

**HONEY LAKE VALLEY RECREATION AUTHORITY
GOVERNING BOARD MEETING
Regular Meeting Minutes
April 18, 2017 – 3:00 p.m.
City Council Chambers 66 North Lassen Street Susanville CA 96130**

Meeting was called to order at 3 p.m. by President Wilson.

Roll Call of Board of Board members present: Dave Meserve, Tom Hammond, David Teeter, Kathie Garnier and Brian Wilson.

Staff Present: Jared G. Hancock, Executive Officer and Ruth Ellis, Administrative Staff Assistant.

APPROVAL OF AGENDA: Motion by Vice President Garnier, second by Board member Hammond. Motion carried unanimously.

2 APPROVAL OF MINUTES:

Approval of Minutes from the February 21, 2017 meeting, Motion by Garnier, second by Meserve, motion carried unanimously.

Approval of Minutes from the March 21 meeting, Motion by Garnier, second by Meserve, motion carried unanimously.

Approval of April 4, 2017 meeting, Motion by Garnier, second by Teeter, motion carried unanimously, Hammond abstained.

3 CORRESPONDENCE: None.

4 PUBLIC COMMENT: None.

5 MATTERS FOR BOARD CONSIDERATION:

5A Consider Resolution No. 17-13, Approving the Amended Agreement for Administrative Services with the City of Susanville to include Operational Services

Mr. Hancock explained that the item before the board was a proposed agreement amendment, adding operational services to the current agreement with the City of Susanville who provides administrative and management services to the authority.

He noted four references were added for operational services including Item 2g which gives the City responsibility in hiring the pool facility staff, payroll, human resources, training and operations. Under Item 6D, the City will not be liable for any worker's compensation, unemployment insurance or disability claims, made by person employed directly by the HLVRA.

Mr. Hancock added that to ensure the JPA is happy with not just the services provided, but also the individuals providing the key services, the JPA can request the City replace an individual from any of the listed positions if they are unsatisfied with the key services being provided. The City would then provide a replacement.

Due to the extra staffing commitments, the contract termination was changed from 60 days to 90 and Mr. Hancock also noted the attachment of Appendix A, which shows the actual rate and hourly rate for each of the positions at the facility, keeping in mind the minimum wage will increase to \$11.00.

Mr. Hancock said the City Council had a special meeting on Monday, April 17 and as part of that agenda, the Council reviewed and approved the agreement, which was also reviewed by the City's and JPA's legal counsel.

If the JPA approved the item, the agreement will be executed and go into effect immediately. If the JPA requested any changes, there is a place holder on the City Council's Wednesday, April 19 meeting to discuss any of those proposed changes as to not create any unnecessary delays.

Vice President Garnier added that during the Council's special meeting it was also discussed whether to have the Honey Lake Valley Recreation Authority become a separate entity and have its own employees or go with a different entity to handle human resources, hiring and other matters.

Mr. Hancock said that was a good point and explained any documentation the City has prepared such as job descriptions, personnel records or training management for the pool will become the property of the JPA. If it was decided the JPA does want to go out on its own and do the direct hiring and have its own employees, it will have all of those documents at its disposal.

Sam Williams (Lassen County Times), asked if all of the positions were going to be employees of the City.

Board member Wilson responded that the Executive Officer and the Secretary were already City employees filling the roles as part time positions.

Mr. Hancock said all of the operational positions will be hired by the City and providing services to the JPA.

President Wilson asked if the Pool Director /Manager position is a non-benefitted position.

Mr. Hancock responded that from the City's stand point, yes, because there are full-time temporary positions and full-time regular positions.

President Wilson also asked if the position is eligible for PERS.

Mr. Hancock answered no. He further explained that under the Affordable Care Act (ACA) rules, the individual does have to be offered health insurance. Due to the City having more than 50 employees, it has to offer an insurance plan, but it doesn't have to be the City's plan or one the City has to pay for. An ACA eligible plan was created and when individuals are hired they have the opportunity to opt out or sign up for it.

Tony Jonas (community) referred to the management and administrative section of Appendix A and said there was no line item or cost value for the Finance Manager and asked wouldn't that person be a big part of personnel and payroll.

Mr. Hancock referred to the Actual Rate and Newly Created Position wages under the Operational Positions on Appendix A. He explained the Newly Created Position Wage is the actual wage the employee will earn per hour. The Actual Rate includes payroll taxes, processing payroll and finance costs.

There was general discussion to clarify what information Mr. Jonas was seeking.

Mr. Jonas stated he wanted to know what the reimbursement rate would be for the City Finance department to do the payroll.

Mr. Hancock re-stated the purpose of the Actual Rate and the Newly Created Position Wage. The Finance Manager is not listed as she will not provide any direct services to the JPA, nor is she directly charging time to it. Those costs for preparing payroll and issuing checks are rolled into the Actual Rate so there is not a separate charge for the Finance Department included in the actual rate.

Mr. Jonas said if the cost was included in that rate it was fine, but he wanted to know what the amount was because it's going to come out of the JPA budget somewhere.

Mr. Hancock explained all of the positions listed on Appendix A are providing a direct service to the JPA and can designate hours on their time card that they spent a specified amount of hours working on JPA items. The hourly rate is included for that position because it will be a direct charge to the JPA. When the Finance Department runs payroll for

120 employees staff can't say they did payroll for two hours and 16 minutes of that was for the JPA because it is all processed together.

He continued that when staff calculated the Actual Rate they took the hourly rate, benefits, payroll taxes and put the costs of processing payroll and rolled it in based on the City formula and that is why the Actual Rate is what will be charged per hour for these individuals providing services.

Diana Wemple (county auditor) asked if there was a written breakdown of what the full cost of the position is because there is a flat rate, Social Security, SDI.

Mr. Hancock responded it was calculated as a percentage based on the hourly rate.

Ms. Wemple asked if that included Social Security, Medicare and Unemployment.

Mr. Hancock confirmed that it included Social Security and Medicare.

Ms. Wemple continued that the agreement states the Authority is liable for unemployment insurance claims, but they will be City employees.

Mr. Hancock responded that was correct and unemployment was not part of the rate.

Ms. Wemple asked if the City was self-insured as far as unemployment goes, or does it pay a flat rate.

Mr. Hancock asked for clarification.

Ms. Wemple explained the County is basically self-insured and pays an unemployment claim through the State. The State bills the County for whatever the employee claimed and the County reimburses the State. She asked if the City pays a certain percentage.

Mr. Hancock responded no and explained that the City pays the actual claim. The City verifies it is a legitimate claim, then the State provides the dollar amounts.

Ms. Wemple asked if the JPA would then be responsible for any unemployment claim at the end of the season.

Mr. Hancock confirmed and explained it wasn't rolled into the Actual Rate. It could be done but the costs would have to be a guess as they are dependent on who applies for it and which position it is for.

Vice President Garnier stated a lot of the positions on Appendix A were temporary part-time positions and asked if unemployment should be calculated or estimated because there will be winter layoffs with most of the positions.

Mr. Hancock responded staff can look at that, but any number is going to be pulled out of a hat and that hasn't been the City's experience with other seasonal operations.

Board member Hammond asked what the lifeguard rate is for Workmen's Compensation.

Mr. Hancock said the JPA is self-insured for liability and for Workmen's Comp and staff knows what the premiums are.

Board member Hammond questioned if it was a lump sum and Mr. Hancock confirmed it is.

Nancy Cardenas (Treasurer/Tax Collector) asked if there was a budget line item for unemployment. She continued that she read the meeting minutes where it was stated there was a very tight budget with a small contingency. If there is one or two unemployment claims, who is going to pay the difference if the JPA doesn't have the money?

Mr. Hancock responded the line item will be included after the Agreement is put in place. The tight budget is only through June 30th of this year and the operating budget for the next fiscal year is not as tight.

There was general discussion about language stating the City would not be liable for worker's compensation, unemployment insurance or disability claims made by those employed directly by the Authority. As City employees, the City would get the claim, be liable for it, pay it and then submit it to the JPA for reimbursement.

Using the Golf Course as an example, Mr. Hancock said it is a seasonal operation and there are very few unemployment claims when it closes down for the winter.

President Wilson stated you could get wrapped up in unemployment even if an individual left for another job and if that didn't work out, they can go back and look at previous quarters and where that individual was working.

Richard Egan (County Administrative Officer) said the point is the Agreement says the Honey Lake Valley Recreation Authority shall be liable for unemployment insurance claims when indeed there may be a side agreement between the Authority and the City. It's the City who is liable for the unemployment claims of its employees. He said he thought that was a misstatement in the draft.

Board member Meserve asked if the JPA was covered for liability through the California Association for Park and Recreation Indemnity.

Mr. Hancock responded yes.

Board member Meserve asked if that encompassed unemployment.

Mr. Hancock responded no.

Vice President Garnier stated that with the nature of this being a swimming pool and the fact there could very well be two to three months of non-operation would it be a good idea to have a line item of at least two employees filing for unemployment based on the \$12.10 an hour.

Mr. Hancock read the language in Paragraph 6D to ensure everyone was understanding it the same way. He stated if the JPA decided to hire anyone on its own then the City is not liable. If it entered into a direct contract for anything then the City is not going to be liable for that claim. If the JPA has its own employee, it will be the City's obligation to not sit on it, but give it to the JPA who shall reimburse the City within 30 days.

Ms. Cardenas asked if it's not budgeted, how will the HLVRA reimburse the City in 30 days.

President Wilson said there are two separate topics, a budget line item and the agreement. It's easy to do a budget line item and to put in an adjustment, but he said the wording doesn't get them where they want to be.

Mr. Hancock asked where does the JPA want to be.

Mr. Jonas asked if the language is needed and can it be omitted.

Mr. Hancock responded yes and explained that they are City employees and if the language is not there, the City will be responsible for the costs and the JPA could say it has no legal authority to pay it.

Mr. Egan said a statement saying the Authority shall reimburse the City for the direct costs of unemployment claims associated with pool employees would be more appropriate.

Mr. Hancock responded he believed that is what it says.

President Wilson expressed his concern about the phrase stating the "HLVRA shall be liable for unemployment insurance claims" and suggested removing the word liable.

Mr. Egan added that statement is not true because the Authority will be responsible for reimbursing the City.

Mr. Hancock suggested changing the wording to "shall be financially responsible" instead of liable.

President Wilson responded it should say the HLVR shall reimburse the City for unemployment insurance claims. He also added that the board could discuss adding a line item in the budget at a future board meeting.

Mr. Hancock said the intent is that it would only be for operational positions including the pool manager/Board member. There is no intent that if the City Administrator has an unemployment claim and 6 percent of his time was spent on JPA matters that the JPA would be sending a bill for 6 percent of the unemployment fee.

There was general discussion that the language in Paragraph 6D should only pertain to operational employees.

Mr. Hancock suggested moving the pool manager into the operational category.

Vice President Garnier said that would make it a lot cleaner.

President Wilson questioned why the Pool Director/Manager position increased from \$18.42/hr. to an actual rate of \$27.48/hr. and asked what else was included.

Mr. Hancock stated he would have to get a breakdown for it, but he believed it was the only full time temporary position that would trigger the Affordable Care Act.

President Wilson stated he believed the Authority would be indirectly paying for some of the health care costs and he asked what is being offered and how much the Authority would be paying for it.

Mr. Hancock stated he was not aware of anything that was an added benefit included in that position, but he could check with the Finance Department.

There was general discussion about what triggers the Affordable Care Act.

Ms. Wemple stated she felt it would be helpful for everyone to see how the fully loaded rate was arrived at for each employee.

Mr. Hancock stated that the number of employees, actual hours worked and for how long are all factored in and there are very involved formulas for that, but he could get the breakdown for those actual rates.

President Wilson noted that the Assistant Pool Manager is \$17.10/hr. and is only \$1.32 less than the Pool Director/Manager position. The weighted costs of \$21.13 to the Pool Director/Manager is \$27.48. We are losing \$3 to \$4 an hour there. He stated he wasn't saying they shouldn't pay part of the health care costs, he just wanted to know what it is.

Mr. Hancock suggested taking a recess so he could gather the information the Board was requesting.

Mr. Jonas asked if there was a cap for the Administrative costs.

Mr. Hancock responded the Board will set the cap for staffing through the budget process.

Mr. Egan asked if there was language in the agreement that the contract wouldn't exceed the budget by the board.

Mr. Hancock said the best place would be adding a sentence in Item 3 stating that the reimbursement request shall not exceed the budgeted appropriation for employee costs.

Vice President Garnier asked if it would be for at that time or any specific fiscal year because it was going to change from year to year.

Mr. Hancock agreed and added if the JPA wanted to offer three more programs and ask the City what the additional costs are for additional staff or additional hours, the City could do the calculation, bring it back and the Authority can adjust the budget to increase it. If it's decided to cut a program, there can be a reduction in hours.

The board recessed at 3:40 p.m.

The board came back into open session at 3:52 p.m.

Mr. Hancock explained the Actual Rate calculation for the Pool Director/Manager position includes some assumptions. While all of the other positions were factored in at working less than 29 hours a week, the director/manager position is considered a full-time temporary position which will trigger the Affordable Care Act.

The City has set up a plan through Blue Shield to meet the minimum requirements for the Affordable Care Act. If a new employee already has coverage, such as through a spouse, they don't have to sign up and there will be no cost involved and the rate would decrease to \$22.76. If an employee accepts the insurance, the City has to provide them with a minimum plan and it has to be affordable.

The affordability requirement is the costs an employee contributes to the plan cannot exceed 9.5 percent of their hourly rate. If an employee did sign up for a plan, the most that can be taken out of their paycheck is \$139 per pay period and the employer is on the hook for the rest of it.

Mr. Hancock explained the costs of the plan is directly tied to their age. The calculation was based on if a person is of a mature age and signed up for the plan, the difference was going to be about \$6,000 to \$7,000 that would be contributed to health care costs a year resulting in the increase to \$27.48.

Mr. Hancock continued that if the person were younger, the costs would be about \$3,000 to \$4,000 making the rate \$24.68. The additional costs for the Pool Director/Manager position versus all the others is the health care and staff didn't want to under budget and staff can't discriminate who is hired based on age and what their health care costs may or may not be.

Mr. Hancock added staff could re-do the calculation as soon as someone was hired, but the best information he could provide is that if the individual didn't sign up the cost would be about \$22.76.

He continued that there were no roll up costs for the Finance Department running payroll in the Actual Rate because it was such a small percentage of the total workforce and because the City is already contributing to the JPA. There will be some time charged out to either himself or the secretary who are going through the time cards and signing them off, but Finance staff didn't feel a need to include an additional cost for the additional direct deposits.

He offered that if the JPA wanted the information he could get a cost estimate.

President Wilson stated to make sure there were line items added to the budget and to take some of these things into account.

Mr. Egan commented he appreciated what Mr. Hancock said about the actual cost being different from what the actual rate is, but how he understands the agreement to be, Appendix A would govern reimbursement to the City, not the actual costs and it seems the rates were arrived at a worst case scenario.

Mr. Hancock responded he wouldn't say it was a worst case scenario, but for the Pool Director/Manager position, staff used a conservative estimate based on the applications received. He thinks the higher amount is quite possible unless the individual does not sign up. The City is not looking to charge extra if it actually comes in lower and there are already a couple of minor changes being made but the Pool Director/Manager could be set at the \$22.76 amount with no health insurance and then it could be addressed separately somewhere else that it could be factored in. Or once someone hired, staff can come back to the JPA with Appendix A and share what the cost is with the Board.

President Wilson asked if any time any of the positions change will it have to be brought back to the Board.

Mr. Hancock responded the only one where there could be a foreseeable change is the position that's more than 29 hours a week.

President Wilson commented that all of the managerial and administration positions will get raises.

Mr. Egan asked that wouldn't all of the positions have to annually elect whether they take the benefits.

Mr. Hancock responded the positions were going to be managed to not exceed 29 hours.

Mr. Egan clarified that he was referring to the positions such as the assistant, project manager and City engineer. He asked if their rate was actually calculated with the same methodology as the Board member manager, with the assumptions made that those employees will take the health insurance.

Mr. Hancock responded that it is actual costs and they are recalculated annually.

Board member Wilson asked that if the City Engineer were to get a raise next month would Appendix A have to come back every single time because it is attached to the contract.

Mr. Hancock responded no and the rates charged will be updated next year.

Mr. Egan stated that was his point, even though pool manager may only cost \$22 an hour, this contract says the JPA owes the City \$27.00.

President Wilson stated the board could pass the agreement as is, and once someone is hired, Appendix A could be brought back and amended, but the rest of the positions should be locked in for a year.

Board member Hammond stated if the agreement was approved and the JPA is no longer an independent organization, it seems like it's going to be another function of the City.

Board member Meserve responded that there is an opportunity to change that.

Mr. Hancock also said he believed the agreement gives a lot of power to the JPA and with a 90 day notice it could be completely on its own. He reiterated that if the board ever felt the pool manager, executive officer or secretary were not serving the board's purpose the City can assign someone else.

From his perspective, the real benefit to the JPA is that this allows a mechanism with a structure in place to get the pool open and moving forward. He stated there is nothing in the agreement that makes it profitable for the City.

Board member Teeter stated that was the crux of the matter, if it didn't pass the agreement the board would be looking at three months of meetings creating policy and hiring and then it would be into next year.

President Wilson said he felt like the Board had made its decision in the last couple of months and that is how it ended up where it is right now.

Vice President Garnier made a motion to approve Resolution 17-12 based on the changes to Item 6D and the change to Item 3. Meserve second.

Mr. Jonas requested the changes be read back.

Mr. Hancock said a sentence was added under Item 3 stating, "The reimbursement request shall not exceed HLVRA's budgeted appropriation for staff services."

In Paragraph 6D in the third sentence, the word liable would be removed and replaced with the "HLVRA shall reimburse unemployment insurance claims" and the word "operational" to be added in front of employees as it would be necessary to move the Pool Director/Manager to the top of the operational position list.

President Wilson also directed staff to bring back Appendix A to be updated once a Pool Director/Manager was hired.

Mr. Egan said he would like the Agreement to say the cost would be the lesser of those rates or the actual costs and it may apply to those other positions as well. There may be a vacancy with the City engineer position and a new one is hired at a lower step on the pay scale and the costs may be less for part of a year.

Mr. Hancock responded that there may be an inverse situation where there is a vacancy and someone is hired at a higher rate.

Board member Teeter commented that during discussions it was mentioned it doesn't even have to be a replacement, if the City gives a raise to the engineer that doesn't take effect on the JPA's schedule until it comes to the board on Appendix A the following year.

Mr. Egan said he was hoping any numbers calculated at any known bargaining unit rate would be incorporated into the costs, most of the time that would be known in advance.

President Wilson asked about the motion.

Vice President Garnier made a motion to approve Resolution 17-12 based on the changes to Item 6D and the change to Item 3, second by Meserve. Motion carried unanimously.

6 Board Reports

Board member Meserve said he thought it was important to consider having the Authority become autonomous at some point in the future, and from an operational stand point, he thinks that is the way the JPA should go.

Mr. Jonas asked if an opening date for the swimming pool has been set.

President Wilson answered no.

Mr. Jonas asked if a date was going to be set soon.

President Wilson responded a Pool Director /Manager might have to be hired first and it will have to stop raining so the pool can be finished.

Mr. Hancock added that weather permitting, the plastering of the pool is scheduled for the beginning of next week and staff was hoping the Authority could take possession of the bath house by the end of next week. Staff went through a punch list with some touch up items they wanted taken care of.

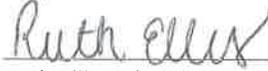
7 PUBLIC COMMENT ON CLOSED SESSION ITEMS: None.

8 CLOSED SESSION: None.

Meeting adjourned at 4:14 p.m.


Brian Wilson, President

Respectfully Submitted by


Ruth Ellis, Administrative Staff Assistant

Approved on May 16, 2017