



LGS BOARD AGENDA

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

REGULAR MEETING
April 16, 2015
2:40 p.m.

Larkspur City Hall
City Council Chambers
400 Magnolia Avenue
Larkspur, CA 94939

1. CALL TO ORDER

2. CHANGES TO THE ORDER OF AGENDA

3. 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.

4. 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 Board, staff or public request specific items to be removed for separate action.

- | | |
|---------------------------------------------------------------|--------|
| A. Approval of April 3, 2015 Minutes | Action |
| B. Approval of San Rafael JPA Membership End | Action |
| C. Approval of Fiscal Year 2016 Budget | Action |
| D. Approval of Fiscal Year 2014 Audited Financial Statements | Action |
| E. Approval of Additional Contribution to MSA Claims Reserves | Action |

5. TREASURER'S REPORT - None

6. OLD BUSINESS - None

7. NEW BUSINESS

- | | |
|------------------------------------|--------|
| A. Approval of the Salary Schedule | Action |
|------------------------------------|--------|

8. ADJOURN

The next Regular Meeting will take place on August 20, 2015 at 1:00 p.m. at 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.

**LOCAL GOVERNMENT SERVICES AUTHORITY
BOARD OF DIRECTORS MINUTES
APRIL 3, 2015**

The Local Government Services Authority held a special meeting of the Board of Directors on April 3, 2015 via teleconference. The meeting was called to order at 2:41 p.m.

1. CALL TO ORDER

Members Present: Ken Nordhoff, Chair
Chris Foss, Member
Steve Rogers, Member

Members Absent: Dan Schwarz, Vice-Chair
Herb Pike, Member

Other Attendees: Richard Averett, Executive Director
Jeff Kise, Finance and Operations Manager

2. CHANGES TO THE ORDER OF AGENDA - None

3. PUBLIC COMMENT – None

4. APPROVAL OF CONSENT AGENDA

A. Approval of **August 21, 2014** Minutes

Action: Moved and seconded (Rogers/Foss) to approve consent agenda.

AYES: Nordhoff, Foss, Rogers

NOES: None

ABSTAIN: None

5. TREASURER’S REPORT - None

6. OLD BUSINESS - None

7. NEW BUSINESS

A. Approval of JPA’s intent that MSA assume administrative and fiduciary responsibility for founding Members’ prior claims. Executive Director Averett presented the report, outlining the purpose of the action to confirm the Board’s intent when forming Municipal Services Authority (MSA) was that the insurance JPA would pay claims expenses of the founding Members originating from claims prior to MSA formation.

Action: Moved and seconded (Foss/Rogers) to approve the recommended action to assume administrative and fiduciary responsibility for founding Members’ prior claims.

AYES: Nordhoff, Foss, Rogers

NOES: None

ABSTAIN: None

8. ADJOURNMENT – The meeting adjourned at 2:43 p.m. The next regular meeting is scheduled for April 16, 2015 at 1:00 p.m. in Larkspur.



TO: BOARD OF DIRECTORS
FROM: RICHARD AVERETT, Executive Director
SUBJECT: APPROVAL OF FY2016 BUDGET FOR LGS

BOD Meeting: 04-16-2015
Item: 4C

RECOMMENDATION

Review and approve the proposed FY2016 Budget for LGS.

BACKGROUND

Fiscal Year (FY) 2016 proposed budget for Local Government Services Authority was prepared in accordance with overall direction provided by the Finance Committee, Executive Committee and Board of Directors. The budget is presented in a format similar to P&L financial reports provided to the Executive Committee 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.
- Individual Client expenditures and reimbursement revenues can fluctuate from year to year, but no major clients (i.e. those from whom revenues exceed \$500,000 annually) are assumed to be leaving or to be added in next year’s budget cycle. Therefore, the proposed Authority budget assumes conservatively stable or ‘no net growth’.
- In the last quarter of FY2015, the rate model used to calculate cost of services was updated to begin implementation of small fee increases for administrative and insurance cost recovery. These increases will be phased in with existing clients, beginning mid-fiscal year. By the end of FY2016, these increases should result in additional combined revenues slightly in excess of \$50,000.

Net Equity minimum target for FY2015 is \$500,000. Staff projects that net equity will exceed the target, and is, therefore, proposing separately proposing an additional contribution to MSA in order to restore MSA reserves to the target level by the end of the 2015 fiscal year and is proposing the same target level for FYE 2016. Additional claims liabilities could again reduce reserves below target level.

FY2014 FINANCIAL PERFORMANCE

The LGS unaudited FY2014 results show net income declining \$241,073 due to an additional contribution of \$375,000 to MSA claims reserves.

FY2015 PROJECTED FINANCIAL PERFORMANCE

The LGS 2015 budget was adopted in May 2014, with a net gain of \$90,179. Projected FYE is a loss of \$9,282. Contributing factors are increased administrative support costs and the ending of LGS services to one client during the fiscal year. Planned rate increases during FY2016, should cover these cost increases.

FY2016 PROPOSED BUDGET

FY2016 proposed budget for LGS is for a net gain of \$38,000 more than expenditures. Expenses are budgeted at FY2015 Projected levels with the exception of a five percent increase in MSA insurance costs and for the ending of LGS services to one client in FY2015. Additional fee revenue is projected to more than offset MSA Member share increases.



TO: BOARD OF DIRECTORS **BOD Meeting: 4-16-2015**
FROM: RICHARD AVERETT, Executive Director/CFO **Item: 4D**
SUBJECT: APPROVAL OF AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2014

RECOMMENDATION

Review and approve the independent audit reports for fiscal year (FY) 2014.

BACKGROUND

The outside audit firm of James Marta and Company was retained to complete the FY2014 audit. Copies of the June 30, 2014 audited financial statements, along with copies of the June 30, 2014 audit reports, Management Letters and Board Communications and additional detail on the responses to auditor's comments have been included in the Finance Committee meeting packet. Audited financial statements are also posted to the JPA web site.

AUDIT RESULTS

Audit results are summarized below, with more information and analysis in the Management Discussion and Analysis section of the audit report. The FY2014 results reflect the continuing investment made to enhance capacity and financial sustainability of the JPA, and the impact of retrospective period adjustments of the former liability carrier. The positive net financial position of the JPA will permit a continued ability to provide quality services to our clients and employees.

LGS FINANCIAL HIGHLIGHTS

- Net income increased \$58,178 over the prior fiscal year.
- Due to changing the retiree benefit program from a defined benefit to a defined contribution plan for most employees, the Authority reduced long-term liability by \$292,000.
- LGS contributed \$375,000 to MSA claims reserves above its budgeted Member share.
- Net Assets at the end of the fiscal year are \$917,649, considerably above the minimum target of \$500,000. This change is primarily due to the assumption by MSA of prior period claims expenses and the release of all but \$85,884 of its long-term liability associated with the change in retiree medical benefit.



TO: BOARD OF DIRECTORS **BOD Meeting: 4-16-2015**
FROM: RICHARD AVERETT, Executive Director/CFO **Item: 4E**
SUBJECT: ADDITIONAL CONTRIBUTION TO MSA FOR INSURANCE RESERVES

RECOMMENDATION

Authorize an additional contribution to MSA of \$317,649 for insurance reserves.

BACKGROUND

Audited financial statements for June 30, 2014, show unrestricted net equity of \$917,649. This net position improved markedly over the targeted equity balance of \$500,000 for two primary reasons: insurance liability for claims expenses is now booked against the JPA's insurance pool (Municipal Services Authority); and the JPA has, except for one employee, converted its retiree medical benefit from a defined benefit plan to a defined contribution plan. Both of these measures effectively removed liabilities from the JPA, resulting in net equity substantially above target.

California Joint Powers Insurance Authority (CJPIA) issued the LGS loss run for claims originating while the Agency was a member of the CJPIA insurance pool. Final costs of these claims and any other pool costs passed through to MSA are not known at this time, but are expected to be in the \$1.5M to \$2 Million range. Other claims, originating subsequent to MSA's formation, must also be considered in the reserve funding plan.

Transferring claims liability to MSA, along with other incurred but not reported liability for the MSA pool, has resulted in MSA net equity for FYE2014 of \$374,334. Contributions from both MSA member agencies, as recommended by staff, would increase MSA fiscal-year-end net equity before FY15 audit adjustments for insurance claims to \$1.16M. MSA's target net equity is \$1,050,000.

FISCAL IMPACT

An additional contribution of \$317,649 to MSA claims reserves would result in lowering the LGS net financial position to the \$600,000. Staff is recommending a net position \$100,000 above the target net equity to meet anticipated FY2016 HRA vesting schedules.



TO: BOARD OF DIRECTORS
FROM: JENNIFER BOWER, Director of Human Resources
SUBJECT: PUBLICLY AVAILABLE SALARY SCHEDULES

BOD Meeting: 4-16-2015
Item: 7A

RECOMMENDATION

Approval of the salary schedule for Local Government Services Authority.

BACKGROUND

The Public Employees' Retirement Law (PERL) Government Code Sections 20636 and 20636.1 defines compensation earnable for public agency members. In order to meet the definition of compensation earnable, an amount of pay must either constitute a payrate or special compensation as defined in the statutes. Section 20636(d) further requires that payrate and special compensation schedules be approved by the governing body and that those schedules or similar documents be public records available for public scrutiny. In addition, California Code of Regulations Section CCR 570.5 also stipulates that government entities have publicly available pay schedules. LGS is in PERS and is governed by PERL, it also follows CCR 570.5 for compensation to be approved by the governing body.

As part of its business plan implementation, LGS sets salaries in coordination with each partner agency. In conformance with the section noted above, new positions and their resultant compensation will be agendized for Board approval, along with any other changes to the salary schedule, such as COLA increases. The attached salary schedule has no changes in it from February 2014 and it will stay in effect until the next Board approved change. It is the Agency's intent to bring the salary schedule to the board for approval no less than once each fiscal year.

As previously indicated, the LGS salary schedules have broad salary ranges in order for the JPA to appropriately allow compensation variances between rural and urban areas, as well as geographically diverse areas even though employees may perform the same duties. Appointments made be made at any place on the salary schedule. Step increases or Cost of Living Adjustments (COLAs) are not automatic for employees; step increases must be earned by performance. It must be noted that employees with similar duties in multiple assignments may be compensated differently based on the duties and region to which they are assigned. These differences are clearly delineated in a personnel action form for the employee.

FISCAL IMPACT

There is no fiscal impact of approving and adopting this salary schedule as all costs are either paid for by agency partners through the client bill rates and/or included in the current and proposed FY 2016 budget.

**Local Government Services
Salary Schedule Approved April 2015**

Level	Classification	Current Hourly Range Bottom	Current Hourly Range Top
Executive			
	CEO - Urban	80.0000	135.0000
Department Head			
	Department Director - Urban	70.0000	135.0000
	Advisor	60.0000	105.0000
Manager			
	Program Advisor	45.0000	75.0000
Analyst/Professional			
	Program Coordinator	30.0000	50.0000
Technical			
	Administrative Support	30.0000	50.0000
	Technical Assistant	20.0000	40.0000
Staff Support			
	Administrative Specialist	20.0000	40.0000

approved by LGS board 4/16/2015