:43 p.m. The next regular meeting is scheduled for May 18, 2017 at 1:00 p.m. in Larkspur. However, staff will survey the members to find a suitable date to have a telephonic meeting in light of member conflicts with the regular meeting date of May 18.



**MUNICIPAL  
SERVICES  
AUTHORITY**

SERVING PUBLIC AGENCIES SINCE 2012

**TO:** BOARD OF DIRECTORS  
**FROM:** Jefferson Kise, Finance Manager  
**SUBJECT:** FINANCIAL REPORT ANALYSIS

**EC Meeting: 05-26-2017**  
**Item: 4A**

**RECOMMENDATION**

No action is required of the Board of Directors. These are informational, preliminary financial reports through April 2017, and are attached for review.

**ANALYSIS**

All reports are draft and unaudited.

Fiscal year to-date (FYTD) net income for the JPA was \$146,353. The results reflect budgeted member contribution revenue and the amortization of prepaid premiums for Worker's Compensation and General Liability Insurance, as well as broker and administration fees. Worker's compensation claims expense totals \$23,207 fiscal year to-date. The FYTD net position is \$2,281,329 reflecting the JPA's continued emphasis on building prudent reserves for potential claims.

**Municipal Services Authority**  
**Profit & Loss**  
 July 2016 through April 2017

	<u>Jul 16</u>	<u>Aug 16</u>	<u>Sep 16</u>	<u>Oct 16</u>	<u>Nov 16</u>	<u>Dec 16</u>	<u>Jan 17</u>	<u>Feb 17</u>	<u>Mar 17</u>	<u>Apr 17</u>	<u>TOTAL</u>
<b>Income</b>											
<b>440410 - Member Contributions</b>	38,083	38,083	38,083	38,083	38,083	38,083	38,083	38,083	38,083	38,083	380,830
<b>Total Income</b>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>380,830</u>
<b>Expense</b>											
<b>520100 - Broker Expense</b>	3,536	3,536	3,536	3,536	3,536	3,536	3,536	3,536	3,536	3,536	35,360
<b>520200 - Admin Fee Expense</b>	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	65,000
<b>520300 - Gen Liability Insur Exp</b>	5,283	5,283	5,283	5,283	5,283	5,283	5,283	5,283	5,283	5,283	52,830
<b>520400 - Worker Comp Insur Exp</b>	5,808	5,808	5,808	5,808	5,808	5,808	5,808	5,808	5,808	5,808	58,080
<b>550200 - Claims Expense - WC</b>	288	1,918	840	3,132	3,130	6,010	1,488	2,829	1,277	2,295	23,207
<b>Total Expense</b>	<u>21,415</u>	<u>23,045</u>	<u>21,967</u>	<u>24,259</u>	<u>24,257</u>	<u>27,137</u>	<u>22,615</u>	<u>23,956</u>	<u>22,404</u>	<u>23,422</u>	<u>234,477</u>
<b>Net Income</b>	<u><u>16,668</u></u>	<u><u>15,038</u></u>	<u><u>16,116</u></u>	<u><u>13,824</u></u>	<u><u>13,826</u></u>	<u><u>10,946</u></u>	<u><u>15,468</u></u>	<u><u>14,127</u></u>	<u><u>15,679</u></u>	<u><u>14,661</u></u>	<u><u>146,353</u></u>

Municipal Services Authority  
**Balance Sheet**  
As of April 30, 2017

	<u>Apr 30, 17</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
110010 · Union Bank Cash	2,309
<b>Total Checking/Savings</b>	<u>2,309</u>
Accounts Receivable	
120100 · Due From/To RGS-LGS	3,204,696
<b>Total Accounts Receivable</b>	<u>3,204,696</u>
Other Current Assets	
130100 · Prepaid Expenses	29,256
<b>Total Other Current Assets</b>	<u>29,256</u>
<b>Total Current Assets</b>	<u>3,236,261</u>
<b>TOTAL ASSETS</b>	<u><u>3,236,261</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Long Term Liabilities</b>	
260001 · IBNR - GL	12,500
260002 · IBNR - WC	44,235
260003 · Case Reserves - WC	30,765
260010 · Workers Comp Claims Liab - LGS	23,929
260011 · General Liability Claims - LGS	55,747
260020 · Workers Comp Claims Liab - RGS	164,754
260021 · General Liability Claims - RGS	623,002
<b>Total Long Term Liabilities</b>	<u>954,932</u>
<b>Total Liabilities</b>	954,932
<b>Equity</b>	
320000 · Unrestricted Net Assets	2,134,982
Net Income	146,347
<b>Total Equity</b>	<u>2,281,329</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>3,236,261</u></u>

**TO:** BOARD OF DIRECTORS  
**FROM:** RICHARD AVERETT, Executive Director  
**SUBJECT:** APPROVAL OF FY2018 BUDGET

**BOD Meeting: 05-26-2017**  
**Item: 4B**

### **RECOMMENDATION**

Review and approve the proposed FY2018 Budget.

### **BACKGROUND**

Fiscal Year (FY) 2018 proposed budget for Municipal Services Authority was prepared in accordance with overall direction provided by the Board of Directors. The budget is presented in a format similar to P&L financial reports provided to the Board at their regular meetings. Several budget assumptions have been made in developing these budgets. They are:

- Each JPA's budget is prepared separately, with RGS providing most operational services and all administrative staffing. Therefore, LGS and MSA reimburse RGS for administrative/overhead costs.
- Due to the anticipated termination of TAM during FY2018, the sharp reduction and elimination of LGS operating revenue, RGS will bear almost all of the administrative costs and is not expected to make additional contributions to MSA reserves.

The long-term target for Net Equity is \$2,100,000. Staff projects that net equity will be in line with that target at FYE2017. However, final resolution of prior claims under the CJPIA pool is expected to use a significant portion of expensed but unpaid claims reserves and of net equity.

### **FY2016 FINANCIAL PERFORMANCE**

FY2016 results show net income of \$444,154 due to additional Member contributions to MSA claims reserves and audit adjustments related to reduced loss provisions.

### **FY2017 PROJECTED FINANCIAL PERFORMANCE**

The 2017 budget was adopted in May 2016, with a net gain of \$244,000 without including budgeted claims expenses or a mid-year increase in administrative charge from RGS. Projected FYE net gain is \$176,000 attributable primarily to actual claims costs and administrative fee increases.

### **FY2018 PROPOSED BUDGET**

The proposed budget is for a net equity gain of \$100,000. Carrier premium rates for the next fiscal year are not known at this time, but are expected remain constant given the loss in LGS staff and offsetting gain in RGS client activity. Member contributions have been reduced by \$61,000 reflecting the loss of the remaining LGS client by the end of Q2. Also, changes in claims, actual or IBNR, would affect FYE equity.

**Municipal Services Authority**  
**FY2018 Profit Loss Budget**

	<b>FY 16 Actual</b>	<b>FY 17 Budget</b>	<b>FYE17 Projected</b>	<b>FY17 Variance</b>	<b>FY18 Budget</b>
<b>Income</b>					
<b>440410 · Member Contributions</b>	657,000	457,000	457,000	-	396,000
<b>Total Income</b>	<b>657,000</b>	<b>457,000</b>	<b>457,000</b>	<b>-</b>	<b>396,000</b>
<b>Expense</b>					
<b>520100 · Broker Expense (MIC)</b>	43,667	38,000	42,000	4,000	52,000
<b>520200 · Admin Fee Expense</b>	40,000	40,000	78,000	38,000	78,000
<b>520300 · Gen Liability Insur Exp</b>	59,608	65,000	63,000	(2,000)	60,000
<b>520400 · Worker Comp Insur Exp</b>	72,208	60,000	70,000	10,000	71,000
<b>Cyber and Crime policies</b>					7,000
<b>520600 · Legal</b>	-	10,000	-	(10,000)	-
<b>520600 · Actuarial Services</b>	3,000		-	-	-
<b>550100 · Claims Expense - GL</b>	(12,500)		-	-	-
<b>550200 · Claims Expense - WC</b>	6,863		28,000	28,000	28,000
<b>Total Expense</b>	<b>212,846</b>	<b>213,000</b>	<b>281,000</b>	<b>68,000</b>	<b>296,000</b>
<b>Net Income</b>	<b>444,154</b>	<b>244,000</b>	<b>176,000</b>	<b>(68,000)</b>	<b>100,000</b>