

LGS EXECUTIVE COMMITTEE AGENDA

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

REGULAR MEETING

August 24, 2017

1:30 p.m. or immediately following the preceeding meeting,
whichever is earlier

Walnut Creek City Hall
2nd Floor Conference Room
1666 North Main Street
Walnut Creek, CA 94596

1. CALL TO ORDER / ROLL CALL

A. Election of Officers

Action

2. 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.

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 **May 26, 2017** Minutes

Action

B. Acceptance of LGS Position Listings

C. Approval of Regularly Scheduled Meetings Calendar

D. Approval of Payments and Deposits made May 2017 through July 2017

4. TREASURER'S REPORT

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

Information

5. OLD BUSINESS

Recess to Closed Session

1. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): One potential case.

Reconvene Regular Meeting

A. Report from Closed Session

Information

6. NEW BUSINESS

7. EXECUTIVE DIRECTOR AND MEMBER REPORTS

A. Executive Director:

B. Members:

Information

Information

7. ADJOURN

The next Regular Meeting will take place on November 16, 2017 at 10:00 a.m. in Yountville.

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
EXECUTIVE COMMITTEE MINUTES
MAY 26, 2017**

The Local Government Services Authority held a telephonic regular meeting of the Executive Committee on May 26, 2017. The meeting was called to order at 10:48 a.m.

1. CALL TO ORDER / ROLL CALL

Members Present: Steve Rogers, Chair
Julie Carter, Vice Chair
Michael Garvey, Member
Fran Robustelli, Member
Dan Schwarz, Member

Other Attendees: Richard Averett, Executive Director
Jennifer Bower, Director of Administrative Services
Sophia Selivanoff, Director of HR Services
Tiffany Buraglio, Executive Assistant
Sky Woodruff, General Counsel
Scott Kivel, Special Counsel

2. PUBLIC COMMENT – None

3. APPROVAL OF CONSENT AGENDA

- A. Approval of **March 30, 2017** Minutes
- B. Approval of LGS Position Listings
- C. Approval of Regularly Scheduled Meetings Calendar
- D. Approval of Payments and Deposits made March 2016 through April 2017
Action: Moved and seconded (Carter/Garvey) to approve consent agenda.
AYES: Rogers, Carter, Garvey, Robustelli, Schwarz
NOES: None
ABSTAIN: None

4. TREASURER’S REPORT

- A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through April 2017
Information item; no action taken. Executive Director Averett reviewed the preliminary year-to-date financial reports, noting that while the FYTD loss was \$509,000 the JPA experienced an average loss of \$23,000/month over the last 4 months. Net equity will be in the \$171,000 range instead of the target \$500,000 range. Chair Rogers inquired if staff will be addressing the wind-down of LGS in next year-and-a-half and Executive Director Averett said staff would present a report sooner than that, around the time when TAM leaves LGS.
- B. Approval of FY18 Budget
Executive Director Averett reviewed the FY18 Budget.
Action: Moved and seconded (Schwarz/Robustelli) to approve FY18 Budget.
AYES: Rogers, Carter, Garvey, Robustelli, Schwarz
NOES: None
ABSTAIN: None

10:53 a.m. Executive Assistant Buraglio left the meeting.

5. OLD BUSINESS

Recess to Closed Session 10:53 a.m.

- 1. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): Two potential cases.

Reconvene Regular Meeting 11:10 a.m.

11:10 a.m. Executive Assistant Buraglio joined the meeting.

A. Report from Closed Session

The Chair noted that no reportable action was taken and Chair Rogers expressed his appreciation for the diligence of the Executive Director and staff in efforts to come to a reasonable solution.

11:11 a.m. Special Counsel Scott Kivel left the meeting.

6. NEW BUSINESS - None

7. EXECUTIVE DIRECTOR AND COMMITTEE MEMBERS

A. Executive Director: TAM departure is estimated to be December 2017. LGS will continue to support TAM until they leave. With the Chair's concurrence, Executive Director Averett will be sending a letter in opposition to 1250 on behalf of LGS and JPA support for the proposed legislation covering JPA employer status. Chair Rogers noted there was consensus by the members to send a letter in support of AB 1250 and to support the JPA legislative proposal. CalPERS reform proposal was removed from Executive Director comments.

B. Members: None

8. ADJOURN – The meeting adjourned at 11:16 a.m. The next regular meeting is scheduled for August 17, 2017 at 1:00 p.m. in Walnut Creek.

LGS Position Listings

Base Department	Job Title	Status	Fulltime
6040-000 - TAM-General Hours	Advisor		1
6040-000 - TAM-General Hours	Advisor		1
6040-000 - TAM-General Hours	Program Advisor		1
6040-000 - TAM-General Hours	Administrative Support		1
6040-000 - TAM-General Hours	Advisor		1
6040-000 - TAM-General Hours	CEO - Urban		1
6040-000 - TAM-General Hours	Advisor		1
6040-000 - TAM-General Hours	Advisor		1
6040-000 - TAM-General Hours	Technical Assistant		1
	FTE		9
	Employee Count		9

TO: EXECUTIVE COMMITTEE **EC Meeting: 8-24-2017**
FROM: TIFFANY BURAGLIO, Executive Assistant **Item: 3C**
SUBJECT: EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS MEETINGS

Meeting Schedule

The following are regularly scheduled meetings for the upcoming years, along with special topics to be discussed. Quarterly meetings are conducted in person at a Member Agency site on the third Thursday of the month, starting at 1:00 p.m. unless noted below.

Date	EXEC COMM	BOARD	Special Topics	Location	Notes
2017					
August 24 (Thursday)	RGS LGS	MSA	Election of Officers (all)	Walnut Creek	Rescheduled from 2017-08-17
November 16-17 (Thursday & Fri)	RGS LGS	RGS LGS MSA	FY17 Audited Financial Statements; Personnel Rules, Regulations & Policies, Study Session	Yountville	Beginning at 10:00am
2018					
February 15 (Thursday)	RGS LGS	MSA		Dublin	
May 17 (Thursday)	RGS LGS	MSA	FY19 Budget & MSA rates; Admin & Financial Policies, Conflict of Interest (even years)	Larkspur	
August 16 (Thursday)	RGS LGS	RGS LGS MSA	Election of Officers (all), Exec Dir Compensation Committee	Walnut Creek	
November 15-16 (Thursday & Fri)	RGS LGS	MSA	FY18 Audited Financial Statements; Study Session	Yountville	
2019					
February 21 (Thursday)	RGS LGS	MSA	Personnel Rules, Regulations & Policies	Dublin	
May 16 (Thursday)	RGS LGS	MSA	FY20 Budget & MSA rates; Admin & Financial Policies, Conflict of Interest (even years), Personnel Rules, Regulations & Policies	Larkspur	
August 15 (Thursday)	RGS LGS	RGS LGS MSA	Election of Officers (all), Exec Dir Compensation Committee	Walnut Creek	

TO: EXECUTIVE COMMITTEE **EC Meeting: 08-24-2017**
FROM: Richard Averett, CFO **Item: 3D**
SUBJECT: PAYMENTS AND DEPOSITS – MAY 2017 THROUGH JULY 2017

RECOMMENDATION

Review and approve expenditures made by the JPA for the period indicated.

BACKGROUND

The Executive Committee reviews and approves expenditures made by the JPA on a quarterly basis. This approval process is a component of JPA internal controls. Deposit history is also included in the list.

The following procedures are being implemented to maintain effective internal controls.

1. Invoices are received by staff.
2. JPA staff review invoices for accuracy and assignment to correct general ledger accounts.
3. The Executive Director or designee reviews, prints and signs/authorizes checks. All payments, including electronic payments, are reviewed by the Executive Director in a weekly disbursement report submitted by the Finance Department. This report contains all disbursements from the previous week. Information provided includes: date of transaction, amount, vendor or recipient, method of payment, identity of first and second staff approvers, and check or journal number.
4. All payments are brought to the next regular meeting of Executive Committee (or Board of Directors) meeting for review and approval.

FISCAL IMPACT

The net impact of all payments and deposits made this period maintains a minimal bank cash balance consistent with meeting funding obligations, while maximizing interest earnings in the Rabobank money market account, in the Local Agency Investment Fund (LAIF) investment pool and in the CalTrust medium term and short term investment pools. Staff seeks to minimize bank charges at all times.

The fiscal impact of approving the attached list of expenditures is included in the approved budget or in subsequently approved action by the Board/Executive Committee.

Local Government Services
Transaction Detail by Account
May through July 2017

	<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>	<u>Balance</u>
110060 - Rabobank Checking							
	General Journal	05/01/2017	1396		4/15/17 PERS R Classic contribution Confirm #1000852490	-8,049.42	-8,049.42
	General Journal	05/04/2017	1398		4/30/17 net pay	-35,591.52	-43,640.94
	General Journal	05/05/2017	1399		4/30/17 payroll taxes & fees	-11,435.39	-55,076.33
	General Journal	05/10/2017	1438		5/31/17 Mass Mutual 457 contributions	-5,155.50	-60,231.83
	General Journal	05/15/2017	1402		4/30/17 PERS R Classic contribution Confirm #1000859262	-8,291.88	-68,523.71
	General Journal	05/19/2017	1426		5/15/17 net pay	-35,831.49	-104,355.20
	General Journal	05/22/2017	1427		5/15/17 payroll taxes & fees	-11,552.78	-115,907.98
	General Journal	05/24/2017	1433		5/15/17 UTC 457 contributions	-5,155.50	-121,063.48
	Deposit	05/31/2017			Deposit	121,063.48	0.00
	General Journal	06/06/2017	1435		5/31/17 net pay	-36,241.09	-36,241.09
	General Journal	06/07/2017	1436		5/31/17 payroll taxes & fees	-13,404.88	-49,645.97
	General Journal	06/14/2017	1437		5/31/17 Mass Mutual 457 contributions	-5,155.50	-54,801.47
	General Journal	06/14/2017	1443		5/15/17 PERS R Classic contribution Confirm #1000872836	-8,357.66	-63,159.13
	General Journal	06/14/2017	1444		5/31/17 PERS R Classic contribution Confirm #1000872838	-8,686.47	-71,845.60
	General Journal	06/21/2017	1450		6/15/17 net pay	-34,912.23	-106,757.83
	General Journal	06/22/2017	1451		6/15/17 payroll taxes & fees	-12,601.66	-119,359.49
	General Journal	06/26/2017	1452		6/15/17 Mass Mutual 457 contributions	-5,155.50	-124,514.99
	Deposit	06/30/2017			Deposit	124,514.99	0.00
	General Journal	07/07/2017	1458		6/30/17 net pay	-34,912.24	-34,912.24
	General Journal	07/10/2017	1459		6/30/17 payroll taxes & fees	-12,601.66	-47,513.90
	General Journal	07/13/2017	1469		6/30/17 Mass Mutual 457 contributions	-5,155.50	-52,669.40
	General Journal	07/17/2017	1468		6/15/17 PERS R Classic contribution Confirm #1000889943	-16,710.47	-69,379.87
	General Journal	07/20/2017	1471		7/15/17 net pay	-35,717.88	-105,097.75
	General Journal	07/21/2017	1472		/15 payroll taxes & fees	-13,117.40	-118,215.15
	General Journal	07/25/2017	1470		7/15/17 Mass Mutual 457 contributions	-5,411.17	-123,626.32
Total 110060 - Rabobank Checking						<u>-123,626.32</u>	<u>-123,626.32</u>
TOTAL						<u>-123,626.32</u>	<u>-123,626.32</u>

TO: EXECUTIVE COMMITTEE
FROM: Jefferson Kise, Finance Manager
SUBJECT: FINANCIAL REPORT ANALYSIS

EC Meeting: 08-24-2017
Item: 4A

RECOMMENDATION

No action is required of the Executive Committee. These are informational, preliminary financial reports through June 2017, and are attached for review.

ANALYSIS

All reports are draft and unaudited. Accruals for earned but not paid leave time are posted to the financials monthly. When cash is received on an advanced billing, it is posted to the deferred revenue liability account. Upon invoicing for services rendered the deferred revenue is reversed and revenue is recognized. There is no impact on net position of the agency.

Fiscal-year-to-date (FYTD), net income for the JPA was negative \$546,940. Sharply reduced client revenue because of CalPERS actions and related increased legal costs and professional services in response to the on-going CalPERS investigation, are the primary causes of this negative FYTD performance. Through the same period, net equity for the JPA is \$179,297, which is below the target balance of \$500,000.

As a result of CalPERS audits of LGS' largest client and then of LGS, the Agency lost its largest single source of revenue in the latter months of fiscal year 2016. LGS' share of administrative services (overhead) costs has decreased markedly, but legal and other professional services costs have increased significantly. With LGS' last client expected to leave in September, earlier than anticipated at budget adoption, Staff will prepare a financing plan for the remainder of the fiscal year/LGS obligations. As part of that plan, a liability claim is being prepared for extraordinary costs attributable to repercussions from the CalPERS audit.

Local Government Services
Profit & Loss
July 2016 through June 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>
Ordinary Income/Expense							
Income							
440301 · Client Billings	182,730	194,184	193,130	204,847	159,620	149,189	167,671
480000 · Miscellaneous	342	3,295	2,310	1,502	1,454	1,502	1,502
Total Income	<u>183,072</u>	<u>197,479</u>	<u>195,440</u>	<u>206,349</u>	<u>161,074</u>	<u>150,691</u>	<u>169,173</u>
Gross Profit	183,072	197,479	195,440	206,349	161,074	150,691	169,173
Expense							
511010 · Salaries - Regular	112,661	115,810	116,703	134,193	103,619	112,791	105,086
511072 · Salaries non-billable	9,459	-4,322	7,420	-18,106	6,080	-5,641	5,924
512002 · Medicare Employer Expense	1,610	1,656	1,663	1,918	1,477	1,611	1,500
512004 · Employee Assistance Program	72		36		33		33
512005 · Health Insurance Expense	12,497	12,497	12,497	12,497	10,822	10,822	11,130
512006 · Dental Insurance Expense	1,276	1,276	1,276	1,141	1,141	1,141	1,111
512007 · Vision Insurance Expense	203	203	203	176	176	176	176
512008 · Life Insurance Expense	196	196	197	188	179	180	181
512009 · Long Term Disability Expense	224	224	225	214	203	203	204
512010 · Stars 401A Expense	29	29	29	15			
512012 · Calpers Retirement Expense	22,766	23,711	25,714	24,346	21,667	22,148	21,929
512014 · Short Term Disability Expense	191	191	191	181	171	171	171
512015 · Unemployment Insurance Expense						2,057	526
512018 · FSA Health & Day Care Expense	57	42	43	43		45	45
512019 · Employee Expense Allowances	400	400					
520107 · APS (ADP) Payroll Fees	203	203	203	203	192	190	375
520109 · Communications - Employee Reimb	342		286				
520204 · Printing & Postage	782	2,496					1,057
520302 · Legal Services	23,324	4,867	26,981	17,288	16,506	603	6,712
520320 · Professional Services	5,000	4,500	5,750	7,500		7,900	4,000
520503 · Conferences & Meetings			229				
520508 · Licenses & Fees							
520803 · Travel Reimbursement			466				
520805 · Supplies and Meals			105				
522798 · Miscellaneous Expense							
529997 · Administrative Services - RGS	26,929	25,000	79,034	92,590	55,201	51,444	39,852
Total Expense	<u>218,221</u>	<u>188,979</u>	<u>279,251</u>	<u>274,387</u>	<u>217,467</u>	<u>205,841</u>	<u>200,012</u>
Net Ordinary Income	-35,149	8,500	-83,811	-68,038	-56,393	-55,150	-30,839
Other Income/Expense							
Other Expense							
529994 · Allowed OPEB / HRA Expense	20,333	20,833	20,833	20,833	20,833	20,833	2,042
529998 · Allocated Admin. Services	64,826	29,786	123,449	100,642	66,876	62,994	73,089
529999 · Allocated Unbillable Expenses	-64,826	-29,786	-123,449	-100,642	-66,876	-62,994	-73,089
Total Other Expense	<u>20,333</u>	<u>20,833</u>	<u>20,833</u>	<u>20,833</u>	<u>20,833</u>	<u>20,833</u>	<u>2,042</u>
Net Other Income	<u>-20,333</u>	<u>-20,833</u>	<u>-20,833</u>	<u>-20,833</u>	<u>-20,833</u>	<u>-20,833</u>	<u>-2,042</u>
Net Income	<u>-55,482</u>	<u>-12,333</u>	<u>-104,644</u>	<u>-88,871</u>	<u>-77,226</u>	<u>-75,983</u>	<u>-32,881</u>

Local Government Services
Profit & Loss
July 2016 through June 2017

	<u>Feb 17</u>	<u>Mar 17</u>	<u>Apr 17</u>	<u>May 17</u>	<u>Jun 17</u>	<u>TOTAL</u>
Ordinary Income/Expense						
Income						
440301 · Client Billings	154,290	197,052	162,795	174,696	182,909	2,123,113
480000 · Miscellaneous	1,357	1,502	1,454	1,502	4,598	22,320
Total Income	<u>155,647</u>	<u>198,554</u>	<u>164,249</u>	<u>176,198</u>	<u>187,507</u>	<u>2,145,433</u>
Gross Profit	155,647	198,554	164,249	176,198	187,507	2,145,433
Expense						
511010 · Salaries - Regular	101,642	107,219	103,354	107,876	105,350	1,326,304
511072 · Salaries non-billable	6,923	7,829	4,242	415	7,169	27,392
512002 · Medicare Employer Expense	1,450	1,531	1,475	1,540	1,512	18,943
512004 · Employee Assistance Program	33	33	69	33	33	375
512005 · Health Insurance Expense	11,131	11,130	11,131	11,130	12,288	139,572
512006 · Dental Insurance Expense	1,111	1,111	1,111	1,111	1,492	14,298
512007 · Vision Insurance Expense	176	176	176	176	471	2,488
512008 · Life Insurance Expense	181	182	182	183	195	2,240
512009 · Long Term Disability Expense	204	205	205	206	229	2,546
512010 · Stars 401A Expense						102
512012 · Calpers Retirement Expense	21,231	22,415	21,689	22,623	21,927	272,166
512014 · Short Term Disability Expense	171	171	171	171	181	2,132
512015 · Unemployment Insurance Expense						2,583
512018 · FSA Health & Day Care Expense	283	25	25		60	668
512019 · Employee Expense Allowances						800
520107 · APS (ADP) Payroll Fees	439	192	192	192	192	2,776
520109 · Communications - Employee Reimb						628
520204 · Printing & Postage						4,335
520302 · Legal Services		9,966	5,348		19,012	130,607
520320 · Professional Services	4,000	4,000	4,000	5,707	4,000	56,357
520503 · Conferences & Meetings						229
520508 · Licenses & Fees					2	2
520803 · Travel Reimbursement						466
520805 · Supplies and Meals						105
522798 · Miscellaneous Expense						
529997 · Administrative Services - RGS	34,631	34,857	35,626	25,000	47,345	547,509
Total Expense	<u>183,606</u>	<u>201,042</u>	<u>188,996</u>	<u>176,363</u>	<u>221,458</u>	<u>2,555,623</u>
Net Ordinary Income	-27,959	-2,488	-24,747	-165	-33,951	-410,190
Other Income/Expense						
Other Expense						
529994 · Allowed OPEB / HRA Expense	2,042	2,042	2,042	2,042	2,042	136,750
529998 · Allocated Admin. Services	46,309	52,347	41,631	31,347	71,630	764,926
529999 · Allocated Unbillable Expenses	-46,309	-52,347	-41,631	-31,347	-71,630	-764,926
Total Other Expense	<u>2,042</u>	<u>2,042</u>	<u>2,042</u>	<u>2,042</u>	<u>2,042</u>	<u>136,750</u>
Net Other Income	<u>-2,042</u>	<u>-2,042</u>	<u>-2,042</u>	<u>-2,042</u>	<u>-2,042</u>	<u>-136,750</u>
Net Income	<u>-30,001</u>	<u>-4,530</u>	<u>-26,789</u>	<u>-2,207</u>	<u>-35,993</u>	<u>-546,940</u>

Local Government Services
Balance Sheet
As of June 30, 2017

	Jun 30, 17
ASSETS	
Current Assets	
Accounts Receivable	
131320 · Accounts Receivable - Trade	240,469
Total Accounts Receivable	240,469
Other Current Assets	
143006 · Due from RGS	1,544,240
150006 · Prepaid Expenses	4,000
150007 · Prepaid Insurance	8
Total Other Current Assets	1,548,248
Total Current Assets	1,788,717
Other Assets	
170000 · Deferred Outflows	669,082
Total Other Assets	669,082
TOTAL ASSETS	2,457,799
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2100*OE · Payroll Liabilities	0
214071 · Claims Reserve Payable MSA	1,292,649
221001 · Calpers Retirement Liab	16,710
221003 · 457/401A Retirement Liab	5,155
221006 · FSA Health & Day Care	592
230060 · Accrued Salaries, Wages & Taxes	47,418
240011 · Refundable Deposits	0
250001 · Accrued Vacation	164,601
250002 · Contra Vacation, Sick and Admin	0
Total Other Current Liabilities	1,527,125
Total Current Liabilities	1,527,125
Long Term Liabilities	
270000 · Net Pension Liability	560,643
280000 · Deferred Inflows	190,734
Total Long Term Liabilities	751,377
Total Liabilities	2,278,502
Equity	
32000 · Retained Earnings	-84,664
370000 · Fund Bal Unreserved/Unrestrictd	1,334,881
380000 · Prior Period Adjustment	-523,981
Net Income	-546,939
Total Equity	179,297
TOTAL LIABILITIES & EQUITY	2,457,799