

City of South Pasadena Finance Committee
Minutes for Meeting of:
May 8, 2013, 6:30 p.m.

Location: Burke Triolo Studio
538 Mission Street
South Pasadena, CA 91030

- I. Roll Call** Committee Chair Adrian – Present
Member Burke – Present
Member Catania – Present
Member Peters – Present
Member Rusk – Excused
City Council Liaison Schneider - Present
City Treasurer Pia – Present
Acting Finance Director Batt – Present

Also Present: Asst. City Manager Hilary Straus
Human Resources Manager Mariam Ko
Councilmember Michael Cacciotti
Michael Simmons – Alliant (by phone)
Conor Boughey – Alliant (by phone)

II. Public Comment (Taken up after Item IV)

None.

III. Approval of Minutes (Taken up after Item IV)

Approved 4-0, Rusk Absent

IV. Continuing Business

- a. Review of City's Risk Management/Insurance Programs and Policy Options

Conor Boughey of Alliant gave an update on three questions from the April 24 meeting; first, a notice of termination to CJPIA would have to be given by July 1, 2013, second, the City would have to pay for an actuarial and rate analysis for CESAC for the first year at a cost of \$4,200 with subsequent years at about half that, and third, the City would need to have a plan for settlement authority up to \$10,000 in place by July 1, 2014. He said that based on a 10-year claims history review, the City could expect to have about \$85,000 worth of claims per year, and that is built into the cost savings estimate for CESAC. He added that the amount does not show any trend up or down.

Member Burke raised questions about training opportunities with CESAC vs. CJPIA. HR Manager Ko said that the City uses CJPIA's resources extensively, and that out of the hundreds of training courses available, City employees have taken over 50% of them in the last three years. Mr.

Boughey said that CESAC has online programs similar to CJPIA but would cost approx. \$5,000 additional per year. There would be a cost for on-site training sessions, (regional training would be free); unlike with CJPIA, though, the City would have to be proactive in requesting them. Mr. Simmons said that a portion of the CESAC premium is set aside as a subsidy that can be used to offset training costs. However, there is no reduction in the premium for cities whose employees have completed training sessions. In answer to a question from Asst. City Manager Straus, Mr. Simmons and Mr. Boughey described the process about how claims are handled with respect to staff involvement, and the differences between CESAC and CJPIA. The amount of staff time would likely increase under CESAC but is not likely to be significant.

Mr. Simmons said that should the City decide to go with CESAC, there would be orientation sessions that staff could attend, or they could come to the City and give a presentation. The actuarial should be started sometime in August, and that would be submitted along with the application to CESAC. They would then provide a premium estimate, but the actual amount wouldn't be available until around March. Mr. Boughey said that if the City decided to go with CESAC, they would plan to have the membership approved by the CESAC board in December, so underwriting would be done by October. The premium estimate at that point should be within 5% of the final number.

There was a brief discussion regarding the actuarial procedures, the custodial fund that would need to be set up for CESAC to draw from, travel reimbursement policies, and board and committee involvement. There was further discussion on training opportunities and costs. HR Manager Ko expressed concern about the training available from CESAC compared to CJPIA; Asst. City Manager Straus said this would be researched before any commitment was made to CESAC.

Member Catania made a motion to give notice of intent to terminate with CJPIA effective July 1, 2013, and go into CESAC with the understanding that the City has until the end of April 2014 to take a final action on that.

Passed 4-0.

Closed.

b. Update on FY 2013-2014 Budget Process

Acting Finance Director Batt gave a brief update on the budget; he said there had been two meetings already, consisting of Department presentations. The City is trying to keep a status quo budget, with any adjustments being revenue neutral. At the May 15 Council meeting, the intention is to discuss reserve levels, CIP, capital outlay and staffing changes. There will be two meetings in June to finalize the numbers.

There was discussion about the level of legal reserves, the City's unfunded liabilities, and the costs of capital works projects.

Closed.

V. Committee Member Comments

None.

VI. Adjournment

The meeting was adjourned at 8:35 p.m. The next regular meeting is scheduled for 6:30 p.m., July 10, 2013, at Burke Triolo Studio, 538 Mission Street.

Accepted:

Carrie Adman
Committee Chair Adrian

Feb 17, 2014
Date