

February 18, 2022

**SJVIA Board Meeting: Consultant’s Report Outsourcing of SJVIA Administrative Services**

At the August 27, 2021 SJVIA Board meeting, the Board requested that the SJVIA Managers look at JPA administrative options to the current self-administration being done by the two Counties. SJVIA Administration can be divided into four different functions:

- Management (SJVIA Co-managers)
- Financials (County’s Auditors Office)
- Administration (County’s Human Resources Office)
- Legal (County Counsel’s Office)

Keenan identified three approaches to JPA administration:

1. Self-administration – Members of the JPA administer the JPA (current SJVIA approach) and report to the Board
2. JPA staff employees – JPA hires an executive director and staff to administer the program and report to the Board
3. Outsourcing (partial or complete) – JPA outsources one or more functions to administer the program and report to the Board

In all three approaches JPA counsel is either administered from within (approach 1) or (outsourced 3). Most JPA’s are not large enough (have enough work) to validate a full-or part-time legal counsel.

Hiring JPA staff employees to manage, administer and provide financial/auditing services is typically reserved for JPAs which offer employee benefit, worker’s compensation, and property & liability coverage. This allows the JPA to charge the JPA staff employee expenses over multiple lines of coverage. The SJVIA’s estimated budget based on the average annual costs is \$260,000.

Management/Administration	\$	140,000
Financials	\$	80,000
<u>Legal</u>	<u>\$</u>	<u>40,000</u>
Total	\$	260,000

Given the current SJVIA’s administrative budget, hiring multiple staff may not be achievable.

Outsourcing all or some functions may be an affordable and practical solution (approach 3). The SJVIA can elect to outsource all four functions, or certain functions only.

Keenan recommends:

1. The SJVIA conduct an RFP and solicit bids on a bundled and unbundled basis for outsourcing  
1) Management (Executive Director), 2) Financials/Auditor, 3) Administration, and/or 4) Legal Counsel.
2. The SJVIA reserve the right to outsource all four functions, one to three functions, or none of the functions (i.e. continue with the current arrangement).

## Appendix:

As reported at the December 10, 2021 SJVIA Board meeting, a historical cost summary was developed from each Fiscal Year's Financial Statement's Report labeled: "ANALYSIS OF ADMINISTRATION, WELLNESS & COMMUNICATIONS (FEES) - RECEIPTS & DISBURSEMENTS".

### **SJVIA Administration Analysis**

<b>HR/Legal/Auditor JPA Disbursements:</b>	<b><u>FY 20-21</u></b>	<b><u>3YR Avg</u></b>	<b><u>5 YR Avg</u></b>	<b><u>10 YR Avg</u></b>
Auditor-Treasurer Services	\$ 60,709	\$ 63,525	\$ 93,409	\$ 103,377
County Counsel Services	\$ 17,809	\$ 56,651	\$ 63,401	\$ 38,073
<u>Human Resources Services</u>	<u>\$ 109,973</u>	<u>\$ 145,289</u>	<u>\$ 172,751</u>	<u>\$ 128,502</u>
<b>Total</b>	<b>\$ 188,491</b>	<b>\$ 265,465</b>	<b>\$ 329,561</b>	<b>\$ 269,952</b>
<b>Other Disbursements:</b>	<b><u>FY 20-21</u></b>	<b><u>3YR Avg</u></b>	<b><u>5 YR Avg</u></b>	<b><u>10 YR Avg</u></b>
Audit Fees	\$ 20,700	\$ 44,348	\$ 40,122	\$ 28,954
Actuary Fees	\$ -	\$ 7,346	\$ 7,007	\$ 3,504
Bank Service Fees	\$ 18,502	\$ 23,792	\$ 20,370	\$ 17,330
Litigation	\$ 32,823	\$ 999,076	\$ 718,588	\$ 359,294
Claims Management	\$ -	\$ -	\$ -	\$ 15,209
Wellness	\$ 23,757	\$ 7,919	\$ 4,751	\$ 123,803
Communications	\$ -	\$ -	\$ -	\$ 6,795
Membership Fees - CHCC	\$ -	\$ -	\$ -	\$ -
<u>Insurance (Liability, Bond, Etc)</u>	<u>\$ 76,051</u>	<u>\$ 72,331</u>	<u>\$ 65,446</u>	<u>\$ 64,021</u>
<b>Total Other Disbursements</b>	<b>\$ 171,833</b>	<b>\$ 1,154,812</b>	<b>\$ 856,284</b>	<b>\$ 618,910</b>

**SJVIA Administration Analysis** From the FY Financial Statement: ANALYSIS OF ADMINISTRATION, WELLNESS & COMMUNICATIONS (FEES) - RECEIPTS & DISBURSEMENTS

<b>HR/Legal/Auditor JPA Disbursements:</b>	<b><u>FY 10-11</u></b>	<b><u>FY 11-12</u></b>	<b><u>FY 12-13</u></b>	<b><u>FY 13-14</u></b>	<b><u>FY 14-15</u></b>	<b><u>FY 15-16</u></b>	<b><u>FY 16-17</u></b>	<b><u>FY 17-18</u></b>	<b><u>FY 18-19</u></b>	<b><u>FY 19-20</u></b>	<b><u>FY 20-21</u></b>
Auditor-Treasurer Services	\$ 63,600	\$ 107,661	\$ 110,255	\$ 121,483	\$ 110,592	\$ 116,738	\$ 131,908	\$ 144,563	\$ 54,005	\$ 75,860	\$ 60,709
County Counsel Services	\$ 8,012	\$ 9,037	\$ 6,127	\$ 9,067	\$ 12,755	\$ 26,744	\$ 89,258	\$ 57,793	\$ 102,446	\$ 49,698	\$ 17,809
<u>Human Resources Services</u>	\$ -	\$ 12,430	\$ 29,694	\$ 44,424	\$ 112,652	\$ 222,067	\$ 209,467	\$ 218,424	\$ 187,578	\$ 138,315	\$ 109,973
<b>Total</b>	\$ 71,612	\$ 129,128	\$ 146,076	\$ 174,974	\$ 235,999	\$ 365,549	\$ 430,633	\$ 420,780	\$ 344,029	\$ 263,873	\$ 188,491
<b>Other Disbursements:</b>	<b><u>FY 10-11</u></b>	<b><u>FY 11-12</u></b>	<b><u>FY 12-13</u></b>	<b><u>FY 13-14</u></b>	<b><u>FY 14-15</u></b>	<b><u>FY 15-16</u></b>	<b><u>FY 16-17</u></b>	<b><u>FY 17-18</u></b>	<b><u>FY 18-19</u></b>	<b><u>FY 19-20</u></b>	<b><u>FY 20-21</u></b>
Audit Fees	\$ 8,180	\$ 1,570	\$ 9,750	\$ 24,500	\$ 17,685	\$ 35,420	\$ 21,095	\$ 46,470	\$ 32,200	\$ 80,145	\$ 20,700
Actuary Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,000	\$ 22,037	\$ -	\$ -
Bank Service Fees	\$ 15,308	\$ 9,342	\$ 9,383	\$ 15,103	\$ 16,738	\$ 20,883	\$ 17,373	\$ 13,098	\$ 22,537	\$ 30,338	\$ 18,502
Litigation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 595,711	\$ 856,199	\$ 2,108,207	\$ 32,823
Claims Management	\$ -	\$ 152,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wellness	\$ -	\$ -	\$ 202,804	\$ 82,276	\$ 434,458	\$ 494,734	\$ -	\$ -	\$ -	\$ -	\$ 23,757
Communications	\$ -	\$ -	\$ 16,866	\$ 26,272	\$ 24,812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Fees - CHCC	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Insurance (Liability, Bond, Etc)</u>	\$ 35,961	\$ 60,690	\$ 64,480	\$ 90,814	\$ 30,278	\$ 66,719	\$ 86,756	\$ 23,481	\$ 69,317	\$ 71,624	\$ 76,051
<b>Total Other Disbursements</b>	\$ 69,449	\$ 223,693	\$ 303,283	\$ 238,965	\$ 523,971	\$ 617,756	\$ 125,224	\$ 691,760	\$ 1,002,290	\$ 2,290,314	\$ 171,833