JPA SERVICE REVIEW
FOR THE

Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA)
<table>
<thead>
<tr>
<th><strong>Project Name:</strong></th>
<th>JPA Service Review for the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) JPA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LAFCo Project No.:</strong></td>
<td>053</td>
</tr>
</tbody>
</table>
| **Conducted By:** | Christine Crawford, Executive Officer  
Yolo Local Agency Formation Commission  
625 Court Street, Suite 107  
Woodland, CA 95695 |
| **Date:** | December 18, 2019 |
| **Subject Agency:** | Yolo County Public Agency Risk Management Insurance Authority |
| **Agency Address:** | 77 West Lincoln Avenue  
Woodland, CA 95695 |
| **Agency Contact Person:** | Armond Sarkis, ARM, CPCU - CEO/Risk Manager |
| **Date of Last JPA Service Review Adopted by LAFCo** | N/A |
WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, set forth in Government Code Sections 56000 et seq., governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code Sections 56000 et seq. (unless otherwise indicated all statutory references are to the Government Code); and

WHEREAS, Section 56378(a) provides for a local agency formation commission to initiate and make studies of existing governmental agencies, including inventorying those agencies and determining their maximum service area and service capacities requesting studies, joint powers agreements, and plans of joint powers agencies and joint powers authorities; and

WHEREAS, the cities within Yolo County and the County of Yolo adopted the Yolo Local Government Transparency and Accountability Program at each’s respective board meetings held in fall 2017 which requested that the Yolo Local Agency Formation Commission (LAFCo) add selected types of joint powers authorities/agencies (“JPA”) to its municipal service review process; and

WHEREAS, the Yolo Local Government Transparency and Accountability Program implementation requests LAFCo conduct Municipal Service Reviews every five years of selected types of JPAs whose service area is mostly within the county and includes: (1) JPAs that provide municipal services; (2) JPAs that employ staff; and/or (3) JPAs with boards comprised of agency staff, and specifically identifies YCPARMIA; and

WHEREAS, in 2018/19, LAFCo conducted a JPA Service Review of YCPARMIA; and

WHEREAS, staff has reviewed the JPA Service Review pursuant to the California Environmental Quality Act (CEQA) and determined that a JPA Service Review is not a “project” per CEQA Guidelines Section 21065 because it is not an activity which may cause a direct or indirect physical change to the environment; and

WHEREAS, the Executive Officer set a public hearing for August 22, 2019, for consideration of the draft JPA Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, on August 22, 2019, the draft JPA Service Review came on regularly for hearing before LAFCo, at the time and place specified in the Notice; and

WHEREAS, on August 22, 2019, LAFCo took action to continue the public hearing until December 18, 2019; and

WHEREAS, at the December 18, 2019 hearing, LAFCo reviewed the draft JPA Service Review, and the Executive Officer's Report and Recommendations; and all other matters presented as prescribed by law; and
WHEREAS, at that time, an opportunity was given to all interested persons, organizations, and agencies to present oral or written testimony and other information concerning the proposal and all related matters; and

WHEREAS, the Commission received, heard, discussed, and considered all oral and written testimony related to the sphere update, including but not limited to protests and objections, the Executive Officer’s report and recommendations, and determinations and the service review.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that the Yolo Local Agency Formation Commission hereby adopts Resolution 2019-13 adopting the JPA Service Review for the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) dated December 18, 2019 and incorporated herein by this reference, subject to the following finding and recommendations:

FINDING

Finding: Approval of the JPA Service Review is consistent with all applicable state laws and local Yolo Local Government Transparency and Accountability Program.

Evidence: The JPA Service Review was prepared consistent with the requirements in the Cortese-Knox-Hertzberg Act for requesting information from and furnishing studies for government agencies. Staff followed the steps outlined in the Program including: Compiling publicly and readily available information; Requesting any additional information from the JPA, minimizing JPA staff time; Developing JPA recommendations regarding each of the determinations; Completing an administrative draft report for preview by JPA management; Responding to any comments and preparing a draft report available for public review; Publishing a hearing notice for public review and comment of the draft JPA Service Review; Adopting the JPA Service Review at a public hearing, finalizing the report, and posting it online; and Sharing findings with city/county managers, including any cumulative recommendations on ways to streamline and improve efficiencies with the governance structures countywide.

RECOMMENDATIONS

1. YCPARMIA should consider developing a schedule and setting aside funds for regular building maintenance.

2. YCPARMIA should consider modifying its budgeting practice to include budgeting for loss reserve adjustments, expenses that are passed through to member agencies, dividends paid to members, depreciation, and changes to retiree health insurance (OPEB), pension and accrued compensation liabilities. Budget modifications can be made during the year as amounts are known. Some of these amounts are known after the completion of audits and actuarial studies.

3. YCPARMIA should consider reviewing the reserve calculation process to ensure funded reserves balances provided to the board reconciles to the actual ending net position balance. Also YCPARMIA should consider creating separate general ledger accounts for each reserve and maintain the balances to agree to the amounts calculated and reported to the board.

4. YCPARMIA should consider establishing an irrevocable trust to accumulate assets to fund the OPEB liability.
5. YCPARMIA should consider making voluntary lump sum payments to CalPERS, as funding permits, to reduce the pension liability.

6. YCPARMIA should improve its website and content. The agency received a 26% transparency score in the Yolo Local Government 2018 Website Transparency Scorecard report. The JPA's information deficiencies can be viewed here: [https://www.yololafco.org/yolo-local-government-website-transparency-scorecards. (It was noted at the December 18, 2019 LAFCO meeting adopting this MSR that YCPARMIA had made significant website content improvements and had tentatively received a score of 100% for 2019, therefore, this initial recommendation has already been addressed.)

7. YCPARMIA should improve accountability practices as follows:
   a. Make an annual presentation to each city council and Board of Supervisors at a public meeting;
   b. Provide written report on claims/outcomes on a quarterly basis to the larger members (e.g. cities, Yolo County, etc.) and on an annual basis to the smaller members;
   c. Provide YCPARMIA agendas to the cities and Yolo County to include as correspondence in their respective agenda packets;
   d. List YCPARMIA Board member names and agency represented on each agenda; and
   e. Post agendas in more prominent places, such as the County Administration Building.

PASSED AND ADOPTED by the Yolo Local Agency Formation Commission, State of California, this 18th day of December 2019, by the following vote:

Ayes: Arnold, Sandy, Saylor, Stallard, Woods
Noes: None
Abstentions: None
Absent: None

Olin Woods, Chair
Yolo County Local Agency Formation Commission

Attest:

Christine Crawford, Executive Officer
Yolo County Local Agency Formation Commission

Approved as to form:

Eric May, Commission Counsel

Resolution 2019-13
Adopted December 18, 2019
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JPA SERVICE REVIEW BACKGROUND

ROLE AND RESPONSIBILITY OF LAFCO

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended ("CKH Act") (California Government Code §§56000 et seq.), is LAFCo’s governing law and outlines the requirements for preparing Municipal Service Reviews (MSRs). MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (§56301). CKH Act Section 56301 further establishes that “one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

While MSRs are not legally required of Joint Powers Agencies/Authorities, LAFCo has been requested by the cities and County (i.e. JPA member agencies) to provide MSR-like service reviews of selected types of JPAs in the county. LAFCo has the authority to furnish informational studies and analyzing independent data to make informed recommendations regarding the efficient, cost-effective, and reliable delivery of services to residents, landowners, and businesses via these JPAs. With this intention, LAFCo has modified its MSR checklist to conduct service reviews of JPAs.

PURPOSE OF A JPA SERVICE REVIEW

LAFCo has broad discretion in conducting informational studies, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. The intent of the JPA Services Review is to provide a comprehensive inventory and analysis of the services provided by local JPAs, service areas, and evaluation of the finances, structure and operation of the local agency and discuss possible areas for improvement and coordination. From the state required MSR determinations, the following determinations remain relevant to the comprehensive inventory and analysis of local JPAs (there is a disadvantaged unincorporated communities determination for MSRs that is not applicable to JPAs):

1. Growth and population projections for the service area;
2. Present and planned capacity of any public facilities, adequacy of services, and infrastructure needs or deficiencies;
3. Financial ability of agencies to provide services;
4. Status of, and opportunities for, shared services and facilities;
5. Accountability for community service needs, including governmental structure and operational efficiencies; and
6. Any other matter related to effective or efficient service delivery, or as required by commission policy.

The JPA Service Review is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.
AGENCY PROFILE

The Yolo County Public Agency Risk Management Authority (YCPARMIA) is a joint powers authority formed in 1978 by participating members. It provides non-profit risk management, insurance, and safety services to its members within Yolo County. Its risk sharing pool is comprised of public entities in Yolo County that have entered into a joint powers agreement as either a voting member or an associate member. It is governed by a Board that is appointed by its six member agencies. There are an additional twenty-six associate member public agencies served. YCPARMIA’s Board is independent, and not controlled by their member agencies. There is no insurance; with few specialized exceptions, members are covered by programs of self-insurance (funds YCPARMIA has set aside to pay claim costs). YCPARMIA, in turn, is a member of various excess pools made up of hundreds of other California public entities that provide coverage above YCPARMIA’s pooled retentions/limits.

Prior to implementation of the YCPARMIA self-insurance program on March 1, 1979, each agency purchased its own insurance. To one degree or another, insurance related services such as loss prevention, claims and loss record keeping were supplied by the insurance companies. The pooling program substitutes a collective approach to loss funding and servicing for the previous programs.

YCPARMIA Mission:

“To protect the members’ resources from the impact of loss through a program of insurance coverage, prevention, education, training, and service.

Objectives

- Assess and address the needs of the members;
- Provide the most cost effective insurance coverage available
- Provide the most relevant training & education;
- Maintain the organizational strength of YCPARMIA, and
- Provide responsive and comprehensive risk management services.”

JPA Members

The Agency is governed by a six-member Board of Directors; one representative from each member agency. Board members comprised of agency staff members that are appointed by their jurisdiction’s governing body. The Board of Directors adopts an annual meeting calendar which generally meets on the fourth Thursdays of most months of the year (eight meetings are scheduled for 2019).

The current voting members (and the year joined) making up the Board of Directors are:

- County of Yolo (1979)
- City of Woodland (1979)
- City of Davis (1979)
- City of Winters (1979)
- Esparto School District (1979)
- City of West Sacramento (1985)

The current associate/non-voting members (and the year joined) are:

- YCPARMIA (1979)
- Yolo-Solano Air Quality Management District (1985)
- Yolo Emergency Communications Agency (1988)

1 Yolo LAFCo is an associate member of YCPARMIA.
• Capay Fire Protection District (1986)
• Springlake Fire Protection District (1983)
• East Davis County Fire Protection District (1997)
• California Superior Courts, County of Yolo (1999)
• No Man’s Land Fire Protection District (2000)
• Yolo County Law Library (2001)
• Yolo County In-Home Supportive Services Public Authority (2002)
• Yolo LAFCo (2003)
• Davis Cemetery District (2003)
• Madison Fire District (2003)
• Yolo Habitat Conservancy JPA (2003)
• Winters Cemetery District (2003)
• Dunnigan Fire Protection District (2004)
• Cottonwood Cemetery District (2005)
• Clarksburg Fire Protection District (2005)
• Sacramento-Yolo Port District (2006)
• Winters Fire Protection District (2006)
• Madison Community Service District (2008)
• Woodland-Davis Clean Water Agency (2009)
• Willow Oak Fire Protection District (2016)
• West Plainfield Fire Protection District (2016)
• Esparto Fire Protection District (2017)
• Valley Clean Energy Alliance JPA (2017)

Member “Premiums”

YCPARMIA’s annual revenues come entirely from member premium/cash payments. An annual actuary study is used to determine premiums based largely on member’s claim history in liability and workers’ compensation. Loss prevention efforts that drive down claim frequency and severity will result in lower premium charges while catastrophic losses will result in increases. When YCPARMIA is able to “beat” the actuary’s projections of future losses, surplus funds result. The YCPARMIA Board returns these surplus funds to members in the form of premium rebate credits. YCPARMIA is staffed to provide professional risk management and claim services for members; there are no separate charges for these services. YCPARMIA staff has no authority over the risk management efforts of its members; at best staff serve as an outside consultant, albeit with a vested interest representing agency’s risk sharing partners.

The annual "premium" charged each agency is designed to reflect the risk exposure of each participating agency, and modified to reflect the actual losses paid by the pool on behalf of each participating agency. Equity is achieved to the greatest extent possible. The annual premium charged to each participating agency consists of its pro-rata share of: 1) Excess insurance premium, 2) Charge for the pooled risk (or losses), recognizing the deductible selected, 3) Claims adjusting and legal costs, and 4) Administrative and other costs to operate the Authority.

Workers compensation claims administration services are contracted with outside third party administrators for the adjustment of all losses. Loss record keeping services are provided by the third party administrators in the form of computerized loss runs supplied monthly to YCPARMIA. All other types of claims are handled and processed by YCPARMIA staff.

Under the pooling program, losses are funded in the following manner:

1) Each participating agency assumes a deductible to a level commensurate with its financial size. However, the minimum deductible is $1,000.
2) A self-insurance fund is created and funded by all participating agencies at the “YCPARMIA Level”.
3) Excess insurance is purchased by YCPARMIA for all catastrophic losses under all coverage lines, or obtained through membership in the California Association of Joint Powers Authorities, California Joint Powers Risk Management Authority, and CSAC Excess Insurance Authority. At this level coverage can be provided by pooled funding, reinsurance, or the purchase of excess insurance.

YCPARMIA provides the following risk sharing programs:

- Liability General: Auto, Personal, Employment Liability, and Errors and Omissions
- Workers’ Compensation: Including Employers’ Liability
- Property/Boiler & Machinery Buildings, Contents, Property in the open, and Vehicle physical damage
- Fidelity: Employee dishonesty

YCPARMIA passes through other liability programs to other insurance providers:

- Aircraft Liability
- Airport Liability
- Cyber Liability
- Drone Liability
- Landfill Liability
- Marine Liability
- Medical Malpractice
- Pollution Liability
- School Bus Liability
- Special Event Liability
- Underground Storage Tank Liability

Typical YCPARMIA claims include:

- Auto Accidents
- Dangerous Conditions/Premises Liability (slip/trip, potholes, falling trees, etc.)
- Employment Practices (discrimination, harassment matters,
- Law Enforcement (excessive force, false arrest)
- Federal claims (civil rights, etc.)

The great majority of YCPARMIA workers’ compensation injuries involves workers injuring themselves; to that add the safety adage that “all injuries are preventable.” If each worker had their own zero tolerance on safety issues, there would be very few work-place injuries. However, the number of YCPARMIA’s injured workers has remained constant for the past decade – about 10% of the total YCPARMIA workforce suffers a work-place injury in any given year.

Agency members have opted to join the JPA and not hire their own risk managers. YCPARMIA provides members with information, but agencies need to prioritize their own training recognizing there is not sufficient staff or funding to do it all. Although member agencies may not do everything they should, lawsuits and claims can change behavior. YCPARMIA can also expel an agency if it has too many claims and it doesn’t change its risk profile, but it has never happened to date.

**Liability Claim Volume**

The following data is for YCPARMIA’s Liability Program and the total claim amount incurred for each claim type and by fiscal year:
The following table shows the total number of claims filed each fiscal year by claim type:

<table>
<thead>
<tr>
<th>FY End</th>
<th>Auto Liability</th>
<th>Dangerous Condition</th>
<th>Employment Liability</th>
<th>Errors and Omissions</th>
<th>General Liability</th>
<th>Law Enforcement</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>19</td>
<td>32</td>
<td>1</td>
<td>8</td>
<td>4</td>
<td>26</td>
<td>90</td>
</tr>
<tr>
<td>2015</td>
<td>17</td>
<td>60</td>
<td>3</td>
<td>4</td>
<td>11</td>
<td>32</td>
<td>127</td>
</tr>
<tr>
<td>2016</td>
<td>23</td>
<td>51</td>
<td>6</td>
<td>8</td>
<td>7</td>
<td>18</td>
<td>113</td>
</tr>
<tr>
<td>2017</td>
<td>26</td>
<td>71</td>
<td>1</td>
<td>3</td>
<td>22</td>
<td>31</td>
<td>154</td>
</tr>
<tr>
<td>2018</td>
<td>24</td>
<td>38</td>
<td>1</td>
<td>5</td>
<td>12</td>
<td>11</td>
<td>91</td>
</tr>
<tr>
<td>Grand Total</td>
<td>109</td>
<td>252</td>
<td>12</td>
<td>28</td>
<td>56</td>
<td>118</td>
<td>575</td>
</tr>
</tbody>
</table>

Workers Compensation Claim Volume

The table below shows the number of workers’ compensation claims for the last 10 fiscal years, categorized by the amount of the claims:

<table>
<thead>
<tr>
<th>FY</th>
<th>$0</th>
<th>$0.01-$1,000</th>
<th>$1,001-$2,000</th>
<th>$2,001-$5,000</th>
<th>$5,001-$10,000</th>
<th>$10,001-$25,000</th>
<th>$25,001-$50,000</th>
<th>$50,001-$75,000</th>
<th>$75,001-$100,000</th>
<th>$100,001-$500,000</th>
<th>$500,001-$1,000,000</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-2009</td>
<td>97</td>
<td>202</td>
<td>30</td>
<td>31</td>
<td>9</td>
<td>19</td>
<td>10</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>415</td>
</tr>
<tr>
<td>2007-2010</td>
<td>77</td>
<td>213</td>
<td>36</td>
<td>27</td>
<td>9</td>
<td>19</td>
<td>10</td>
<td>4</td>
<td>1</td>
<td>8</td>
<td>2</td>
<td>440</td>
</tr>
<tr>
<td>2010-2011</td>
<td>92</td>
<td>233</td>
<td>31</td>
<td>20</td>
<td>11</td>
<td>15</td>
<td>9</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>423</td>
</tr>
<tr>
<td>2011-2012</td>
<td>95</td>
<td>203</td>
<td>24</td>
<td>26</td>
<td>13</td>
<td>25</td>
<td>15</td>
<td>6</td>
<td>1</td>
<td>6</td>
<td>1</td>
<td>414</td>
</tr>
<tr>
<td>2012-2013</td>
<td>91</td>
<td>131</td>
<td>32</td>
<td>14</td>
<td>10</td>
<td>15</td>
<td>9</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>376</td>
</tr>
<tr>
<td>2013-2014</td>
<td>83</td>
<td>200</td>
<td>29</td>
<td>19</td>
<td>18</td>
<td>71</td>
<td>9</td>
<td>6</td>
<td>1</td>
<td>7</td>
<td>1</td>
<td>373</td>
</tr>
<tr>
<td>2014-2015</td>
<td>79</td>
<td>195</td>
<td>33</td>
<td>12</td>
<td>7</td>
<td>20</td>
<td>13</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>308</td>
</tr>
<tr>
<td>2015-2016</td>
<td>105</td>
<td>205</td>
<td>24</td>
<td>22</td>
<td>8</td>
<td>17</td>
<td>12</td>
<td>5</td>
<td>1</td>
<td>12</td>
<td>1</td>
<td>407</td>
</tr>
<tr>
<td>2016-2017</td>
<td>131</td>
<td>137</td>
<td>42</td>
<td>28</td>
<td>9</td>
<td>20</td>
<td>17</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>403</td>
</tr>
<tr>
<td>2017-2018</td>
<td>157</td>
<td>137</td>
<td>22</td>
<td>19</td>
<td>15</td>
<td>14</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>348</td>
</tr>
<tr>
<td>Average # of claims</td>
<td>96.7</td>
<td>201.4</td>
<td>30.4</td>
<td>21.8</td>
<td>10.6</td>
<td>16.9</td>
<td>9.9</td>
<td>5.2</td>
<td>1.3</td>
<td>0.5</td>
<td>0.3</td>
<td>196.7</td>
</tr>
<tr>
<td>% average</td>
<td>22.8%</td>
<td>51.2%</td>
<td>7.66%</td>
<td>5.44%</td>
<td>2.07%</td>
<td>4.69%</td>
<td>2.50%</td>
<td>1.11%</td>
<td>0.33%</td>
<td>0.12%</td>
<td>0.12%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Yolo LAFCo  Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA)
Adopted December 18, 2019
Property Claim Volume

The tables below indicate the number of property claims paid each fiscal year with the total amount:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Incurred</th>
<th>Total # of Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-2014</td>
<td>$162,727.84</td>
<td>19</td>
</tr>
<tr>
<td>2014-2015</td>
<td>$84,185.00</td>
<td>12</td>
</tr>
<tr>
<td>2015-2016</td>
<td>$30,692.30</td>
<td>16</td>
</tr>
<tr>
<td>2016-2017</td>
<td>$175,306.68</td>
<td>20</td>
</tr>
<tr>
<td>2017-2018</td>
<td>$305,560.78</td>
<td>13</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$758,472.60</td>
<td>80</td>
</tr>
</tbody>
</table>
JPA Staff

As of the fiscal year 2018/19 budget, the JPA has 7 authorized positions as shown below, which are all currently filled.

<table>
<thead>
<tr>
<th>Authorized Positions</th>
<th>FTE Filled</th>
<th>FTE Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO/Risk Manager</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Loss Prevention Analyst</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Wellness Nurse</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Financial Analyst</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Claims Examiner I</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Staff Investigator</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>

Training & Education Services Offered by YCPARMIA

YCPARMIA offers training and education services aimed at reducing agency claims. Topics include: facility inspections; ergonomics; CPR; safety policies; supervisor training; law enforcement training; employment issues; and offers a legal roundtable.
JPA SERVICE REVIEW

POTENTIALLY SIGNIFICANT DETERMINATIONS

The JPA Service Review determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by “no” answers, the Commission may find that a JPA Service Review update is not warranted.

☐  Growth and Population
☐  Shared Services
☒  Capacity, Adequacy & Infrastructure to Provide Services
☒  Accountability
☐  Financial Ability
☐  Other

LAFCO JPA SERVICE REVIEW:

☐  On the basis of this initial evaluation, the required determinations are not significant and staff recommends that a comprehensive JPA Service Review is NOT NECESSARY. The subject agency will be reviewed again in five years per the Commission adopted review schedule.

☒  The subject agency has potentially significant determinations and staff recommends that a comprehensive JPA Service Review IS NECESSARY and has been conducted via this checklist.

1. GROWTH AND POPULATION

Growth and population projections for the service area.

<table>
<thead>
<tr>
<th>YES</th>
<th>MAYBE</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
</tbody>
</table>

a)  Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?

b)  Will development have an impact on the subject agency’s service needs and demands?

c)  Will projected growth require a change in the agency’s service area?

Discussion:

a)  Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?
Maybe. According to the Department of Finance, the estimated total countywide population YCPARMIA serves on January 1, 2019 was 222,581 with a growth rate of 0.6% over last year’s estimate. Projected population estimates for the entire County is 243,234 by 2025 (an increase of 20,656 or 9.28%) and 259,339 by 2030 (an increase of 36,758 or 15.51%). YCPARMIA’s claim volume can be correlated to population growth and/or a commensurate increase in agency staff (i.e. more staff, more claims).

b) Will development have an impact on the subject agency’s service needs and demands?

Maybe. If the volume of member agency claims increases over time, YCPARMIA may need to increase its staff capacity to manage those claims, which would increase member administration and overhead costs. Agency annual “premiums” are designed and adjusted to reflect the risk exposure of each participating agency, and modified to reflect the actual losses paid by the pool on behalf of each participating agency.

c) Will projected growth require a change in the agency’s service area?

No. YCPARMIA serves public agencies within Yolo County. Projected population growth would occur within member agency boundaries.

Growth and Population Determination

Projected population estimates for the entire County is 243,234 by 2025 (an increase of 20,656 or 9.28%) and 259,339 by 2030 (an increase of 36,758 or 15.51%). YCPARMIA’s claim volume can be correlated to population growth and/or a commensurate increase in agency staff (i.e. more staff, more claims). If the volume of member agency claims increases over time, YCPARMIA may need to increase its staff capacity to manage those claims, which would increase member administration and overhead costs. Agency annual “premiums” are designed and adjusted to reflect the risk exposure of each participating agency, and modified to reflect the actual losses paid by the pool on behalf of each participating agency. YCPARMIA services public agencies within Yolo County and population growth would not affect its service area.

2. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of services, and infrastructure needs or deficiencies.

<table>
<thead>
<tr>
<th>YES</th>
<th>MAYBE</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory (also note number of staff and/or contracts that provide services)?</td>
<td>☐</td>
</tr>
<tr>
<td>b)</td>
<td>Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?</td>
<td>☐</td>
</tr>
</tbody>
</table>

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3 CA Department of Finance Report P-1: State Population Projections (2010-2060): Total Population by County
c) Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned (including deficiencies created by new state regulations)?

- [ ]

- [x]

- [ ]

d) If the agency provides water, wastewater, flood protection, or fire protection services, is the agency not yet considering climate adaptation in its assessment of infrastructure/service needs?

- [ ]

- [ ]

- [x]

Discussion:

a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory (also note number of staff and/or contracts that provide services)?

No. As of the fiscal year 2018/19 budget, the JPA has 7 authorized positions as shown below, which are all currently filled.

<table>
<thead>
<tr>
<th>Authorized Positions</th>
<th>FTE Filled</th>
<th>FTE Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO/Risk Manager</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Loss Prevention Analyst</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Wellness Nurse</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Financial Analyst</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Claims Examiner I</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Staff Investigator</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>

Historically YCPARMIA has been able to immediately respond to member needs and requests, and there are no issues anticipated that would reduce responsiveness going forward. There is a balance between YCPARMIA staffing and member agency staffing; if the JPA Board wanted to take on more duties that are currently handled by member agencies, more staffing would be needed, but it would be targeted to agency requests.

b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?

No. YCPARMIA’s staff of seven interacts with the approximately 4,000 employees and volunteers of member agencies. Growth of member agency staff or requests for expanded services could require additional YCPARMIA staffing. The most likely area for expanded service would be with the smaller member agencies that do not have risk management experience in house or staff to manage it. YCPARMIA can budget and program to expand its capacity if desired.

c) Are there any significant infrastructure needs or deficiencies to be addressed for which the agency has not yet appropriately planned (including deficiencies created by new state regulations)?

Maybe. YCPARMIA owns its facility but the building is in need of some upgrades. YCPARMIA should consider developing a schedule and setting aside funds for regular maintenance.

d) If the agency provides water, wastewater, flood protection, or fire protection services, is the agency not yet considering climate adaptation in its assessment of infrastructure/service needs?

Yolo LAFCo  Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA)
Adopted December 18, 2019
No. YCPARMIA is aware and responding to climate adaptation issues by necessity. YCPARMIA’s CEO indicated industry property premiums have been going up due to changes in weather patterns by 30-50%. Even if there are no claims for YCPARMIA agencies, there is an indirect impact statewide. Umbrella insurance costs are going up.

Capacity and Adequacy of Public Facilities and Services Determination

There are no deficiencies in YCPARMIA’s capacity to meet member service needs and the agency is able to respond to any member needs to increase capacity as determined by its Board. YCPARMIA owns its facility but the building is in need of some upgrades. YCPARMIA should consider developing a schedule and setting aside funds for regular maintenance.

Climate adaptation is an important issue for YCPARMIA and it is aware and responding to climate adaptation issues by necessity. YCPARMIA’s CEO indicated industry property premiums have been going up due to changes in weather patterns by 30-50%. Even if there are no claims for YCPARMIA agencies, there is an indirect impact statewide.

Recommendation(s)

1) YCPARMIA should consider developing a schedule and setting aside funds for regular building maintenance.

3. FINANCIAL ABILITY

Financial ability of agencies to provide services.

<table>
<thead>
<tr>
<th>YES</th>
<th>MAYBE</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Is the organization in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?</td>
<td>☒</td>
</tr>
<tr>
<td></td>
<td>b) Does the organization engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, using up its fund balance or reserve over time, or adopting its budget late?</td>
<td>☒</td>
</tr>
<tr>
<td></td>
<td>c) Is there an issue with the organization’s revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?</td>
<td>☒</td>
</tr>
<tr>
<td></td>
<td>d) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?</td>
<td>☒</td>
</tr>
<tr>
<td></td>
<td>e) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?</td>
<td>☒</td>
</tr>
<tr>
<td></td>
<td>f) Is the organization needing additional reserve to protect against unexpected events or upcoming significant costs?</td>
<td>☒</td>
</tr>
</tbody>
</table>
g) Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? ☐ ☐ ☒

h) If the agency has pension and/or other post-employment benefit (OPEB) liability, what is it the liability and are there any concerns that it is unmanageable? ☐ ☒ ☐

i) Is the organization in need of written financial policies that ensure its continued financial accountability and stability? ☐ ☐ ☒

Discussion:

a) Is the organization in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?

No. The financial data presented below shows that over the 5-year period total revenue has exceeded expenditures by $1.4M. One of the primary goals of the agency is to control expenditures where possible. To this end YCPARMIA has maintained general administration expenses at the same level over the past 5 years. However, program expenditures (claims payments, excess insurance premiums, etc.), which are harder to control, were 16% higher in 2018 than in 2014 due to an unusual increase in claim payments. Overall, from 2014 to 2018 net position increased by $493K, taking into account reductions due to the implementation of two new Government Accounting Standards Board Statements for changes in financial reporting of pension and other postemployment benefits (OPEB) liabilities.
YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member contributions</td>
<td>$ 7,512,769</td>
<td>$ 8,278,813</td>
<td>$ 8,620,049</td>
<td>$ 9,695,621</td>
<td>$ 9,969,437</td>
</tr>
<tr>
<td>Rebate credits</td>
<td>-</td>
<td>(23,000)</td>
<td>(335,000)</td>
<td>(672,200)</td>
<td>(657,000)</td>
</tr>
<tr>
<td>Premium rebate and other</td>
<td>325,557</td>
<td>138,821</td>
<td>196,382</td>
<td>182,683</td>
<td>9,854</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>176,235</td>
<td>143,728</td>
<td>303,648</td>
<td>(26,758)</td>
<td>30,180</td>
</tr>
<tr>
<td>Total revenue</td>
<td>8,014,561</td>
<td>8,538,362</td>
<td>8,785,079</td>
<td>9,179,346</td>
<td>9,351,571</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General administration</td>
<td>1,046,073</td>
<td>1,115,909</td>
<td>1,183,626</td>
<td>1,061,260</td>
<td>1,038,197</td>
</tr>
<tr>
<td>Programs: Liability program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims administration</td>
<td>1,242</td>
<td>30</td>
<td>1,192</td>
<td>73,424</td>
<td>102,505</td>
</tr>
<tr>
<td>Claims paid</td>
<td>1,992,335</td>
<td>1,799,248</td>
<td>1,268,871</td>
<td>852,997</td>
<td>2,374,827</td>
</tr>
<tr>
<td>Excess coverage</td>
<td>1,111,821</td>
<td>1,118,678</td>
<td>1,209,678</td>
<td>1,444,881</td>
<td>1,662,543</td>
</tr>
<tr>
<td>Total liability</td>
<td>3,105,398</td>
<td>2,917,956</td>
<td>2,479,741</td>
<td>2,371,302</td>
<td>4,139,875</td>
</tr>
<tr>
<td>Workers’ compensation program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims administration</td>
<td>291,149</td>
<td>293,803</td>
<td>299,846</td>
<td>301,505</td>
<td>307,079</td>
</tr>
<tr>
<td>Claims paid</td>
<td>2,809,874</td>
<td>1,117,823</td>
<td>1,904,065</td>
<td>2,744,760</td>
<td>2,673,821</td>
</tr>
<tr>
<td>Excess coverage</td>
<td>715,074</td>
<td>866,862</td>
<td>954,814</td>
<td>1,172,652</td>
<td>1,117,249</td>
</tr>
<tr>
<td>Other</td>
<td>299,160</td>
<td>258,777</td>
<td>250,428</td>
<td>256,472</td>
<td>405,288</td>
</tr>
<tr>
<td>Total workers’ compensation</td>
<td>4,115,257</td>
<td>2,537,265</td>
<td>3,409,153</td>
<td>4,475,389</td>
<td>4,503,437</td>
</tr>
<tr>
<td>Property program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims paid</td>
<td>51,497</td>
<td>181,000</td>
<td>45,785</td>
<td>71,425</td>
<td>72,848</td>
</tr>
<tr>
<td>Excess coverage</td>
<td>314,841</td>
<td>419,988</td>
<td>417,719</td>
<td>470,000</td>
<td>718,127</td>
</tr>
<tr>
<td>Total property</td>
<td>366,338</td>
<td>600,988</td>
<td>463,504</td>
<td>541,425</td>
<td>790,975</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess coverage</td>
<td>1,612</td>
<td>12,650</td>
<td>12,955</td>
<td>12,235</td>
<td>12,912</td>
</tr>
<tr>
<td>Pass thru coverage</td>
<td>75,300</td>
<td>16,448</td>
<td>31,053</td>
<td>84,557</td>
<td>(66,774)</td>
</tr>
<tr>
<td>Total other coverage</td>
<td>76,912</td>
<td>29,098</td>
<td>44,008</td>
<td>96,792</td>
<td>(53,862)</td>
</tr>
<tr>
<td>Total expenses</td>
<td>8,709,978</td>
<td>7,201,216</td>
<td>7,580,032</td>
<td>8,546,168</td>
<td>10,418,622</td>
</tr>
<tr>
<td>Change in net position</td>
<td>(695,417)</td>
<td>1,337,146</td>
<td>1,205,047</td>
<td>633,178</td>
<td>(1,067,051)</td>
</tr>
<tr>
<td>Net position, July 1</td>
<td>2,073,101</td>
<td>1,377,684</td>
<td>1,964,946</td>
<td>3,169,993</td>
<td>3,803,171</td>
</tr>
<tr>
<td>New GASB’s restatements</td>
<td>-</td>
<td>(749,884)</td>
<td>-</td>
<td>-</td>
<td>(169,963)</td>
</tr>
<tr>
<td>Net position, July 1 restated</td>
<td>2,073,101</td>
<td>627,800</td>
<td>1,964,946</td>
<td>3,169,993</td>
<td>3,633,208</td>
</tr>
<tr>
<td>Net position, June 30</td>
<td>$ 1,377,684</td>
<td>$ 1,964,946</td>
<td>$ 3,169,993</td>
<td>$ 3,803,171</td>
<td>$ 2,566,157</td>
</tr>
</tbody>
</table>

b) Does the organization engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, using up its fund balance or reserve over time, or adopting its budget late?

No. YCPARMIA operates on a fiscal year basis, July 1 to June 30. The bylaws require an annual budget adopted by July 1 each year. Staff practice has been to present the Board a preliminary budget in March for the following fiscal year. The Board has adopted the budgets at the same meeting.
The YCPARMIA budget consists of four basic parts:
1) Revenue – Consists of member payments (96.7%), investment earnings (1.4%) and rebates (1.9%),
2) Administrative and services expenses – This category includes general operating expenses, staff development and loss prevention services.
3) Claims expenses – This includes actual estimated claims payments, claims administration contracted services and actuarial determined loss reserve adjustments.
4) Excess premiums – Premiums paid to other governmental insurance pools and commercial insurance carriers for coverage above YCPARMIA’s self-insured retention levels.

Based on the agency’s unaudited budget to actual data the total adopted appropriations were exceeded in fiscal year 2013-14 by over $920K, by $703K in fiscal year 2016-17 and by $2.53M in fiscal year 2017-18. Most of the budget overages were due to “unbudgeted” expenses such as, loss reserve adjustments, expenses that are passed through to member agencies, dividends paid to members, depreciation, and changes to retiree health insurance (OPEB), pension and accrued compensation liabilities. However, beginning in fiscal year 2015-16 the agency has exceeded the budget for excess premiums each year.

c) Is there an issue with the organization’s revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?

No. 97% of revenue is from member agencies. 92% of member agency contributions is from four agencies: Yolo County, City of West Sacramento, City of Davis and City of Woodland. New participating agencies, per the JPA agreement, are obligated to an initial 3-year period. Thereafter any participating agency may withdraw only at the end of a fiscal year, provided it has given YCPARMIA a six-month written notice of its intent to withdraw. According to YCPARMIA staff if a large member agency were to withdraw the impacts would be minimal, the loss of revenue would equal the reduction in expenditures.

d) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?

No. Each year YCPARMIA calculates the cash contribution required by the participating agencies to cover outstanding liabilities, actuarially predicted losses, loss adjustment expenses, defense costs, excess insurance premiums, and administrative expenses. Also, if it is determined that the initial cash contributions are not sufficient to meet the obligations of a program year, the board by 2/3 (two-thirds) vote of the entire board, can levy a surcharge cash payment.

e) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?

No. YCPARMIA does not have nor requires significant capital assets to serve its members. It only owns a small office building that has sufficient room for existing staff. The building is in need of some maintenance that can be funded within the normal budget process.

f) Is the organization needing additional reserve to protect against unexpected events or upcoming significant costs?

No. An annual actuary study is prepared for the liability and workers compensation program to determine the funds needed for existing and unreported claims at various confidence levels. The Authority records an expense and liability, in accordance to generally accepted accounting principles (GAAP), which amounts to a 50% confidence level. By Board policy YCPARMIA has also established restricted funds, within net position, to an 80% confidence level for the liability and workers
compensation programs and up to other mounts, based on board policy, for the property and fidelity programs. On top of that YCPARMIA retains additional funds for a Catastrophic Fund up to amounts adopted by the board. Reserve targets and funded amounts reported to the board as of June 30, 2018 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>80% Confidence Level Reserve</th>
<th>Catastrophic Reserve</th>
<th>Total Funded Per Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability</td>
<td>Target: 536,754, % Funded: a 100.00%</td>
<td>Funded Amount: $536,754</td>
<td>Target: 1,350,000, % Funded: b 43.68%</td>
</tr>
<tr>
<td>Workers Comp</td>
<td>911,219, a 100.00%</td>
<td>911,219</td>
<td>1,500,000, b 100.00%</td>
</tr>
<tr>
<td>Fidelity</td>
<td>25,000, b 100.00%</td>
<td>25,000</td>
<td>25,000, b 100.00%</td>
</tr>
<tr>
<td>Property</td>
<td>95,000, b 0.37%</td>
<td>350</td>
<td>65,000, b 0.00%</td>
</tr>
</tbody>
</table>

Total reserved by agency staff: 3,587,983
Audited net position balance, 6/30/18: 2,566,157
Shortage: (1,021,826)

The reserve amounts reported to the board of $3.6M is more than $1M than actual net position.

f) *Does the agency have any debt, and if so, is the organization’s debt at an unmanageable level?*

No. YCPARMIA does not have any debt.

g) *If the agency has pension and/or other post-employment benefit (OPEB) liability, what is it the liability and are there any concerns that it is unmanageable?*

Maybe. OPEB – YCPARMIA provides a lifetime defined benefit for eligible retirees and spouses through the CalPERS membership plan, which covers both active and qualified retired members, along with a dental plan. As of June 30, 2018 the agency has not yet established an irrevocable trust fund to accumulate assets and pay benefits. The liability as of June 30, 2018 is $844,036.

Pension - Beginning in fiscal year 2015 YCPARMIA was required to implement Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. This statement requires agencies to report the amount of pension liability on the face of the financial statements. The pension liability as of June 30, 2018 is $1.1M and has almost doubled since 2015.

j) *Is the organization in need of written financial policies that ensure its continued financial accountability and stability?*

No. YCPARMIA’s has sufficient financial policies. Their investment policy has been awarded a Certification of Excellence by the Association of Public Treasurers of the US and Canada (APT US & Canada).
Financial Ability MSR Determination

YCPARMIA is a financially well-run organization. Adopted budgets with revenue exceeding expenditures are routinely adopted. In addition to the annual financial audit the agency is subjected to 4 other audits and an annual actuary study. The agency has been accredited with excellence by two of the auditing organizations. In addition, YCPARMIA has received the Government Finance Officers Association Certificate of Achievement in Financial Reporting for each year covered by this MSR.

YCPARMIA also has good financial policies including funding reserves. As of June 30, 2018 net position was $2.6M, which is approximately 23% of total expenses. The agency has also served its members well by maintaining a relatively flat level of general administrative expenses over the past 5 years.

Recommendation(s)

1) YCPARMIA should consider modifying their budgeting practice to include budgeting for loss reserve adjustments, expenses that are passed through to member agencies, dividends paid to members, depreciation, and changes to retiree health insurance (OPEB), pension and accrued compensation liabilities. Budget modifications can be made during the year as amounts are known. Some of these amounts are known after the completion of audits and actuarial studies.

2) YCPARMIA should consider reviewing the reserve calculation process to ensure funded reserves balances provided to the board reconciles to the actual ending net position balance. Also YCPARMIA should consider creating separate general ledger accounts for each reserve and maintain the balances to agree to the amounts calculated and reported to the board.

3) YCPARMIA should consider establishing an irrevocable trust to accumulate assets to fund the OPEB liability.

4) YCPARMIA should consider making voluntary lump sum payments to CalPERS, as funding permits, to reduce the pension liability.

4. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared services and facilities.

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>MAYBE</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Are there any opportunities for the organization to share services or facilities with other organizations that are not currently being utilized?</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>b) Are there any recommendations to improve staffing efficiencies or other operational efficiencies to reduce costs?</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
</tbody>
</table>

Discussion:

a) Are there any opportunities for the organization to share services or facilities with other organizations that are not currently being utilized?

No. The JPA in itself is a risk sharing pool to reduce agency costs.

b) Are there any recommendations to improve staffing efficiencies or other operational efficiencies to reduce costs?

No.
Shared Services Determination
The JPA in itself is a risk sharing pool to reduce agency costs.

5. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

| a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act? |
|---|---|---|
| YES | MAYBE | NO |
| ☐ | ☐ | ☒ |

| b) Are there any issues with filling Board vacancies and maintaining Board members? Is there a lack of Board member training regarding the organization’s program requirements and financial management? |
|---|---|---|
| YES | MAYBE | NO |
| ☐ | ☐ | ☒ |

| c) Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization’s program requirements and financial management? |
|---|---|---|
| YES | MAYBE | NO |
| ☐ | ☐ | ☒ |

| d) Are there any issues with independent audits being performed on a regular schedule? Are completed audits being provided to the State Controller’s Office within 12 months of the end of the fiscal year(s) under examination? Are there any corrective action plans to follow up on? |
|---|---|---|
| YES | MAYBE | NO |
| ☐ | ☐ | ☒ |

| e) Does the organization need to improve its public transparency via a website? [A website should contain at a minimum the following information: organization mission/description/boundary, Board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services (if applicable), and audit reports]? |
|---|---|---|
| YES | MAYBE | NO |
| ☒ | ☐ | ☐ |

| f) Are there any recommended changes to the organization’s governance structure that will increase accountability and efficiency? |
|---|---|---|
| YES | MAYBE | NO |
| ☐ | ☐ | ☒ |

Discussion:

a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?

No. There are typically eight (8) scheduled Board meetings every year held on the fourth Thursday of the scheduled months at the YCPARMIA office. No meetings are scheduled in February or September as the Board is invited to attend conferences for Board member development instead. There is one meeting in mid-December in-lieu of separate meetings in both November and December. YCPARMIA Board meetings are publicly accessible and held in compliance with the Brown Act, held at its offices

Yolo LAFCo  Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA)
Adopted December 18, 2019
located at 77 West Lincoln Avenue in Woodland. Meeting agendas are posted on its website and emailed to all members.

b) Are there any issues with filling Board vacancies and maintaining Board members? Is there a lack of Board member training regarding the organization’s program requirements and financial management?

No. The five (5) founding members along with the City of West Sacramento (joining in 1985) make up the voting members of the YCPARMIA Board. Each Member agency’s policy making body shall appoint either its Chief Administrative Officer, or department head or staff person responsible for its risk management functions. One alternate is also appointed by the member agency. Board elects a President and Vice President annually. Traditionally, they serve two (2) consecutive one-year terms. The Treasurer is appointed by the Board and need not be a Board member. Currently, this role is held by the Yolo County Chief Financial Officer.

Board members are not risk management experts, because member agencies rely on YCPARMIA instead of hiring such expertise. Therefore, Board members tend to focus on procedural issues. They are predominately human resources staff professions, so the focus is on these types of issues and potentially not the organization as a whole. Board Members, Alternates, and YCPARMIA staff attend PARMA and CAJPA Conferences each year.

c) Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization’s program requirements and financial management?

No. YCPARMIA has experienced typical staff turnover. The longtime CEO retired in 2018 and the next CEO did not stay in the position long. However, the retired CEO returned in an interim capacity until a recruitment process could be completed. The new CEO started in April 2019. YCPARMIA recently hired a new Administrative Assistant in anticipation of a long tenured employee’s retirement in June 2019. LAFCo is not aware of any staff turnover or operational efficiency issues. Board Members, Alternates, and YCPARMIA staff attend PARMA and CAJPA Conferences each year.

d) Are there any issues with independent audits being performed on a regular schedule? Are completed audits being provided to the State Controller’s Office within 12 months of the end of the fiscal year(s) under examination? Are there any corrective action plans to follow up on?

No. YCPARMIA produces an annual Comprehensive Annual Financial Report - awarded certificate of excellence by Government Finance Officers Association. During the past 5 years all the annual financial audits have been completed prior to the Government Finance Officers Association recommended best practice deadline of December 31. Previous audits have not resulted in any reservations or concerns. The Yolo County Chief Financial Officer serves as the YCPARMIA Board Treasurer.

e) Does the organization need to improve its public transparency via a website? [A website should contain at a minimum the following information: organization mission/description/boundary, Board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services (if applicable), and audit reports]?

Yes. YCPARMIA received a 26% transparency score in the Yolo Local Government 2018 Website Transparency Scorecard report. The JPA’s information deficiencies can be viewed here: https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

f) Are there any recommended changes to the organization’s governance structure that will increase accountability and efficiency?

No. There are no recommended changes to YCPARMIA’s structure.

Accountability, Structure and Efficiencies Determination

There are no issues with YCPARMIA meetings being accessible and well publicized. JPA members keep the Board member seats filled with staff, which tend to be human resource professionals. There is a lack of risk management expertise on the Board, however, agencies rely on YCPARMIA to provide this as a
shared service. The JPA’s staff has remained relatively stable. Audits are performed on a regular schedule, on time and without issues or findings. YCPARMIA does need to improve its website and the content provided, per the 2018 website transparency scorecard.

**Recommendation(s)**

1) YCPARMIA should improve its website and content. The agency received a 26% transparency score in the Yolo Local Government 2018 Website Transparency Scorecard report. The JPA’s information deficiencies can be viewed here: https://www.yololafco.org/yolo-local-government-website-transparency-scorecards. [It was noted at the December 18, 2019 LAFCo meeting adopting this MSR that YCPARMIA had made significant website content improvements and had tentatively received a score of 100% for 2019, therefore, this initial recommendation had already been addressed.]

2) YCPARMIA should improve accountability practices as follows:
   a. Make an annual presentation to each city council and Board of Supervisors at a public meeting;
   b. Provide written report on claims/outcomes on a quarterly basis to the larger members (e.g. cities, Yolo County, etc.) and on an annual basis to the smaller members;
   c. Provide YCPARMIA agendas to the cities and Yolo County to include as correspondence in their respective agenda packets;
   d. List YCPARMIA Board member names and agency represented on each agenda; and
   e. Post agendas in more prominent places, such as the County Administration Building.

### 6. OTHER ISSUES

Any other matter related to effective or efficient service delivery, or as required by commission policy.

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<td>a) Are there any other service delivery issues that can be resolved by the JPA Service Review process?</td>
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**Discussion:**

a) *Are there any other service delivery issues that can be resolved by the JPA Service Review process?*

   No. There are no other matters related to effective or efficient service delivery not already discussed in this report.

**Other Issues Determination**

There are no other matters related to effective or efficient service delivery not already discussed in this report.

**ATTACHMENTS**

None.