

A G E N D A
REGULAR JOINT MEETING OF
THE EXECUTIVE COMMITTEE AND THE USER COMMITTEE
TUESDAY, FEBRUARY 19, 2019, 2:00 PM
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY
SECOND FLOOR CONFERENCE ROOM
4440 W. BROADWAY, HAWTHORNE, CA

A. **CALL TO ORDER**

B. **PUBLIC DISCUSSION**

Members of the public will be given the opportunity to directly address the Executive Committee and the User Committee on any item listed on the agenda.

C. **CONSENT CALENDAR**

1. Minutes of the Regular Meeting – January 15, 2019
2. Check Register for January 2019
3. Appropriation of \$49,471.63 from the Enterprise Fund Unreserved Balance to the Manhattan Beach Equipment Replacement Account; and
Authorization of these Funds to be used to Offset Equipment Purchased for City of Manhattan Beach Vehicle Installation and Repairs

D. **ITEMS REMOVED FROM THE CONSENT CALENDAR**

E. **GENERAL BUSINESS**

1. Fiscal Year 2017-2018 Annual Financial Report
2. Agreement with Matrix Consulting Group for Consulting Services Related to a Comprehensive Cost of Service and Allocation Study; and
Approve a Purchase Order in the Amount of \$36,500 for these Services
3. Preliminary Fiscal Year 2019-2020 Budget
4. Agreement with Richards, Watson & Gershon for General Counsel Legal Services

F. **EXECUTIVE DIRECTOR'S REPORT**

G. **EXECUTIVE COMMITTEE AND USER COMMITTEE COMMENTS**

H. **CLOSED SESSION AGENDA**

Conference with Labor Negotiator

Pursuant to Government Code Section 54957.6

Discussion with Liebert Cassidy Whitmore Re: Management & Confidential

Conference with Labor Negotiator

Pursuant to Government Code Section 54957.6

Discussion with Liebert Cassidy Whitmore Re: Teamsters Local 911

Conference with Labor Negotiator

Pursuant to Government Code Section 54957.6

Discussion with Liebert Cassidy Whitmore Re: Communications Workers of America

Conference with Labor Negotiator

Pursuant to Government Code Section 54957.6

Discussion with Negotiator Edward Medrano

Unrepresented Employee: Executive Director

Public Employee Appointment

Pursuant to Government Code Section 54957

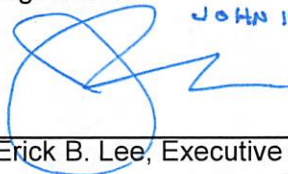
Title: General Counsel

8. **ADJOURNMENT**

Posting Place: 4440 W. Broadway, Hawthorne, CA 90250 and
www.rcc911.org

Posting Date/Time: February 14, 2019/12:30 PM

Signature:

 JOHN KROK for ERICK B. LEE

Erick B. Lee, Executive Director

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**Minutes of the Regular Meeting
January 15, 2019**

January 15, 2019

**MINUTES OF A REGULAR JOINT MEETING
OF THE BOARD OF DIRECTORS, THE EXECUTIVE COMMITTEE
AND THE USER COMMITTEE**

A. CALL TO ORDER

The Board of Directors, the Executive Committee and User Committee convened in a regular joint session at 2:01PM on Tuesday, January 15, 2019, in the second-floor conference room of the South Bay Regional Public Communications Authority at 4440 West Broadway, Hawthorne, CA.

ROLL CALL

Present: Mayor Pro Tem Rodney Tanaka, City of Gardena
City Manager Bruce Moe, City of Manhattan Beach
Interim City Manager Arnie Shadbeh, City of Hawthorne
Chief Derrick Abell, Manhattan Beach Police Department
Chief Michael Ishii, Hawthorne Police Department
Chief Tom Kang, Gardena Police Department
Councilmember David Lesser, Manhattan Beach
Mayor Pro Tem Haidar Awad, City of Hawthorne

Absent: City Manager Ed Medrano, City of Gardena

Also Present: Executive Director Erick B. Lee
Operations Manager Shannon Kauffman
Administrative Services Manager John Krok
Chief Dave White, City of Culver City
Chief Bill Whalen, City of El Segundo
Chief Chris Donovan, City of El Segundo
Josh Armstrong, City of Hawthorne

B. PUBLIC DISCUSSION

None.

C. BOARD OF DIRECTORS ACTION ITEMS

1. Election of Board of Directors Chairperson and Vice Chairperson for Fiscal year 2018/2019
MOTION: Councilmember Lesser moved to nominate Mayor Pro Tem Tanaka to serve as Chair and Mayor Pro Tem Awad to serve as Vice Chair. The motion was seconded and passed by unanimous voice vote.
2. Minutes from a Special Joint Meeting of the Board of Directors and the Executive Committee – October 11, 2018
MOTION: Councilmember Lesser moved to approve the minutes. Mayor Pro Tem Awad seconded the motion. There was no discussion and was passed by unanimous voice vote.

F. GENERAL BUSINESS

1. Fiscal Year 2018/2019 Mid-Year Budget Report
Mayor Pro Tem Tanaka requested that this item be taken out of order.

Executive Director Lee reported the on the progress of the FY2018/19 budget and highlighted accomplishments made during this first half of the fiscal year.

MOTION: Mayor Pro Tem Tanaka made a motion to accept the report. The motion was seconded by Councilmember Lesser and passed by unanimous voice vote.

D. **EXECUTIVE COMMITTEE CONSENT CALENDAR**

City Manager Moe made a motion to approve the Consent Calendar, Item Numbers 1-5. The motion was seconded by Mayor Pro Tem Awad and passed by a unanimous voice vote.

1. Amended Minutes from November 20, 2018
2. Minutes of a Regular Joint Meeting of the Executive Committee and the User Committee – December 18, 2018
3. Payment Register FY2018/2-19 – December 2018
4. Cash & Investments Report/December 31, 2018
5. Appropriation of \$404.61 from the Grant Fund Unreserved Balance to the UASI Grant P25 Communications Repeater Migration Account; and Authorization of these Funds to be used to Purchase Additional Equipment Related to the INSB Radio Network Project.

F. **GENERAL BUSINESS**

2. Authorize the Executive Director to Execute Amendments to the Prefunding UASI Grant for Construction of Interagency Communications Interoperability System Platform Agreements

MOTION: City Manager Moe made a motion to approve this item. The motion was seconded by Interim City Manager Shadbahr and passed by a unanimous voice vote.

3. Memorandum of Understanding between the South Bay Regional Public Communications Authority and the California Teamsters Public, Professional, and Medical Employees Union Local 911

MOTION: City Manager Moe made a motion to approve this item. The motion was seconded by Interim City Manager Shadbahr and was passed by a unanimous voice vote.

G. **EXECUTIVE DIRECTOR'S REPORT**

Executive Director Lee reported on Communications Operator recruitment progress, the INSB Network Project, and the Authority's UASI Grant Reimbursement.

H. **BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND USER COMMITTEE COMMENTS**

Mayor Pro Tem Tanaka expressed appreciation for staff's hard work during these first six months of the year. Councilmember Lesser echoed the sentiment. Executive Director Lee thanked the Board of Directors, Executive Committee, User Committee, Fire and Police Task Forces for their continued support of staff's efforts.

I. **CLOSED SESSION AGENDA**

At 2:31PM, the Executive Committee entered into a closed session to discuss the following items:

Conference with Labor Negotiator
Pursuant to Government Code Section 54957.6
Discussion with Liebert Cassidy Whitmore Re: Teamsters Local 911

Conference with Labor Negotiator

Pursuant to Government Code Section 54957.6
Discussion with Liebert Cassidy Whitmore Re: Communications Workers of America

Conference with Labor Negotiator
Pursuant to Government Code Section 54957.6
Discussion with Liebert Cassidy Whitmore Re: Management & Confidential

The meeting returned to open session at 3:02 PM with no action taken in closed session.

J. **ADJOURMENT**

The meeting was adjourned at 3:03PM.

Regular Joint Meeting
of the Board of Directors,
The Executive Committee
and the User Committee
January 15, 2019

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Check Register for January 2019



Check Register FY 2018-19

January 2019

<u>Accounts Payable Check Issued Date</u>	<u>Total Check Amount</u>	<u>Notes</u>
January 4, 2019	\$183,166.41	
January 18, 2019	\$225,193.91	
Accounts Payable Total	\$408,360.32	
<u>Payroll Checks issued Date</u>		
January 4, 2019	\$163,300.39	
January 18, 2019	\$163,619.64	
Payroll Total	\$326,920.03	

Bank : union UNION BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
1369	1/4/2019	00058	CALPERS	Ben26738	1/4/2019	PERS RETIREMENT: PAYMENT	31,460.16	31,460.16
1370	1/4/2019	00219	INTERNAL REVENUE SERVICE	Ben26740	1/4/2019	FEDERAL WITHHOLDING TAX: P/	34,233.31	34,233.31
1371	1/4/2019	00223	EMPLOYMENT DEVEL DEPT	Ben26742	1/4/2019	STATE DISABILITY INSURANCE:	13,944.53	13,944.53
1372	1/4/2019	00222	STATE DISBURSEMENT UNIT	Ben26744	1/4/2019	SUPPORT: PAYMENT	184.62	184.62
1673	1/4/2019	00012	CALIFORNIA WATER SERVICE	CC550731926	12/28/2018	5550731926	523.84	523.84
53975	1/4/2019	00217	CALIFORNIA TEAMSTERS UNION	Ben26734	1/4/2019	UNION DUES TEAMSTERS: PAYM	1,995.50	1,995.50
53976	1/4/2019	00014	CDW GOVERNMENT, INC.	QKT7591	12/18/2018	QKT7591	11,300.63	
				QKM2843	12/17/2018	QKM2843	11,300.63	
				QKM2847	12/17/2018	QKM2847	3,423.02	
				QLT9809	12/21/2018	QLT9809	238.59	26,262.87
53977	1/4/2019	00015	CHEVRON AND TEXACO	7898689208	12/22/2018	7898689208	181.82	181.82
53978	1/4/2019	00156	CODE 3 INC	1186309	9/10/2018	1186309	91.51	91.51
53979	1/4/2019	00671	COHEN, MD, MARC R.	0006	12/31/2018	0006	4,583.33	4,583.33
53980	1/4/2019	00225	COMMLINE INC	0128192	1/2/2019	0128192	12,500.00	12,500.00
53981	1/4/2019	00218	CWA LOCAL 9400	Ben26736	1/4/2019	UNION DUES CWA: PAYMENT	249.52	249.52
53982	1/4/2019	00449	DIGI-KEY ELECTRONICS	246546065679273	11/16/2018	65679273	874.35	
				65175468	10/15/2018	65175468	158.72	1,033.07
53983	1/4/2019	00008	FEDERAL SIGNAL CORP	7077091	12/26/2018	7077091	262.49	262.49
53984	1/4/2019	00651	FRONTIER	3103752741011110	1/1/2019	3103752741011105	224.50	
				209051870106030	10/1/2019	20905187010603025	92.35	
				209150596909238	1/1/2019	20915059690923835	52.11	
				209150597811308	1/1/2019	20915059781130835	45.29	
				209151099802099	1/1/2019	20915109980209955	38.94	
				209150244610318	10/10/2019	20915024461031835	38.94	
				209150244709268	1/1/2019	20915024470926835	38.94	531.07
53985	1/4/2019	00018	FUKUI, KAZ	12312018	12/31/2018	GARDENING SERV/DEC 2018	190.00	190.00
53986	1/4/2019	00029	HAWTHORNE HARDWARE	408825	10/31/2018	408825	1.65	1.65
53987	1/4/2019	00221	ICMA RETIREMENT TRUST	Ben26732	1/4/2019	DEFERRED COMPENSATION - 3(24,800.18	24,800.18
53988	1/4/2019	00799	LA UNIFORMS & TAILORING	1184	12/18/2018	1184	54.64	54.64
53989	1/4/2019	00760	LAWLES ENTERPRISES, INC.	11241	1/2/2019	11241	2,000.00	2,000.00
53990	1/4/2019	00442	LAWSON PRODUCTS, INC.	9306354892	12/17/2018	9306354892	619.52	
				9306354893	12/17/2018	9306354893	209.48	
				9306358385	12/18/2018	9306358385	23.65	852.65
53991	1/4/2019	00802	M JACK BROOKS, JD	122018SBR	1/2/2019	122018	13,400.00	13,400.00

Bank : union UNION BANK		(Continued)					
Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
53992	1/4/2019	00647	MC ELECTRICAL, INC.	213	1/3/2019 213	450.00	450.00
53993	1/4/2019	00331	MITSUBISHI ELECTRIC INC	342201	1/1/2019 342201	662.64	662.64
53994	1/4/2019	00577	NEW LOOK AUTO DETAIL	2008	12/28/2018 2008	75.00	75.00
53995	1/4/2019	00463	SIGTRONICS	130569	12/12/2018 130569	1,171.60	1,171.60
53996	1/4/2019	00069	SOUTHERN CALIFORNIA EDISON	3014537955	1/3/2019 3014537955	153.73	153.73
53997	1/4/2019	00803	SPARKLETTS	122818	12/28/2018 122818	43.00	43.00
53998	1/4/2019	00460	SPECTRUM BUSINESS	1133787122418	12/24/2018 1133787122418	1,900.00	1,900.00
53999	1/4/2019	00302	SPRINT	155018370087	12/29/2018 155018370087	5,606.76	
				107177860092	12/27/2018 107177860092	85.98	5,692.74
54000	1/4/2019	00036	TALLEY INCORPORATED	10322769	12/19/2018 10322769	401.03	401.03
54001	1/4/2019	00149	U.S. HEALTHWORKS MED GROU	3448054	12/21/2018 3448054	344.00	344.00
54002	1/4/2019	00171	VERIZON WIRELESS	9820955849	12/23/2018 9820955849	1,627.23	
				9820895840	12/23/2018 9820895840	347.25	
				9820879917	12/23/2018 9820879917	342.27	
				9820552986	12/18/2018 9820552986	167.13	
				9820879918	12/23/2018 9820879918	38.03	2,521.91
54003	1/4/2019	00067	XCEL MECHANICAL SYSTEMS	20010	12/27/2018 20010	414.00	414.00
Sub total for UNION BANK:							183,166.41

34 checks in this report.

Grand Total All Checks: 183,166.41

Bank : union UNION BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
1373	1/18/2019	00219	INTERNAL REVENUE SERVICE	Ben26761	1/18/2019	FEDERAL WITHHOLDING TAX	33,262.22	33,262.22
1374	1/18/2019	00058	CALPERS	Ben26763	1/18/2019	PERS RETIREMENT: PAYMEN	31,383.22	31,383.22
1375	1/18/2019	00223	EMPLOYMENT DEVEL DEPT	Ben26765	1/18/2019	STATE DISABILITY INSURANC	13,567.48	13,567.48
1376	1/18/2019	00222	STATE DISBURSEMENT UNIT	Ben26767	1/18/2019	SUPPORT: PAYMENT	184.62	184.62
1674	1/18/2019	00069	SOUTHERN CALIFORNIA EDIS	2235535986	1/17/2019	ELEC SERV HQ/12-09-18 TO C	6,298.89	6,298.89
54004	1/18/2019	00004	AGEE, BONNIE	11819	1/18/2019	RETIREE MED PREM/FEB 201	764.46	764.46
54005	1/18/2019	00392	ALLEN MANUFACTURING, LL	RINV084274	1/10/2019	K9 KIT/F74: GEN 2 HUD	141.99	141.99
54006	1/18/2019	00297	ATT CALNET	12034003	1/13/2019	PHONE SERV/12-13 TO 01-12-	2,491.67	
				12422013	1/3/2019	PHONE SERV/12-03 TO 01-02	717.01	
				124980458	1/13/2019	PHONE SERV/12-13 TO 01-12	176.67	
				12477394	1/13/2019	PHONE SERV/12-03 TO 01-02	95.72	3,481.07
54007	1/18/2019	00064	ATT PAYMENT CENTER	9604611823555	1/1/2019	PHONE SERV/12-2 TO 01-01-	1,822.90	1,822.90
54008	1/18/2019	00670	BARTEL ASSOCIATES, LLC	18-1207	1/2/2019	OPEB VALUATION FOR JUNE	13,500.00	13,500.00
54009	1/18/2019	00769	BROOKING INDUSTRIES	66578	1/16/2019	13 CIRCUIT POWER DIST/FU	1,118.78	1,118.78
54010	1/18/2019	00217	CALIFORNIA TEAMSTERS UNI	Ben26753	1/18/2019	UNION DUES TEAMSTERS: P	1,995.50	1,995.50
54011	1/18/2019	00058	CALPERS	Ben26757	1/18/2019	ANTHEM TRADITIONAL HMO:	23,111.95	
				Ben26749	1/18/2019	ANTHEM TRADITIONAL HMO:	23,100.88	46,212.83
54012	1/18/2019	00014	CDW GOVERNMENT, INC.	QBP8096	1/7/2019	CRADELPOINT IBR900 ROUT	1,130.06	
				QNJ7163	1/2/2019	CRUCIAL MX500 500GB SATA	338.69	1,468.75
54013	1/18/2019	00225	COMMLINE INC	0091875-IN	2/9/2018	SERVICE REPAIR	250.00	250.00
54014	1/18/2019	00078	COX, CHRISTOPHER	11819	1/18/2019	RETIREE MED PREM/FEB 201	675.22	675.22
54015	1/18/2019	00218	CWA LOCAL 9400	Ben26759	1/18/2019	UNION DUES CWA: PAYMENT	249.52	249.52
54016	1/18/2019	00731	D & R ELECTRONICS	INV250000476	1/17/2019	POWER DISTRIBUTION UNIT,	2,415.00	2,415.00
54017	1/18/2019	00810	DOGS ON DESIGN	8317	1/11/2019	SBRPCA WEBSITE CREATION	9,850.00	9,850.00
54018	1/18/2019	00008	FEDERAL SIGNAL CORP	7023918	10/18/2018	RUMBLER SIREN SYSTEM/PC	2,260.92	
				7086970	1/10/2019	MOUNTING BRACKET	1,639.36	
				7083629	1/7/2019	RUMBLER SIREN SYSTEM/PC	879.06	4,779.34
54019	1/18/2019	00258	FIRE COM	307424	1/21/2019	WIRED HEADSET OVER HEA	2,002.65	2,002.65
54020	1/18/2019	00621	FIRST BANKCARD	3754	12/25/2018	TRAINING	3,721.03	
				9019	12/31/2018	DIRECTV SERVICE/DEC 2018	435.31	
				01252019	1/25/2019	OFFICE SUPPLIES	272.43	
				6439	12/31/2018	SOUTH BAY FORD/ TIRE ROT	168.67	4,597.44

Bank : union UNION BANK

(Continued)

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
54021	1/18/2019	00651	FRONTIER	7002Z664-S1900	1/5/2019	PHONE SERV/12-05 TO 1-04-	57.35
				21303816660830	2/4/2019	PHONE SERV 038-1666/01-10	47.97
				00651	1/5/2019	PHONE SERV/12-05 TO 1-04-	39.15
54022	1/18/2019	00696	GUARDIAN	Ben26751	1/18/2019	DENTAL HMO PLAN: PAYMEN	5,672.98
54023	1/18/2019	00027	HAVIS INC.	IN574340	1/24/2019	12 MOUNTING BRAKETES/PO	245.45
54024	1/18/2019	00798	HYDREX PEST CONTROL	270455	1/22/3201	PEST CONTROL	75.00
54025	1/18/2019	00221	ICMA RETIREMENT TRUST	Ben26755	1/18/2019	DEFERRED COMPENSATION	11,420.02
54026	1/18/2019	00039	JANI-KING OF CALIF INC.	12180663	12/31/2018	JANITOR SERVICE/DECEMBE	2,237.49
				12180743	1/28/2019	SUPPLIES	1,003.07
				12180747	12/6/2018	SUPPLIES	115.10
54027	1/18/2019	00799	LA UNIFORMS & TAILORING	925	10/29/2018	UNIFORMS	1,849.39
54028	1/18/2019	00442	LAWSON PRODUCTS, INC.	9306409386	1/14/2019	INSTALL PARTS/TECH SHOP	537.41
54029	1/18/2019	00087	LIEBERT CASSIDY & WHITMO	1472292	12/31/2018	LEGAL SERV/12/31/18	1,184.00
54030	1/18/2019	00116	MEADORS, LATANYA	11819	1/18/2019	RETIREE MED PREM/FEB 201	486.57
54031	1/18/2019	00791	MUNITEMPS	129071	1/20/2019	STAFFING SERVICES 01/07/1	6,159.44
				129039	1/11/2019	STAFFING SERVICES 12/26/1	4,395.88
54032	1/18/2019	00049	NATIONAL VISUAL SYSTEMS	41174	11/1/2018	DESK MOUNTED SIGN;CLAR/	136.88
54033	1/18/2019	00577	NEW LOOK AUTO DETAIL	2012	1/10/2019	AUTO DETAIL	75.00
54034	1/18/2019	00777	PHILLIPS PLUMBING	155684	1/23/2019	LABOR PLUMBER	360.25
				155684	1/6/2019	LABOR PLUMBER	215.06
54035	1/18/2019	00541	PULSETECH PRODUCTS COF	91127	1/9/2019	SOLAR CHARGER	413.21
54036	1/18/2019	00060	RIVERA, JOSE	11819	1/18/2019	RETIREE MED PREM/FEB 201	819.50
54037	1/18/2019	00144	SAXE-CLIFFORD PHD, SUSAN	19-0117-1	1/17/2019	PSYCH EVALUATION	400.00
54038	1/18/2019	00066	SHARK STUDIOS INC.	165	1/4/2019	WEB HOSTING & LICENSING	225.00
54039	1/18/2019	00273	SHAW, LILLIAN	11819	1/18/2019	RETIREE MED PREM/FEB 201	441.50
54040	1/18/2019	00079	SHEAREN, KENNETH	11819	1/18/2019	RETIREE MED PREM/FEB 201	488.13
54041	1/18/2019	00126	STEVENS, DEBORAH	11819	1/18/2019	RETIREE MED PREM/FEB 201	611.75
54042	1/18/2019	00034	STEVENS, GARY	11819	1/18/2019	RETIREE MED PREM/FEB 201	637.52
54043	1/18/2019	00538	TACTICAL COMMAND CABINE	011719	1/23/2019	TWO CARPET LINED WOOD I	1,450.00
54044	1/18/2019	00036	TALLEY INCORPORATED	10324035	1/10/2019	INSTALL PARTS	216.95
				10323792	1/8/2019	INSTALL PARTS	208.77
54045	1/18/2019	00149	U.S. HEALTHWORKS MED GR	3453643	1/3/2019	PRE-EMP PHYSICAL	344.00
54046	1/18/2019	00809	WALLIN,KRESS,REISMAN,KR/	010219	1/2/2019	PROFESSIONAL SERVICES N	1,285.25
54047	1/18/2019	00063	WHELEN ENGINEERING CO.,	476342	1/24/2019	ION LIGHTS/PO 701204239	198.45
54048	1/18/2019	00735	XEROX FINANCIAL SERVICES	1472214	1/10/2019	COPIER LEASE AND USAGE	1,118.54

apChkLst
01/28/2019 5:33:54PM

Final Check List
South Bay Regional PCA

Page: 3

Sub total for UNION BANK: 225,193.91

apChkLst
01/28/2019 5:33:54PM

Final Check List
South Bay Regional PCA

Page: 4

50 checks in this report.

Grand Total All Checks: 225,193.91



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: February 19, 2019

ITEM NUMBER: C3

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: APPROPRIATION OF \$49,471.63 FROM THE ENTERPRISE FUND UNRESERVED BALANCE TO THE MANHATTAN BEACH EQUIPMENT REPLACEMENT ACCOUNT; AND

AUTHORIZATION OF THESE FUNDS TO BE USED TO OFFSET EQUIPMENT PURCHASED FOR CITY OF MANHATTAN BEACH VEHICLE INSTALLATION AND REPAIRS

ATTACHMENTS: 1. Staff Report from June 19, 2012
2. Fiscal Year 2017/18 Expenditure Status Report

RECOMMENDATION

Staff recommends that the Executive Committee appropriate \$49,471.63 from the Enterprise Fund Unreserved Balance (Fund 10) to the Manhattan Beach Equipment Replacement Account (10-80-436-5901) and authorize these funds to be used to offset equipment purchased for City of Manhattan Beach vehicle installation and repairs.

DISCUSSION

On June 19, 2012, the Executive Committee appropriated State Homeland Security Grant Program (SHSGP) reimbursement funds received from the County of Los Angeles for use by the Authority's member cities for equipment replacement. This reimbursement was added to other equipment replacement funds that had been designated for each member and totaled \$643,637.17 as indicated below:

Gardena	\$ 145,898.17
Hawthorne	329,211.20
Manhattan Beach	168,528.33
Total	\$ 643,637.17

Over the following years, each member city used these funds for various equipment related purchases. The City of Gardena exhausted its allocation in 2013, and the City of Hawthorne exhausted its allocation in 2018.

As of the end of Fiscal Year 2017/18, the City of Manhattan Beach had \$49,471.63 of its allocation remaining. However, staff inadvertently did not include these funds as part of the annual budget carryover process into Fiscal Year 2018/19.

FISCAL IMPACT

In order ensure the City of Manhattan Beach continues to have access to its remaining allocation, an appropriation of \$49,471.63 from the Enterprise Fund Unreserved Balance is necessary.

C3 ATTACHMENT #1



Staff Report

South Bay Regional Public Communications Authority

TO: Executive Committee

THROUGH: Ralph Mailloux

FROM: Agnes T. Walker

DATE: June 19, 2012

SUBJECT: Appropriation of SHSGP Grant Funds

RECOMMENDATION:

Appropriate to the Member Cities the final reimbursement of \$40,706 received from Los Angeles County for the Punta Place Project funded by the State Homeland Security Grant Program (SHSGP) as follows:

	<u>% Share</u>	<u>Amount</u>
City of Gardena	32.08%	\$13,059
City of Hawthorne	45.07%	18,346
City of Manhattan Beach	<u>22.85%</u>	<u>9,301</u>
Total	100.00%	\$40,706

The above action officially amends the current year's budget for capital outlay without further approval by the Board of Directors, as the Board does not meet again until January 2013.

FISCAL IMPLICATION:

With the above appropriation, the total balance in the Member Cities' accounts is \$643,637.17 for their use as "Equipment Replacement Fund." This amount includes prior allocation that was approved by the Executive Committee.

BACKGROUND:

On May 16, 2012, the Authority received \$40,706 from the County of Los Angeles, through the City of Hawthorne, as the final reimbursement for the Punta Place upgrade funded by the Homeland Security Grant Program. The Executive

Committee had previously directed the Authority to allocate all reimbursements to the Member Cities as their "Equipment Replacement Fund."

DISCUSSION:

The current year's budget is amended to reflect the additional appropriation of the grant fund reimbursement received on May 16, 2012. Staff has since posted the appropriation to each Member City's account established in 2011. The remaining balances, including the above recommended appropriation, are as follows:

<u>City</u>	<u>Account</u>	<u>Amount</u>
Gardena	10-80-434-5901	\$145,898.17
Hawthorne	10-80-435-5901	329,211.20
Manhattan Beach	10-80-436-5901	<u>168,528.33</u>
Total		\$643,637.17

LEGAL REVIEW:

None.

CONCLUSION:

Based on the Executive Committee's previous direction, the Member Cities can use the funds for equipment replacement.

C3 ATTACHMENT #2

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Periods: 1 through 13

Expenditure Status Report

Page: 1

South Bay Regional PCA
7/1/2017 through 6/30/2018

10 SBRPCA Enterprise Fund

<u>Account Number</u>	<u>Adjusted Appropriation</u>	<u>Expenditures</u>	<u>Year-to-date Expenditures</u>	<u>Year-to-date Encumbrances</u>	<u>Balance</u>	<u>Prct Used</u>
80 Capital Infrastructure Projects						
80-400 CIP						
80-400-5000 Expenditures						
80-435-5901 CIP Exp-Hawthorne Allocation	58,454.00	58,454.00	58,454.00	0.00	0.00	100.00
80-436-5901 CIP Exp-MB Allocation	60,253.00	10,781.37	10,781.37	0.00	49,471.63	17.89
Total SBRPCA Enterprise Fund	118,707.00	69,235.37	69,235.37	0.00	49,471.63	58.32
Grand Total	118,707.00	69,235.37	69,235.37	0.00	49,471.63	58.32



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: February 19, 2019

ITEM: E1

TO: Executive Committee and User Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: FISCAL YEAR 2017-2018 ANNUAL FINANCIAL REPORT

ATTACHMENTS: 1. Audited Financial Statements for the Fiscal Year Ended June 30, 2018

RECOMMENDATION

Staff recommends that the Executive Committee receive and file the attached audited Financial Statements for the Fiscal Year Ended June 30, 2018.

BACKGROUND

The Authority's budgetary policy requires that fiscal year-end audited financial statements be presented to the Executive Committee in February of each year.

The Pun Group LLP, the Authority's independent auditing firm, has completed the audit of the Authority's fiscal activities for the fiscal year ended June 30, 2018. Accordingly, they have issued the Authority's Financial Statements for the period.

DISCUSSION

The auditors have rendered an unqualified opinion on the Authority's Financial Statements for the Fiscal Year Ended June 30, 2018. In their opinion, the financial statements present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The Authority's net position was \$6,658,747 for the fiscal year ended June 30, 2018 reflecting an increase of approximately 41.6% since June 30, 2017. The change in net position is primarily the result of investment in capital assets. Operating revenues for the Authority increased 14.0% to \$12,743,300 and operating expenses increased by 18.0%

to \$12,262,734. The increases in operating revenues are due to the addition of Culver City and the increase of billable parts revenue received. The increases in operating expenses are due primarily to the addition of Culver City and the increases to pension liability.

As discussed in Note 9 to the financial statements, the Authority's net pension liability increased by \$1,091,522 to \$6,711,657 as of June 30, 2018. Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year and any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the year ending June 30, 2018, the Authority recognized pension expenses in the amount of \$1,134,356.

As discussed in Note 7 to the financial statements, the Authority adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) for the year ended June 30, 2018. The Authority's annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the Employer, which is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The Authority currently funds OPEB obligations on a pay-as-you-go basis (i.e., as medical insurance premiums become due) and records a liability for the difference between pay-as-you-go and the actuarially determined ARC cost. Net OPEB liability is reported in the Balance Sheet in the amount of \$2,810,101 as of June 30, 2017, the measurement date. This net OPEB liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2017. For fiscal year 2018, contributions were made totaling \$126,836.

Under the budgetary policy adopted by the Executive Committee, the unreserved Fund 10 Enterprise Fund balance shall be eligible to be remitted to each member in proportion to each member's ownership share in the Authority, in accordance with its Bylaws, based on the fiscal year-end audited financial statements. As of July 1, 2018, the unreserved cash balance in this fund was \$3,916,100. In October 2018, the Board of Directors appropriated \$1,733,647 of this unreserved balance to assist with funding the Authority's \$6,544,686 Communications Equipment Purchase with Motorola Solutions, Inc. Staff projects that this unreserved cash balance will be \$2,774,716 by the end of Fiscal Year 2018-2019.

In order to plan for funding non-current liabilities in future years, as part of the Fiscal Year 2019-2020, budget staff will be proposing a work plan item that involves working with the Executive Committee to develop policies related to funding the long-term costs of benefits provided to employees and retirees through pension and OPEB plans. Staff recommends that the projected Fund 10 Enterprise Fund unreserved cash balance be retained until such policies are developed.

FISCAL IMPACT

None. The financial statements reflect the overall financial condition of the Authority, and the audit represents an objective evaluation of financial activities.

E1 ATTACHMENT #1

South Bay Regional Public Communications Authority

Hawthorne, California

Annual Financial Report

For the Years Ended June 30, 2018 and 2017





Board of Directors as of June 30, 2018

Name	City Represented	Title
Rodney Tanaka	City of Gardena	Chairman
Haidar Awad	City of Hawthorne	Vice-Chairman
David Lesser	City of Manhattan Beach	Member

*South Bay Regional Public Communications Authority
4440 West Broadway
Hawthorne, California 90250*

South Bay Regional Public Communications Authority
Annual Financial Report
For the Years Ended June 30, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the South Bay Regional Public Communications Authority
Hawthorne, California

Report on the Financial Statements

We have audited the accompanying financial statements of the South Bay Regional Public Communications Authority (Authority), which comprise of the balance sheets as of June 30, 2018 and 2017, and the related statements of revenues, expenses and changes in net position, and cash flows, for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2018 and 2017, and the respective changes in financial position, and, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Implementation of GASB Statement No. 75

As discussed in Note 7 to the financial statements, the Authority adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. The adoption of this statement requires retrospective application of previously reported net position at July 1, 2017 as described in Note 12 to the basic financial statements. In addition, net OPEB liability is reported in the Balance Sheet in the amount of \$2,810,101 as of June 30, 2017, the measurement date. This net OPEB liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 to 8, and the Schedule of the Authority's Proportionate Share of the Plan's Net Pension Liability, Schedule of the Authority's Contributions to the Pension Plan, Schedule of Changes in Net Other Post-Employment Benefit Liability and Related Ratio, and Schedule of Funding Progress – Other Post-Employment Benefit Plan on pages 47 through 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
February 12, 2019



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Directors
of the South Bay Regional Public Communications Authority
Hawthorne, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheets as of June 30, 2018 and 2017, and the related statements of revenues, expenses and changes in net position, and cash flows, for the years then ended, and the related notes to the financial statements, which collectively comprises the Authority's basic financial statements, and have issued our report thereon dated February 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
of the South Bay Regional Public Communications Authority
Hawthorne, California
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Puck Group, LLP

Santa Ana, California
February 12, 2019

South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2018 and 2017

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the South Bay Regional Public Communications Authority (Authority) provides an introduction to the financial statements of the Authority for the years ended June 30, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2018, the Authority's net position increased 41.6% or \$1,956,382 (including the restatement due to implementation of GASB Statement No. 75 amounted to \$(1,410,584)) from \$4,702,365 to 6,658,747.
- In 2017, the Authority's net position increased 2.9% or \$130,821 from \$4,571,544 to \$4,702,365.
- In 2018, the Authority's operating revenues increased 14.0% or \$1,566,601 to \$12,743,300 from the prior year, due primarily to the annual assessment received from Culver City and the increase of billable parts revenue received
- In 2017, the Authority's operating revenues increased 7.7% or \$796,864 to \$11,176,699, from the prior year, due primarily to the addition of the new client city, Culver City.
- In 2018, the Authority's operating expenses increased 18.0% or \$1,873,159 to \$12,262,734 due primarily to provide services for Culver City and the increase of Pension liability.
- In 2017, the Authority's operating expenses increased 7.9% or \$759,437 to \$10,389,575, due primarily to provide services for Culver City.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The financial statements are comprised of two components: 1) financial statements and, 2) notes to financial statements.

This report also contains other supplementary information in addition to the financial statements themselves. The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *balance sheet* presents information on all of the Authority's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* presents information showing the sources and uses of cash related to operating activities, noncapital financing activities, capital and related financing activities and investing activities. In addition, the statement provides information about significant non-cash investing, capital and financing activities.

South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2018 and 2017

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the Authority

One of the most important questions asked about the Authority's finances is, "*Is the Authority better off or worse off as a result of this year's activities?*" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority in a way that helps answer this question.

These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Authority's *net position* and changes in them. One can think of the Authority's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as a way to measure the Authority's financial health, or *financial position*. Over time, *increases or decreases* in the Authority's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions.

Condensed Balance Sheet

	June 30, 2018	June 30, 2017	Change	June 30, 2016
Assets:				
Current assets	\$ 5,916,916	\$ 3,487,850	\$ 2,429,066	\$ 3,668,069
Capital assets, net	10,454,687	8,271,029	2,183,658	8,730,819
Total assets	16,371,603	11,758,879	4,612,724	12,398,888
Deferred outflows of resources	2,575,190	1,762,069	813,121	588,074
Total assets and deferred outflows of resources	\$ 18,946,793	\$ 13,520,948	\$ 5,425,845	\$ 12,986,962
Liabilities:				
Current liabilities	1,488,518	795,179	693,339	1,947,603
Noncurrent liabilities	9,903,837	7,429,351	2,474,486	5,606,555
Total liabilities	11,392,355	8,224,530	3,167,825	7,554,158
Deferred inflows of resources	895,691	594,053	301,638	861,260
Net position:				
Investment in capital assets	10,454,687	8,271,029	2,183,658	8,730,819
Unrestricted (Deficit)	(3,795,940)	(3,568,664)	(227,276)	(4,159,275)
Total net position	6,658,747	4,702,365	1,956,382	4,571,544
Total liabilities, deferred inflows of resources and net position	\$ 18,946,793	\$ 13,520,948	\$ 5,425,845	\$ 12,986,962

South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2018 and 2017

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources by \$6,658,747 and \$4,702,365 as of June 30, 2018 and 2017.

By far the largest portion of the Authority's net position reflects its investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its members and client agencies; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2018 and 2017, the Authority shows a negative balance in its unrestricted net position of (\$3,795,940) and (\$3,568,664), respectively, which is due primarily to the net pension liability on the statement of net position of \$6,711,657 and \$5,620,135, respectively. The Executive Committee has taken action to reserve aspects of the unrestricted net position for specified purposes such as operating reserves and future other post-employment benefits funding.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30, 2018	June 30, 2017	Change	June 30, 2016
Revenues:				
Operating revenues	\$ 12,743,300	\$ 11,176,699	\$ 1,566,601	\$ 10,379,835
Non-operating revenues	3,575,566	17,256	3,558,310	9,670
Total revenues	16,318,866	11,193,955	5,124,911	10,389,505
Expenses:				
Operating expenses	12,262,734	10,389,575	1,873,159	9,630,138
Depreciation expense	689,166	673,559	15,607	647,287
Total expenses	12,951,900	11,063,134	1,888,766	10,277,425
Change in net position	3,366,966	130,821	3,236,145	112,080
Net Position:				
Beginning of year	4,702,365	4,571,544	130,821	4,459,464
Prior period adjustments	(1,410,584)	-	(1,410,584)	-
End of year	<u>\$ 6,658,747</u>	<u>\$ 4,702,365</u>	<u>\$ 1,956,382</u>	<u>\$ 4,571,544</u>

The Statement of Revenues, Expenses, and Changes in Net Position show how the Authority's net position changed during the fiscal year. In the case of the Authority, net position increased by \$1,956,382 and \$130,821, respectively, as of June 30, 2018 and 2017.

In 2018, a closer examination of the sources of changes in net position reveals that the Authority's total revenues increased by \$1,566,601, due primarily to the annual assessment received from Culver City and the additional revenue received from the billable parts. In addition, total expenses increased by \$1,873,159 due primarily to provide services for Culver City and the increase of pension liability.

In 2017, a closer examination of the sources of changes in net position reveals that the Authority's total revenues increased by \$804,450, due primarily to the addition of the new client city, Culver City. In addition, total expenses increased by \$785,709, due primarily to provide services for Culver City.

South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2018 and 2017

Capital Asset Administration

Capital assets balances consisted of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Non-depreciable assets	\$ 495,554	\$ 495,554	\$ 495,554
Depreciable assets	15,612,875	12,740,050	14,261,399
Accumulated depreciation	<u>(5,653,742)</u>	<u>(4,964,575)</u>	<u>(6,026,134)</u>
Total capital assets, net	<u>\$ 10,454,687</u>	<u>\$ 8,271,029</u>	<u>\$ 8,730,819</u>

The capital asset activities of the Authority are summarized above and in Note 3 to the basic financial statements.

Conditions Affecting Current Financial Position

The operations of the Authority are funded by assessments from its members. Changes in the economy are unlikely to directly impact the Authority. Management is not aware of past, present or future conditions that would have a significant impact on the Authority's financial position and/or net position

Requests for Information

This financial report is designed to provide the Authority's funding sources, customers, stakeholders and other interested parties with an overview of the Authority's financial operations and financial condition. Questions regarding the information included in this report, or requests for additional financial information should be addressed to South Bay Regional Public Communications Authority, 4440 West Broadway, Hawthorne, CA 90250.

BASIC FINANCIAL STATEMENTS

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South Bay Regional Public Communications Authority

Balance Sheets June 30, 2018 and 2017

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and investments (Note 2)	\$ 5,186,709	\$ 2,783,702
Accrued interest receivable	19,958	5,963
Accounts receivable	166,679	196,031
Prepaid items	74,483	127,525
Materials and supplies inventory	469,087	374,629
Total current assets	5,916,916	3,487,850
Noncurrent assets:		
Capital assets – not being depreciated (Note 3)	495,554	495,554
Capital assets, net – being depreciated (Note 3)	9,959,133	7,775,475
Total noncurrent assets	10,454,687	8,271,029
Total assets	16,371,603	11,758,879
Deferred outflows of resources:		
Pension related deferred inflows of resources (Note 9)	2,434,654	1,762,069
OPEB related deferred outflows of resources (Note 7)	140,536	-
Total deferred outflows of resources	2,575,190	1,762,069
Total assets and deferred outflows of resources	\$ 18,946,793	\$ 13,520,948
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 127,733	\$ 70,479
Accrued salaries and benefits	304,585	281,750
Member deposits and unearned revenue (Note 4)	928,840	323,732
Long-term liabilities – due within one year:		
Compensated absences (Note 5)	127,360	119,218
Total current liabilities	1,488,518	795,179
Noncurrent liabilities:		
Long-term liabilities – due within one year:		
Compensated absences (Note 5)	382,079	357,654
Net other post-employment benefits payable (Note 7)	2,810,101	1,451,562
Net pension liability (Note 9)	6,711,657	5,620,135
Total noncurrent liabilities	9,903,837	7,429,351
Total liabilities	11,392,355	8,224,530
Deferred inflows of resources:		
Pension related deferred inflows of resources (Note 9)	616,789	594,053
OPEB related deferred inflows of resources (Note 7)	278,902	-
Total deferred inflows of resources	895,691	594,053
Net position:		
Investment in capital assets	10,454,687	8,271,029
Unrestricted (Deficit)	(3,795,940)	(3,568,664)
Total net position	6,658,747	4,702,365
Total liabilities, deferred inflows of resources and net position	\$ 18,946,793	\$ 13,520,948

South Bay Regional Public Communications Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Operating revenues:		
Assessments from member cities	\$ 11,809,730	\$ 10,150,589
Charges for services	839,216	923,578
Reimbursement from the State and other governmental agencies	93,975	85,777
Other revenue	379	16,755
Total operating revenues	12,743,300	11,176,699
Operating expenses:		
Administration	2,424,003	1,869,883
Operations	7,066,802	6,436,815
Technical services	2,026,589	2,057,444
Other projects	745,340	25,433
Total operating expenses	12,262,734	10,389,575
Operating income before depreciation expense	480,566	787,124
Depreciation expense	(533,902)	(620,590)
Depreciation expense – SHSG Punta	(155,264)	(52,969)
Total depreciation expense	(689,166)	(673,559)
Operating income	(208,600)	113,565
Non-operating revenues(expenses):		
Investment earnings	69,710	17,256
Contributed capital	3,505,856	-
Total non-operating revenues	3,575,566	17,256
Changes in net position	3,366,966	130,821
Net position:		
Beginning of year	4,702,365	4,571,544
Restatement due to implementation of GASB 75	(1,410,584)	-
End of year	\$ 6,658,747	\$ 4,702,365

South Bay Regional Public Communications Authority
Statements of Cash Flows
For the Fiscal Year Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Cash receipts for dispatching services	\$ 13,377,760	\$ 10,188,703
Cash paid to vendors and suppliers for materials and services	(3,286,301)	(4,234,816)
Cash paid for salaries and wages	(8,377,199)	(6,108,693)
Net cash provided by (used in) operating activities	1,714,260	(154,806)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(2,872,824)	(213,769)
Contributed capital	3,505,856	-
Net cash provided by (used in) capital and related financing activities	633,032	(213,769)
Cash flows from investing activities:		
Proceeds from investment earnings	55,715	13,723
Net cash provided by investing activities	55,715	13,723
Net increase (decrease) in cash and investments	2,403,007	(354,852)
Cash and cash equivalents:		
Beginning of year	2,783,702	3,138,554
End of year	<u>\$ 5,186,709</u>	<u>\$ 2,783,702</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ (208,600)	\$ 113,565
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	689,166	673,559
Prior period adjustments due to implementation of GASB 75	(1,410,584)	-
Changes in assets – (increase) decrease:		
Accounts receivable	29,352	181,897
Prepaid items	53,042	(65,296)
Materials and supplies inventory	(94,458)	(287,701)
Change in deferred outflows of resources – (increase) decrease		
Pensions related deferred outflows of resources	(672,585)	(1,173,995)
OPEB related deferred outflows of resources	(140,536)	-
Changes in liabilities – increase (decrease):		
Accounts payable and accrued expenses	57,254	(48,945)
Accrued salaries and benefits	22,835	58,082
Member deposits and unearned revenue	605,108	(1,169,893)
Compensated absences	32,567	33,327
Net other post-employment benefits payable	1,358,539	261,673
Net pension liability	1,091,522	1,536,128
Change in deferred inflows of resources – increase (decrease)		
Pensions related deferred inflows of resources	22,736	(267,207)
OPEB related deferred inflows of resources	278,902	-
Total adjustments	1,922,860	(268,371)
Net cash provided by (used in) operating activities	\$ 1,714,260	\$ (154,806)
Non-cash investing, capital and financing transactions:		
Change in fair-value of investments	10,527	(3,368)

See accompanying Notes to the Basic Financial Statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements
For the Years Ended June 30, 2018 and 2017

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The South Bay Regional Public Communications Authority (Authority) was organized on October 14, 1975, under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California. The purpose of the Authority is to provide a forum for discussion, study, development, implementation, operations, and maintenance of a consolidated regional public safety services communications system. At the present time, the Authority serves the Cities of Gardena, Hawthorne, and Manhattan Beach in the aforementioned capacity. Additionally, the Authority serves the Cities of Culver City, Hermosa Beach and El Segundo in a non-member capacity.

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (GASB) commonly referred to as accounting principles generally accepted in the United States of America (U.S. GAAP). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Financial Statements (i.e., the balance sheet, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the primary government. The Authority accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through member assessments and charges for services; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

In accordance with U.S. GAAP, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as a revenue until that time

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results most likely will differ from those estimates.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Substantially all of the Authority's cash is invested in interest bearing accounts. The Authority considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

U.S. GAAP, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the statement of net position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

Accounts Receivable

Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded. Historical experience indicates that uncollectible accounts receivable are immaterial.

Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Materials and Supplies Inventory

Materials and supplies inventory consists primarily of equipment for police vehicles such as sirens, modems, light fixtures and wire harness. Inventory is valued at cost using a weighted average cost method. Inventory items are charged to expense at the time that individual items are inventoried at year-end.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. The Authority's policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated acquisition cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets. The estimated useful life of buildings, automobiles, property, and equipment ranges from five to forty years.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Construction-in-Process

The costs associated with developmental stage projects are accumulated in an in-progress account until the project is fully developed. Once the project is complete and in use, the entire cost of the project is transferred to a capital asset account and depreciated over its estimated useful life.

Compensated Absences

The Authority accounts for compensated absences (unpaid vacation, compensatory time and holiday leave) in accordance with generally accepted accounting principles. The Authority is required to accrue a liability, with a corresponding charge to current operations, for employees' right to receive compensation in future years when certain conditions are met. The Authority accrues unpaid vacation, compensatory time and holiday leave.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net pension of the Authority's pension plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Valuation date	June 30, 2016	June 30, 2015
Measurement date	June 30, 2017	June 30, 2016
Measurement period	July 1, 2016 to June 30, 2017	July 1, 2015 to June 30, 2016

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

Other Postemployment Benefits (OPEB) – GASB Statement No. 75

The Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB and OPEB expense, information about the fiduciary net pension of the Authority's OPEB plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for OPEB reporting:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits (OPEB) – GASB Statement No. 75 (Continued)

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted– This component of net position consists of external constraints placed on net position imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This This component of net position is the amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of investments in capital assets or the restricted component of net position.

Note 2 – Cash and Investments

Cash and investments consisted of the following:

Description	June 30, 2018	June 30, 2017
Cash on hand	\$ 816	\$ 1,487
Demand deposits with financial institutions	568,680	995,718
Investments	4,617,213	1,786,498
Total cash and investments	<u>\$ 5,186,709</u>	<u>\$ 2,783,703</u>

Demand Deposits

At June 30, 2018 and 2017, the carrying amount of the Authority's demand deposits was \$568,680 and \$995,718, respectively, and the financial institution balance was \$653,877 and \$1,027,476, respectively. The \$85,197 and \$31,758 respective net difference as of June 30, 2018 and 2017 represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 2 – Cash and Investments (Continued)

Demand Deposits (Continued)

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment policy requires that collateral be held by an independent third party with whom the Authority has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Authority's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the Authority's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2018 and 2017 none of the Authority's deposits and investments was exposed to custodial credit risk.

Investments

The Authority's investments as of June 30, 2018 were as follows:

Investments	Measurement Input	Credit Rating	Maturity	
			June 30, 2018 Fair Value	12 Months or Less
External Investment Pools:				
California Local Agency Investment Fund (LAIF)	Uncategorized	N/A	\$ 4,617,213	\$ 4,617,213
Total investments			<u>\$ 4,617,213</u>	<u>\$ 4,617,213</u>

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 2 – Cash and Investments (Continued)

Investments (Continued)

The Authority's investments as of June 30, 2017 were as follows:

Investments	Measurement Input	Credit Rating	Maturity	
			June 30, 2017 Fair Value	12 Months or Less
External Investment Pools:				
California Local Agency Investment Fund (LAIF)	Uncategorized	N/A	\$ 1,786,498	\$ 1,786,498
Total investments			\$ 1,786,498	\$ 1,786,498

Authorized Investments and Investment Policy

The Authority has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions.

Investments are to be made in the following areas:

California Local Agency Investment Fund (LAIF)
Non-negotiable certificates-of-deposit
Governmental agency securities

Investment in California – Local Agency Investment Fund (LAIF)

The Authority is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The Authority's investments with LAIF at June 30, 2018 and 2017, included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The Authority had \$4,617,213 and \$1,786,498 invested in LAIF, which had invested 2.67% and 2.89% of the pooled investment funds as of June 30, 2018 and June 30, 2017, respectively, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 0.997832404 and 0.998940671 was used to calculate the fair value of the investments in LAIF as of June 30, 2018 and 2017, respectively.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 3 – Capital Assets

Changes in capital assets for the year ended June 30, 2018, were as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Non-depreciable assets:				
Land and easements	\$ 495,554	\$ -	\$ -	\$ 495,554
Total non-depreciable assets	<u>495,554</u>	<u>-</u>	<u>-</u>	<u>495,554</u>
Depreciable assets:				
Buildings and improvements	6,389,356	-	-	6,389,356
Vehicles and equipment	6,350,694	2,872,825	-	9,223,519
Total depreciable assets	<u>12,740,050</u>	<u>2,872,825</u>	<u>-</u>	<u>15,612,875</u>
Accumulated depreciation:				
Buildings and improvements	(2,343,983)	(179,098)	-	(2,523,081)
Vehicles and equipment	(2,620,592)	(510,069)	-	(3,130,661)
Total accumulated depreciation	<u>(4,964,575)</u>	<u>(689,167)</u>	<u>-</u>	<u>(5,653,742)</u>
Total depreciable assets, net	<u>7,775,475</u>	<u>2,183,658</u>	<u>-</u>	<u>9,959,133</u>
Total capital assets, net	<u>\$ 8,271,029</u>	<u>\$ 2,183,658</u>	<u>\$ -</u>	<u>\$ 10,454,687</u>

Changes in capital assets for the year ended June 30, 2017, were as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Non-depreciable assets:				
Land and easements	\$ 495,554	\$ -	\$ -	\$ 495,554
Total non-depreciable assets	<u>495,554</u>	<u>-</u>	<u>-</u>	<u>495,554</u>
Depreciable assets:				
Buildings and improvements	6,389,356	-	-	6,389,356
Vehicles and equipment	7,872,043	213,769	(1,735,118)	6,350,694
Total depreciable assets	<u>14,261,399</u>	<u>213,769</u>	<u>(1,735,118)</u>	<u>12,740,050</u>
Accumulated depreciation:				
Buildings and improvements	(2,164,885)	(179,098)	-	(2,343,983)
Vehicles and equipment	(3,861,249)	(494,461)	1,735,118	(2,620,592)
Total accumulated depreciation	<u>(6,026,134)</u>	<u>(673,559)</u>	<u>1,735,118</u>	<u>(4,964,575)</u>
Total depreciable assets, net	<u>8,235,265</u>	<u>(459,790)</u>	<u>-</u>	<u>7,775,475</u>
Total capital assets, net	<u>\$ 8,730,819</u>	<u>\$ (459,790)</u>	<u>\$ -</u>	<u>\$ 8,271,029</u>

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 4 – Member Deposits and Unearned Revenue

At June 30, 2018, the City of El Segundo advance paid its first-quarter fiscal year 2018-2019 installment to the Authority of \$928,839.

At June 30, 2017, the City of El Segundo advance paid its first-quarter fiscal year 2017-2018 installment to the Authority of \$323,732.

Note 5 – Compensated Absences

Changes in compensated absences for the year ending June 30, 2018 was as follows:

<u>Balance</u> <u>July 1, 2017</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Current</u> <u>Portion</u>	<u>Non-current</u> <u>Portion</u>
\$ 476,872	\$ 990,987	\$ (958,420)	\$ 509,439	\$ 127,360	\$ 382,079

Changes in compensated absences for the year ending June 30, 2017 was as follows:

<u>Balance</u> <u>July 1, 2016</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current</u> <u>Portion</u>	<u>Non-current</u> <u>Portion</u>
\$ 443,545	\$ 673,293	\$ (639,966)	\$ 476,872	\$ 119,218	\$ 357,654

Note 6 – Deferred Compensation Savings Plan

For the benefit of its employees, the Authority participates in a 457 Deferred Compensation Programs (Programs). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Authority is in compliance with this legislation. Therefore, these assets are not the legal property of the Authority, and are not subject to claims of the Authority's general creditors and are not included in the accompanying financial statements. Market value of all plan assets held in trust by ICMA-RC Services, LLC at June 30, 2018 and 2017 was \$2,270,780 and \$3,012,393, respectively.

Note 7 – Other Post-Employment Benefits (OPEB) Payable

The Authority provides certain health insurance benefits, in accordance with a memorandum of understanding with its retired employees. Employees, who are at least 50 years of age and have 10 years continuous service with the Authority, become eligible for benefits if they reach normal retirement age while working for the Authority. The benefits for various bargaining groups are as follows:

Teamsters (Communications Operators):

- 10 years of service – will get \$125/mo. from retirement date till age 65
- 15 years of service – will get \$175/mo. from retirement date till age 65
- 20 years of service – will get \$375/mo. from retirement date till age 65

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 7 – Other Post-Employment Benefits (OPEB) Payable (Continued)

Those who retired prior to July 1, 2008, shall continue to receive \$582.33 per month, and those who retire prior to July 1, 2018, shall receive \$600 per month, until age 65 as long as the Authority remains in the Public Employees' Medical & Hospital Care Act (PEMHCA); if no longer in PEMHCA, they will receive above depending on years of service. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$133 per month for 2018 and 2017.

Teamsters (Communications Technicians):

10 years of service – will get \$125/mo. from retirement date till age 65
15 years of service – will get \$175/mo. from retirement date till age 65
20 years of service – will get \$375/mo. from retirement date till age 65

Those who retire prior to July 1, 2018, shall continue to receive \$960.00 per month, until age 65 as long as the Authority remains in PEMHCA; if no longer in PEMHCA, they will receive above depending on years of service. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$133 per month for 2018 and 2017.

CWA (Communications Supervisors):

15 years of service – will get \$250/mo. from retirement date till age 65
20 years of service – will get \$450/mo. from retirement date till age 65

Those who retire from the Authority before July 1, 2014 receive \$750.00 per month, until age 65 as long as the Authority remains in PEMHCA, or the above if no longer in PEMHCA. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$133 per month for 2018 and \$122 for 2017.

Management & Confidential

Management and confidential employees receive a benefit of \$40 times the number of years of service as a monthly benefit from their retirement date until the age of 65 (with minimum 10 years of service with the Authority). Those who retire that are classified as management will receive from the Authority before July 1, 2018, \$960.00 per month until age 65 as long as the Authority remains in PEMHCA, or the above if no longer in PEMHCA. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$133 per month for 2018 and \$115 for 2017.

All Bargaining Groups

The Authority currently contracts with CalPERS for employee group insurance health benefits. If the Authority should terminate its contract with CalPERS, all employees hired prior to April 1, 1986, who are ineligible to participate in Medicare and retire from a classification covered by the memorandum of understanding of each bargaining unit, are receiving retirement benefits from CalPERS and have a minimum of twenty (20) years of full-time employment, shall be entitled to enroll in an Authority-selected health benefit plan. The benefits provided in the health plan selected by the Authority shall equal or exceed the benefits the employee would have received had he/she been eligible to participate in Medicare. The Authority agrees to pay the cost of coverage for the plan in which the employee is enrolled. If the employee resides outside the State of California at the time of eligibility, the Authority agrees to pay the employee the cash equivalent of the cost of coverage for the plan in which the employee would have been enrolled had he/she lived in California. This benefit commences upon the employee reaching the age of 65, at which time he/she would have otherwise been eligible to participate in Medicare. The benefit shall cease if and when the employee becomes eligible to participate in Medicare or an equivalent Government health benefit program.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 7 – Net Other Post-Employment Benefits (OPEB) (Continued)

A. For the Year Ended June 30, 2018 – GASB Statement No. 75

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	57
Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to, but not yet receiving benefits	1
Total	<u><u>70</u></u>

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2017, was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2017																
Contribution Policy	No Pre-funding																
Discount Rate	3.58% at June 30, 2017 (Bond Buyer 20-year index) 2.85% at June 30, 2016 (Bond Buyer 20-year index)																
Expected Long-term Rate of Return on investment	N/A																
General Inflation	2.75% per annum																
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study																
Mortality Improvement	Mortality projected fully generation with Scale MP-17 for post-retirement mortality																
Salary increases	Aggregate 3% annually Merit - CalPERS 1997-2015 Experience Study																
Medical Trend	Non Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years																
PEHCA Minimum Increase	4.25% annually																
Participation at Retirement	Actives: Based on the supplemental benefit amount																
	<table><tr><th>Suppl Benefit</th><th>Participation</th><th>Suppl Benefit</th><th>Participation</th></tr><tr><td>\$0-\$99</td><td>50.0%</td><td>\$300-\$399</td><td>85.0%</td></tr><tr><td>\$100-\$199</td><td>75.0%</td><td>\$500+</td><td>90.0%</td></tr><tr><td>\$200-\$299</td><td>80.0%</td><td></td><td></td></tr></table>	Suppl Benefit	Participation	Suppl Benefit	Participation	\$0-\$99	50.0%	\$300-\$399	85.0%	\$100-\$199	75.0%	\$500+	90.0%	\$200-\$299	80.0%		
Suppl Benefit	Participation	Suppl Benefit	Participation														
\$0-\$99	50.0%	\$300-\$399	85.0%														
\$100-\$199	75.0%	\$500+	90.0%														
\$200-\$299	80.0%																
	Retirees: Based on current coverage																
Spouse Coverage	Actives: current election if covered, 20% if waived Retirees: current election																

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 7 – Net Other Post-Employment Benefits (OPEB) (Continued)

A. For the Year Ended June 30, 2018 – GASB Statement No. 75 (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58% percent. This discount rate is the Bond Buyer 20-Bond GO index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:

Plan's Total OPEB Liability		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(2.58%)	(3.58%)	(4.58%)
\$ 3,244,596	\$ 2,810,101	\$ 2,461,674

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2017:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Tread Rate	+1%
\$ 2,423,574	\$ 2,810,101	\$ 3,313,095

Change in Total OPEB Liability

Changes in Total OPEB Liability:	
Balance at June 30, 2017	\$ 2,992,097
Changes Recognized for the Measurement Period:	
Service Cost	163,778
Interest on the total OPEB liability	88,136
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	(307,074)
Benefit payments	(126,836)
Net changes during July 1, 2017 to June 30, 2018	(181,996)
Balance at June 30, 2018	\$ 2,810,101

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 7 – Net Other Post-Employment Benefits (OPEB) (Continued)

A. For the Year Ended June 30, 2018 – GASB Statement No. 75 (Continued)

Contributions

The contribution requirements of plan members and the Authority is established and may be amended by the Authority's Management or the Board of Directors. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2018, contributions were made totaling \$126,836.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, OPEB expense in the amount of \$226,862 is included in the accompanying statement of revenues, expenses, and changes in net position.

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 140,536	\$ -
Changes in assumptions	-	278,902
	<u>\$ 140,536</u>	<u>\$ 278,902</u>

\$140,536 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Amount
2019	\$ (28,172)
2020	(28,172)
2021	(28,172)
2022	(28,172)
2023	(28,172)
Thereafter	(138,042)
Total	<u>\$ (278,902)</u>

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 7 – Net Other Post-Employment Benefits (OPEB) (Continued)

B. For the Year Ended June 30, 2017 – GASB Statement No. 45 (Superseded in 2018)

Annual OPEB Cost and Net OPEB Obligation

The Authority implemented GASB Statement No. 75, which changed the accounting and financial reporting used by local government employers for other post-employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the Authority are set forth below.

Plan Description

As previously noted, the Authority pays a portion of the cost of health insurance for retirees subject to certain restrictions as determined by the Authority.

Funding Policy

The Authority's annual OPEB cost is calculated based on the *Annual Required Contribution (ARC) of the Employer*, which is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each fiscal year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 3.58% of the annual covered payroll. The Authority currently funds the plan on a pay-as-you-go basis and records a liability for the difference between pay-as-you-go and the actuarially determined ARC cost.

Annual Cost

For the year ended June 30, 2017, the Authority's Annual OPEB cost was \$355,572. The Authority's net OPEB obligation amounted to \$1,451,562 at June 30, 2017. For the year ended June 30, 2017, the Authority made "pay-as-you-go" contributions in the amount of \$93,899 for its benefit payments.

Annual OPEB cost:	
Annual required contribution (ARC)	\$ 334,781
Interest on beginning net OPEB obligation	47,596
Adjustment to annual required contribution	<u>(26,805)</u>
Total annual OPEB cost	355,572
Contributions made	<u>(93,899)</u>
Total change in net OPEB obligation	261,673
Net OPEB obligation:	
Beginning balance	<u>1,189,889</u>
End of year	<u><u>\$ 1,451,562</u></u>

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 7 – Net Other Post-Employment Benefits (OPEB) (Continued)

B. For the Year Ended June 30, 2017 – GASB Statement No. 45 (Superseded in 2018) (Continued)

Annual Cost (Continued)

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the two preceding fiscal years were as follows:

<i>Three-Year History of Net OPEB Obligation</i>					
Fiscal Year Ended	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost of Retiree Benefits	Net OPEB Obligation	
June 30, 2017	\$ 355,572	\$ 93,899	26.41%	\$ 1,451,562	
June 30, 2016	345,338	89,506	25.92%	1,189,889	
June 30, 2015	231,494	85,283	36.84%	934,057	

The most recent valuation (dated July 1, 2015) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$3,493,132. There are no plan assets because the Authority funds on a pay-as-you-go basis. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2015, was \$5,420,367. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 64.44%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods, and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	24 Years of the valuation date
Asset valuation method:	30 Year smoothed market
Actuarial assumptions:	
Discount rate	4.00%
Projected salary increase	3.00%
Inflation - discount rate	4.00%
Healthcare trend rate	8.00%

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 8 – Conduit Debt

In January 2001, the Authority issued three series of bonds to finance the costs of the acquisition, construction, installation, and equipping of the main facility with emergency communications equipment (the Project). The \$3,060,000 2001 Revenue Bonds Series A, \$4,300,000 2001 Variable Rate Demand Revenue Bonds Series B, and \$2,180,000 2001 Variable Rate Demand Revenue Bonds Series C, are payable from the revenues derived primarily from project financing and operating payments by the Cities of Gardena, Hawthorne, and Manhattan Beach, respectively. In fiscal year 2007, the Cities of Gardena and Hawthorne refunded their portion of the conduit debt. In fiscal year 2013, the City of Manhattan Beach paid off their portion of the conduit debt. Also, in 2017, the City of Hawthorne refunded their portion of the conduit debt for a second time.

Those bond issues are not reflected as the Authority's long-term debt because the individual debt is solely payable from and secured by specific revenue sources described in the official statements of the respective issues. Neither the faith and credit of the Authority, nor the taxing power the State of California or any political subdivision thereof, is pledged for payment of these bonds. Accordingly, since this debt does not constitute an obligation of the Authority, it is not included in the accompanying basic financial statements.

Note 9 – Net Pension Liability and Defined Benefit Pension Plan

Summary of changes in net pension liability and the related deferred outflows/inflows of resources for the year ended June 30, 2018 is as follows:

Type of Account	Balance as of July 1, 2017	Additions	Deletions	Balance as of June 30, 2018
Deferred Outflows of Resources:				
Contributions made after the measurement date	\$ 634,790	\$ 57,897	\$ -	\$ 692,687
Adjustment due to differences in proportions	138,448	74,043	-	212,491
Differences between projected and actual earnings on pension plan investments	973,590	-	(693,328)	280,262
Changes in assumptions	-	1,239,228	-	1,239,228
Differences between expected and actual experience	19,772	-	(9,784)	9,988
Total deferred outflows of resources	\$ 1,766,600	\$ 1,371,168	\$ (703,112)	\$ 2,434,656
Net Pension Liability	\$ 5,620,135	\$ 1,726,312	\$ (634,790)	\$ 6,711,657
Deferred Inflows of Resources:				
Differences between projected and actual earnings on pension plan investments	\$ 4,530	\$ 138,561	\$ -	\$ 143,091
Difference between actual and proportionate share of employer contributions	253,273	57,610	-	310,883
Adjustment due to differences in proportions	153,719	-	(85,399)	68,320
Changes in assumptions	187,061	-	(92,569)	94,492
Total deferred inflows of resources	\$ 598,583	\$ 196,171	\$ (177,968)	\$ 616,786

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Summary of changes in net pension liability and the related deferred outflows/inflows of resources for the year ended June 30, 2017 is as follows:

Type of Account	Balance as of July 1, 2016	Additions	Deletions	Balance as of June 30, 2017
Deferred Outflows of Resources:				
Contributions made after the measurement date	\$ 553,317	\$ 634,790	\$ (553,317)	\$ 634,790
Differences between projected and actual earnings on pension plan investments	-	973,590	-	973,590
Adjustment due to differences in proportions	2,216	188,375	(52,143)	138,448
Differences between expected and actual experience	32,541	-	(17,300)	15,241
Total deferred outflows of resources	<u>\$ 588,074</u>	<u>\$ 1,796,755</u>	<u>\$ (622,760)</u>	<u>\$ 1,762,069</u>
Net Pension Liability:	<u>\$ 4,084,007</u>	<u>\$ 2,089,445</u>	<u>\$ (553,317)</u>	<u>\$ 5,620,135</u>
Deferred Inflows of Resources:				
Differences between projected and actual earnings on pension plan investments	\$ 154,336	\$ -	\$ (154,336)	\$ -
Difference between actual and proportionate share of employer contributions:	159,935	210,660	(117,322)	253,273
Adjustment due to differences in proportions:	239,119	-	(85,400)	153,719
Changes in assumptions:	307,870	-	(120,809)	187,061
Total deferred inflows of resources	<u>\$ 861,260</u>	<u>\$ 210,660</u>	<u>\$ (477,867)</u>	<u>\$ 594,053</u>

General Information about the Pension Plans

Plan Description

The Authority contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2016 and 2015 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications. In 2018, a closer examination of the sources of changes in net position reveals that the Authority's total revenues increased by \$1,566,601, due primarily to the annual assessment received from Culver City and the additional revenue received from the billable parts.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Plan Description (Continued)

The Authority has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Hire date	Prior to December 24, 2011	December 24, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0 @ 60	2.0 @ 62
Benefit vesting schedule	5-years or service	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	55 - 60 & up	60-65 & up	62 - 67 & up
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092 to 2.418	1.0% to 2.5%
Required member contribution rates	7.000%	7.000%	6.250%
Required employer contribution rates – June 30, 2017	8.921%	7.200%	6.533%
Required employer contribution rates – June 30, 2016	8.880%	7.159%	6.555%

Members Covered by Benefit Terms

At June 30, 2017 (Measurement Date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans			Total
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	
Active members	43	8	14	65
Transferred and terminated members	82	5	6	93
Retired members and beneficiaries	67	-	-	67
Total plan members	192	13	20	225

At June 30, 2016 (Measurement Date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans			Total
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	
Active members	45	3	9	57
Transferred and terminated members	87	4	4	95
Retired members and beneficiaries	58	-	-	58
Total plan members	190	7	13	210

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the Authority to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.15 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement periods ended June 30, 2017 and 2016 (Measurement Dates), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Contributions (Continued)

Contributions for the year ended June 30, 2018 were as follows:

Contribution Type	Miscellaneous Plans		PEPRA Tier 3	Total
	Classic Tier 1	Classic Tier 2		
Contributions – employer	\$ 588,228	\$ 46,831	\$ 57,628	\$ 692,687
Contributions – members	262,098	45,262	55,002	362,362
Total contributions	\$ 850,326	\$ 92,093	\$ 112,630	\$ 1,055,049

Contributions for the year ended June 30, 2017 were as follows:

Contribution Type	Miscellaneous Plans		PEPRA Tier 3	Total
	Classic Tier 1	Classic Tier 2		
Contributions – employer	\$ 558,751	\$ 27,896	\$ 48,143	\$ 634,790
Contributions – members	283,376	27,116	45,875	356,367
Total contributions	\$ 842,127	\$ 55,012	\$ 94,018	\$ 991,157

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement periods ending June 30, 2017 and 2016 (Measurement Dates), the total pension liability was determined by rolling forward the June 30, 2016 and 2015 total pension liabilities. The June 30, 2017 and 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15% (2017) and 7.65% (2016)
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major *asset class*.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Investment Type	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	47.00%	4.90%	5.71%
Global Fixed Income	19.00%	80.00%	2.43%
Inflation Sensitive	6.00%	60.00%	3.36%
Private Equity	12.00%	6.60%	6.95%
Real Estate	11.00%	2.80%	5.13%
Infrastructure and Forestland	3.00%	3.90%	5.09%
Liquidity	2.00%	-0.40%	-1.05%
	<u>100.00%</u>		

¹ An expected inflation rate-of-return of 2.5% is used for years 1 – 10.

² An expected inflation rate-of-return of 3.0% is used for years 11+.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate for the June 30, 2017 Measurement Date as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	\$ 10,796,509	\$ 6,711,657	\$ 3,328,510

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Continued)

The following presents the Authority's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate for the June 30, 2016 Measurement Date as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.65%	Current Discount Rate 7.650%	Discount Rate + 1% 8.65%
CalPERS – Miscellaneous Plan	\$ 9,138,790	\$ 5,620,135	\$ 2,712,141

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2018:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2016 (Measurement Date)	\$ 26,135,516	\$ 20,515,381	\$ 5,620,135
Balance as of June 30, 2017 (Measurement Date)	\$ 29,697,882	\$ 22,986,225	\$ 6,711,657
Change in Plan Net Pension Liability	\$ 3,562,366	\$ 2,470,844	\$ 1,091,522

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2017:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2015 (Measurement Date)	\$ 24,390,296	\$ 20,306,289	\$ 4,084,007
Balance as of June 30, 2016 (Measurement Date)	\$ 26,135,516	\$ 20,515,381	\$ 5,620,135
Change in Plan Net Pension Liability	\$ 1,745,220	\$ 209,092	\$ 1,536,128

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2016 and 2015). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2017 and 2016). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2016 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2017 fiscal year and the 2016 fiscal year).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The Authority's proportionate share of the net pension liability for the June 30, 2017 measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2018	June 30, 2017	
Measurement Date	June 30, 2017	June 30, 2016	
Percentage of Risk Pool Net Pension Liability	0.185420%	0.161783%	0.023637%
Percentage of Plan (PERF C) Net Pension Liability	0.067677%	0.064949%	0.002728%

The Authority's proportionate share of the net pension liability for the June 30, 2016 measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2017	June 30, 2016	
Measurement Date	June 30, 2016	June 30, 2015	
Percentage of Risk Pool Net Pension Liability	0.161783%	0.148863%	0.012920%
Percentage of Plan (PERF C) Net Pension Liability	0.064949%	0.059500%	0.005449%

For the years ended June 30, 2018 and 2017, the Authority recognized pension expense/(credit) in the amount of \$1,134,356 and \$729,716, respectively, for the CalPERS Miscellaneous Plan.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2017 is 3.8 years, which was obtained by dividing the total service years of 170,919 (the sum of remaining service lifetimes of the active employees) by 125,940 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2016 is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 692,687	\$ -
Adjustment due to differences in proportions	212,491	68,320
Differences between expected and actual experience	9,988	-
Differences between projected and actual earnings on pension plan investments	280,262	143,091
Difference between actual and proportionate share of employer contributions	-	310,883
Changes in assumptions	1,239,228	94,492
Total Deferred Outflows/(Inflows) of Resources	\$ 2,434,656	\$ 616,786

The Authority will recognize \$692,687 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2019, as noted above.

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ 168,351
2020	702,380
2021	420,845
2022	(166,397)
Total	\$ 1,125,179

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 634,790	\$ -
Adjustment due to differences in proportions	138,448	153,719
Differences between expected and actual experience	15,241	-
Differences between projected and actual earnings on pension plan investments	-	-
Difference between actual and proportionate share of employer contributions	973,590	253,273
Changes in assumptions	-	187,061
Total Deferred Outflows/(Inflows) of Resources	\$ 1,762,069	\$ 594,053

The Authority will recognize \$634,790 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2018, as noted above.

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2018	\$ (102,218)
2019	(49,972)
2020	433,240
2021	252,171
Total	\$ 533,221

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 10 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is insured for all risks of loss through insurance companies. The following is a summary of the insurance policies carried by the Authority as of June 30, 2018:

Insurance Risk	Coverage per Incident	Coverage in Aggregate	Deductible
Commerical general liability	\$ 1,000,000	\$ 1,000,000	\$ 15,000
Automobile	1,000,000	N/A	N/A
Automobile physical damage	Actual Cash Value	N/A	1,000
Property coverage	N/A	13,387,000	2,500
Excess commerical general liability	4,000,000	4,000,000	N/A
Workers' compensation	Statutory	N/A	N/A
Government crime	250,000	N/A	2,500
Employee-related practices liability	1,000,000	1,000,000	35,000
Public entity management liability	1,000,000	1,000,000	35,000
Employee benefits liability	1,000,000	3,000,000	1,000
Law enforcement liability	1,000,000	1,000,000	15,000

Note 11 – Commitments and Contingencies

Grant Awards

Grant funds received by the Authority are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Authority believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. In the opinion of the Authority's management, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2018 and 2017

Note 12 – Prior Period Adjustments

For the fiscal year ended June 30, 2018, the Authority is required to implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of this statement requires retrospective application of previously reported net position at July 1, 2017. Accordingly, net position as of July 1, 2017 was restated as follows:

Beginning Net Position, as originally reported	\$ 4,702,365
Restatements due to implementation of GASB Statement No. 75	
Remove prior year Net OPEB Obligation under GASB 45	1,451,562
Record beginning balance of Net OPEB Liability under GASB 75	(2,992,097)
Restate prior year deferred outflows of resources	<u>129,951</u>
Beginning Net Position, as restated	<u><u>\$ 3,291,781</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of the Authority's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2018

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	June 30, 2018¹	June 30, 2017¹	June 30, 2016¹	June 30, 2015¹
Measurement Date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Authority's Proportion of the Net Pension Liability	0.067677%	0.064949%	0.059500%	0.059500%
Authority's Proportionate Share of the Net Pension Liability	\$ 6,711,657	\$ 5,620,134	\$ 4,084,007	\$ 4,084,007
Authority's Covered-Employee Payroll	\$ 5,184,067	\$ 4,773,439	\$ 4,665,871	\$ 4,485,167
Liability as a Percentage of Covered-Employee Payroll	129.47%	117.74%	87.53%	91.06%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.31%	74.06%	78.40%	79.82%

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of the Authority's Contributions to the Pension Plan
For the Year Ended June 30, 2018

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	2016-18¹	2016-17¹	2015-16¹	2014-15¹
Actuarially Determined Contribution ²	\$ 692,687	\$ 634,790	\$ 553,317	\$ 507,694
Contribution in Relation to the Actuarially Determined Contribution ²	(692,687)	(634,790)	(553,317)	(507,694)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll ³	\$ 5,270,919	\$ 5,184,067	\$ 4,773,439	\$ 4,665,871
Contributions as a Percentage of Covered-Employee Payroll	13.14%	12.25%	11.59%	10.88%

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to the Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

South Bay Regional Public Communications Authority
Required Supplementary Information
Schedule of Changes in Net Other Postemployment Benefit Liability and Related Ratio
June 30, 2018

	2018
For the Measurement Period:	<u>2016-2017</u>
Total OPEB Liability:	
Service Cost	\$ 163,778
Interest on the total OPEB liability	88,136
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	(307,074)
Contribution from the employer	-
Benefit payments	<u>(126,836)</u>
Net changes in Total OPEB Liability	<u>(181,996)</u>
Beginning of Year	<u>2,992,097</u>
End of Year	<u><u>\$ 2,810,101</u></u>
Plan Fiduciary Net Position:	
Employer contribution	\$ 126,836
Employee contributions	-
Net investment income	-
Benefit payments	(126,836)
Other	<u>-</u>
Net changes in Fiduciary Net Position	<u>-</u>
Beginning of Year	<u>-</u>
End of Year	<u><u>\$ -</u></u>
Net OPEB Liability	\$ 2,810,101
Fiduciary Net Position as a % of Total OPEB Liability	0.00%
Covered Payroll	\$ 5,996,321
Net OPEB Liability as a % of Payroll	46.86%

* Since it is the first year of implementation, there is only one year available for the required 10-year schedule.

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of Funding Progress – Other Post-Employment Benefit Plan
For the Year Ended June 30, 2018

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2017	\$ -	\$ 2,810,100	\$ 2,810,100	0.00%	\$ 5,996,321	46.86%
July 1, 2015	\$ -	\$ 3,493,132	\$ 3,493,132	0.00%	\$ 5,420,367	64.44%
July 1, 2012	\$ -	\$ 2,197,020	\$ 2,197,020	0.00%	\$ 4,881,175	45.01%

Notes to the Schedule:

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 75. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every two years or annually, if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2018, based on the year ending June 30, 2018.



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: February 19, 2019

ITEM NUMBER: E2

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: AGREEMENT WITH MATRIX CONSULTING GROUP FOR CONSULTING SERVICES RELATED TO A COMPREHENSIVE COST OF SERVICE AND ALLOCATION STUDY; AND

APPROVE A PURCHASE ORDER IN THE AMOUNT OF \$36,500 FOR THESE SERVICES

ATTACHMENTS: 1. Agreement

RECOMMENDATION

Staff recommends that the Executive Committee approve and authorize the Executive Director to execute an agreement with Matrix Consulting Group for consulting services related to a Comprehensive Cost of Service and Allocation Study and approve a purchase order in the amount of \$36,500 for these services.

BACKGROUND

The Authority provides dispatching and vehicle equipment installation, maintenance, and repair services on a contract basis to the cities of Culver City, El Segundo, and Hermosa Beach. Contract city assessments are specified in each of the agreements with the three (3) contract cities. These agreements are similar in many respects, especially as it relates to their general terms and conditions. Additionally, each contract establishes a base fee for the first year of the agreement which is then adjusted annually, using variables such as the Consumer Price Index for Urban Consumers (CPI-U), historical assessment increases incurred by Authority's member agencies, and historical changes in the operating budget, to calculate these adjustments. However, the formulas for these annual adjustments differ from contract to contract.

Additionally, the Authority received a request for a quote for dispatching services from the City of Redondo Beach in March 2018. In order to properly evaluate this request and ensure future contracts are renewed in an equitable manner, staff proposed conducting a

comprehensive cost of service and allocation study as a Fiscal Year 2018/19 work plan item.

Furthermore, the Executive Committee requested that this study also conduct a comprehensive review of the Authority's existing assessment methodology between its three (3) member cities, as established in the Authority's current bylaws, which has been in effect since Fiscal Year 2008/09. The origin of this formula relates to each Owner City's ownership share in the Authority, which was used in the bonds issued to finance the Authority's headquarters facility at 4440 West Broadway in Hawthorne. The current allocations of these assessments are as follows:

City of Gardena	32.08%
City of Hawthorne	45.07%
City of Manhattan Beach	22.85%

DISCUSSION

On December 20, 2018, staff sent a Request for Proposals ("RFP") to 13 qualified firms and by January 31, 2019 received five (5) proposals from the following firms:

1. ClearSource Financial Consulting
2. Matrix Consulting Group
3. MGT of America
4. Rahban CPA & Consulting, Inc.
5. Revenue & Cost Specialists

Matrix Consulting Group ("Matrix") and MGT of America were interviewed by the Executive Director and the Authority's management staff. Matrix was chosen as the most qualified and suitable candidate for this effort, and a scope of services and fee were negotiated and incorporated in the agreement that the Executive Committee is requested to approve herein.

Matrix has an extensive background conducting cost of services studies for municipalities and special districts. Recent engagements include Santa Clara County Dispatch, the City of Manhattan Beach, and the City of Downey. Additionally, the firm has conducted over 100 communications and 911 operations studies throughout the nation, including staffing and feasibility studies, and has a demonstrated understanding of public safety communications and the scope of services requested by the Authority for this engagement.

Matrix will gather data through available data and interviews with Authority staff and selected stakeholders. After the consultant's project team analyzes this information, Matrix will prepare a report summarizing its findings and recommendations.

The 10 tasks below summarize the methodology Matrix will follow to complete the services included in the agreement:

1. Data Collection
2. Project Initiation - Project Initiation – Establish Goals and Objectives
3. Develop a Profile of Existing Authority Practices and Procedures
4. Conduct Initial Authority Financial and Cost Allocation Review
5. Perform Cost Allocation Assessment Analysis
6. Discuss Miscellaneous and New Charges

7. Development of Draft Report
8. Present and Finalize Report to the Executive Committee and User Committee
9. Present the Final Report to Board of Directors (Optional)
10. Analytical Model and Training

Matrix will work closely with staff throughout this entire engagement. Under the terms of the RFP and the agreed upon schedule with Matrix, this project is anticipated to be completed by June 30, 2019. Ultimately, the report will be presented to the Executive Committee, and possibly the Board of Directors, for review and consideration of the firm's findings and recommendations.

FISCAL IMPACT

Funds for these services are available in the Administration Department's General Consulting Services account (10-50-111-5313).

E2 ATTACHMENT #1

**AGREEMENT BETWEEN THE
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY
AND
MATRIX CONSULTING GROUP
FOR CONSULTING SERVICES RELATED TO A COMPREHENSIVE COST OF
SERVICE AND ALLOCATION STUDY**

This contract, hereinafter referred to as Agreement, is entered into by and between the SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY ("Authority") and MATRIX CONSULTING GROUP ("Consultant"), a Corporation. Based on the mutual promises and covenants contained herein, the Parties hereto agree as follows:

1. Recitals.

- A. Authority is desirous of obtaining services necessary to re-evaluate the cost allocation methodology between its three (3) member cities and the cities that currently, or in the future may, contract for services.
- B. Consultant is qualified by virtue of experience, training, education and expertise to provide these services.
- C. Authority has determined that the public interest, convenience and necessity require the execution of this Agreement.

2. Services.

- A. The services to be performed by Contractor ("Services") are set forth in Exhibit A.
- B. The Services shall be performed in accordance with the Project Schedule set forth in Exhibit A. Consultant shall not be liable for any failure or delay in furnishing proposed services resulting from fire, explosion, flood, storm, Act of God, governmental acts, orders or regulations, hostilities, civil disturbances, strikes, labor difficulties, difficulty in obtaining parts, supplies, or shipping facilities, inability to obtain or delays in obtaining suitable material or facilities required for performance, temporary unavailability of qualified personnel, failure by Authority to provide appropriate access to equipment or personnel, or other causes beyond Consultant's reasonable control.

3. Additional Services. If Authority determines that additional services are required to be provided by Consultant in addition to the Services set forth above, Authority shall authorize Consultant to perform such additional services in writing ("Additional

Services"). Such Additional Services shall be specifically described and approved by Authority in writing prior to the performance thereof. Consultant shall be compensated for such Additional Services in accordance with the amount agreed upon in writing by the Parties. No compensation shall be paid to Consultant for Additional Services which are not specifically approved by Authority in writing.

4. Agreement Administrator. For purposes of this Agreement, Authority designates the Executive Director as the Agreement Administrator who shall monitor Consultant's performance under this Agreement. All notices, invoices or other documents shall be addressed to the Agreement Administrator, as well as all substantive issues relating to this contract. Authority reserves the right to change this designation upon written notice to Consultant.

5. Consultant's Proposal. This Agreement shall include Consultant's proposal or bid which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

6. Timing of Performance. Time is of the essence with respect to Consultant's performance of the Services required by this Agreement. Consultant shall diligently and timely pursue and complete the performance of the Services required of it by this Agreement as set forth in Exhibit A, attached hereto and incorporated herein by reference. Authority, in its sole discretion, may extend the time for performance of any Service.

7. Compensation. Compensation for the Services shall be billed as set forth in Exhibit B, attached hereto. The Compensation is inclusive of all costs that may be incurred by Consultant in performance of the Services, including but not limited to such items as travel, copies, delivery charges, phone charges, and facsimile charges.

8. Term of Agreement/Termination.

A. This Agreement shall be effective as of the date of execution by the Authority and shall remain in effect until all Services are completed or until terminated as provided for herein.

B. Authority may terminate this Agreement without cause by providing written notice to Consultant not less than three days prior to an effective termination date. Authority's only obligation in the event of termination will be payment of fees and allowed expenses incurred up to and including the effective date of termination.

C. Unless for cause, Consultant may not terminate this Agreement.

D. Upon receipt of a termination notice, Consultant shall: (1) promptly discontinue all Services, unless the notice directs otherwise; and (2) within ten (10)

days, deliver to Authority all files, data, reports, estimates, summaries, and such other information and materials as may have been accumulated or prepared to date by Consultant in performing the Services under this Agreement, whether completed or in progress. Consultant shall provide these documents by both hard copy and in electronic format if available. In the event of termination for other than cause attributable to Consultant, Consultant shall be entitled to reasonable compensation for the services it performs up to the date of termination and shall be deemed released from liability for any work assigned but not completed as of the effective date of termination.

9. Invoices and Payments.

A. Payment shall be made upon receipt and approval of invoices for Services rendered. In order for payment to be made, Consultant's invoice must include an itemization as to the services rendered, date(s) of service, direct and/or subcontract costs, and be submitted on an official letterhead or invoice with Consultant's name, address, and telephone number referenced.

B. The Agreement Administrator shall review the invoices to determine whether services performed and documents submitted are consistent with this Agreement. Payment shall be made within forty-five (45) days following receipt of the invoice or the Agreement Administrator shall provide Consultant with a written statement objecting to the charges and stating the reasons therefore.

C. Payment by Authority under this Agreement shall not be deemed a waiver of defects, even if such defects were known to Authority at the time of payment.

10. Records/Audit.

A. Consultant shall be responsible for ensuring accuracy and propriety of all billings and shall maintain all supporting documentation for a minimum of three (3) years from the completion date of the Services under this agreement the following records:

1. All accounts and records, including personnel, property and financial, adequate to identify and account for all costs pertaining to this Agreement and assure proper accounting for all funds;

2. Records which establish that Consultant and any subconsultant who renders Services under this Agreement are in full compliance with the requirements of this Agreement and all federal, state and local laws and regulations

3. Any additional records deemed necessary by Authority to assume verification of full compliance with this Agreement.

B. Authority shall have the right to audit Consultant's invoices and all supporting documentation for purposes of compliance with this Agreement for a period of three years following the completion of Services under this Agreement.

C. Upon reasonable notice from Authority or any other governmental agency, Consultant shall cooperate fully with any audit of its billings conducted by, or of, Authority and shall permit access to its books, records and accounts as may be necessary to conduct such audits.

11. Successors and Assignment. This Agreement covers professional services of a specific and unique nature. Except as otherwise provided herein, Consultant shall not assign or transfer its interest in this Agreement or subcontract any services to be performed without amending this Agreement. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

12. Change in Name, Ownership or Control. Consultant shall notify the Agreement Administrator, in writing, of any change in name, ownership or control of Consultant's firm or subconsultant. Change of ownership or control of Consultant's firm may require an amendment to the Agreement.

13. Key Personnel. Authority has relied upon the professional training and ability of Consultant to perform the services hereunder as a material inducement to enter into this Agreement. Consultant shall provide properly skilled professional and technical personnel to perform all services under this Agreement. In the event that Authority, in its sole discretion, at any time during the Agreement, desires the removal of any person or persons assigned by Consultant to perform Services pursuant to this Agreement, Consultant shall remove any such person immediately upon receiving notice from Authority.

14. Use of Materials.

A. Authority shall make available to Consultant such materials from its files as may be required by Consultant to perform Services under this Agreement. Such materials shall remain the property of Authority while in Consultant's possession. Upon termination of this Agreement and payment of outstanding invoices of Consultant, or completion of work under this Agreement, Consultant shall return to Authority any property of Authority in its possession and any calculations, notes, reports, electronic files, or other materials prepared by Consultant in the course of performance of this Agreement.

B. Authority may utilize any material prepared or work performed by Consultant pursuant to this Agreement, including computer software, in any manner, which Authority deems proper without additional compensation to Consultant.

Consultant shall have no responsibility or liability for any revisions, changes, or corrections made by Authority, or any use or reuse pursuant to this paragraph unless Consultant accepts such responsibility in writing.

15. Nonuse of Intellectual Property of Third Parties. Consultant shall not use, disclose or copy any intellectual property of any third parties in connection with work carried out under this Agreement, except for intellectual property for which Consultant has a license. Consultant shall indemnify and hold Authority harmless against all claims raised against Authority based upon allegations that Consultant has wrongfully used intellectual property of others in performing work for Authority, or that Authority has wrongfully used intellectual property developed by Consultant pursuant to this Agreement.

16. Ownership of Work Product. All documents or other information created, developed, or received by Consultant shall, for purposes of copyright law, be deemed worked made for hire for Authority by Consultant and shall be the sole property of Authority. Consultant shall provide Authority with copies of these items upon demand, and in any event, upon termination of this Agreement.

17. Legal Requirements.

A. Consultant shall secure and maintain all licenses or permits required by law, including a Authority business license, and shall comply with all ordinances, laws, orders, rules, and regulations pertaining to the work.

B. Consultant warrants it fully complies with all laws regarding employment of aliens and others, and that all of its employees performing services hereunder meet the citizenship or alien status requirements contained in federal and state statutes and regulations.

C. Consultant covenants that there shall be no discrimination based upon race, color, creed, religion, sex, marital status, age, handicap, national origin or ancestry, or any other category forbidden by law in performance of this Agreement.

18. Conflict of Interest and Reporting.

A. Consultant shall at all times avoid conflicts of interest or the appearance of a conflict of interest in the performance of this Agreement. If required, Consultant shall comply with the Authority's Conflict of Interest reporting requirements.

B. Consultant and its representatives shall refrain from lobbying Authority officials, employees and representatives for the duration of this Agreement.

19. Guarantee and Warranty. Consultant warrants to Authority that the material,

analysis, data, programs and SERVICES to be delivered or rendered hereunder will be of the kind and quality designated and will be performed by qualified personnel. Without waiver of Authority's other rights or remedies, Authority may require Consultant to re-perform any of said services, which were not performed in accordance with these standards. Consultant shall perform the remedial services at its sole expense.

20. Insurance.

A. Commencement of Work. Consultant shall not commence work under this Agreement until it has obtained Authority approved insurance. Before beginning work hereunder, during the entire period of this Agreement, for any extensions hereto, and for periods after the end of this Agreement as may be indicated below, Consultant must have and maintain in place all of the insurance coverage required in this Section. Consultant's insurance shall comply with all items specified by this Agreement. Any subcontractors shall be subject to all of the requirements of this Section and Consultant shall be responsible to obtain evidence of insurance from each subcontractor and provide it to Authority before the subcontractor commences work. Alternatively, Consultant's insurance may cover all subcontractors.

B. Insurance Company Requirements. All insurance policies used to satisfy the requirements imposed hereunder shall be issued by insurers admitted to do business in the State of California. Insurers shall have a current Best's rating of not less than A-VII, unless otherwise approved by Authority.

C. Coverage, Limits and Policy Requirements. Consultant shall maintain the types of coverage and limits indicated below:

1. Commercial General Liability Insurance - a policy for occurrence coverage for bodily injury, personal injury and property damage, including all coverage provided by and to the extent afforded by Insurance Services Office Form CG 2010 ed. 10/93 or 11/85, with no special limitations affecting Authority. The limit for all coverage under this policy shall be no less than one million dollars (\$1,000,000.00) per occurrence.

2. Commercial Auto Liability Insurance - a policy including all coverage provided by and to the extent afforded by Insurance Services Office form CA 0001, ed. 12/93, including Symbol 1 (any auto) with no special limitations affecting Authority. The limit for bodily injury and property damage liability shall be no less than one million dollars (\$1,000,000.00) per accident.

3. Policy Requirements. The policies set forth above shall comply with the following, as evidenced by the policies or endorsements to the policies:

a. The Authority, its appointed and elected officers, employees,

agents and volunteers shall be added as additional insured to the policy.

b. The insurer shall agree to provide Authority with thirty (30) days prior written notice, return receipt requested, of any cancellation, non-renewal or material change in coverage.

c. For any claims with respect to the Services covered by this Agreement, Consultant's insurance coverage shall be primary insurance as respects the Authority, its elected and appointed officers, employees, agents and volunteers. Any insurance or self-insurance maintained by the Authority, its elected and appointed officers, employees, agents and volunteers shall be excess of Consultant's insurance and shall not contribute with it.

4. Worker's Compensation and Employer's Liability Insurance - a policy which meets all statutory benefit requirements of the Labor Code, or other applicable law, of the State of California. The minimum coverage limits for said insurance shall be no less than one million dollars per claim. The policy shall be issued by an insurance company which is admitted to do business in the State of California and shall contain a clause that the policy may not be canceled without thirty (30) days prior written notice, return receipt requested, is mailed to Authority.

5. Professional Errors & Omissions - a policy with minimum limits of one million dollars (\$1,000,000.00) per claim and aggregate. This policy shall be issued by an insurance company which is admitted to do business in the State of California and shall contain a clause that the policy may not be canceled until thirty (30) days written notice, return receipt requested, is mailed to Authority.

D. Additional Requirements. The procuring of such required policies of insurance shall not be construed to limit Consultant's liability hereunder or to fulfill the indemnification provisions and requirements of this Agreement. There shall be no recourse against Authority for payment of premiums or other amounts with respect thereto. Authority shall notify Consultant in writing of changes in the insurance requirements. If Consultant does not deposit copies of acceptable insurance policies or endorsements with Authority incorporating such changes within sixty (60) days of receipt of such notice, Consultant shall be deemed in default hereunder.

E. Deductibles. Any deductible or self-insured retention over \$25,000 per occurrence must be declared to and approved by Authority. Any deductible exceeding an amount acceptable to Authority shall be subject to the following changes: either the insurer shall eliminate or reduce such deductibles or self-insured retentions with respect to Authority, its officers, employees, agents and volunteers (with additional premium, if any, to be paid by Consultant); or Consultant shall provide satisfactory financial guarantee for payment of losses and related investigations, claim administration and defense expenses.

F. **Verification of Compliance.** Consultant shall furnish Authority with original policies or certificates and endorsements effecting coverage required by this Agreement. The endorsements are to be signed by a person authorized by the insurer to bind coverage on its behalf. All endorsements are to be received and approved by Authority before work commences. Not less than fifteen (15) days prior to the expiration date of any policy of insurance required by this Agreement, Consultant shall deliver to Authority a binder or certificate of insurance with respect to each renewal policy, bearing a notation evidencing payment of the premium therefore, or accompanied by other proof of payment satisfactory to Authority. Consultant shall provide full copies of any requested policies to Authority within three (3) days of any such request by Authority.

G. **Termination for Lack of Required Coverage.** If Consultant, for any reason, fails to have in place, at all times during the term of this Agreement, including any extension hereto, all required insurance and coverage, Authority may immediately obtain such coverage at Consultant's expense and/or terminate this Agreement.

21. **Indemnity.**

A. Consultant assumes all risk of injury to its employees, agents, and contractors, including loss or damage to property.

B. Consultant shall defend, indemnify, and hold harmless the Authority, including its officials, officers, employees, and agents from and against all claims, suits, or causes of action for injury to any person or damage to any property arising out of any intentional or negligent acts or errors or omissions to act by Consultant or its agents, officers, employees, subcontractors, or independent contractor, in the performance of its obligations pursuant to this Agreement. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Consultant. This indemnity shall not apply if the claim arises out of the sole negligence or willful misconduct of Authority, its officers, agents, employees or volunteers.

C. No official, employee, agent or volunteer of Authority shall be personally liable for any default or liability under this Agreement.

22. **Independent Contractor.** Consultant agrees to furnish consulting services in the capacity of an independent contractor and neither Consultant nor any of its employees shall be considered to be an employee or agent of Authority.

23. **Notices.** Any notice or communication given under this Agreement shall be effective when deposited, postage prepaid, with the United States Postal Service and addressed to the contracting parties. Name, address, telephone and facsimile numbers of the parties are as follows:

South Bay Regional Public Communications Authority:

4440 West Broadway
Hawthorne, CA 90250
Attn: Executive Director
Telephone Number: 310.973.1802
E-mail: administration@rcc911.org

Matrix Consulting Group:
Attn: Richard Brady, President
Telephone Number: 650.858.0507
E-mail: rbrady@matrixcg.net

Either party may change the information to which notice or communication is to be sent by providing advance written notice to the other party.

24. Severability. If any provision of this Agreement shall be held illegal, invalid, or unenforceable, in whole or in part, such provision shall be modified to the minimum extent necessary to make it legal, valid, and enforceable, and the legality, validity, and enforceability of the remaining provisions shall not be affected thereby.

25. Jurisdiction and Venue. This Agreement shall be deemed a contract under the laws of the State of California and for all purposes shall be interpreted in accordance with such laws. Both parties hereby agree and consent to the exclusive jurisdiction of the courts of the State of California and that the venue of any action brought hereunder shall be Los Angeles County, California.

26. Waiver. No delay or failure by either Party to exercise or enforce at any time any right or provision of this Agreement shall be considered a waiver thereof or of such Party's right thereafter to exercise or enforce each and every right and provision of this Agreement. To be valid a waiver shall be in writing but need not be supported by consideration. No single waiver shall constitute a continuing or subsequent waiver.

27. Entire Agreement.

A. This writing contains the entire agreement of the Parties relating to the subject matter hereof; and the Parties have made no agreements, representations, or warranties either written or oral relating to the subject matter hereof which are not set forth herein. Except as provided herein, this Agreement may not be modified or altered without formal amendment thereto.

B. Notwithstanding the foregoing, and to realize the purpose of this Agreement, the Agreement Administrator may issue a written modification to the Scope of Work, if this modification will not require a change to any other term of this Agreement.

28. Joint Drafting. Both parties have participated in the drafting of this Agreement.

29. Public Record. This Agreement is a public record of the Authority.
30. Authority to Execute. The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.
31. Attorney's Fees. In the event that legal action is necessary to enforce the provisions of this Agreement, or to declare the rights of the parties hereunder, the parties agree that the prevailing party in the legal action shall be entitled to recover attorney's fees and court costs from the opposing party.


IN WITNESS WHEREOF, the parties have hereunto affixed their names as of the day and year written below.

AUTHORITY

By _____
ERICK B. LEE
Executive Director

Date _____

ACCEPTED:
MATRIX CONSULTING GROUP

By  _____
RICHARD BRADY
President

Date 2-12-2019

EXHIBIT A

SCOPE OF SERVICES (DRAFT)

Prepare a Comprehensive Cost of Service and Allocation Study for the Authority, including the following elements:

1. Work and meet with Authority staff and key stakeholders to refine the project scope, purpose, uses and goals of the Authority's Comprehensive Cost of Service and Allocation Study to ensure that the study will be both accurate and appropriate to the Authority's needs. Review project schedules and answer any questions pertaining to the successful development of the study.
2. Meet with staff and key stakeholders and conduct interviews as needed to gain an understanding of the Authority's processes and operations. Conduct a comprehensive review of the Authority's existing assessment methodology between its three (3) member cities, as established in the Authority's current bylaws, and the agreements for services that the Authority maintains with its three (3) contract cities.
3. Compare service costs with existing recovery levels and annual assessments for each city. This should include any service areas where the Authority is currently charging for services as well as areas where perhaps the Authority should charge, in light of the Authority's practices, or the practices of similar multi-agency public safety dispatch centers and/or radio and emergency equipment installation facilities.
4. Review the Authority's procedures and practices associated with the purchase of and accounting for parts and equipment involved in the installation of radios and emergency equipment in vehicles and make recommendations to improve this process and maximize cost recovery.
5. Recommend appropriate assessment allocation methodologies, fees and charges for member and contract cities alike, based on the firm's analysis of the Authority's services and practices, together with the appropriate overhead rates to ensure full cost recovery or a subsidy percentage for those fees where full cost recovery may be unrealistic. These recommendations should take into consideration the complexities of the Authority's member and contract city structure and the risks incurred by the member cities to operate and maintain the joint powers agency.
6. Recommend potential new fees and charges for services that the Authority currently provides but does not have any fees and/or charges established or recommend potential higher or lower fees and charges if needed. Recommendations should be based on

practices by similar or nearby agencies that may charge for similar services, industry best practices, or the consultant's professional opinion.

7. Prepare a report that identifies the present assessments and fees, recommended assessments and fees, percentage change, cost recovery percentage, and revenue impact.
8. Prepare a report that identifies each service provided by the Authority, its full cost, and recommended and current cost recovery levels. The report should also identify the direct cost, the indirect cost, and the overhead cost for each service.
9. Prepare a report that recommends improvements to the procedures and practices associated with the purchase of and accounting for parts and equipment involved in the installation of radios and emergency equipment in vehicles.
10. Report on other matters that come to the Consultant's attention in the course of the evaluation that, in the Consultant's professional opinion, the Authority should consider.
11. Provide a computer-based model in Microsoft Excel for adjusting these assessments, fees and charges for the Authority's current and future needs and provide the Authority with an electronic copy of the final comprehensive study, including related schedules and cost documentation in a format that can be edited and updated by Authority staff to accommodate changes in the organization or changes in costs. The requirements of the model should allow for:
 - a. Additions, revision, or removal of direct and overhead costs so that the cost allocation plan can be easily adapted to a range of activities, both simple and complex.
 - b. The ability of the Authority to continuously update the model and cost allocation plan from year to year as the organization changes.
 - c. The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (i.e. ad-hoc analysis).
12. Present the plan to the Authority's management team and make necessary adjustments as requested.
13. Present the plan to the Authority's Executive Committee and User Committee and make necessary adjustments as requested.
14. Prepare and deliver presentation to the Authority's Board of Directors to facilitate their understanding of the plan and its implication for the Authority and make necessary adjustments as requested.

15. Provide on-site training to enable staff to update fees on an annual basis.
16. Prepare a final report and provide ten bound color copies, and a PDF file of the Comprehensive Cost of Service and Allocation Study that can be made available to Authority staff. Models, tables, and graphs should be provided in Excel. Any Cost Allocation Model revisions developed shall also be made available to the Authority in Excel and PDF formats, providing the ability to add, delete and/or update information as needed.
17. Consult with Authority staff should it become necessary to defend the Authority's Comprehensive Cost of Service and Allocation Study as a result of any legal or other challenge.

Outline of Services, Deliverables, and Schedule

Outline of Services

The South Bay Regional Public Communications Authority (SBRPCA) provides dispatching services for a variety of jurisdictions in the "South Bay" region of Los Angeles County. The Authority is interested in evaluating the current methodology for charging for the different services provided by the Authority to the member and contracted agencies. This chargeback evaluation also includes analyzing any costs, direct or indirect, associated with communication technical support, equipment, and infrastructure. The results of this analysis will provide the authority with a clearer understanding regarding the true cost (direct and indirect) associated with each member and contract agency, as well as policies and procedures for equipment and infrastructure charges.

The following tasks include a narrative, associated activities, and projected staff time requirements for completing the cost of service and allocation study.

Task 1 | Data Collection

Prior to our initial on-site meeting, the Matrix Consulting Group will provide the Authority with an initial data collection list, outlining documents and information needed. This data request typically includes the following items:

- Current Fiscal Year adopted Budget for the Authority broken out by departments, divisions, or units
- Most recent completed Fiscal Year revenue reports for the Authority at the most detailed level.
- List of all budgeted personnel within the Authority by position title, FTE count.
- Copy of all policies / procedures related to the charging and existing allocation methodology.
- Detailed organizational charts for the Authority.
- Calls for Service and Event Activity Data for the past three fiscal years by member or contracted jurisdiction.

The list above is only meant to be a sample of the type of information that would be requested. Before our first on-site visit, we will review this information to familiarize ourselves with strengths, weaknesses and opportunities for improvement related to the Authority's existing practices as it relates to cost allocation

and cost of services.

Project Deliverable – MCG	Authority Services Required
• List of basic data requirements for the Study	• Basic data requirements for the Study

Task 2 | Project Initiation – Establish Goals and Objectives

To effectively analyze and prepare the Cost of Service and Allocation Study, it is important that the project team develops an understanding of key issues which impact and shape the Authority's service delivery and cost recovery policies. To develop this perspective and customize the structure of the project, we plan to do the following:

- Conduct an initial meeting with Authority management to solidify scope of the Study.
- Develop a detailed project management plan, including timelines and deliverables.
- Conduct discussions regarding the Authority's current billing structure and potential changes.
- Review and identify existing cost recovery policies or established subsidies.

Based upon this meeting, the project team will provide a project management plan and schedule, and begin meeting with Authority staff, member city representatives, and contract city representatives to prepare the cost of service and allocation study.

Project Deliverable – MCG	Authority Services Required
• On-site meeting with Authority management involved in or impacted by the Study	• Designated project management representative
• Project Management Plan	• Approval of work plan

Task 3 | Develop a Profile of Existing Authority Practices and Procedures

During this task, the project team will conduct interviews with key staff within the Authority to gain an understanding of the existing processes, practices, and operations of the Authority. To develop a comprehensive understanding of the Authority, we would complete the basic work steps defined below:

- Interview staff involved with the development, calculation, collection, and billing of dispatch services.
- Develop an understand and process of the key steps and the various parties involved throughout the existing cost allocation process.
- Document the financial information, expenses, revenues collected, and existing contracts in place.

- Review the current coordination mechanisms between the Authority and the participating agencies.

Once these initial data collection activities have been completed we will prepare a profile describing the existing operations of the authority. It is important to note that this document will present the “as-is” state of the organization and will not contain any recommendations. This profile will be an important document that will be used as the basis for developing recommendations.

Project Deliverable – MCG	Authority Services Required
<ul style="list-style-type: none"> • On-site meeting(s) with key Authority Staff • Profile outlining “as-is” state for the organization 	<ul style="list-style-type: none"> • Participation in interviews • Review of profile document.

Task 4 | Conduct Initial Authority Financial and Cost Allocation Review

During the previous task, the project team will have gathered the Authority’s financial information. This information will be necessary for the project team to conduct the initial financial review for the Authority.

The initial financial review will not only consist of bottom line revenue vs. expenditure analysis, but it will also include the review of SBRPCA’s existing methodology for determining the costs associated with each partner or contracted agency. The project team will work with Authority staff to determine what types of costs are included, what types are excluded, the types of costs that are incurred but are not currently captured, as well as how any indirect support from Authority management is captured in the analysis.

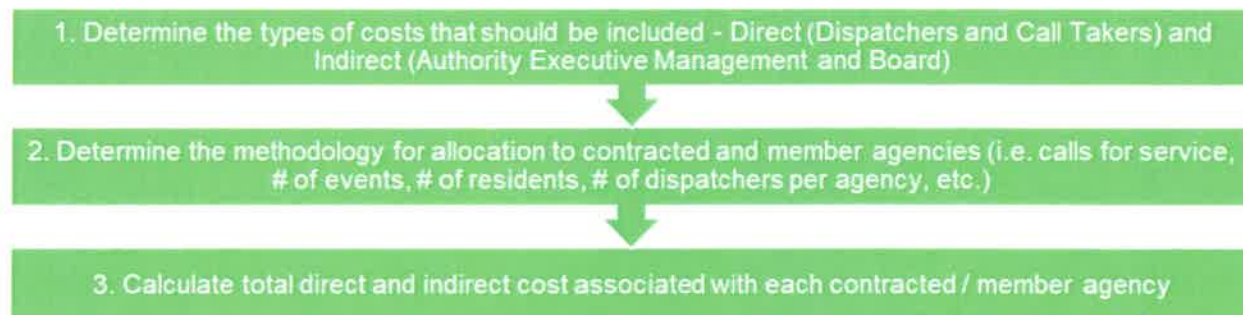
This review will also include looking at the Authority’s policies and procedures related to the installation of radios and emergency equipment in vehicles, to determine how those costs are allocated or assigned to the agencies that benefit from the installation of that equipment.

The results of this task will be a document outlining the current cost recovery for the Authority based upon existing practices, as well as the types of costs that are included in the current analysis.

Project Deliverable – MCG	Authority Services Required
<ul style="list-style-type: none"> • Initial Financial Review 	<ul style="list-style-type: none"> • Review of Financial Review

Task 5 | Perform Cost Allocation Assessment Analysis

The results of Task 3 and 4 will allow the project team to have the most in-depth understanding of the current practices and methodology for cost allocation. The project team will then be able to develop a model that incorporates best management practices for dispatch cost allocation services. The proposed dispatch cost allocation model will incorporate the following steps:



As the flowchart indicates, the first step in this analysis will be to determine all the types of costs that the Authority would like to build into the base rate. There are a variety of options; some agencies will include everything in the base rate, while other agencies will have a separate charge for dispatching / call taking and a separate charge for technical support and infrastructure installation. The project team will review these options with the Authority.

Similarly, for the allocation of the costs to the contracted agencies, the project team will work with the Authority to develop different cost allocation methodologies and review the impact of each methodology on the member or contracted jurisdiction. This will be critical for the Authority in terms of understanding not only how this impacts the current jurisdictions, but any other agencies that would like to utilize their services in the future.

Based upon multiple rounds of review and discussion with Authority staff, a finalized assortment of methodology concepts will be determined for development by the project team incorporating the feedback from the Authority.

Project Deliverable – MCG	Authority Services Required
<ul style="list-style-type: none"> • Provision of alternative allocation metrics and impact on contracted jurisdictions. • Development of finalized allocation methodology. . 	<ul style="list-style-type: none"> • Review of allocation metrics

Task 6 | Discuss Miscellaneous and New Charges

Part of the scope of this project is to not only document the existing methodology and charges for SBRPCA, but to also identify any other potential sources for greater cost recovery. This review will include evaluating any services provided by the Authority, for which it does not currently charge through its base rates, and whether it should be included in the base rate, or calculated as a separate fee.

If there are any new fees or charges determined to be added in this task, the project team will work with the authority to define those specific services, when and how those services should be charged, the time estimates associated with those services, and calculate the full cost of providing those services.

Additionally, during this step, the project team will work with Authority staff to specifically review the cost associated with installation of radio and emergency equipment in vehicles and how to account for that cost, including the option of developing rates and pass-through charges for those items. Additionally, the project team will prepare recommendations for improvements to the procedures and practices associated with the purchase of and accounting for parts and equipment involved in the installation of radios and emergency equipment in vehicles

Project Deliverable – MCG	Authority Services Required
<ul style="list-style-type: none"> • Review of potential new fees for service • Calculation of full cost of services • Recommendations for improvements for purchasing and accounting for parts & equipment. 	<ul style="list-style-type: none"> • Review of proposed new fees for service

Task 7 | Development of Draft Report

The project team will develop a draft report summarizing the results of the previous tasks. This report will include:

- A succinct executive summary for the study, the methodology, and the results.
- Recommendations for improvements / changes to existing allocation methodology, policies and procedures for accounting for costs with parts and equipment, and future updates.
- The profile of the as-is state of the organization, financially and operationally.
- Financial analysis of the Authority, including the current recovery philosophy and percentage.
- Description of the different cost allocation methodology alternatives considered, the projected impact on each member and contracted jurisdiction, and the allocation methodology recommended for the Authority.
- Discussion of any new fees and charges associated with the Authority.
- Overview of any operational recommendations related to policies and procedures and how they are accounted for in the proposed methodology.

The purpose of this report will be to outline in detail all of the steps taken to conduct the analysis requested by the Authority. The project team will present the draft report to Authority Management for review and approval.

Project Deliverable – MCG	Authority Services Required
<ul style="list-style-type: none"> • Preparation of Draft Report 	<ul style="list-style-type: none"> • Review of Draft Report

Task 8 | Present and Finalize Report

Once the Authority's Management Team has reviewed the draft report, the project team will present the draft report to the Authority's Executive and User Committees. The Authority's Executive and User Committees are comprised of the stakeholders that will be primarily impacted by this analysis and as such it will be critical to ensure their buy-in to this report and the finalized methodology.

The project team is proposing presenting the information from this report at up to one (1) joint meeting of the Executive Committee and User Committee. Based upon the feedback from the meetings, the project

team will finalize the Draft Report.

Project Deliverable - MCG	Authority Services Required
<ul style="list-style-type: none"> • Presentation of Draft Report at one (1) joint meeting of the Executive Committee and User Committee Meeting • Prepare Final Report – ten (10) bound color copies and PDF copy; Excel version of financial analysis 	<ul style="list-style-type: none"> • Attendance at Committee meetings

Task 9 | Present the Final Report to Board of Directors (Optional, at Authority's discretion)

The Matrix Consulting Group will present the Final Report to the Authority's Board of Directors to ensure that they understand the methodology and the results of the analysis. The project team is proposing to present the results of this analysis at up to two (2) Board meetings to ensure the greatest opportunity for understanding and acceptance by the Board of Directors.

Project Deliverable – MCG	Authority Services Required
<ul style="list-style-type: none"> • Presentation of Study results at up to two (2) Board Meetings 	<ul style="list-style-type: none"> • Attendance at Board meetings • Preparation of staff report

Task 10 | Analytical Model and Training

The Authority wishes to have the ability to update the final version of the Cost Allocation Study, including the ability to add, revise or remove costs so the studies can be easily adapted to a range of activities both simple and complex.

Our technical model, produced in Microsoft Excel, provides the ability for the Authority to adapt and continuously update the studies from year to year as the organization changes. While the model is structured in Excel, the technical model is *proprietary* and for internal use by Authority staff only. By having our model based in Excel, the requirements for software training, cost of new software products, updates, licensing or other support, would be minimized.

After the final draft of the cost allocation study is approved, at the discretion of Authority staff, the project team will meet with and train designated Authority employees on use of the Excel model. Staff will be provided with initial training that includes: a step-by-step PowerPoint presentation; a User's Manual which explains key concepts and defines basic terms; and a customized updated checklist of data that needs to be entered.

While staff training typically takes about four hours, the Matrix Consulting Group is committed to supporting Authority staff well after project completion, including answering questions and providing model support, at no additional costs.

Project Deliverable – MCG	Authority Services Required
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Project Deliverable – MCG	Authority Services Required
<ul style="list-style-type: none"> • Technical models and documentation • Four (4) hours of on-site training 	<ul style="list-style-type: none"> • Attend training session with Matrix Consulting Group

4 Proposed Project Schedule

The typical timeline for completing a study of this nature is approximately 12-16 weeks. SBRPCA is anticipating beginning this project at the end of February and beginning of March, with a targeted completion date at the end of June, which falls within the typical timeline needed to complete a study of this nature. The following table outlines our proposed project schedule on a task-by-task basis for preparing the Cost of Service and Allocation Study.

Task	Deliverable Week / Date	Deliverable / Task
Data Collection	Weeks 1-2	Initial Data Collection List
Project Initiation	Weeks 1-2	Attendance at kickoff meeting, Proposed Project Schedule
Profile of Existing Services	Weeks 2-6	Staff Interviews, Process Mapping, Development of Profile
Initial Financial Analysis	Weeks 4-8	Financial Document Review and Staff Interviews
Cost Allocation Assessment	Weeks 6-10	Calculation of alternative allocation methodologies
Discuss New Charges	Weeks 8-12	Discuss new or potential fees for service
Draft Report	Weeks 10-14	Development of Draft Report
Final Report	Weeks 12-14	Presentation of Results and Final Report
Present Final Report	Weeks 14-16	Presentation of Final Report to Board
Model & Training	Weeks 16+	Delivery of Model & Training

All timelines can be adjusted based upon the Authority's schedule and other commitments in agreement with Authority staff. Even though Presentation of Final Report and Model and Training have been included in the proposed schedule, those tasks can occur at any point after completion of the study, based upon Authority staff needs.

EXHIBIT B

PAYMENT SCHEDULE

Milestone	Project Manager	Lead Analyst	Data Analyst	Amount
Task 1 – Data Collection	2	4	4	\$1,400
Task 2 – Project Initiation	4	4	4	1,800
Task 3 – Profile of Existing Practices	6	12	20	5,000
Task 4 – Initial Financial Analysis	2	10	18	3,700
Task 5 – Cost Allocation Assessment Analysis	8	14	24	6,100
Task 6 – Miscellaneous and New Charges	4	6	6	2,300
Task 7 – Draft Report	10	14	20	6,100
Task 8 – Presentation to Executive & User Committees and Finalize Report	6	10	12	3,900
Task 9 – Presentation to Board of Directors (Optional)	8	12	0	3,400
Task 10 – Model & Training	4	4	4	1,800
Total Hours	54	90	112	\$35,500
Hourly Rates	\$200	\$150	\$100	
Total Professional Fees	\$10,800	\$13,500	\$11,200	\$35,500
Travel (Total maximum to be billed at conclusion of engagement)				1,000
Total Project Costs Not to Exceed				\$36,500

Billing will occur on a monthly basis and will include Tasks in which all Project

Deliverables, as indicated in Exhibit A, have been completed.



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: February 19, 2019

ITEM NUMBER: E3

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: Preliminary Fiscal Year 2019-2020 Budget

ATTACHMENTS: 1. Preliminary Fiscal Year 2019-2020 Budget

RECOMMENDATION

Staff recommends that the Executive Committee provide direction on the preliminary budget for Fiscal Year 2019-2020.

DISCUSSION

The Authority derives its revenue from four main sources:

1. Owner City Assessments
2. Contract City Fees
3. Reimbursements from Owner and Contract Agencies and Other Revenues
4. Investment Earnings

Member city assessments for Fiscal Year 2019-2020 are not proposed to increase in the preliminary budget. Fees for contract cities are established by formulas specified in the agreements with each agency. Given these parameters, staff has developed a budget which provides for a 0.67% increase in Enterprise Fund (Fund 10) revenues and a 4.1% increase in expenditures over the prior year's adopted budget.

These comparisons do not include Fiscal Year 2018-2019 mid-year appropriations, as they were for one-time expenditures (over \$6.5M) that significantly distort the year-to-year differences. However, these additional appropriations, along with carryover amounts from the prior year, are detailed in the budget tables in the "Amended" column for reference purposes.

Categories	FY 17-18 Actual	FY 18-19 Adopted	FY 19-20 Proposed	Increase (Decrease)	%
Revenue Summary by Category – Enterprise Fund (Fund 10)					
Assessments					
Member Cities	\$7,454,179	\$7,454,179	\$7,454,179	\$ -	0.00%
Contract Cities	4,355,551	4,666,570	4,935,680	269,110	5.77%
Subtotal Assessments	\$11,809,730	\$12,120,749	\$12,389,859	\$269,110	2.22%
Non-Assessment Revenue	\$1,003,280	\$1,032,978	\$852,408	(\$180,570)	-17.48%
Total	\$12,813,010	\$13,153,727	\$13,242,267	88,540	0.67%
Expense Summary by Category – Enterprise Fund (Fund 10)					
Operating Budget	\$12,051,299	\$12,038,663	\$12,426,528	\$387,865	3.22%
Capital Outlay	130,808	17,500	125,000	107,500	614.29%
Total	\$12,182,107	\$12,056,163	\$12,551,528	\$495,365	4.11%
Salaries & Benefits	\$9,292,582	\$9,517,204	\$9,951,782	\$434,578	4.57%
Supplies/Svcs/Equip	2,758,717	2,521,459	2,474,746	(46,713)	-1.85%
Capital Outlay	130,808	17,500	125,000	107,500	614.29%
Total	\$12,182,107	\$12,056,163	\$12,551,528	\$495,365	4.11%
Summary of Revenues Over (Under) Expenses					
Total	\$ 630,903	\$ 1,097,564	\$690,738		

Changes from Prior Year

The following are the ten most significant increases in budgeted accounts:

Salaries/Full-Time - \$229,996

Includes contracted and estimated increases from MOUs and agreement with employees.

Capital Outlay - \$107,500

Increase relates to anticipated communications and technology infrastructure replacement purchases.

PERS Contribution - \$100,293

Increase relates to corollary salary increases and CalPERS rate increases.

Medical Insurance - \$66,527

Includes contracted increases from MOUs and agreement with employees.

Legal Services - \$50,000

Increase relates to establishing a budget for general counsel services.

Education Incentive - \$35,673

Includes contracted increases from MOUs with employees.

Overtime - \$30,000

Increase relates to developing a closer alignment with anticipated expenditures.

General Liability Insurance - \$23,166

Increase relates to anticipated increases in insurance costs.

POST Training - \$21,815

Increase relates to planned off-site training for employees.

Communications Contract Services - \$18,000

Increase relates to ongoing costs necessary to establish a redundant/backup internet connection to ensure internet and cloud-based systems remain operational.

Other significant changes from Fiscal Year 2018-2019 that are included in the preliminary Fiscal Year 2019-2020 budget include:

Additional Finance and Accounting Services - \$15,000

Funds will be used to secure outside additional consulting services on an as-needed basis.

Microwave Servicing and Equipment Replacement - \$25,000

Routine maintenance, repair, and replacement of microwave equipment that is no longer under warranty.

Elimination of the following positions:

Administration Manager (1)

Position was eliminated in Fiscal Year 2018-2019. The incumbent was reclassified as the Administrative Services Manager.

Information Technology Manager (1)

Position has been vacant for over one year. The Authority currently contracts with the City of Hawthorne for information technology services.

Lead Communications Technician (1)

Position is vacant. For over two years, the Authority has contracted for services that were formerly performed by this position.

Public Safety Communications Specialist I (1)

Position has been vacant for most of Fiscal Year 2018-2019. As a workplan item for Fiscal Year 2019-2020, staff will be conducting an evaluation of the Technical Services Division's workload to determine optimum staffing levels and if this position is necessary in future fiscal years.

Reclassification of the following positions:

- *Technical Services Manager to Administrative Services Manager*
With the elimination of the Administration Manager position, the incumbent was reclassified into the Technical Services Manager position. The job description was also updated and the position was re-titled as Administrative Services Manager.

Addition of the following positions:

Accountant (1)

This additional position doubles the size of the Finance work unit and will help to ensure that this important area of the Authority's business is properly administered.

Communications Operator (3)

With the continued planned expansion of dispatch services for the cities of Manhattan Beach and Hermosa Beach in Fiscal Year 2019-2020, the Authority will be staffing 120 more hours of dedicated dispatch services than it did two years ago before the expansion. These additional hours equate to three (3) full-time equivalent (FTE's) in actual hours worked each week, not including the additional time needed for training or backfilling for these employees while they are on leave.

Work Plans for Fiscal Year 2019-2020

Some of the notable work plans staff anticipates accomplishing in Fiscal Year 2019/2020 include:

INSB Network

Continue to participate in the early implementation phases of the network, including finalization of the installation at the rehabilitated water tower site in Manhattan Beach.

Mark 43 CAD/RMS Project

Continue to actively participate in the development of the CAD system, with anticipated go-live in Fiscal Year 2019-2020.

Comprehensive Cost of Service & Allocation Study

Implement direction received from the Board of Directors and Executive Committee regarding recommendations made by the consultant's study,

City of Redondo Beach's Request for a Quote re: Consolidation of Services.

Develop a quote for contract dispatch services.

City of El Segundo's Contract

Work with the City of El Segundo to develop a successor agreement for dispatch services. The current agreement expires on September 30, 2020.

Updating of Bylaws

Work with the Board of Directors the Executive Committee to identify and implement changes to the Authority's bylaws.

Review of Technical Services Division

Conduct an evaluation of the workload and practices of the Technical Services Division to ensure the work unit is properly staffed and administered.

Reduce Call Processing and Dispatch Times for Fire Department Calls

Work with the Fire Departments to refine call processing and dispatch procedures in order to reduce the overall response times associated with emergency calls.

Implement New Performance Measures

Begin compiling and reporting new performance measures on a monthly basis.

Develop Policy for Funding Non-Current Liabilities

Work with the Executive Committee to determine policies related to funding the long-term costs of benefits provided to employees and retirees through pension and Other Post-Employment Benefits (OPEB) plans.

Attachment #1 (Preliminary Fiscal Year 2019-2020 Budget) details staff's proposed use of budgeted funds along with descriptions of the Authority's programs, associated work plan objectives, and performance measure data.

This preliminary budget continues to fund the Authority's goal of providing an outstanding level of service to the communities it serves. Upon receipt of direction from the Executive Committee, the final recommended budget will be presented to the Board of Directors for consideration of adoption at the joint meeting of the Board of Directors, Executive Committee, and User Committee on March 19, 2019.

FISCAL IMPACT

As proposed, revenues are anticipated to exceed expenditures by \$690,738 as indicated below:

Estimated Cash Available (Fund 10) as of June 30, 2019	\$2,775,216
FY 2019/20 Revenues	13,242,267
FY 2019/20 Expenditures	12,551,528
Revenues Over Expenditures	690,738
Estimated Cash Available (Fund 10) as of June 30, 2020	\$3,465,954

Allocation of Estimated Fund Balance		
Member	June 30, 2019	June 30, 2020
City of Gardena	\$890,289	\$1,111,878
City of Hawthorne	1,250,790	1,562,106
City of Manhattan Beach	634,137	791,971
Total	\$2,775,216	\$3,465,954

E3 ATTACHMENT #1



South Bay Regional Public Communications Authority



Fiscal Year 2019-2020 Preliminary Budget



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AUTHORITY OFFICIALS

Board of Directors

Rodney Tanaka
Mayor Pro Tem
City of Gardena

Haidar Award
Mayor Pro Tem
City of Hawthorne

David Lesser
Councilmember
City of Manhattan Beach

Executive Committee

Edward Medrano
City Manager
City of Gardena

Arnold Shadbeh
Interim City Manager
City of Hawthorne

Bruce Moe
City Manager
City of Manhattan Beach

User Committee

Thomas Kang
Chief of Police
City of Gardena

Michael Ishii
Chief of Police
City of Hawthorne

Derrick Abell
Chief of Police/Interim Fire Chief
City of Manhattan Beach

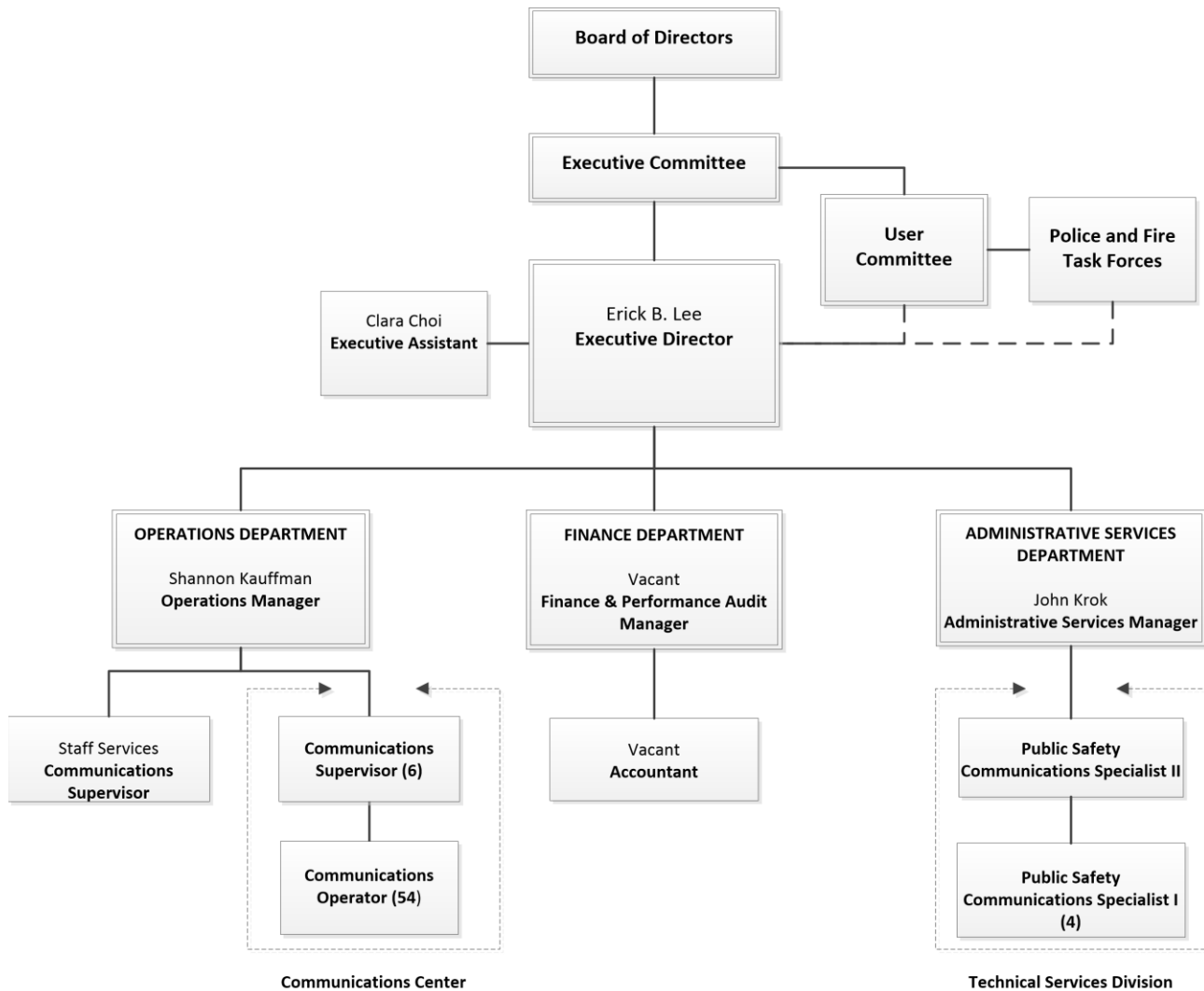
SBRPCA Staff

Erick B. Lee, Executive Director
Shannon Kauffman, Operations Manager
John Krok, Administrative Services Manager
Clara Choi, Executive Assistant



Organization Chart

Fiscal Year 2019-2020



Budget Message

February 19, 2019

Members of the Executive Committee and the User Committee:

This past year has been another busy year for staff. I am pleased to report some of our accomplishments as follows:

- Received 362,519 calls in CY2018
 - 911 Calls: 131,086 (102,739 from cell phones)
 - 7 Digit Calls: 231,434
- Secured successor MOUs with both the Teamsters Local 911 and the Communication Workers of America (CWA) bargaining groups.
- Participated in 13 career fairs to recruit new Communications Operators in CY2018.
- Processed 385 applications and subsequently hired 12 new Communications Operators in CY2018.
- Completed a resource forecasting analysis to anticipate future attrition.
- Completed a redesign of the Authority's website to ensure transparency and provide additional information to our stakeholders and members of the public.
- Developed a recruitment video to attract high quality applicants to fill vacant positions.
- Completed the installation of the infrastructure to migrate the Authority to the Interoperable Network of the South Bay (INSB) radio network. Also submitted all allowable costs associated with this project for reimbursement under the terms of the UASI 2016 grant subrecipient agreement. The network is anticipated to go-live in early 2019.
- Completed the no interest Equipment Lease-Purchase project to procure and deploy over \$6.5M in new mobile and portable radios.

- Participated in the development of the Mark43 Computer Aided Dispatch (CAD) system. The system is anticipated to go-live in Fiscal Year 2019-2020.
- Monitored the federal government's progress in deploying FirstNet in Los Angeles County and the South Bay region.
- Issued an RFP for the Comprehensive Cost of Service & Allocation Study. This project is anticipated to be completed by the end of Fiscal Year 2018-2019.
- Defined new agency standards and performance measures.
- Updated and revised the Communications Operator training materials.
- Completed 176 installations and 332 repairs of various telecommunications equipment used by Police, Fire, and Public Works in CY2018.
- Installed over 300 new mobile radios in public safety vehicles to prepare the Authority's agencies for migration to the INSB radio network.
- Reviewed and updated organizational governance documents and policies including:
 - Budgetary Policy
 - Meeting Schedule for the Board of Directors
 - Position Classification Plan
 - Publicly Available Pay Schedule
 - Purchasing Policy
 - Schedule of Fees and Charges

Having these accomplishments in mind, staff is ready to build on these successes and respectfully submits this Preliminary Budget for Fiscal Year 2019-2020. In developing this budget, staff was mindful of the financial impact to the Member Cities, but at the same time kept in mind the Authority's goal of continuing to provide an outstanding level of service to the communities served.

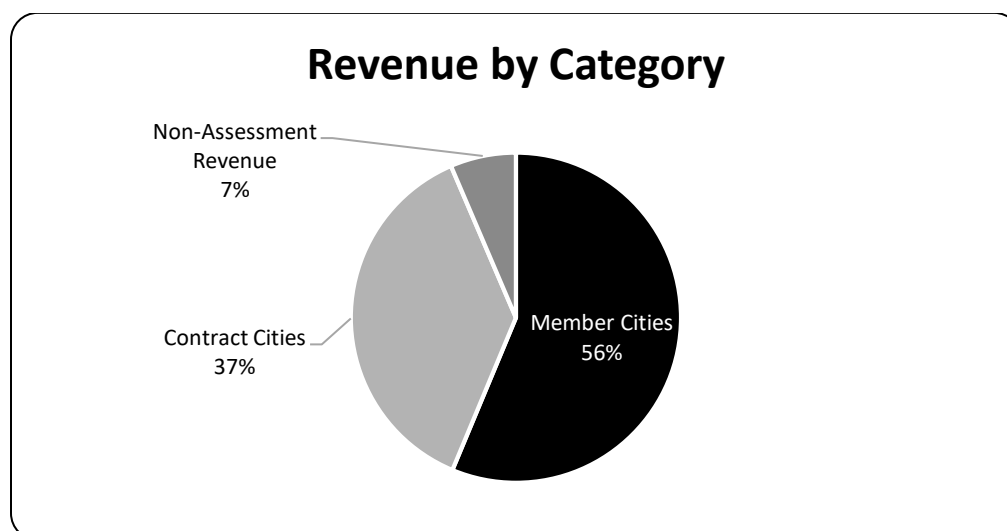
Assessments for Member Cities are proposed to remain at the same level as the prior year, while Contract City assessments will increase in accordance with the terms of each city's agreement. Total revenues are estimated to increase by 0.67%.

The preliminary expenditure budget is \$12,551,528 which represents an increase of \$387,865 in operating expenses (3.2%), and an increase of \$107,500 (614.3%) in capital outlay expenses compared to the adopted budget in Fiscal Year 2018-2019. The total preliminary expenditure budget is an increase of \$495,365 over the prior year, or 4.1%.

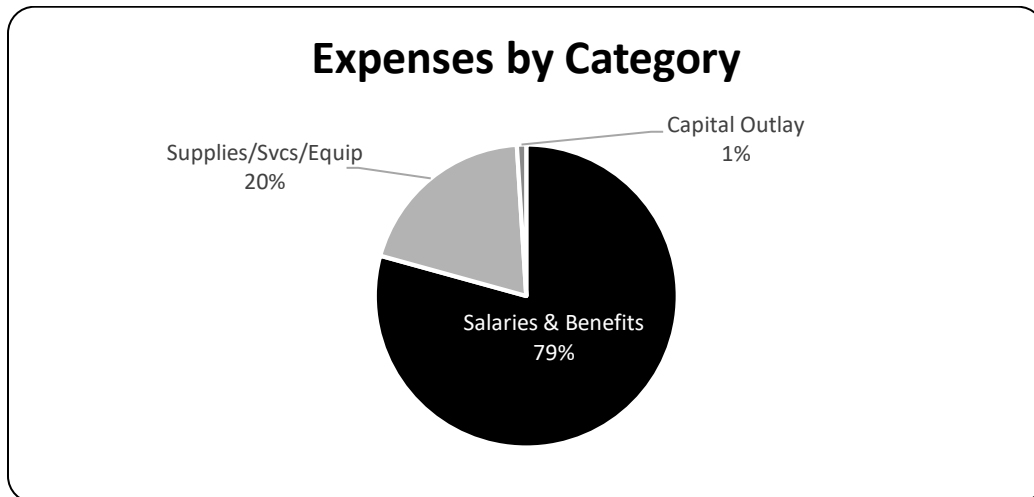
These comparisons do not include Fiscal Year 2018-2019 mid-year appropriations as they were for one-time expenditures (over \$6.5M) that significantly distort the year to year differences. However, these amounts are detailed in the budget tables for reference purposes. Additionally, carryover amounts from prior fiscal years for continuing capital projects are also excluded.

The following tables and charts illustrate the significant budget categories with their corresponding increases and decreases.

REVENUE SUMMARY BY CATEGORY – ENTERPRISE FUND (FUND 10)				
	FY 18-19 Adopted	FY 19-20 Proposed	Increase (Decrease)	%
Assessments				
Member Cities	\$7,454,179	\$7,454,179	\$ -	0.00%
Contract Cities	4,666,570	4,935,680	269,110	5.77%
Subtotal Assessments	\$12,120,749	\$12,389,859	\$269,110	2.22%
Non-Assessment Revenue	\$1,032,978	\$852,408	(\$180,570)	-17.48%
Grand Total	\$13,153,727	\$13,242,267	88,540	0.67%



EXPENSE SUMMARY BY CATEGORY – ENTERPRISE FUND (FUND 10)					
	FY 18-19 Adopted	FY 18-19 Amended	FY 19-20 Proposed	Inc (Dec) vs. Adopted	%
Operating Budget	\$12,038,663	\$18,662,938	\$12,426,528	\$387,865	3.22%
Capital Outlay	17,500	17,500	125,000	107,500	614.29%
Total	\$12,056,163	\$18,680,438	\$12,551,528	\$495,365	4.11%
Salaries & Benefits	\$9,517,204	\$9,228,051	\$9,951,782	\$434,578	4.57%
Supplies/Svcs/Equip	2,521,459	9,434,887	2,474,746	(46,713)	-1.85%
Capital Outlay	17,500	17,500	125,000	107,500	614.29%
Total	\$12,056,163	\$18,680,438	\$12,551,528	\$495,365	4.11%



Changes from the Prior Year:

The following are the ten most significant increases in budgeted accounts:

- Salaries/Full-Time (\$229,996): Includes contracted and estimated increases from MOUs and agreement with employees.
- Capital Outlay (\$107,500): Increase relates to anticipated communications and technology infrastructure replacement purchases.
- PERS Contribution (\$100,293): Increase relates to corollary salary increases and PERS rate increases.

- Medical Insurance (\$66,527): Includes contracted increases from MOUs and agreement with employees.
- Legal Services (\$50,000): Increase relates to establishing a budget for general counsel services
- Education Incentive (\$35,673): Includes contracted increases from MOUs with employees.
- Overtime (\$30,000): Increase relates to developing a closer alignment with anticipated expenditures.
- General Liability Insurance (\$23,166): Increase relates to anticipated increases in insurance costs.
- POST Training (\$21,815): Increase relates to planned off-site training for employees.
- Communications Contract Services (\$18,000): Increase relates to ongoing costs necessary to establish a redundant/backup internet connection to ensure internet and cloud-based systems remain operational.

Summary of Expenditure Increases				
Line Item	FY 18-19 Adopted	FY 19-20 Proposed	Inc (Dec) vs. Adopted	%
Salaries (Full-Time)	\$6,386,544	\$6,616,540	\$229,996	3.60%
Capital Outlay	17,500	125,000	107,500	614.29%
PERS Contribution	1,024,352	1,124,645	100,293	9.79%
Medical Insurance	711,932	778,459	66,527	9.34%
Legal Services	45,000	95,000	50,000	111.11%
Education Incentive	96,733	132,406	35,673	36.88%
Overtime	360,000	390,000	30,000	8.33%
General Liability Ins.	187,660	210,826	23,166	12.34%
POST Training	2,000	23,815	21,815	1,090.75%
Comm Contract Svcs	31,000	49,000	18,000	58.06%

Other significant changes from Fiscal Year 2018-2019 that are included in the preliminary Fiscal Year 2019-2020 budget are as follows:

Additional Finance and Accounting Services - \$15,000

Funds will be used to secure outside additional consulting services on an as-needed basis.

Microwave Servicing and Equipment Replacement - \$25,000

Routine maintenance, repair, and replacement of microwave equipment that is no longer under warranty.

Elimination of the following positions:

Administration Manager (1)

Position was eliminated. The incumbent was reclassified as the Administrative Services Manager.

Information Technology Manager (1)

Position has been vacant for over one year. The Authority currently contracts with the City of Hawthorne for information technology services.

Lead Communications Technician (1)

For over two years, the Authority has contracted for services that were formerly performed by this position.

Public Safety Communications Specialist I (1)

Position has been vacant for most of Fiscal Year 2018-2019. As a workplan item for Fiscal Year 2019-2020, staff will be conducting an evaluation of the Technical Services Division's workload to determine optimum staffing levels and if this position is necessary in future fiscal years.

Reclassification of the following positions:

Technical Services Manager to Administrative Services Manager

With the elimination of the Administration Manager position, the incumbent was reclassified into the Technical Services Manager position. The job description was also updated and the position was re-titled as Administrative Services Manager.

Addition of the following positions:

Accountant (1)

This additional position doubles the size of the Finance section work unit and will help to ensure that this important area of the Authority's business is properly administered.

Communications Operator (3)

With the continued planned expansion of dispatch services for the cities of Manhattan Beach and Hermosa Beach in Fiscal Year 2019-2020, the Authority will be staffing 120 hours more of dedicated dispatch services than it did two years ago before the expansion. These additional hours equate to three (3) full-time equivalent (FTE's) in actual hours worked each week, not including the additional time needed for training or backfilling for these employees while they are on leave.

Additional Budget Information:

Beginning in Fiscal Year 2015-2016, CalPERS began to require payment for each agency's unfunded actuarial liability (UAL) as a separate payment for each coverage plan. These payments are based on each plan's total liability rather than by plan individual payroll, which is to allow employers to track their own UAL and pay it down faster if they choose. The change in the allocation of the UAL results in some employers paying more towards their UAL and some paying less.

For budget purposes, CalPERS provided a percentage of payroll for each plan's UAL contribution. Rates for Fiscal Year 2019-2020 including the UAL contribution are 20.447% for Tier 1 employees, 8.628% for Tier 2 employees and 7.397% for PEPRAs employees. For comparison, the Fiscal Year 2018-2019 rates were 17.350% for Tier 1 employees, 7.861% for Tier 2 employees and 6.563% for PEPRAs employees. All employees are now paying at least one half of the employee contribution previously paid by the Authority. The total increase in retirement costs for Fiscal Year 2019-2020 is \$100,293.

Additionally, costs for step increases earned by newer employees who have not yet reached the top of the approved salary range for their positions are included. Total costs for salary and benefit increases in the proposed budget for Fiscal Year 2019-2020 are \$434,578.

The remaining increases to operating expenses are included in a detailed listing by account in the subsequent pages.

Capital Outlay for Fiscal Year 2019-2020:

The capital outlay project request is for \$125,000 for communications and technology infrastructure replacement purchases.

Members' Assessments for Fiscal Year 2019-2020: The calculation of the assessments is found in the Financial Summaries section of the document. The budget, as presented, uses the same assessment amount as Fiscal Year 2018-2019 assuming no use of the Enterprise Fund estimated cash balance at June 30, 2019.

Assessments for Client Cities:

Culver City's assessment is \$2,587,601, an increase of \$80,236. The assessment reflects the 3.2% Consumer Price Index (CPIU) adjustment as stated in their agreement. The current agreement expires on March 1, 2022.

El Segundo's assessment is \$1,372,870, an increase of \$42,105. The assessment reflects a 3.2% Consumer Price Index (CPIU) adjustment as stated in their agreement. The current agreement expires on September 30, 2020.

Hermosa Beach's assessment is \$975,208, an increase of \$146,769. The assessment reflects the prior year assessment multiplied by the 3.2% Consumer Price Index (CPIU) adjustment and the three (3) year budget increase amount of 5.0% plus the five (5) year amortized increase of \$78,837. The current agreement expires on June 30, 2028.

Other Revenues:

These include interest income from the Authority's investment with the Local Agency Investment Fund (LAIF); labor charges for repairs, and/or maintenance of communications equipment charged to non-members; and reimbursements from participating agencies for wireless services and GST software maintenance. Staff maintains a daily cash position to determine available funds for investment with LAIF to maximize interest income. The interest rates for Fiscal Year 2019-2020, are projected to increase as the Federal Reserve progressively raises interest rates.

Work Plan Objectives for Fiscal Year 2019-2020:

Staff believes the proposed budget will provide the necessary funds to accomplish the Authority's objectives for the coming year, which include:

INSB Network

Continue to participate in the early implementation phases of the network, including finalization of the installation at the rehabilitated water tower site in Manhattan Beach.

Mark 43 CAD/RMS Project

Continue to actively participate in the development of the CAD system, with anticipated go-live in Fiscal Year 2019-2020.

Comprehensive Cost of Service & Allocation Study

Implement direction received from the Board of Directors and Executive Committee regarding recommendations made by the consultant's study,

City of Redondo Beach's Request for a Quote re: Consolidation of Dispatch Services.

Develop a quote for contract services.

City of El Segundo's Contract

Work with the City of El Segundo to develop a successor agreement for dispatch services. The current agreement expires on September 30, 2020.

Updating of Bylaws

Work with the Board of Directors the Executive Committee to identify and implement changes to the Authority's bylaws.

Review of Technical Services Division

Conduct an evaluation of the workload and practices of the Technical Services Division to ensure the work unit is properly staffed and administered.

Reduce Call Processing and Dispatch Times for Fire Department Calls

Work with the Fire Departments to refine call processing and dispatch procedures in order to reduce the overall response times associated with emergency calls.

Implement New Performance Measures

Begin compiling and reporting new performance measures on a monthly basis.

Develop Policy for Funding Non-Current Liabilities

Work with the Executive Committee to determine policies related to funding the long-term costs of benefits provided to employees and retirees through pension and Other Post-Employment Benefits (OPEB) plans.

Fund Balance/Reserves:

In accordance with the Executive Committee's Budget Policy, as established by Resolution No. 321, the preliminary Fiscal Year 2019-2020 budget includes a 10% Operational and Capital Reserve of \$1,255,153.

Additionally, in October 2011 the Executive Committee established a reserve in the amount of \$250,000 for future funding of OPEB liabilities. The Authority continues to maintain this reserve.

The available Enterprise Fund cash balance is projected to be \$2,774,716 by June 30, 2019, and has been allocated to each member based on its ownership percentage of the Authority.

Acknowledgement:

I thank the Board of Directors, the Executive Committee, the User Committee, and the Police and Fire Task Forces for their continued support for another successful year at the Authority. I also want to thank the Authority staff for consistently providing outstanding service to the communities we serve.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Erick B. Lee', written in a cursive style.

Erick B. Lee, Executive Director



Authority Profile

Mission

The South Bay Regional Public Communications Authority (SBRPCA) is dedicated to providing prompt, efficient, and cost-effective emergency communications services to the greater South Bay area.

Overview

The South Bay Regional Public Communications Authority (Authority) was organized on October 14, 1975 under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California. The purpose of the Authority is to provide a forum for discussion, study, development, implementation, operations, and maintenance of a consolidated regional public safety services communications system. At the present time, the Authority serves the cities of Gardena, Hawthorne, and Manhattan Beach in the aforementioned capacity. The Authority also provides services to the cities of Culver City, El Segundo and Hermosa Beach under contract.

The Authority's Board of Directors, consisting of one Councilmember from each of the Member Cities, maintains authority over the annual budget for the Authority. Policy management is relegated to the Executive Committee, consisting of City Managers from each of the Member Cities. The Executive Director, who is appointed by the Executive Committee, manages the day-to-day operations. A User Committee, consisting of Police and Fire Chiefs from the Member Cities, provides direction relative to the needs of the organization. Police Officers and Firefighters from the Member Cities make up the Police and Fire Task Forces, which provide feedback and recommendations to facilitate an optimum level of service and safety for citizens, police officers, and firefighters.

The Authority annually processes approximately 375,000 police and fire incidents in the Southern California region of Los Angeles County commonly referred to as the "South Bay."

The RCC is currently budgeted for 72 full-time positions. Five (5) Technical Services staff members install radio communications equipment, light bars, mobile cameras, computer systems, and all necessary equipment for full-service, emergency vehicles. Staff also coordinates capital projects and provides technical services to the following outside agencies: El Camino College Campus Police Department; Gardena Public Works Department; Hermosa Beach Public Works Department; L.A. Impact; Manhattan Beach Public Works Department; and Palos Verdes Estates.

Brief Profiles of Member/Client Cities

City of Gardena – incorporated on September 11, 1930 as a general law city with a Council-Manager form of government; located 13 miles south of metropolitan Los Angeles in the South Bay area of Los Angeles County; full service city including its own municipal bus lines; 5.9 square miles; population of 60,785; 6 parks, 1 community center, 1 municipal pool, 1 parkette, and 2 gymnasiums. The City provides police protection and contracts with Los Angeles County for fire and emergency medical services. The City has approximately 300 full time employees.

City of Hawthorne – incorporated in 1922 as a general law city with a Council-Manager form of government; ideally located near the Los Angeles International Airport, connected by rail to the Port of Los Angeles and downtown Los Angeles, and surrounded by the San Diego (I-405), Harbor (I-110), and Glenn M. Anderson (I-105) Freeways; the City of Hawthorne could easily be termed the “Hub of the South Bay”; 6 square miles; population 88,003; 10 parks including 1 skate park; 1 pool; 1 sports center; 1 memorial center; and 1 senior center. The City provides police protection and contracts with Los Angeles County for fire and emergency medical services. The City has approximately 260 full time employees.

City of Manhattan Beach – incorporated on December 7, 1912 as a general law city with a Council-Manager form of government; located 19 miles southwest of downtown Los Angeles on the southerly end of Santa Monica Bay; 3.88 square miles; population of 35,297; full service city with its own police, fire/emergency services personnel; 2.1 miles of beach front and a 928-foot long pier; a 9-hole golf course; 2 community centers; 54 acres of developed parks; 21 acres parkway; and 40 acres of recreational beach. The City has approximately 290 full time employees.

City of Culver City – incorporated in 1917 as a general law city and transitioned to a charter city in 1947. The City operates under a Mayor/City Council-City Manager form of government; located 5 miles north of Los Angeles International Airport; 5.2 square miles; population of 40,448 full service city with its own police and fire/emergency services personnel; 18 parks.

City of El Segundo – incorporated on January 18, 1917 as a general law city with a Council-Manager form of government; located 14 miles southwest of downtown Los Angeles, adjacent to the City of Los Angeles International Airport and borders the Century Freeway (105) on the north and the San Diego Freeway (405) on the east, both of which provide linkages to other major freeways traveling north, south and east; 5.5 square miles; population of 16,646; full service city with its own police, fire/emergency services personnel; 1 police station, 2 fire stations, 22 parks,

13 recreational facilities and 91.2 acres of parks. The city has approximately 270 full time employees.

City of Hermosa Beach – incorporated on January 14, 1907 as a general law city with a Council-Manager form of government; located 4 miles south of Los Angeles International Airport; 1.3 square miles; population of 19,801 full service city with its own police and fire protection; emergency medical services; 20 parks; 36.52 acres of beach; 19.50 acres of open space park; 1 community theatre. The City has approximately 140 full time employees.

Description of Funds

The accounts of the Authority are organized in funds, which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity (net assets), revenues, and expenses. The Authority uses only one Proprietary Fund Type as follows:

Enterprise Fund (Fund 10) – Used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues; (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or, (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Grant Fund (Fund 20) – During Fiscal Year 2009-2010, the Authority received a State Homeland Security Grant to equip the “new” Punta Place Radio Site. Revenues and expenses for this grant were accounted for in this Fund. The project was completed in Fiscal Year 2010 -2011 and all revenues were received during Fiscal Year 2011-2012. The fund remains open to account for the equipment (capital assets) purchased with the grant. Additionally, the Authority received a grant under the 2016 Urban Area Security Initiative (UASI) program to build out the Interoperability Network of the South Bay. Purchases associated with this grant were also made from Fund 20.

Basis of Accounting and Budgeting

Proprietary fund types are accounted for using the “economic resources” measurement focus and accrual basis of accounting. This means that all assets and liabilities (whether current or non-current) associated with the activity are included on the balance sheet. Their reported fund equity presents total net assets. The operating statements of the proprietary funds present increases (revenues) and decreases (expenses) in total net assets.

Revenues are recognized when they are earned and expenses are recognized when the liability is incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are member assessments and charges for services. Operating expenses include the costs of legal, accounting, and other administrative services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budget Process

Departments begin developing their budget requests in November and submit them in December to the Finance Section of the Administration Department. Finance staff compiles all the requests and also calculates the personnel costs based on payroll information, along with any new labor-negotiated items.

In January, the Executive Director reviews the requests with departments and makes necessary changes for the preliminary budget to be submitted to the Executive Committee. Around the same time, staff prepares the mid-year budget report, which is submitted to the Board of Directors and the Executive Committee. In February, the Executive Committee meets with the Executive Director and staff to discuss the preliminary budget and makes recommendations. Finance staff incorporates all of the changes and prepares the proposed budget document. Afterwards staff presents the proposed budget to the Board of Directors and the Executive Committee for final approval in March.

Budget Amendments

During the year, the Executive Director may execute line item transfers within the following major budget categories as long as the total expenses of each category remain unchanged: Salaries & Benefits; Services & Supplies; and Capital Outlay. However, the legal level of budgetary authority is set at the Fund level, as determined by the Executive Committee. The Board of Directors reviews and approves budget amendments (increases and decreases) at the January meeting when the mid-year budget report is submitted.

Revenue Estimates

Assessments: Revenues that support the Authority's operations come from assessments to its Members. Prior to the Fiscal Year 2008-2009 budget, assessments were developed based on the percentage of system utilization and the communications equipment maintained. On January 15, 2008, the Board amended its Bylaws to change the assessment formula based on the Member

Cities' ownership share instead of system usage. The ownership share was based on the Members' share of the bonds issued in 2001 to finance the Authority's headquarters.

For the City of El Segundo the assessment is adjusted each year based on the Consumer Price Index (CPI), as stated in their agreement. The current agreement expires on September 30, 2020.

On September 25, 2015, the Executive Committee approved a Client Assessment formula for agencies that join the Authority in the future. Since the City of Culver City had requested a proposal for services, the methodology was required to provide a consistent manner of determining initial assessment costs for new client agencies as well as on-going assessments that would be reasonable and more realistically reflect the impact of budget increases on the owner agencies. This methodology was used to determine the increase for both Hermosa Beach and Culver City for Fiscal Year 2017-2018.

Other Revenues:

These include interest income from the Authority's investment with the State's Local Agency Investment Fund (LAIF); installation, repairs and/or maintenance charges to Member Cities (not included in the assessment formula) and other clients. The Authority maintains a daily cash position to maximize its investment with LAIF and interest income.

Operating Departments

Administration – Includes the day-to-day management of the Authority's operations based on the Board of Directors' and the Executive Committee's policy guidelines; managing the Communications Center; Personnel and Training; and Finance (accounting including accounts payable, accounts receivable, payroll, cash receipts, bank reconciliation, budgeting, and financial reporting). The department is staffed with: an Executive Director; an Operations Manager; an Administrative Services Manager; a Finance & Performance Audit Manager; an Accountant; and an Executive Assistant.

Operations – Seven (7) Communications Supervisors and fifty-three (53) Communications Operators provide 911 services to the Member Cities, the City of Culver City, City of El Segundo and the City of Hermosa Beach. The combined resident population served for all six (6) cities is approximately 261,000 people.

Technical Services – Provides installation, repairs, and maintenance of telecommunications equipment services to the Members Cities and other clients, as well as maintenance of the

Authority's facilities. The department is staffed with one (1) Public Safety Communications Specialist II and four (4) Public Safety Communications Specialist I positions.

Personnel Summary

Department/Position Title	FY 15-16 Budget	FY 16-17 Budget	FY 17-18 Budget	FY 18-19 Budget	FY 19-20 Proposed
Administration Department					
Executive Director	1	1	1	1	1
Operations Manager	1	1	1	1	1
Administration Manager	1	1	1	1	0
Finance & Performance Audit Manager ⁵	1	1	1	1	1
Information Technology Manager ¹	0	0	1	1	0
Executive Assistant ⁷	1	1	1	1	1
Administrative Services Manager ⁶	1	1	1	1	1
Accountant	0	0	0	0	1
Subtotal	6	6	7	7	6
Operations Department					
Communications Supervisor	7	7	7	7	7
Communications Operator ²	41	41	51	51	54
Subtotal	48	48	58	58	61
Technical Services Division					
Lead Communications Technician	1	1	1	1	0
Communications Technician ³	1	1	0	0	0
Public Safety Communications Specialist II	1	1	1	1	1
Public Safety Communications Specialist I ^{3,4}	3	3	5	5	4
Subtotal	6	6	7	7	5
Grand Total	60	60	72	72	72

Notes

1. Position added mid-year in FY 2017-18.
2. 10 positions were added for FY 2017-18 to cover the dispatch requirements for the City of Culver City added as a client on 3/1/2017. Two (2) additional positions proposed for FY 2019-20 to cover additional requirements of Manhattan Beach and Hermosa Beach.
3. Position was eliminated for FY 2017-18 and an additional Public Safety Communications Specialist I was added to replace the position.
4. Additional position authorized in FY 2013-14 to ensure adequate personnel support for all member agencies build out of vehicles. Position was retitled from Junior Communications Technician for FY 2017-18. One (1) additional position was added to provide adequate personnel to cover Culver City build out of vehicles. One (1) vacant position proposed to be eliminated for FY 2019-20 while staff evaluates the workload needs of the division.
5. Position formerly titled "Accounting & Finance Manager."
6. Position formerly titled "Technical Services Manager" and accounted for in the Technical Services Department.
7. Position formerly titled "Executive Secretary."



FINANCIAL SUMMARIES

Cash Balance Estimates

Fund 10 - Enterprise Fund	
Beginning Balance	Fund 10
Cash Available as of June 30, 2018	\$ 5,069,748
Operating and Capital Reserve	(904,148)
OPEB Reserve	(250,000)
Available Cash	\$ 3,915,600
Gardena - 32.08%	1,256,124
Hawthorne - 45.07%	1,764,761
Manhattan Beach - 22.85%	894,715
Fiscal Year 2018/19 Estimated Revenues & Expenditures	
Revenues	\$ 17,774,084
Expenditures	18,563,963
Revenues Over (Under) Expenditures	\$ (789,879)
Estimated Balance - End of FY2018/19	
Estimated Cash Available on June 30, 2019	\$ 4,279,869
Operating and Capital Reserve (10% of Budget)	(1,255,153)
OPEB Reserve	(250,000)
Estimated Available Cash After Reserve Allocations	\$ 2,774,716
Gardena - 32.08%	890,129
Hawthorne - 45.07%	1,250,565
Manhattan Beach - 22.85%	634,023
Fiscal Year 2019/2020 Budget Resources	
Assessments	
Gardena	2,391,301
Hawthorne	3,359,598
Manhattan Beach	1,703,280
Member City Subtotal	\$ 7,454,179
Culver City	2,587,601
El Segundo	1,372,870
Hermosa Beach	975,208
Contract City Subtotal	\$ 4,935,680
Non-Assessment Revenues	852,408
Total Budget Resources	\$ 13,242,267
Fiscal Year 2019/2020 Budget Expenses	
Operating	12,426,528
Capital	125,000
Total Budget Expenses	\$ 12,551,528
Revenues Over (Under) Expenditures	\$ 690,738
Estimated Balance - End of FY2019/20	
Estimated Cash Available on June 30, 2020	\$ 4,970,607
Operating and Capital Reserve	(1,255,153)
OPEB Reserve	(250,000)
Estimated Available Cash After Reserve Allocations	\$ 3,465,454
Gardena - 32.08%	1,111,718
Hawthorne - 45.07%	1,561,880
Manhattan Beach - 22.85%	791,856

Fund 20 - Grant Fund	
Beginning Balance	Fund 20
Cash Available as of June 30, 2018	\$ 108,829
Available Cash	\$ 108,829
Gardena - 45%	48,973
Hawthorne - 10%	10,883
Manhattan Beach - 45%	48,973
Fiscal Year 2018/19 Estimated Revenues & Expenditures	
Revenues	\$ 5,000,000
Expenditures	5,108,329
Revenues Over (Under) Expenditures	\$ (108,329)
Estimated Balance - End of FY2018/19	
Estimated Cash Available on June 30, 2019	\$ 500
Estimated Available Cash	\$ 500
Gardena - 45%	
Hawthorne - 10%	
Manhattan Beach - 45%	
Fiscal Year 2019/2020 Budget Resources	
Assessments	
Gardena	
Hawthorne	
Manhattan Beach	
Member City Subtotal	\$ -
Total Budget Resources	\$ -
Fiscal Year 2019/2020 Budget Expenses	
Total Budget Expenses	\$ -
Excess Revenues	\$ -
Estimated Balance - End of FY2019/20	
Estimated Cash Available on June 30, 2020	\$ 500
Estimated Available Cash	\$ 500

Assessments & Methodologies

Assessments	FY2018/19 Assessment	FY2019/20 Base	2018 CPIU	3 Year Budget Increases	3 Year Member Increases	Total % Increase	Amortized Adjustment	Contract Charges	FY2019/20 Assessment	Increase Amount
Member Cities										
Gardena	\$ 2,391,301					0.00%			\$ 2,391,301	-
Hawthorne	3,359,598					0.00%			3,359,598	-
Manhattan Beach	1,703,280					0.00%			1,703,280	-
Subtotal	7,454,179								7,454,179	-
Contract Cities										
Culver City	\$ 2,507,365	\$ 2,507,365	3.20%	-	-	3.20%	-	-	\$ 2,587,601	\$ 80,236
El Segundo	1,330,766	1,315,766	3.20%	-	-	3.20%	-	15,000	1,372,870	42,105
Hermosa Beach	828,439	828,439	3.20%	5.00%	-	8.20%	78,837	-	975,208	146,769
Subtotal	\$ 4,666,570								\$ 4,935,680	\$ 269,110
Total Assessments	\$ 12,120,749								\$12,389,859	\$ 269,110

METHODOLOGIES	
Member Cities	If a deficit is projected, the owner cities are assessed an amount necessary to achieve a fund balance target prescribed by the Board of Directors.
Contract Cities	
Culver City	Percentage increase is based upon the prior average 3 year assessment increases for owner cities
El Segundo	El Segundo is charged a flat maintenance fee of \$15,000 annually. The percentage increase is based upon CPIU and capped at 5%. The FY 2018/19 assessment shown includes the \$15,000 maintenance fee, the base amount is \$1,315,766.
Hermosa Beach	Based upon the prior average 3 year budget increases plus prior year CPIU. It was determined that Hermosa Beach was paying lower than anticipated rates so a new assessment amount was calculated based upon the revised methodology. The difference between the old methodology and revised was then amortized over 5 years and added each year to the proposed amount.

Revenues by Account Title

Account Number & Title	FY2016/17 Actual	FY2017/18 Actual	FY2018/19 Budget	YTD 12/31/2018	FY 2018/19 YE Est	FY 2019/20 Proposed	Amount Inc (Dec)	Percent Inc (Dec)
Enterprise Fund (Fund 10)								
10-50-111-4110 Gardena	\$ 2,391,301	\$ 2,391,301	\$ 2,391,301	\$ 2,032,606	\$ 2,391,301	\$ 2,391,301	\$ -	0.00%
10-50-111-4120 Hawthorne	3,359,598	3,359,598	3,359,598	2,855,658	3,359,598	3,359,598	-	0.00%
10-50-111-4130 Manhattan Beach	1,703,280	1,703,280	1,703,280	1,447,788	1,703,280	1,703,280	-	0.00%
Member City Subtotal	7,454,179	7,454,179	7,454,179	6,336,052	7,454,179	7,454,179	-	0.00%
10-50-111-4140 Hermosa Beach	671,081	700,072	828,439	621,329	828,439	975,208	146,769	17.72%
10-50-111-4145 El Segundo	1,271,063	1,294,928	1,330,766	998,075	1,330,766	1,372,870	42,104	3.16%
10-50-111-4146 Culver City	754,266	2,360,551	2,507,365	1,880,524	2,507,365	2,587,601	80,236	3.20%
Contract City Subtotal	2,696,410	4,355,551	4,666,570	3,499,928	4,666,570	4,935,680	269,110	5.77%
Subtotal Assessments	\$ 10,150,589	\$ 11,809,730	\$ 12,120,749	\$ 9,835,980	\$ 12,120,749	\$ 12,389,859	269,110	2.22%
10-50-111-4150 El Camino Community College	743	790	790	-	790	790	-	0.00%
10-50-111-4152 Medical Director/Hermosa Beach	25,000	12,500	-	-	-	-	-	0.00%
10-50-111-4153 Medical Director/Manhattan Beach	25,000	26,250	27,000	-	27,000	27,000	-	0.00%
10-50-111-4154 Medical Director/El Segundo	25,000	26,250	27,000	-	27,000	27,000	-	0.00%
10-50-111-4210 Investment Earnings (LAIF)	20,623	59,183	57,173	28,731	57,173	50,000	(7,173)	-12.55%
10-50-111-4220 POST Reimbursements	-	574	600	120	600	600	-	0.00%
10-50-111-4255 Unrealized Gain/Loss on Investments	-	10,527	-	(8,632)	(8,632)	-	-	0.00%
10-50-111-4410 Vending Machine Revenue	2,550	-	-	-	-	-	-	0.00%
10-50-111-4430 Other Miscellaneous Revenue	14,205	379	2,500	4,862,935	4,862,935	2,500	-	0.00%
Subtotal Administration - Other	\$ 113,121	\$ 136,452	\$ 115,063	\$ 4,883,153	\$ 4,966,866	\$ 107,890	(7,173)	-6.23%
10-60-211-4215 DUI Reimbursement-Overtime	2,655	2,275	2,000	430	2,000	2,000	-	0.00%
10-60-211-4435 Reimbursements Sprint Wireless	76,426	80,257	77,289	-	77,289	77,289	-	0.00%
10-60-211-4440 Reimbursements/Verizon Wireless	6,696	10,869	15,229	-	15,229	15,229	-	0.00%
10-60-211-4460 Pink Patch Project	-	-	-	356	356	-	-	0.00%
Subtotal Operations	\$ 85,777	\$ 93,401	\$ 94,518	\$ 786	\$ 94,874	\$ 94,518	-	0.00%
10-70-311-4310 Labor-Installation-Member	-	-	-	561	(561)	-	-	0.00%
10-70-311-4360 Reimbursements for Billable Parts	427,918	710,838	642,397	81,683	542,156.00	600,000	(42,397)	-6.60%
10-70-311-4370 Reimbursements for GST Software	42,868	47,574	50,000	-	50,000	50,000	-	0.00%
10-70-311-4371 Reimbursement ES Chat Software	-	-	100,000	-	-	-	(100,000)	-100.00%
10-70-311-4375 Reimb Net Motion Licenses & Maint.	-	-	31,000	-	-	-	(31,000)	-100.00%
10-70-311-4445 GETAC Project Reimbursements	83,000	-	-	-	-	-	-	0.00%
10-70-311-4455 Culver City Transition Reimbursement	294,049	15,014	-	-	-	-	-	0.00%
Subtotal Technical Services	\$ 847,835	\$ 773,427	\$ 823,397	\$ 82,244	\$ 591,595	\$ 650,000	\$(173,397)	-21.06%
Subtotal Non-Assessment Revenues	\$ 1,046,733	\$ 1,003,280	\$ 1,032,978	\$ 4,966,183	\$ 5,653,335	\$ 852,408	\$(180,570)	-17.48%
Total Enterprise Fund (Fund 10) Revenues	\$ 11,197,322	\$ 12,813,010	\$ 13,153,727	\$ 14,802,164	\$ 17,774,084	\$ 13,242,267	\$ 88,540	0.67%
Grant Fund (Fund 20)								
20-80-433-4270 Grant Reimb/P25 Comm Repeater	-	3,505,856	-	-	5,000,000	-	-	-
Total Grant Fund (Fund 20) Revenues	\$ -	\$ 3,505,856	\$ -	\$ -	\$ 5,000,000	\$ -	\$ -	-
Grand Total All Funds	\$ 11,197,322	\$ 16,318,865	\$ 13,153,727	\$ 14,802,164	\$ 22,774,084	\$ 13,242,267	\$ 88,540	0.67%

Expenses by Department - Enterprise Fund (10)

Department/Description	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Adopted	FY 18-19 Amended	YTD 12/31/2018	FY 18-19 YE Est	FY 19-20 Proposed	Vs. Adopted Inc (Dec)	Vs. Adopted Inc (Dec)	Vs. Amended Inc (Dec)	Vs. Amended Inc (Dec)
Administration											
Salaries & Benefits	\$ 1,081,667	\$ 1,603,581	\$ 1,230,309	\$ 1,080,309	\$ 465,204	\$ 1,027,428	\$ 1,177,578	\$ (52,731)	-4.29%	\$ 97,269	9.00%
Supplies/Services/Equip	693,291	820,423	1,056,183	1,206,183	573,286	1,137,374	1,032,068	(24,115)	-2.28%	(174,115)	-14.44%
Subtotal Administration	\$ 1,774,958	\$ 2,424,005	\$ 2,286,492	\$ 2,286,492	\$ 1,038,490	\$ 2,164,802	\$ 2,209,646	\$ (76,846)	-3.36%	\$ (76,846)	-3.36%
Operations											
Salaries & Benefits	\$ 6,258,193	\$ 6,865,303	\$ 7,222,292	\$ 7,222,292	\$ 3,387,731	\$ 7,627,464	\$ 7,990,434	\$ 768,142	10.64%	\$ 768,142	10.64%
Supplies/Services/Equip	178,622	201,499	229,740	229,740	92,235	230,240	259,528	29,788	12.97%	29,788	12.97%
Subtotal Operations	\$ 6,436,815	\$ 7,066,802	\$ 7,452,032	\$ 7,452,032	\$ 3,479,967	\$ 7,857,704	\$ 8,249,962	\$ 797,930	10.71%	\$ 797,930	10.71%
Technical Services											
Salaries & Benefits	\$ 858,106	\$ 823,697	\$ 1,064,603	\$ 925,450	\$ 334,975	\$ 704,322	\$ 783,770	\$ (280,833)	-26.38%	\$ (141,679)	-15.31%
Supplies/Services/Equip	1,818,096	1,736,794	1,235,536	7,998,964	7,168,508	7,819,635	1,183,150	(52,386)	-4.24%	(6,815,814)	-85.21%
Subtotal Technical Services	\$ 2,676,203	\$ 2,560,491	\$ 2,300,139	\$ 8,924,414	\$ 7,503,483	\$ 8,523,957	\$ 1,966,920	\$ (333,219)	-14.49%	\$ (6,957,493)	-77.96%
Total Operating Expenses	\$ 10,887,975	\$ 12,051,299	\$ 12,038,663	\$ 18,662,938	\$ 12,021,940	\$ 18,546,463	\$ 12,426,528	\$ 387,865	3.22%	\$ (6,236,410)	-33.42%
Total Capital Outlay	\$ 25,433	\$ 130,808	\$ 17,500	\$ 17,500	\$ 350	\$ 17,500	\$ 125,000	\$ 107,500	614.29%	\$ 107,500	614.29%
Grand Total	\$ 10,913,408	\$ 12,182,107	\$ 12,056,163	\$ 18,680,438	\$ 12,022,290	\$ 18,563,963	\$ 12,551,528	\$ 495,365	4.11%	\$ (6,128,910)	-32.81%
Department Summary											
Administration	\$ 1,774,958	\$ 2,424,005	\$ 2,286,492	\$ 2,286,492	\$ 1,038,490	\$ 2,164,802	\$ 2,209,646	\$ (76,846)	-3.36%	\$ (76,846)	-3.36%
Operations	6,436,815	7,066,802	7,452,032	7,452,032	3,479,967	7,857,704	8,249,962	797,930	10.71%	797,930	10.71%
Technical Services	2,676,203	2,560,491	2,300,139	8,924,414	7,503,483	8,523,957	1,966,920	(333,219)	-14.49%	(6,957,493)	-77.96%
Capital Outlay	25,433	130,808	17,500	17,500	350	17,500	125,000	107,500	614.29%	107,500	614.29%
Grand Total	\$ 10,913,408	\$ 12,182,107	\$ 12,056,163	\$ 18,680,438	\$ 12,022,290	\$ 18,563,963	\$ 12,551,528	\$ 495,365	4.11%	\$ (6,128,910)	-32.81%
Major Category Summary											
Salaries & Benefits	\$ 8,197,967	\$ 9,292,582	\$ 9,517,204	\$ 9,228,051	\$ 4,187,910	\$ 9,359,214	\$ 9,951,782	\$ 434,578	4.57%	\$ 723,732	7.84%
Supplies/Services/Equip	2,690,009	2,758,717	2,521,459	9,434,887	7,834,029	9,187,249	2,474,746	(46,713)	-1.85%	(6,960,141)	-73.77%
Capital Outlay	25,433	130,808	17,500	17,500	350	17,500	125,000	107,500	614.29%	107,500	614.29%
Grand Total	\$ 10,913,408	\$ 12,182,107	\$ 12,056,163	\$ 18,680,438	\$ 12,022,290	\$ 18,563,963	\$ 12,551,528	\$ 495,365	4.11%	\$ (6,128,910)	-32.81%

Expenses by Account Title

ACCOUNT DESCRIPTION	EDEN ACCOUNT	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Adopted	FY 18-19 Amended	YTD 12/31/2018	FY 18-19 YE Est	FY 19-20 Proposed	Vs. Adopted Inc (Dec)	Vs. Adopted Inc (Dec)	Vs. Amended Inc (Dec)	Vs. Amended Inc (Dec)
Salaries (Full-Time)	5101	\$ 4,898,406	\$ 5,150,558	\$ 6,386,544	\$ 6,097,391	\$ 2,369,244	\$ 5,337,066	\$ 6,616,540	\$ 229,996	3.60%	\$ 519,150	8.51%
Salaries (Part-Time)	5102	63,362	95,155	74,203	74,203	41,756	90,472	-	(74,203)	-100.00%	(74,203)	-100.00%
Overtime	5103	783,891	1,144,879	360,000	360,000	466,075	1,232,216	390,000	30,000	8.33%	30,000	8.33%
Acting Pay	5104	917	284	4,815	4,815	651	8,188	10,000	5,185	107.68%	5,185	107.68%
Bilingual Pay	5105	9,156	9,100	8,667	8,667	3,500	8,610	8,400	(267)	-3.08%	(267)	-3.08%
Merit Pay	5107	5,300	4,089	4,400	4,400	3,312	4,400	3,650	(750)	-17.05%	(750)	-17.05%
Sick Leave Payoff	5108	121,503	128,133	152,323	152,323	123,673	134,481	145,594	(6,729)	-4.42%	(6,729)	-4.42%
Vacation Leave Payoff	5109	104,941	130,209	95,114	95,114	76,602	92,358	112,698	17,584	18.49%	17,584	18.49%
Training Pay	5110	7,584	7,464	5,613	5,613	6,774	13,548	15,000	9,387	167.24%	9,387	167.24%
Other Pay	5112	800	-	-	-	-	-	7,200	7,200	0.00%	7,200	0.00%
Accrued Leave Expense	5113	33,328	32,567	-	-	-	-	-	-	0.00%	-	0.00%
Holiday Payoff	5114	70,757	78,302	87,497	87,497	104,884	159,506	100,000	12,503	14.29%	12,503	14.29%
Education Incentive	5115	83,206	93,849	96,733	96,733	44,642	89,283	132,406	35,673	36.88%	35,673	36.88%
Overtime-Ridealongs	5116	9,619	-	10,000	10,000	-	5,000	10,000	-	0.00%	-	0.00%
Medical Insurance	5201	589,905	593,977	711,932	711,932	347,348	745,114	778,459	66,527	9.34%	66,527	9.34%
Dental Insurance	5202	30,168	31,006	63,797	63,797	14,705	33,313	57,877	(5,920)	-9.28%	(5,920)	-9.28%
Vision Care	5203	15,050	13,846	20,835	20,835	7,325	15,041	22,362	1,527	7.33%	1,527	7.33%
Life Insurance	5204	7,719	7,016	9,634	9,634	3,869	8,076	9,979	345	3.58%	345	3.58%
Medicare	5205	89,463	100,802	108,394	108,394	47,819	103,631	105,933	(2,461)	-2.27%	(2,461)	-2.27%
Unemployment Insurance	5206	8,502	2,934	6,713	6,713	-	-	6,713	-	0.00%	-	0.00%
Workers' Compensation	5207	143,490	165,726	172,144	172,144	45,792	104,181	154,838	(17,306)	-10.05%	(17,306)	-10.05%
PERS Contribution	5208	756,788	825,216	1,024,352	1,024,352	405,598	1,033,211	1,124,645	100,293	9.79%	100,293	9.79%
Retirees' Medical Insurance	5209	93,899	101,472	101,804	101,804	44,562	98,953	111,099	9,295	9.13%	9,295	9.13%
OPEB Accrued Liability	5210	261,672	125,390	-	-	-	-	-	-	0.00%	-	0.00%
Social Security	5211	1,264	589	890	890	64	-	890	-	0.00%	-	0.00%
Deferred Comp Matching	5212	7,275	8,346	10,800	10,800	29,717	42,567	27,500	16,700	154.63%	16,700	154.63%
GASB 68 Pension Expenses	5213	-	441,673	-	-	-	-	-	-	0.00%	-	0.00%
Subtotal Salaries & Benefits		\$ 8,197,967	\$ 9,292,582	\$ 9,517,204	\$ 9,228,051	\$ 4,187,910	\$ 9,359,214	\$ 9,951,782	\$ 434,578	4.57%	\$ 723,732	7.84%

Expenses by Account Title

ACCOUNT DESCRIPTION	EDEN ACCOUNT	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Adopted	FY 18-19 Amended	YTD 12/31/2018	FY 18-19 YE Est	FY 19-20 Proposed	Vs. Adopted Inc (Dec)	Vs. Adopted Inc (Dec)	Vs. Amended Inc (Dec)	Vs. Amended Inc (Dec)
Maintenance & Operations	5300	\$ -	\$ -	\$ -	\$ -	\$ 160	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
Communications Contract Svcs	5301	22,042	23,210	31,000	31,000	11,564	31,000	49,000	18,000	58.06%	18,000	58.06%
Computer Contract/CAD	5302	355,223	360,450	235,000	235,000	150,360	235,000	200,000	(35,000)	-14.89%	(35,000)	-14.89%
Accountant/Auditing Services	5304	12,950	12,250	18,000	18,000	2,300	18,000	33,000	15,000	83.33%	15,000	83.33%
Legal Services	5305	12,213	62,130	45,000	45,000	10,440	30,000	95,000	50,000	111.11%	50,000	111.11%
Recruitment Costs	5306	22,110	68,616	86,173	86,173	41,207	64,414	53,610	(32,563)	-37.79%	(32,563)	-37.79%
Software Maintenance Services	5307	42,148	43,232	148,074	148,074	90,814	148,074	69,762	(78,312)	-52.89%	(78,312)	-52.89%
Banking Services (Fees)	5308	4,250	5,753	6,000	6,000	2,414	6,000	6,000	-	0.00%	-	0.00%
Website Maintenance Service	5309	2,735	3,070	15,000	15,000	1,460	15,000	5,000	(10,000)	-66.67%	(10,000)	-66.67%
GST Software Reimbursable	5311	50,832	47,574	50,000	50,000	44,791	50,000	50,000	-	0.00%	-	0.00%
Medical Director Services	5312	68,750	65,000	54,000	54,000	22,917	54,000	54,000	-	0.00%	-	0.00%
Temporary Staffing	5313	-	-	50,000	200,000	92,588	200,000	50,000	-	0.00%	(150,000)	-75.00%
Membership Dues	5401	510	220	1,620	1,620	429	1,620	3,220	1,600	98.77%	1,600	98.77%
Publications	5402	1,236	785	2,060	2,060	1,418	1,150	2,060	-	0.00%	-	0.00%
Conferences, Meeting & Travel	5403	27,552	36,256	41,518	41,518	6,179	41,518	40,485	(1,033)	-2.49%	(1,033)	-2.49%
Employee Services/EC-BOD	5404	6,182	4,061	4,500	4,500	28	2,000	3,500	(1,000)	-22.22%	(1,000)	-22.22%
Employee Awards	5405	-	-	500	500	-	-	500	-	0.00%	-	0.00%
POST Training	5406	1,996	-	2,000	2,000	-	2,000	23,815	21,815	1090.75%	21,815	1090.75%
Tuition Reimbursement	5407	22,819	10,014	22,000	22,000	5,440	12,343	20,000	(2,000)	-9.09%	(2,000)	-9.09%
Office Supplies	5501	7,860	12,101	9,000	9,000	4,174	9,000	9,000	-	0.00%	-	0.00%
Miscellaneous Supplies	5502	6	160	1,100	1,100	-	550	1,100	-	0.00%	-	0.00%
General Technical Supplies	5503	775	(10,660)	7,500	7,500	(83)	5,000	7,500	-	0.00%	-	0.00%
Vending Machine Supplies	5504	1,141	-	-	-	-	-	-	-	0.00%	-	0.00%
Voice Recording Tapes	5505	-	-	500	500	-	-	-	(500)	-100.00%	(500)	-100.00%
Uniforms/Safety Equipment	5506	4,360	6,087	10,000	10,000	11,902	18,000	11,500	1,500	15.00%	1,500	15.00%
Postage	5507	1,133	1,224	1,300	1,300	349	1,300	1,600	300	23.08%	300	23.08%
Shipping Costs	5508	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Reproduction	5509	1,800	1,046	2,500	2,500	-	1,850	2,000	(500)	-20.00%	(500)	-20.00%
Office Equipment Lease	5511	14,290	14,499	15,750	15,750	6,598	15,750	15,750	-	0.00%	-	0.00%
General Liability Insurance	5513	140,152	172,917	187,660	187,660	133,006	187,660	210,826	23,166	12.34%	23,166	12.34%
Parts - Billing	5514	309,717	527,416	642,397	721,985	271,078	542,156	600,000	(42,397)	-6.60%	(121,985)	-16.90%
Parts - Telecommunications	5515	14,949	6,491	15,357	15,357	150	15,357	-	(15,357)	-100.00%	(15,357)	-100.00%
Install Wire, Loom & Hardware	5516	12,827	35,533	25,132	25,132	19,179	25,132	40,000	14,868	59.16%	14,868	59.16%
Vehicle Operations	5517	5,554	4,333	6,500	6,500	1,577	6,000	6,500	-	0.00%	-	0.00%
Equipment Repair	5520	77	-	10,000	10,000	232	5,000	5,000	(5,000)	-50.00%	(5,000)	-50.00%
Outside Tech Serv-Towers/Equip	5521	142,658	237,587	331,000	470,153	178,545	470,153	325,000	(6,000)	-1.81%	(145,153)	-30.87%
GETAC Project	5524	87,368	-	-	-	-	-	-	-	0.00%	-	0.00%
Culver City Infrastructure Trans	5525	281,546	23,321	-	-	-	-	-	-	0.00%	-	0.00%
Telephone - Administration	5601	11,412	15,387	15,000	15,000	4,658	15,000	15,000	-	0.00%	-	0.00%
Telephone - El Segundo	5603	2,322	2,403	3,000	3,000	973	3,000	3,000	-	0.00%	-	0.00%
Telephone - Gardena	5604	1,671	2,683	5,000	5,000	562	3,000	5,000	-	0.00%	-	0.00%
Telephone - Hawthorne	5606	4,946	4,419	6,000	6,000	2,145	5,000	6,000	-	0.00%	-	0.00%
Telephone - Hermosa Beach	5607	18,991	21,838	25,000	25,000	13,448	26,895	25,000	-	0.00%	-	0.00%
Telephone - Manhattan Beach	5608	5,019	4,528	8,000	8,000	2,443	5,000	8,000	-	0.00%	-	0.00%
Telephone - Punta Place	5611	3,739	3,765	5,500	5,500	1,935	4,000	5,500	-	0.00%	-	0.00%

Expenses by Account Title

ACCOUNT DESCRIPTION	EDEN ACCOUNT	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Adopted	FY 18-19 Amended	YTD 12/31/2018	FY 18-19 YE Est	FY 19-20 Proposed	Vs. Adopted Inc (Dec)	Vs. Adopted Inc (Dec)	Vs. Amended Inc (Dec)	Vs. Amended Inc (Dec)
Telephone - RCC	5612	9,649	10,630	12,000	12,000	4,551	11,000	12,000	-	0.00%	-	0.00%
Sprint Wireless Reimbursable	5613	78,661	77,632	77,289	77,289	30,741	77,289	77,289	-	0.00%	-	0.00%
Verizon Wireless Reimbursable	5614	7,904	15,022	15,229	15,229	9,761	15,229	15,229	-	0.00%	-	0.00%
Telephone-Culver City	5615	5,173	22,457	5,500	5,500	5,161	10,322	5,500	-	0.00%	-	0.00%
Maintenance/HQ	5701	119,843	146,587	144,800	144,800	47,061	109,800	154,400	9,600	6.63%	9,600	6.63%
Maintenance/Other	5702	2,987	-	-	-	-	-	-	-	0.00%	-	0.00%
Electricity - HQ	5703	87,150	88,489	97,000	97,000	41,830	97,000	106,700	9,700	10.00%	9,700	10.00%
Electricity - Grandview	5704	1,787	2,012	2,000	2,000	621	2,000	2,200	200	10.00%	200	10.00%
Electricity - Punta	5705	5,358	5,552	6,000	6,000	3,170	6,000	6,600	600	10.00%	600	10.00%
Gas - HQ	5706	9,323	7,991	10,000	10,000	1,869	10,000	11,000	1,000	10.00%	1,000	10.00%
Water - HQ	5707	3,368	3,733	3,500	3,500	1,227	3,500	3,850	350	10.00%	350	10.00%
Depreciation Expenses	5710	620,590	533,902	-	-	-	-	-	-	0.00%	-	0.00%
Electricity - MB Water Tower	5715	1,919	2,088	2,500	2,500	1,222	2,500	2,750	250	10.00%	250	10.00%
Office Equipment	5810	4,343	4,382	-	-	-	10,000	-	-	0.00%	-	0.00%
Other Equipment	5820	4,095	7,820	-	6,544,687	6,549,436	6,555,687	15,000	15,000	0.00%	(6,529,687)	-99.77%
Furniture & Fixtures	5830	-	720	-	-	-	-	-	-	0.00%	-	0.00%
Vehicles	5840	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Subtotal Supplies/Services/Equip		\$ 2,690,009	\$ 2,758,717	\$ 2,521,459	\$ 9,434,887	\$ 7,834,029	\$ 9,187,249	\$ 2,474,746	\$ (46,713)	-1.85%	\$ (6,960,141)	-73.77%
Total Operating Expenses		\$ 10,887,975	\$ 12,051,299	\$ 12,038,663	\$ 18,662,938	\$ 12,021,940	\$ 18,546,463	\$ 12,426,528	\$ 387,865	3.22%	\$ (6,236,410)	-33.42%
Total Capital Outlay	5901	25,433	130,808	17,500	17,500	350	17,500	125,000	107,500	614.29%	\$ 107,500	614.29%
Total Enterprise Fund (Fund 10)		\$ 10,913,408	\$ 12,182,107	\$ 12,056,163	\$ 18,680,438	\$ 12,022,290	\$ 18,563,963	\$ 12,551,528	\$ 495,365	4.11%	\$ (6,128,910)	-32.81%
Grant Fund (20)	5901	-	769,797	-	1,602,473	41,644	5,108,329	-	-	0%	(1,602,473)	-100.00%
Grand Total All Funds		10,913,408	12,951,903	12,056,163	20,282,911	12,063,934	23,672,292	12,551,528	495,365	4.11%	(7,731,383)	-38.12%

Notes:

Proposed budget excludes non-cash expenses such as accrued leave, depreciation, and gain (loss) on disposal of fixed assets.

FY 2018/19 Amended budget includes appropriations after budget adoption

5 Year Revenue Projections - Enterprise Fund (10)

Account Number & Title	FY 2018/19 YE Est	FY 2019/20 Proposed	FY 2020/21 Projected	FY 2021/22 Projected	FY 2022/23 Projected	FY 2023/24 Projected
Enterprise Fund (Fund 10)						
10-50-111-4110 Gardena	\$ 2,391,301	\$ 2,391,301	\$ 2,391,301	\$ 2,391,301	\$ 2,391,301	\$ 2,391,301
10-50-111-4120 Hawthorne	3,359,598	3,359,598	3,359,598	3,359,598	3,359,598	3,359,598
10-50-111-4130 Manhattan Beach	1,703,280	1,703,280	1,703,280	1,703,280	1,703,280	1,703,280
Member City Subtotal	\$ 7,454,179	\$ 7,454,179	\$ 7,454,179	\$ 7,454,179	\$ 7,454,179	\$ 7,454,179
10-50-111-4140 Hermosa Beach	828,439	975,208	1,136,777	1,311,483	1,502,555	1,613,832
10-50-111-4145 El Segundo	1,330,766	1,372,870	1,420,828	1,469,094	1,526,289	1,593,289
10-50-111-4146 Culver City	2,507,365	2,587,601	2,678,989	2,770,968	2,879,959	3,007,637
Contract City Subtotal	\$ 4,666,570	\$ 4,935,680	\$ 5,236,594	\$ 5,551,545	\$ 5,908,802	\$ 6,214,758
Subtotal Assessments	\$ 12,120,749	\$ 12,389,859	\$ 12,690,773	\$ 13,005,724	\$ 13,362,981	\$ 13,668,937
10-50-111-4150 El Camino Community College	\$ 790	\$ 790	\$ 790	\$ 790	\$ 790	\$ 790
10-50-111-4152 Medical Director Service/Hermosa Beach	-	-	-	-	-	-
10-50-111-4153 Medical Director Service/Manhattan Beach	27,000	27,000	27,000	27,000	27,000	27,000
10-50-111-4154 Medical Director Services/El Segundo	27,000	27,000	27,000	27,000	27,000	27,000
10-50-111-4210 Investment Earnings (LAIF)	57,173	50,000	40,000	40,000	40,000	40,000
10-50-111-4220 POST Reimbursements	600	600	617	638	662	691
10-50-111-4255 Unrealized Gain/Loss on Investments	(8,632)	-	-	-	-	-
10-50-111-4410 Vending Machine Revenue	-	-	-	-	-	-
10-50-111-4430 Other Miscellaneous Revenue	4,862,935	2,500	2,571	2,656	2,758	2,878
Subtotal Administration - Other	\$ 4,966,866	\$ 107,890	\$ 97,978	\$ 98,084	\$ 98,210	\$ 98,358
10-60-211-4215 DUI Reimbursement-Overtime	2,000	2,000	2,057	2,125	2,206	2,302
10-60-211-4435 Reimbursements Sprint Wireless	77,289	77,289	79,476	82,123	85,268	88,960
10-60-211-4440 Reimbursements/Verizon Wireless	15,229	15,229	15,660	16,181	16,801	17,529
10-60-211-4460 Pink Patch Project	356	-	-	-	-	-
Subtotal Operations	\$ 94,874	\$ 94,518	\$ 97,193	\$ 100,429	\$ 104,276	\$ 108,791
10-70-311-4310 Labor-Installation-Member	(561)	-	-	-	-	-
10-70-311-4360 Reimbursements for Billable Parts	542,156	600,000	616,980	637,525	661,943	690,605
10-70-311-4370 Reimbursements for GST Software	50,000	50,000	51,415	53,127	55,162	57,550
10-70-311-4371 Reimbursement ES Chat Software	-	-	-	-	-	-
10-70-311-4375 Reimb Net Motion Licenses & Maint.	-	-	-	-	-	-
10-70-311-4445 GETAC Project Reimbursements	-	-	-	-	-	-
10-70-311-4455 Culver City Transition Reimbursement	-	-	-	-	-	-
Subtotal Technical Services	\$ 591,595	\$ 650,000	\$ 668,395	\$ 690,653	\$ 717,105	\$ 748,155
Subtotal Non-Assessment Revenues	\$ 5,653,335	\$ 852,408	\$ 863,566	\$ 889,166	\$ 919,590	\$ 955,304
Total Enterprise Fund Revenues	\$ 17,774,084	\$ 13,242,267	\$ 13,554,339	\$ 13,894,890	\$ 14,282,572	\$ 14,624,242
Grant Fund (Fund 20)						
20-80-433-4270 Grant Reimb/P25 Comm Repeater Migration	5,000,000	-	-	-	-	-
Total Grant Fund Revenues	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total All Funds	\$ 22,774,084	\$ 13,242,267	\$ 13,554,339	\$ 13,894,890	\$ 14,282,572	\$ 14,624,242

Notes:

1. Member City assessments remain flat for the duration of the projection period.
2. Contract City assessments increase per the contract terms of each city. CPIU Projection is the three (3) year average CPIU, escalated by 50 basis points per year.

5 Year Expense Projections - Enterprise Fund (10)

Department/Description	FY 18-19 YE Est	FY 19-20 Proposed	FY 20-21 Projected	FY 21-22 Projected	FY 22-23 Projected	FY 23-24 Projected
Administration						
Salaries & Benefits	\$ 1,027,428	\$ 1,177,578	\$ 1,205,638	\$ 1,229,362	\$ 1,253,560	\$ 1,278,241
Supplies/Services/Equipment	1,137,374	1,032,068	1,061,276	1,096,616	1,138,616	1,187,918
Subtotal Administration	\$ 2,164,802	\$ 2,209,646	\$ 2,266,914	\$ 2,325,978	\$ 2,392,176	\$ 2,466,160
Operations						
Salaries & Benefits	\$ 7,627,464	\$ 7,990,434	\$ 8,169,100	\$ 8,474,181	\$ 8,638,869	\$ 8,806,851
Supplies/Services/Equipment	230,240	259,528	266,873	275,760	286,321	298,719
Subtotal Operations	\$ 7,857,704	\$ 8,249,962	\$ 8,435,973	\$ 8,749,940	\$ 8,925,190	\$ 9,105,569
Technical Services						
Salaries & Benefits	\$ 704,322	\$ 783,770	\$ 795,289	\$ 810,978	\$ 826,980	\$ 843,301
Supplies/Services/Equipment	7,819,635	1,183,150	1,216,633	1,257,147	1,305,296	1,361,815
Subtotal Technical Services	\$ 8,523,957	\$ 1,966,920	\$ 2,011,923	\$ 2,068,125	\$ 2,132,275	\$ 2,205,117
Total Operating Expenses	\$ 18,546,463	\$ 12,426,528	\$ 12,714,809	\$ 13,144,043	\$ 13,449,641	\$ 13,776,846
Total Capital Outlay	\$ 17,500	\$ 125,000	\$ 250,000	\$ 500,000	\$ 500,000	\$ 500,000
Grand Total	\$ 18,563,963	\$ 12,551,528	\$ 12,964,809	\$ 13,644,043	\$ 13,949,641	\$ 14,276,846
Department Summary						
Administration	\$ 2,164,802	\$ 2,209,646	\$ 2,266,914	\$ 2,325,978	\$ 2,392,176	\$ 2,466,160
Operations	7,857,704	8,249,962	8,435,973	8,749,940	8,925,190	9,105,569
Technical Services	8,523,957	1,966,920	2,011,923	2,068,125	2,132,275	2,205,117
Capital Outlay	17,500	125,000	250,000	500,000	500,000	500,000
Grand Total	\$ 18,563,963	\$ 12,551,528	\$ 12,964,809	\$ 13,644,043	\$ 13,949,641	\$ 14,276,846
Major Category Summary						
Salaries & Benefits	\$ 9,359,214	\$ 9,951,782	\$ 10,170,028	\$ 10,514,520	\$ 10,719,408	\$ 10,928,393
Supplies/Services/Equipment	9,187,249	2,474,746	2,544,781	2,629,523	2,730,233	2,848,452
Capital Outlay	17,500	125,000	250,000	500,000	500,000	500,000
Grand Total	\$ 18,563,963	\$ 12,551,528	\$ 12,964,809	\$ 13,644,043	\$ 13,949,641	\$ 14,276,846

Notes:

- Salaries and benefits projections are based upon known and anticipated increases in employee compensation per MOUs.
- CalPERS increases are based upon projections provided by CalPERS. Misc Tier 1 aggregated rates shown below:
(UAL + Normal Cost %) FY19 20.447%; FY20, FY21, FY22, FY23, FY24 21.121%
- Supplies/Services/Equipment are increased by the three (3) year average CPIU, escalated by 50 basis points per year.

5 Year Cash Balance Projections - Enterprise Fund (10)

Cash Balance Projections	FY 2018-19 Estimate	FY 2019-20 Proposed	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected
Beginning Balance	\$ 5,070,248	\$ 4,280,369	\$ 4,971,107	\$ 5,560,637	\$ 5,811,484	\$ 6,144,415
Operating and Capital Reserve	(904,148)	(1,255,153)	(1,296,481)	(1,364,404)	(1,394,964)	(1,427,685)
OPEB Reserve	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Available Cash	\$ 3,916,100	\$ 2,775,216	\$ 3,424,626	\$ 3,946,232	\$ 4,166,520	\$ 4,466,730
Budget Resources						
Assessments						
Gardena	\$ 2,391,301	\$ 2,391,301	\$ 2,391,301	\$ 2,391,301	\$ 2,391,301	\$ 2,391,301
Hawthorne	3,359,598	3,359,598	3,359,598	3,359,598	3,359,598	3,359,598
Manhattan Beach	1,703,280	1,703,280	1,703,280	1,703,280	1,703,280	1,703,280
Member City Subtotal	\$ 7,454,179	\$ 7,454,179	\$ 7,454,179	\$ 7,454,179	\$ 7,454,179	\$ 7,454,179
Culver City	2,507,365	2,587,601	2,678,989	2,770,968	2,879,959	3,007,637
El Segundo	1,330,766	1,372,870	1,420,828	1,469,094	1,526,289	1,593,289
Hermosa Beach	828,439	975,208	1,136,777	1,311,483	1,502,555	1,613,832
Contract City Subtotal	\$ 4,666,570	\$ 4,935,680	\$ 5,236,594	\$ 5,551,545	\$ 5,908,802	\$ 6,214,758
Non-Assessment Revenues	5,653,335	852,408	863,566	889,166	919,590	955,304
Total Budget Resources	\$ 17,774,084	\$ 13,242,267	\$ 13,554,339	\$ 13,894,890	\$ 14,282,572	\$ 14,624,242
Budget Expenses						
Operating	\$ 18,546,463	\$ 12,426,528	\$ 12,714,809	\$ 13,144,043	\$ 13,449,641	\$ 13,776,846
Capital	17,500	\$ 125,000	\$ 250,000	\$ 500,000	\$ 500,000	\$ 500,000
Total Budget Expenses	\$ 18,563,963	\$ 12,551,528	\$ 12,964,809	\$ 13,644,043	\$ 13,949,641	\$ 14,276,846
Revenues Over (Under) Expenditures	\$ (789,879)	\$ 690,738	\$ 589,529	\$ 250,847	\$ 332,931	\$ 347,396
Ending Estimated Balance						
Ending Balance	\$ 4,280,369	\$ 4,971,107	\$ 5,560,637	\$ 5,811,484	\$ 6,144,415	\$ 6,491,810
Operating and Capital Reserve	(1,255,153)	(1,296,481)	(1,364,404)	(1,394,964)	(1,427,685)	(1,471,419)
OPEB Reserve	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Available Balance After Reserve Allocations	\$ 2,775,216	\$ 3,424,626	\$ 3,946,232	\$ 4,166,520	\$ 4,466,730	\$ 4,770,391
Gardena - 32.08%	890,289	1,098,620	1,265,951	1,336,620	1,432,927	1,530,342
Hawthorne - 45.07%	1,250,790	1,543,479	1,778,567	1,877,850	2,013,155	2,150,015
Manhattan Beach - 22.85%	634,137	782,527	901,714	952,050	1,020,648	1,090,034



ADMINISTRATION DEPARTMENT

Administration Department

The department has six (6) positions: an Executive Director; an Operations Manager; an Administrative Services Manager; a Finance & Performance Audit Manager; an Accountant; and an Executive Assistant.

Management

The Authority operates under the overall direction of the Executive Director, who implements the policies adopted by the Executive Committee; manages the day-to-day operations; conducts labor negotiations; guides the development of the annual budget; works closely with Authority's legal counsel; oversees construction/ maintenance of all transmission and receiver sites; secures grants; coordinates the agenda for monthly meetings with the Executive Committee, the User Committee, and the Police and Fire Task Force; and negotiates maintenance agreements with other governmental agencies. An Executive Assistant supports the entire organization.

Operations

The Operations Manager manages the Communications Center's daily operations; develops staff's schedules; coordinates training for all Communications Supervisors and Communications Operators; and may act as the Executive Director during the Executive Director's absence.

Administration

The Administrative Services Manager conducts recruitment; maintains personnel records; processes required documents for health and other insurance coverage and retirement benefits for all employees; manages the Technical Services Division; and may act as the Executive Director during the Executive Director's absence.

Accounting & Finance

The Finance & Performance Audit Manager manages the overall accounting functions; prepares the annual budget; monitors cash flow; invests idle cash; prepares monthly budget performance reports and quarterly cash and investments reports; coordinates the annual financial audit; and advises the Executive Director in financial matters. Payroll, accounts payable, cash receipts, accounts

receivable, journal entries; preparation of the Annual Report for Special Districts to the State Controller and the quarterly Sales & Use Tax Report; and other related accounting functions are also performed by the Finance & Performance Audit Manager and an Accountant assigned to the Department.

Staff Services

In January 2008, the Executive Director created a “Staff Services” position which is filled by an existing Communications Supervisor on a voluntary basis. The position provides assistance to either the Operations Manager or the Administrative Services Manager for special projects. Serving in this capacity enables the Communications Supervisor to be exposed to management activities, which then prepares him or her as the Authority develops plans for succession. The period served for this assignment may run from one year to eighteen months and the Executive Director may assign the position if no one volunteers.

Expenses by Account Title - Administration Department

10-50-111-5XXX Administration	EDEN	FY 16-17	FY 17-18	FY 18-19	FY 18-19	YTD	FY 18-19	FY 19-20	Vs. Adopted	Vs. Adopted	Vs. Amended	Vs. Amended
Account Descriptions	Account	Actual	Actual	Adopted	Amended	12/31/2018	YE Est	Proposed	Inc (Dec)	Inc (Dec)	Inc (Dec)	Inc (Dec)
Salaries (Full-Time)	5101	\$ 739,014	811,470	\$ 879,724	\$ 729,724	\$ 302,720	655,441	\$ 819,504	\$ (60,220)	-6.85%	\$ 89,780	12.30%
Acting Pay	5104	-	-	-	-	189	500	-	-	0.00%	-	0.00%
Merit Pay	5107	2,650	2,800	3,000	3,000	2,000	3,000	2,150	(850)	-28.33%	(850)	-28.33%
Sick Leave Payoff	5108	23,414	20,409	29,269	29,269	10,808	21,616	21,501	(7,768)	-26.54%	(7,768)	-26.54%
Vacation Leave Payoff	5109	63,863	88,078	35,680	35,680	15,756	31,511	35,095	(585)	-1.64%	(585)	-1.64%
Other Pay	5112	800	-	-	-	-	-	7,200	7,200	0.00%	7,200	0.00%
Accrued Leave Expense	5113	(3,917)	(9,155)	-	-	-	-	-	-	0.00%	-	0.00%
Holiday Payoff	5114	-	-	-	-	2,423	5,814	-	-	0.00%	-	0.00%
Medical Insurance	5201	53,583	54,858	80,873	80,873	38,512	80,873	93,161	12,288	15.19%	12,288	15.19%
Dental Insurance	5202	2,865	3,271	5,764	5,764	1,993	5,764	6,968	1,204	20.89%	1,204	20.89%
Vision Care	5203	1,203	1,068	1,726	1,726	667	1,726	2,256	530	30.72%	530	30.72%
Life Insurance	5204	580	595	814	814	293	814	832	18	2.16%	18	2.16%
Medicare	5205	12,267	13,796	14,150	14,150	5,012	14,150	13,727	(423)	-2.99%	(423)	-2.99%
Unemployment Insurance	5206	-	32	-	-	-	-	-	-	0.00%	-	0.00%
Workers' Compensation	5207	8,322	9,612	11,482	11,482	2,322	5,574	12,533	1,051	9.16%	1,051	9.16%
PERS Contribution	5208	105,773	115,893	143,528	143,528	46,729	143,528	119,629	(23,899)	-16.65%	(23,899)	-16.65%
Retirees' Medical Insurance	5209	13,604	14,434	13,499	13,499	6,062	14,550	15,524	2,025	15.00%	2,025	15.00%
OPEB Accrued Liability	5210	50,371	26,401	-	-	-	-	-	-	0.00%	-	0.00%
Deferred Comp Matching Benefit	5212	7,275	8,346	10,800	10,800	29,717	42,567	27,500	16,700	154.63%	16,700	154.63%
GASB 68 Pension Expenses	5213	-	441,673	-	-	-	-	-	-	0.00%	-	0.00%
Subtotal Salaries & Benefits		\$1,081,667	\$1,603,581	\$1,230,309	\$1,080,309	\$ 465,204	\$1,027,428	\$1,177,578	\$ (52,731)	-4.29%	\$ 97,269	9.00%
Communications Contract Services	5301	\$ 22,042	\$ 23,210	\$ 31,000	\$ 31,000	\$ 11,564	\$ 31,000	\$ 49,000	\$ 18,000	58.06%	\$ 18,000	58.06%
Computer Contract/CAD-Tiburon	5302	66,899	30,450	90,000	90,000	50,360	90,000	55,000	(35,000)	-38.89%	(35,000)	-38.89%
Accountant/Auditing Services	5304	12,950	12,250	18,000	18,000	2,300	18,000	33,000	15,000	83.33%	15,000	83.33%
Legal Services	5305	12,213	62,130	45,000	45,000	10,440	30,000	95,000	50,000	111.11%	50,000	111.11%
Recruitment Costs	5306	22,110	68,616	86,173	86,173	41,207	64,414	53,610	(32,563)	-37.79%	(32,563)	-37.79%
Software Maintenance Services	5307	42,148	43,232	148,074	148,074	90,814	148,074	69,762	(78,312)	-52.89%	(78,312)	-52.89%
Banking Services (Fees)	5308	4,250	5,753	6,000	6,000	2,414	6,000	6,000	-	0.00%	-	0.00%
Website Maintenance Service	5309	2,735	3,070	15,000	15,000	1,460	15,000	5,000	(10,000)	-66.67%	(10,000)	-66.67%
Medical Director Services	5312	68,750	65,000	54,000	54,000	22,917	54,000	54,000	-	0.00%	-	0.00%
Temporary Staffing	5313	-	-	50,000	200,000	92,588	200,000	50,000	-	0.00%	(150,000)	-75.00%
Membership Dues	5401	510	220	870	870	400	870	390	(480)	-55.17%	(480)	-55.17%
Publications	5402	-	-	350	350	1,009	350	350	-	0.00%	-	0.00%
Conferences, Meetings, & Travel	5403	16,971	22,950	5,606	5,606	-	5,606	13,680	8,074	144.02%	8,074	144.02%
Employee Services/EC-BOD	5404	2,060	2,218	2,000	2,000	28	1,000	1,000	(1,000)	-50.00%	(1,000)	-50.00%
Tuition Reimbursement	5407	3,429	-	4,000	4,000	-	-	2,000	(2,000)	-50.00%	(2,000)	-50.00%
Office Supplies	5501	7,860	12,101	9,000	9,000	4,174	9,000	9,000	-	0.00%	-	0.00%
Miscellaneous Supplies	5502	6	160	1,100	1,100	-	550	1,100	-	0.00%	-	0.00%
Vending Machine Supplies	5504	1,141	-	-	-	-	-	-	-	0.00%	-	0.00%
Voice Recording Tapes	5505	-	-	500	500	-	-	-	(500)	-100.00%	(500)	-100.00%
Postage	5507	1,133	1,224	1,300	1,300	349	1,300	1,600	300	23.08%	300	23.08%
Reproduction	5509	1,447	693	2,000	2,000	-	1,500	1,500	(500)	-25.00%	(500)	-25.00%

Expenses by Account Title - Administration Department

10-50-111-5XXX Administration Account Descriptions	EDEN Account	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Adopted	FY 18-19 Amended	YTD 12/31/2018	FY 18-19 YE Est	FY 19-20 Proposed	Vs. Adopted Inc (Dec)	Vs. Adopted Inc (Dec)	Vs. Amended Inc (Dec)	Vs. Amended Inc (Dec)
Office Equipment Lease	5511	14,290	14,499	15,750	15,750	6,598	15,750	15,750	-	0.00%	-	0.00%
General Liability Insurance	5513	140,152	172,917	187,660	187,660	133,006	187,660	210,826	23,166	12.34%	23,166	12.34%
Vehicle Operations	5517	2,705	366	2,000	2,000	-	1,500	2,000	-	0.00%	-	0.00%
Telephone - Administration	5601	11,412	15,387	15,000	15,000	4,658	15,000	15,000	-	0.00%	-	0.00%
Maintenance/HQ	5701	119,843	146,587	144,800	144,800	47,061	109,800	154,400	9,600	6.63%	9,600	6.63%
Maintenance/Other	5702	2,987	-	-	-	-	-	-	-	0.00%	-	0.00%
Electricity - HQ	5703	87,150	88,489	97,000	97,000	41,830	97,000	106,700	9,700	10.00%	9,700	10.00%
Electricity - Grandview	5704	1,787	2,012	2,000	2,000	621	2,000	2,200	200	10.00%	200	10.00%
Electricity - Punta	5705	5,358	5,552	6,000	6,000	3,170	6,000	6,600	600	10.00%	600	10.00%
Gas - HQ	5706	9,323	7,991	10,000	10,000	1,869	10,000	11,000	1,000	10.00%	1,000	10.00%
Water - HQ	5707	3,368	3,733	3,500	3,500	1,227	3,500	3,850	350	10.00%	350	10.00%
Electricity - MB Water Tower	5715	1,919	2,088	2,500	2,500	1,222	2,500	2,750	250	10.00%	250	10.00%
Office Equipment	5810	4,343	4,382	-	-	-	10,000	-	-	0.00%	-	0.00%
Other Equipment	5820	-	2,421	-	-	-	-	-	-	0.00%	-	0.00%
Furniture & Fixtures	5830	-	720	-	-	-	-	-	-	0.00%	-	0.00%
Vehicles	5840	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Subtotal Supplies/Services/Equip		\$ 693,291	\$ 820,423	\$1,056,183	\$1,206,183	\$ 573,286	\$1,137,374	\$1,032,068	\$ (24,115)	-2.28%	\$ (174,115)	-14.44%
Total Expenses - Administration		\$1,774,958	\$2,424,005	\$2,286,492	\$2,286,492	\$1,038,490	\$2,164,802	\$2,209,646	\$ (76,846)	-3.36%	\$ (76,846)	-3.36%

Account Detail Explanations - Administration Department

Salaries & Benefits	Account #	Comments/Explanation
Salaries (Full-Time)	5101	Includes contracted and estimated increases from MOUs and agreement with employees
Acting Pay	5104	Per MOU with Management & Confidential Employees
Merit Pay	5107	Based on longevity starting at 10 years of service @ \$250 plus \$50 increase for each additional year
Sick Leave Payoff	5108	Per MOU paid @ 85% of daytime pay rate max 120 hours paid (twice/year)
Vacation Leave Payoff	5109	Per MOU paid @ 100% of daytime pay rate max 100 hours paid (twice/year)
Other Pay	5112	Includes automobile allowance
Medical Insurance	5201	Per MOU and employment agreement - cafeteria plan limit
Dental Insurance	5202	Per MOU and employment agreement - cafeteria plan limit
Vision Care	5203	Per MOU and employment agreement - 100% employer paid
Life Insurance	5204	Per MOU \$100,000 coverage employee only
Medicare	5205	1.45% employer contribution rate
Workers' Compensation	5207	Based on prior year premium
PERS Contribution	5208	Rates reflect increases from 17.350% to 20.447% for Tier 1 employees plus 3.5% of employee contributions; increase from 7.861% to 8.628% for Tier 2 employees hired after October 25, 2011. Pension Reform Act (PEPRA) imposed Tier 3 rate of 7.397% for employees hired after 01/01/2013. All rates include UAL payments.
Retirees' Medical Insurance	5209	Covers retired employees
Deferred Comp Matching	5212	Per MOU and employment agreement
Supplies, Services & Equip	Account #	Comments/Explanation
Communications Contract Svcs	5301	Consultant for frequency issues; Monthly charge for Time Warner internet services
Computer Contract Svcs/CAD	5302	IT support from Hawthorne; CAD consultant
Accountant/Auditing Services	5304	Annual independent audit and GASB75 Valuation (as needed); GASB 68/71 calculation services added for 2018-19; As needed consulting services
Legal Services	5305	Authority's legal counsel; ongoing general consulting and labor negotiations consulting
Recruitment Costs	5306	See attached detail sheet
Software Maintenance Services	5307	See attached detail sheet
Banking Services (Fees)	5308	Union Bank services (not offset by earnings allowance)
Website Maintenance Service	5309	Hosting/licensing fees
Medical Director Services	5312	Administrative services for review and provision of input into the development of agencies' fire departments' policies and procedures that impact patient care. State mandated.
Membership Dues	5401	See attached detail sheet
Publications	5402	See attached detail sheet

Account Detail Explanations - Administration Department

Supplies, Services & Equip	Account #	Comments/Explanation
Conferences, Meetings & Travel	5403	See attached detail sheet
Employee Services/EC-BOD	5404	Includes Exec Comm/Board of Directors' meeting expenses/other employee services
Employee Awards	5405	Employee recognition
Tuition Reimbursement	5407	Reimbursement of college/university class tuition and eligible expenses
Office Supplies	5501	Pens, paper, envelopes, folders, printer cartridges, and other office supplies
Miscellaneous Supplies	5502	Cleaning and other supplies
Vending Machine Supplies	5504	None. Vending machine contractor took over in February 2017.
Voice Recording Tapes	5505	Voice recording tape/dvd supplies
Postage	5507	Postage/UPS/Express mail services
Reproduction	5509	Accounts Payable & Payroll checks; W-2's; 1099's; budget doc, etc.
Office Equipment Lease	5511	Copier and postage meter
General Liability Insurance	5513	See attached detail sheet, plus anticipated increases
Vehicle Operations	5517	Gasoline/maintenance cost
Telephone - Administration	5601	Telephone for Administration
Maintenance/HQ	5701	See attached detail sheet
Maintenance/Other	5702	Fuel tank cleaning, permit fees, and other maintenance costs for other sites
Electricity - HQ	5703	Electricity for HQ
Electricity - Grandview	5704	Electricity for Grandview site
Electricity - Punta	5705	Electricity for Punta Place site
Gas - HQ	5706	Gas for HQ
Water - HQ	5707	Water for HQ
Office Equipment	5810	Computers, printers, laptops, etc., each costing \$5,000 or more
Other Equipment	5820	Television, tools, etc., each costing \$5,000 or more
Furniture & Fixtures	5830	Chairs, work stations, etc., each costing \$5,000 or more

Account Detail Explanations - Administration Department

Recruitment	
10-50-111-5306	
Advertising - Daily Breeze and job websites	1,500
Job Fairs - Various agencies	5,000
Community events (when requested by Board of Directors/Executive Committee, etc.)	500
Background investigations (10 @ \$2,000 each full; 5 @ \$500 each partial)	22,500
Psychological exams (6 @ \$400 each)	2,400
Physical exams (8 @ \$360 each)	2,880
Polygraph exams (18 @ \$275 each)	4,950
Credit Report (18 @ \$40 each)	720
CritiCall Exams	4,000
CritiCall Personality Tests	2,000
Fingerprints/Livescan/DOJ/SS# check (18 @ \$120 each)	2,160
Marketing Material	5,000
Total	\$ 53,610
Software Maintenance Services	
10-50-111-5307	
EDEN annual maintenance cost (software support and licensing updates)	12,725
EDEN Operating Systems & Database Administration - online service to manage server & update software	5,785
Annual Barracuda Spam updates for Server	1,500
Schedule Express - staff scheduling software maintenance @ \$756/month	9,072
Powerphone annual maintenance (digital system)	700
Hiperwall second year maintenance and licensing fees	15,000
Email certificate renewal	200
ESC shop software annual maintenance cost	1,000
Extreme Routers Annual Maintenance	3,000
Jot Forms	1,200
Solar Winds Annual Maintenance	3,000
Other Software Maintenance	10,000
Fortiguard security software for network	4,000
Box Subscription - Distribution of 9-1-1 and radio recordings	1,080
LEFTA software licensing and maintenance	1,500
Total	\$ 69,762

Account Detail Explanations - Administration Department

Memberships	
10-50-111-5401	
CAL Chiefs (Fire Chiefs Communications Section) - Group membership annual dues	50
California Society of Municipal Finance Officers (CSMFO) - Finance Manager/Accountant annual dues	110
California Background Investigators Association (CBIA)	70
Government Finance Officers Association (GFOA) - Finance Manager annual dues	160
Total	\$ 390
Publications	
10-50-111-5402	
Labor Law Compliance Center - Labor Law posters	150
Government Finance Officers Association publications as needed	200
Total	\$ 350
Conferences, Meetings, & Travel	
10-50-111-5403	
LA County PSAP quarterly meetings - Operations Manager/Administration Supervisor	225
CSDA Board Secretary/Clerk Conference & Certificate Program	2,000
Labor Law Seminars and Conferences	4,680
California Society of Municipal Finance Officers (CSMFO) - annual conference	1,500
Leadership Retreat	5,000
CSMFO bi-monthly Chapter meetings - Finance Manager	275
Total	\$ 13,680
General Liability Insurance	
10-50-111-5513	
General/Professional Liability Package (includes employment practices liability and employee benefits liability)	91,960
Excess Liability	55,000
Cyber Liability	4,000
Automobile/Property Damage-Loss	34,100
Crime Coverage Policy	1,100
Automobile (comprehensive)	5,500
Total	191,660
Total Budget (+10%)	\$ 210,826

Account Detail Explanations - Administration Department

Maintenance/HQ	
10-50-111-5701	
Gardening Service (grounds)	3,000
Janitorial Service	31,050
Tree Trimming Services	6,500
Fuel Tank Cleaning and diesel refills	5,000
Generator Service (contract and repairs) - includes HQ, Punta, MBWT, Grandview, & 1500 Gal Diesel	12,000
Various permit fees - South Coast Air Quality Management District (AQMD) & LA County Fire Hazmat Program	2,500
Fire Alarm, Fire Alarm Inspection & Fire Extinguishers Service and Repairs	7,500
Elevator Maintenance Contract - \$7,600 for contract; \$2,000 for repairs	9,600
Water Treatment (for HVAC closed loop system)	1,200
HVAC Maintenance - Contract plus necessary repairs	33,350
DirectTV Services	2,500
Roll-up door Annual Maintenance - Tech Services Bay	2,500
Floor Mat Cleaning	2,500
Exterminator Service	600
Water Filtration Service	600
Uninterrupted Power Supply (UPS) Maintenance - includes Tower Radio Room	12,000
Building Exterior Annual Cleaning	5,000
Janitorial Supplies/Site Clean-up Supplies	8,000
Plumbing, Security Gate & Other repairs	7,500
Facility replacement light bulbs/hardware	1,500
Total	\$ 154,400

OPERATIONS DEPARTMENT

Operations Department

The Operations Department is the Communications Center which is staffed with seven (7) Communications Supervisors and 54 Communications Operators. Communications Operators must attend and graduate from an accredited 120-hour Basic Academy hosted by Golden West College, Rio Hondo College, or the Riverside County Sheriffs' Department. The Basic Academy is accredited by the California Commission on Peace Officer Standards and Training (POST).

A new part-time program was implemented in Fiscal Year 2012-2013 which authorizes 5 part-time Communications Operators working a maximum of 999 hours each per year. The program's goal is to reduce overtime through the use of these part-time employees.

The Communications Center personnel answer all 9-1-1 and 7-digit emergency police and fire calls for the Cities of Manhattan Beach, Gardena, and Hawthorne (Members), as well as the cities of Culver City, El Segundo and Hermosa Beach (under contract). These calls are processed utilizing a computer-aided dispatch (CAD) system, and then dispatched to the appropriate police or fire department field units. The Communications Center operates 24 hours a day, 7 days a week.

When working the Complaint Operator position, a Communications Operator is responsible for receiving and responding appropriately and quickly to all incoming calls for service. These calls for service may be received via police and fire emergency lines, 9-1-1 lines, SMS/Text-to-911, TTY/TDD (Telecommunication Device for the Deaf), police and fire department hotlines, as well as hotlines from Chevron, Northrop, or the Hawthorne Airport Tower. Upon receipt of the call, the operator must determine the validity, nature, and priority of the call. These calls are entered as incidents to be dispatched to police and fire personnel or may be transferred appropriately.

When functioning as a Police or Fire Dispatcher, the Communications Operator is responsible for prompt and effective transmissions of dispatches as well as the coordination and intercommunication of all field units. The job requires considerable exercise of initiative and independent judgment in determining priorities and coordinating a variety of simultaneous activities of a critical nature. The

operator processes requests for other city services and information from outside agencies as well as requests for information from law enforcement data bases.

Prior Year Accomplishments:

- Received 362,519 calls in CY2018
 - 911 Calls: 131,086 (102,739 from cell phones)
 - 7 Digit Calls: 231,434
- Averaged 41 seconds for Police dispatch (Priority E and 1 calls) and 24 seconds for Fire dispatch in CY2018.
- Answered 96.70% of overall calls and 95.83% at the busiest hour within 10 seconds, and 99.00% of overall calls within 15 seconds in CY2018.
- Responded to 315 Text-to-911 Sessions in CY2018.

Expenses by Account Title - Operations Department

10-60-211-5XXX Operations Account Descriptions	EDEN Account	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Adopted	FY 18-19 Amended	YTD 12/31/2018	FY 18-19 YE Est	FY 19-20 Proposed	Vs. Adopted Inc (Dec)	Vs. Adopted Inc (Dec)	Vs. Amended Inc (Dec)	Vs. Amended Inc (Dec)
Salaries (Full-Time)	5101	\$ 3,633,046	\$ 3,843,426	\$ 4,794,562	\$ 4,794,562	\$ 1,871,637	\$ 4,239,691	\$ 5,311,530	\$ 516,968	10.78%	\$ 516,968	10.78%
Salaries (Part-Time)	5102	63,362	95,155	74,203	74,203	41,756	90,472	-	(74,203)	-100.00%	(74,203)	-100.00%
Overtime	5103	775,513	1,143,975	350,000	350,000	465,309	1,227,216	385,000	35,000	10.00%	35,000	10.00%
Acting Pay	5104	917	284	4,815	4,815	461	7,688	10,000	5,185	107.68%	5,185	107.68%
Bilingual Pay	5105	9,156	9,100	8,667	8,667	3,500	8,610	8,400	(267)	-3.08%	(267)	-3.08%
Sick Leave Payoff	5108	89,816	92,696	107,419	107,419	96,478	96,478	106,313	(1,106)	-1.03%	(1,106)	-1.03%
Vacation Leave Payoff	5109	24,346	36,694	46,052	46,052	48,967	48,967	63,217	17,165	37.27%	17,165	37.27%
Training Pay	5110	7,584	7,464	5,613	5,613	6,774	13,548	15,000	9,387	167.24%	9,387	167.24%
Accrued Leave Expense	5113	52,018	35,790	-	-	-	-	-	-	0.00%	-	0.00%
Holiday Payoff	5114	61,546	68,025	74,917	74,917	102,461	153,692	100,000	25,083	33.48%	25,083	33.48%
Education Incentive	5115	80,738	90,403	93,000	93,000	44,642	89,283	132,406	39,406	42.37%	39,406	42.37%
Overtime - Ridealongs with Cities	5116	9,619	-	10,000	10,000	-	5,000	10,000	-	0.00%	-	0.00%
Medical Insurance	5201	470,940	479,885	561,918	561,918	279,411	605,391	637,435	75,517	13.44%	75,517	13.44%
Dental Insurance	5202	24,334	25,103	53,464	53,464	11,687	25,499	47,968	(5,496)	-10.28%	(5,496)	-10.28%
Vision Insurance	5203	12,015	11,449	17,804	17,804	6,119	12,238	18,699	895	5.03%	895	5.03%
Life Insurance	5204	6,301	5,680	7,870	7,870	3,250	6,610	8,455	585	7.43%	585	7.43%
Medicare	5205	69,462	79,000	83,217	83,217	39,389	82,075	84,939	1,722	2.07%	1,722	2.07%
Unemployment Insurance	5206	8,502	2,873	6,713	6,713	-	-	6,713	-	0.00%	-	0.00%
Workers' Compensation	5207	48,787	56,347	65,902	65,902	14,458	40,584	58,372	(7,530)	-11.43%	(7,530)	-11.43%
PERS Contribution	5208	574,328	631,635	798,175	798,175	327,372	819,027	922,296	124,121	15.55%	124,121	15.55%
Retirees' Medical Insurance	5209	55,109	56,240	57,091	57,091	23,996	55,396	62,800	5,709	10.00%	5,709	10.00%
OPEB Accrual Liability	5210	179,492	93,489	-	-	-	-	-	-	0.00%	-	0.00%
Social Security	5211	1,264	589	890	890	64	-	890	-	0.00%	-	0.00%
Subtotal Salaries & Benefits		\$ 6,258,193	\$ 6,865,303	\$ 7,222,292	\$ 7,222,292	\$ 3,387,731	\$ 7,627,464	\$ 7,990,434	\$ 768,142	10.64%	\$ 768,142	10.64%
Maintenance & Operations	5300	\$ -	\$ -	\$ -	\$ -	\$ 160	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
Membership Dues	5401	-	-	750	750	29	750	2,830	2,080	277.33%	2,080	277.33%
Publications	5402	1,236	785	1,710	1,710	409	800	1,710	-	0.00%	-	0.00%
Conferences, Meetings & Travel	5403	10,516	13,306	33,262	33,262	5,032	33,262	24,155	(9,107)	-27.38%	(9,107)	-27.38%
Employee Services/EC-BOD	5404	4,122	1,843	2,500	2,500	-	1,000	2,500	-	0.00%	-	0.00%
Employee Awards	5405	-	-	500	500	-	-	500	-	0.00%	-	0.00%
POST Training	5406	1,996	-	2,000	2,000	-	2,000	23,815	21,815	1090.75%	21,815	1090.75%
Tuition Reimbursement	5407	19,390	10,014	18,000	18,000	5,440	12,343	18,000	-	0.00%	-	0.00%
Uniforms/Safety Equipment	5506	2,936	4,422	8,000	8,000	4,697	8,000	8,000	-	0.00%	-	0.00%
Reproduction	5509	353	353	500	500	-	350	500	-	0.00%	-	0.00%
Telephone - El Segundo	5603	2,322	2,403	3,000	3,000	973	3,000	3,000	-	0.00%	-	0.00%
Telephone - Gardena	5604	1,671	2,683	5,000	5,000	562	3,000	5,000	-	0.00%	-	0.00%
Telephone - Hawthorne	5606	4,946	4,419	6,000	6,000	2,145	5,000	6,000	-	0.00%	-	0.00%
Telephone - Hermosa Beach	5607	18,991	21,838	25,000	25,000	13,448	26,895	25,000	-	0.00%	-	0.00%
Telephone - Manhattan Beach	5608	5,019	4,528	8,000	8,000	2,443	5,000	8,000	-	0.00%	-	0.00%
Telephone - Punta Place	5611	3,739	3,765	5,500	5,500	1,935	4,000	5,500	-	0.00%	-	0.00%
Telephone - RCC	5612	9,649	10,630	12,000	12,000	4,551	11,000	12,000	-	0.00%	-	0.00%
Sprint Wireless Reimbursable	5613	78,661	77,632	77,289	77,289	30,741	77,289	77,289	-	0.00%	-	0.00%
Verizon Wireless Reimbursable	5614	7,904	15,022	15,229	15,229	9,761	15,229	15,229	-	0.00%	-	0.00%
Telephone-Culver City	5615	5,173	22,457	5,500	5,500	5,161	10,322	5,500	-	0.00%	-	0.00%
Other Equipment	5820	-	5,399	-	-	4,749	11,000	15,000	15,000	0.00%	15,000	0.00%
Subtotal Supplies/Services/Equip		\$ 178,622	\$ 201,499	\$ 229,740	\$ 229,740	\$ 92,235	\$ 230,240	\$ 259,528	\$ 29,788	12.97%	\$ 29,788	12.97%
Total Expenses - Operations		\$ 6,436,815	\$ 7,066,802	\$ 7,452,032	\$ 7,452,032	\$ 3,479,967	\$ 7,857,704	\$ 8,249,962	\$ 797,930	10.71%	\$ 797,930	10.71%

Account Detail Explanations - Operations Department

Salaries & Benefits	Account #	Comments/Explanation
Salaries (Full-Time)	5101	Includes contracted and estimated increases from MOUs
Salaries (Part-Time)	5102	Part-time Communications Operators
Overtime	5103	Covers overtime for staffing, training, and other needs as necessary
Acting Pay	5104	Communications Operators acting as Communications Supervisors per MOU with the Teamsters
Bilingual Pay	5105	Per MOU \$100/month for designated employees
Sick Leave Payoff	5108	Per MOU - max Teamsters 120 hours/CWA 120 hours @ 85% of base rate
Vacation Leave Payoff	5109	Per MOU - max 90 hours Teamsters @ 85%; CWA @ 90% of base rate
Training Pay	5110	Per MOU - Incentive pay when Communications Operators train new employees
Holiday Payoff	5114	Payoff for unused holiday time at year-end
Education Incentive	5115	Per MOU - Incentive pay when employees obtain certificates and/or degrees
Overtime - Ridealongs with Cities	5116	Overtime for operators and supervisors to go on ride-alongs with member cities.
Medical Insurance	5201	Per MOUs - cafeteria plan limit
Dental Insurance	5202	Per MOUs - cafeteria plan limit
Vision Insurance	5203	Per MOUs - 100% employer paid
Life Insurance	5204	Per MOU \$100,000 coverage employee only
Medicare	5205	1.45% employer rate
State Unemployment	5206	Based on estimated reimbursements to EDD for actual claims
Workers' Compensation	5207	Based on prior year premium
PERS Contribution	5208	Rates reflect increases from 17.350% to 20.447% for Tier 1 employees plus 3.5% of employee contributions; increase from 7.861% to 8.628% for Tier 2 employees hired after October 25, 2011. Pension Reform Act (PEPRA) imposed Tier 3 rate of 7.397% for employees hired after 01/01/2013. All rates include UAL payments.
Retirees' Medical Insurance	5209	Covers retired employees
Supplies & Services	Account #	Comments/Explanation
Membership Dues	5401	See attached detail
Publications	5402	See attached detail
Conferences, Meetings & Travel	5403	See attached detail
Employee Services/EC-BOD	5404	Employee Assistance Program; miscellaneous employee operations expenses
Employee Awards	5405	Employee recognition
POST Training	5406	Mandated training; some reimbursed by State
Tuition Reimbursement	5407	Reimbursement of college/university class tuition and eligible expenses
Uniforms/Safety Equipment	5506	Uniform purchases for new hires and replacements for existing employees

Account Detail Explanations - Operations Department

Reproduction	5509	Training manuals
Telephone - El Segundo	5603	Data and hotline phone circuits
Supplies & Services	Account #	Comments/Explanation
Telephone - Gardena	5604	Data and hotline phone circuits
Telephone - Hawthorne	5606	Data and hotline phone circuits
Telephone - Hermosa Beach	5607	Data and hotline phone circuits
Telephone - Manhattan Beach	5608	Data and hotline phone circuits
Telephone - Punta Place	5611	Data and hotline phone circuits
Telephone - RCC	5612	Data and hotline phone circuits
Sprint Wireless Reimbursable	5613	Data charges that will be reimbursed to the Authority on the 4th qtr Assessment each year.
Verizon Wireless Reimbursable	5614	Data charges that will be reimbursed to the Authority on the 4th qtr Assessment each year.

Account Detail Explanations - Operations Department

Membership Dues	
10-60-211-5401	
Association of Police Communications Officials (APCO) - Group Membership	1,080
National Emergency Number Association (NENA) - Group Membership	700
CWA Association Memberships	1,050
Total	2,830
Publications	
10-60-211-5402	
Haines Directory Software (telephone criss-cross directory) for Dispatch Center	800
ACTIVE 9-1-1 Yearly Subscription	850
California Penal Code - annual new book - for Dispatch Center	60
Total	1,710
Conferences, Meetings & Travel	
10-60-211-5403	
Emergency Medical Dispatch (EMD) 24-hour course - Operators - 12/year @ \$399 each	4,788
EMD Recertification - Operators - 15/year @ \$129 each	1,935
Association of Police Communications Officials (APCO) Conference	6,510
Cal Nena Conference (Operations Manager/Supervisor - reimbursed by State)	3,000
Civilian Management Seminars PMW Associates - 2 managers/supervisors @ \$561 registration each for 3 days	2,402
Mandatory Supervisor Harrasment Training 75 @ \$42.00 each	3,150
International Wireless Communications Expo (IWCE) Conference	2,370
Total	24,155
POST Training	
10-60-211-5406	
Public Safety Training Consultants (PSTC) Seminars - Operators - 50/year @ \$150 each; 1-3 days each	12,900
Golden West College - 120 hours POST (reimbursed) training - 10 operators @ \$347.50 each (new hires)	10,915
Total	23,815



TECHNICAL SERVICES DIVISION

Technical Services Division

The Technical Services Division is staffed with a Public Safety Communications Specialist II and four (4) Public Safety Communications Specialist I positions. The division provides technical services for vehicles and equipment used by the Member Cities and client cities Police, Fire, and Public Works personnel. The division also provides the same services to outside agencies including the City of Palos Verdes Estates, El Camino College Campus Police Department, and Los Angeles Interagency Metropolitan Police Apprehension Crime Taskforce (LA IMPACT).

Services provided include: installation of radios, emergency lighting, sirens, mobile computer systems, prisoner cages, prisoner restraint systems, prisoner seats, trunk boxes, slide out equipment trays, support wiring, and electrical equipment on patrol vehicles; repairs and maintenance of above equipment; repairs of mobile radios, portable radios, mobile computers, sirens, light bars, and mobile video equipment.

The division is responsible managing contracts for the maintenance and upgrade of the Authority's remote receivers and transmitters at the following sites: The RCC Tower in Hawthorne; Punta Place in Palos Verdes Estates; South Bay Hospital in Redondo Beach; Grandview in Manhattan Beach; Water Tower in Manhattan Beach; Pacific Corporate Towers in El Segundo; Water Tower in El Segundo; Pier in Hermosa Beach; and Gardena Police Department.

The technologies that the division maintains under contract include: a microwave "ring" (1+1) network; IP voted conventional analog radio communications; networking equipment at all transmit and receive sites (firewalls, switches, routers, site monitoring equipment); Orion Solarwinds Network monitoring 24/7; generator and backup systems.

Technical Services also coordinates the maintenance requirements for the Authority facility and capital improvement projects; is responsible for upkeep of the Authority's FCC licenses and processing applications for new channels; and prepares/plans for future frequency needs of the Authority, Member Agencies and client cities.

Prior Year Accomplishments:

- Completed 176 installations and 332 repairs of various telecommunications equipment used by Police, Fire and Public Works from members and client agencies in CY2018.
- Installed over 300 new mobile radios in public safety vehicles to prepare the Authority's agencies for migration to the INSB radio network.

Expenses by Account Title - Technical Services Division

10-70-311-5XXX Technical Svcs	EDEN	FY 16-17	FY 17-18	FY 18-19	FY 18-19	YTD	FY 18-19	FY 19-20	Vs. Adopted	Vs. Adopted	Vs. Amended	Vs. Amended
Account Description	ACCOUNT	Actual	Actual	Adopted	Amended	12/31/2018	YE Est	Proposed	Inc (Dec)	Inc (Dec)	Inc (Dec)	Inc (Dec)
Salaries (Full-Time)	5101	\$ 526,346	\$ 495,661	\$ 712,258	\$ 573,105	\$ 194,886	441,933	\$ 485,506	\$ (226,752)	-31.84%	\$ (87,598)	-15.28%
Salaries (Part-Time)	5102	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Overtime	5103	8,378	904	10,000	10,000	766	5,000	5,000	(5,000)	-50.00%	(5,000)	-50.00%
Acting Pay	5104	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Bilingual Pay	5105	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Call Back Pay	5106	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Merit Pay	5107	2,650	1,289	1,400	1,400	1,312	1,400	1,500	100	7.14%	100	7.14%
Sick Leave Payoff	5108	8,274	15,028	15,635	15,635	16,387	16,387	17,780	2,145	13.72%	2,145	13.72%
Vacation Leave Payoff	5109	16,732	5,437	13,382	13,382	11,880	11,880	14,386	1,004	7.50%	1,004	7.50%
Accrued Leave Expense	5113	(14,773)	5,932	-	-	-	-	-	-	0.00%	-	0.00%
Holiday Payoff	5114	9,212	10,277	12,580	12,580	-	-	-	(12,580)	-100.00%	(12,580)	-100.00%
Education Incentive Pay	5115	2,468	3,446	3,733	3,733	-	-	-	(3,733)	-100.00%	(3,733)	-100.00%
Medical Insurance	5201	65,382	59,234	69,141	69,141	29,425	58,851	47,863	(21,278)	-30.77%	(21,278)	-30.77%
Dental Insurance	5202	2,969	2,632	4,569	4,569	1,025	2,050	2,940	(1,629)	-35.64%	(1,629)	-35.64%
Vision Insurance	5203	1,833	1,330	1,305	1,305	538	1,076	1,406	101	7.74%	101	7.74%
Life Insurance	5204	838	741	950	950	326	652	693	(257)	-27.05%	(257)	-27.05%
Medicare	5205	7,734	8,006	11,027	11,027	3,418	7,406	7,267	(3,760)	-34.10%	(3,760)	-34.10%
Unemployment Insurance	5206	-	29	-	-	-	-	-	-	0.00%	-	0.00%
Workers' Compensation	5207	86,381	99,767	94,760	94,760	29,012	58,023	83,933	(10,827)	-11.43%	(10,827)	-11.43%
PERS Contribution	5208	76,687	77,688	82,649	82,649	31,497	70,656	82,721	72	0.09%	72	0.09%
Retirees' Medical Insurance	5209	25,187	30,798	31,214	31,214	14,504	29,007	32,775	1,561	5.00%	1,561	5.00%
OPEB Accrued Liability	5210	31,809	5,500	-	-	-	-	-	-	0.00%	-	0.00%
Social Security	5211	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Deferred Comp Matching Benefi	5212	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Subtotal Salaries & Benefits		\$ 858,106	\$ 823,697	\$ 1,064,603	\$ 925,450	\$ 334,975	\$ 704,322	\$ 783,770	\$ (280,833)	-26.38%	\$ (141,679)	-15.31%
Comp Contract Services/CAD	5302	288,324	330,000	\$ 145,000	\$ 145,000	\$ 100,000	\$ 145,000	\$ 145,000	\$ -	0.00%	\$ -	0.00%
GST Software Reimbursable	5311	50,832	47,574	50,000	50,000	44,791	50,000	50,000	-	0.00%	-	0.00%
Conferences, Meetings & Travel	5403	65	-	2,650	2,650	1,147	2,650	2,650	-	0.00%	-	0.00%
General Technical Supplies	5503	775	(10,660)	7,500	7,500	(83)	5,000	7,500	-	0.00%	-	0.00%
Uniforms/Safety Equipment	5506	1,424	1,664	2,000	2,000	7,205	10,000	3,500	1,500	75.00%	1,500	75.00%
Shipping Costs	5508	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Parts - Billing	5514	309,717	527,416	642,397	721,985	271,078	542,156	600,000	(42,397)	-6.60%	(121,985)	-16.90%
Parts - Telecommunications	5515	14,949	6,491	15,357	15,357	150	15,357	-	(15,357)	-100.00%	(15,357)	-100.00%
Install Wire, Loom & Hardware	5516	12,827	35,533	25,132	25,132	19,179	25,132	40,000	14,868	59.16%	14,868	59.16%
Vehicle Operations	5517	2,849	3,967	4,500	4,500	1,577	4,500	4,500	-	0.00%	-	0.00%
Equipment Repair	5520	77	-	10,000	10,000	232	5,000	5,000	(5,000)	-50.00%	(5,000)	-50.00%
Outside Tech Svc-Towers/Equip	5521	142,658	237,587	331,000	470,153	178,545	470,153	325,000	(6,000)	-1.81%	(145,153)	-30.87%
Vehicle Antennas - Reimb	5522	-	-	-	-	-	-	-	-	0.00%	-	0.00%
GETAC Project	5524	87,368	-	-	-	-	-	-	-	0.00%	-	0.00%
Culver City Infrastr Transition	5525	281,546	23,321	-	-	-	-	-	-	0.00%	-	0.00%
Depreciation Expenses	5710	620,590	533,902	-	-	-	-	-	-	0.00%	-	0.00%
Office Equipment	5810	-	-	-	-	-	-	-	-	0.00%	-	0.00%
Other Equipment	5820	4,095	-	-	6,544,687	6,544,687	6,544,687	-	-	0.00%	(6,544,687)	-100.00%
Subtotal Supplies/Svcs/Equip		\$ 1,818,096	\$ 1,736,794	\$ 1,235,536	\$ 7,998,964	\$ 7,168,508	\$ 7,819,635	\$ 1,183,150	\$ (52,386)	-4.24%	\$ (6,815,814)	-85.21%
Total Expenses		\$ 2,676,203	\$ 2,560,491	\$ 2,300,139	\$ 8,924,414	\$ 7,503,483	\$ 8,523,957	\$ 1,966,920	\$ (333,219)	-14.49%	\$ (6,957,493)	-77.96%

Account Detail Explanations - Technical Services Division

Salaries & Benefits	Account #	Comments/Explanation
Salaries (Full-Time)	5101	Includes contracted and estimated increases from MOUs
Overtime	5103	As needed; reimbursed by Member Agencies requesting OT when appropriate
Acting Pay	5104	Per MOU
Call Back Pay	5106	If called back to work after hours
Merit Pay	5107	Based on longevity starting @ 7 years of service \$250; \$50 each additional year
Sick Leave Payoff	5108	Max 120 hrs @ 85% of base rate
Vacation Leave Payoff	5109	Max 90 hrs @ 85% of base rate
Accrued Leave	5113	Account used to adjust compensated absences at year-end/non-cash so no budget impact
Medical Insurance	5201	Per MOUs - cafeteria plan limit
Dental Insurance	5202	Per MOUs - cafeteria plan limit
Vision Insurance	5203	Per MOUs - 100% employer paid
Life Insurance	5204	Per MOU \$100,000 coverage employee only
Medicare	5205	1.45% employer contribution rate
State Unemployment	5206	Based on estimated reimbursements to Employment Development Department for actual claims
Workers' Compensation	5207	Based on increase in claims costs filed since last year
PERS Contribution	5208	Rates reflect increases from 17.350% to 20.447% for Tier 1 employees plus 3.5% of employee contributions; increase from 7.861% to 8.628% for Tier 2 employees hired after October 25, 2011. Pension Reform Act (PEPRA) imposed Tier 3 rate of 7.397% for employees hired after 01/01/2013. All rates include UAL payments.
Retirees' Medical Insurance	5209	Covers retired employees
Deferred Comp Matching Benefit	5212	Per MOU
Supplies & Services	Account #	Comments/Explanation
Comp Contract Services/CAD	5302	IT support from Hawthorne; CAD consultant
Conferences, Meetings & Travel	5403	See attached detail
General Technical Supplies	5503	Chemical cleaners, switches, cables, jumpers, etc.
Uniforms/Safety Equipment	5506	Uniform purchases for new hires and replacements for existing employees
Equipment Rent	5510	Boom lift/test equipment, as needed
Parts - Billing	5514	Reimbursable expense for parts billed to members/customers - revenue offset
Parts - Telecommunications	5515	Combined all parts accounts
Install Wire, Loom & Hardware	5516	Miscellaneous parts used for installations
Vehicle Operations	5517	Fuel/other maintenance for Authority's van/truck
Equipment Repair	5520	Various factory equipment repairs including MDC hardware
Outside Tech Svcs-Towers/Equipment	5521	CommLine contract for servicing radios, microwave and tower equipment
Office Equipment	5810	Computers, printers, laptops, etc., each costing \$5,000 or more

Account Detail Explanations - Technical Services Division

Other Equipment	5820	Television, tools, etc., each costing \$5,000 or more	
Conferences, Meetings & Travel			
10-70-311-5403			
Technical Services Software/Support training			2,500
COPS West Expo			150
Total			2,650

APPENDIX

Acronyms

APCO – Association of Police Communications Officials

AQMD – Air Quality Management District

CAD – Computer Aided Dispatch

CAHN – California Association of Hostage Negotiators

RMS – Records Management System

CalPERS – California Public Employees Retirement System

CLETS - California Law Enforcement Telecommunications System

CPI – Consumer Price Index

CSMFO – California Society of Municipal Finance Officers

CWA – Communications Workers of America

DOJ – Department of Justice

DUI – Driving Under the Influence

EDD – Employment Development Department

EMD – Emergency Medical Dispatch

FCC – Federal Communications Commission

FY – Fiscal Year

GASB – Governmental Accounting Standards Board

GFOA – Government Finance Officers Association

HQ – Headquarters

IFR – Injury Frequency Radio

IP – Internet Protocol

IWCE – International Wireless Communications Expo

LAIF – Local Agency Investment Fund

LASO – Los Angeles Sheriff's Office

MB – Manhattan Beach

MBWT – Manhattan Beach Water Tower

MDC - Mobile Data Computer

MHz – Megahertz

MOU – Memorandum of Understanding

NENA – National Emergency Number Association

OPEB – Other Post-Employment Benefits

OT – Overtime

PERS – Public Employees Retirement System

POST – Police Officer Standards and Training

PSAP – Public Safety Answering Point

PSTC – Public Safety Training Center

TMS – Training Management System

UAAL - Unfunded Actuarial Accrued Liability

UHF – Ultra High Frequency

VOIP - Voice over Internet Protocol

VHF - Very High Frequency

Glossary

ACCRUAL BASIS: Revenues are recognized when both measurable and available; expenditures are recorded when services have been substantially performed or goods have been received and the liabilities incurred.

ADOPTED BUDGET: The official budget as approved by the Board of Directors at the start of each fiscal year.

AMENDED BUDGET: The adopted budget as amended by the Board of Directors or the Executive Committee through the course of a fiscal year.

APPROPRIATIONS: A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and to the time when it may be expended.

AGENCY: A state or local unit of government created to perform a single activity or a limited group of functions and authorized by the state legislature to issue bonded debt.

ASSESSMENTS: The annual prorated and predetermined charges to the Member Cities (Gardena, Hawthorne, and Manhattan Beach) based on ownership share; for the Client Cities of El Segundo and Hermosa Beach (under contract), the assessment is annually adjusted based on the Consumer Price Index (CPI) for the preceding year.

AUTHORITY: The South Bay Regional Public Communications Authority, a governmental agency that provides a consolidated regional public communications system.

BOND: A security whereby an issuer borrows money from an investor and agrees and promises, by written contract, to pay a fixed principal sum on a specified date (maturity date) and at a specified rate of interest.

BOND PREMIUM: The amount at which a bond or note is bought or sold above its par value or face value without including accrued interest.

BUDGET: A plan of financial operation comprised of estimated expenditures for a given period (usually a single fiscal year) and the proposed means of financing the expenditures (through revenues).

BUDGET MESSAGE: A written discussion of the budget presented by the Executive Director to the Board of Directors and/or the Executive Committee.

CAPITAL OUTLAY BUDGET: A budget which focuses on capital projects (e.g., transmission/receiver or radio sites); includes fixed assets with a value per item of \$1,000 or more and with a minimum life expectancy of two years.

CONTRACTED SERVICES: Services rendered in support of the Authority's operations and activities by external parties. These may be based upon either formal contracts or ad hoc charges.

DEPARTMENT: A major organizational group of the Authority with overall management responsibility for an operation or a group of related operations within a functional area.

ENCUMBRANCE: The commitment of appropriated funds to purchase goods, which have not yet been received, or services which have yet to be rendered

ENTERPRISE FUND: The fund used to account for any activity for which a fee is charged to external users of goods and services.

EXPENDITURES: Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service, and capital outlays.

EXPENSES: Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

FISCAL AGENT: Also known as the Paying Agent, the bank, designated by the issuer, to pay interest and principal to the bondholder.

FISCAL YEAR: A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position, the results of its operations, and adopts a budget for the coming year. The Authority's fiscal year is from July 1 to June 30.

FIXED ASSETS: Equipment costing \$1,000 or more, including tax, with a useful life longer than one year, and not qualifying as a capital improvement project. Includes automotive equipment, office equipment, office furniture, acquisitions, landscaping improvements, etc.

FUND: An independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves, and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

FUND BALANCE: The equity (assets minus liabilities) of governmental fund and fiduciary fund types. However, for budgeting purposes, a working capital definition of current assets minus current liabilities is used for the computation.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): Uniform minimum standards of and guidelines for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations.

INVESTMENT GRADE: Bond issues by the three major bond rating agencies, Moody's, Standard & Poor's, and Fitch, rated BBB, Baa or

better. Many fiduciaries, trustees, and some mutual fund managers can only invest in securities with an investment grade rating.

ISSUER: A state or local unit of government that borrows money through the sale of bonds and/or notes.

JOINT POWERS AUTHORITY (JPA): The formation of two or more public entities with common powers to consolidate their forces to acquire or construct a joint-use facility. Their bonding authority and taxing ability are the same as their powers as separate units.

LETTER OF CREDIT: A form of supplement or, in some cases, direct security for a municipal bond under which a commercial bank or private corporation guarantees payment on the bond under certain specified conditions.

OBJECTIVE: A simply stated, readily measurable statement of aim or expected accomplishment within the fiscal year. A good statement of objective should imply a specific standard of performance for a given program.

OBJECT CODE: The classification of expenditures in terms of what is bought and paid for grouped into major object codes by subject.

OPERATING BUDGET: A budget which focuses on everyday operating activities and programs. Usually includes personnel, maintenance and operations, and capital equipment.

PERSONNEL EXPENSES: Compensation paid to or on behalf of Authority employees for salaries and wages, overtime and benefits.

PREMIUM: The amount, if any, by which the price exceeds the principal amount (par value) of a bond. Its current yield will be less than its coupon rate.

PROPOSED BUDGET: The budget as formulated and proposed by the Executive Director. It is submitted to the Executive Committee and the Board of Directors for review and approval.

REFUNDING BOND: The issuance of a new bond for the purpose of retiring an already outstanding bond issue.

RETAINED EARNINGS: An equity account reflecting the accumulated earnings of Proprietary Fund types. For budgeting purposes, the working capital definition of fund balance is used.

REVENUE: Moneys that the City receives as income such as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues, and interest income.

REVENUE BOND: A municipal bond whose debt service is payable solely from the revenues received from operating the facilities acquired or constructed with the proceeds of the bonds.

TRUSTEE: A bank designated as the custodian of funds and official representative of bondholders. Appointed to ensure compliance with trust indenture.

USER CHARGES: Payments made by users or customers of publicly-provided services that benefit specific individuals. These services exhibit “public good” characteristics. Examples of user charges are fees paid for recreational activities, building fees, police fees, etc. For the Authority, the user charges are in the form of assessments to the members; billings to customers for equipment installation, repairs, and maintenance.



BUDGET POLICY

RESOLUTION NO. 321

**RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE SOUTH
BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY
ESTABLISHING A BUDGETARY POLICY**

WHEREAS, Article IV (E & F) of the Bylaws of the South Bay Regional Public Communications Authority (Authority) authorizes the Board of Directors to establish an annual budget for the Authority and to exercise any other power to implement the annual budget; and

WHEREAS, Article IV (D) of the Bylaws of the Authority has appointed the Executive Committee to be responsible for the day-to-day management and control of the operations of the Authority; and

WHEREAS, the Authority recognizes the need to establish a budgetary policy to assure efficient and effective management of the funds entrusted to the Authority by its Members; and

WHEREAS, the Executive Director of the Authority shall be authorized to commit and expend the budgeted funds to carry out the mission of the Authority; and

WHEREAS, the Executive Committee, on August 21, 2007, established the Authority's budgetary policy by repealing Section 1.0 and 4.0 of Resolution No. 69 and Sections 1 and 2 of Resolution 194 and adopting Resolution No. 256.

NOW, THEREFORE, BE IT RESOLVED that the Executive Committee of the Authority hereby adopts the following budgetary policy:

SECTION 1: DEFINITIONS/SCOPE OF THE BUDGET

- **Fiscal Period:** The year beginning July 1 and ending June 30
- **Budgeted Funds:** Fund 10/SBRPCA Enterprise Fund and Fund 20/Grant Fund
- **Budget Components:** Operating Budget; Capital Improvement Projects
- **Budget Categories:** Salaries & Benefits; Supplies & Services; Capital Outlay
- **Object Codes:** Line accounts such as Salaries; Overtime; Office Supplies; Legal Services; etc.
- **Departments:** Administration, Operations, Technical Services

SECTION 2: POLICY

- The Executive Director shall prepare a preliminary operating and capital outlay budget and present it to the Executive Committee at the Committee's regularly scheduled meeting in February of each year.
- The preliminary budget shall include an estimated amount that each Member City will be charged to support the budget appropriation during the coming fiscal year.
- The preliminary budget will also include a 10% Operational and Capital Reserve for operating and/or capital expense contingencies. The initial starting point for these reserves will be the combined Operating Reserve and Equipment Replacement Fund amounts detailed in the adopted Fiscal Year 2018/2019 budget.
- In circumstances where reserves have been appropriated by the Board of Directors and/or the Executive Committee, the budget will include a plan to replenish the reserves to this prescribed level within three (3) years.
- After the Executive Committee has reviewed and approved the preliminary budget, this recommended budget shall be submitted to the Board of Directors at the Board's regularly scheduled meeting in March of each year.
- The Board of Directors shall adopt the budget in March of each year according to the Authority's Bylaws.

SECTION 3: LEGAL LEVEL OF BUDGETARY CONTROL

- The legal level of budgetary control for management purposes is set by the Board of Directors and/or the Executive Committee at the fund level.

SECTION 4: BUDGET AMENDMENTS

- The Executive Director may execute operating budget transfers between object codes within the budget categories and between departments provided that such transfers do not result in an increase to the overall budget.
- Changes to the capital improvement projects budget will require pre-approval by the Board of Directors and/or the Executive Committee.
- Budget amendments that are between budget categories or increase the total amount of the budget will require pre-approval by the Board of Directors and/or the Executive Committee.
- Appropriations from the Reserve will require pre-approval by the Board of Directors and/or the Executive Committee.

- Unencumbered appropriations lapse at year-end. Any carryover appropriations will require approval by the Board of Directors and/or the Executive Committee.

SECTION 5 - FINANCIAL REPORTING

- The Executive Director shall present a quarterly budget performance report to the Executive Committee.
- The Executive Director shall present a mid-year budget report to the Board of Directors at the Board's meeting in January of each year.
- The Executive Director shall present a fiscal year-end audited financial statements to the Executive Committee at the Committee's regularly scheduled meeting in February of each year or sooner.

SECTION 6 – EXCESS FUNDS

- Based on the fiscal year-end audited financial statements, the unreserved Fund 10 Enterprise Fund balance shall be eligible to be remitted to each member in proportion to each member's ownership share in the Authority, in accordance with its Bylaws.
- The actual amount to be remitted shall be determined by the Board of Directors and/or the Executive Committee.

BE IT FURTHER RESOLVED, that Sections 1 through 4 of Resolution No. 256 adopted on August 21, 2007 are hereby repealed.

The secretary shall certify to the adoption of this Resolution by the Executive Committee of the South Bay Regional Public Communications Authority.

Passed, approved, and adopted in a meeting held on the 18th day of December, 2018 by the following vote:

Ayes: Medrano, Moe, Shadbehr.

Noes: None.

Absent: None.

Abstain: None.



Edward Medrano, Chair
Executive Committee



Erick B. Lee, Secretary
Executive Committee

FISCAL YEAR 2019-2020
BUDGET RESOLUTION



RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS
AUTHORITY ADOPTING THE BUDGET FOR FISCAL YEAR
2019-2020**

WHEREAS, the South Bay Regional Public Communications Authority has been established for the purpose of implementing, operating, and maintaining a consolidated regional public safety services communications system for the mutual benefit of its membership;

WHEREAS, funds are required of the Member Agencies to support such operations;

WHEREAS, in a public session, on March 19, 2019, the Board of Directors examined and adopted the budget for Fiscal Year 2019-2020 as outlined below;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of said Authority has adopted a budget in the amount of \$11,224,274 for the period of July 1, 2019 through June 30, 2020 in accordance with the following allocations:

Administration Department	\$2,209,646
Operations Department	8,249,962
Technical Services Division	1,966,920
Capital Outlay	125,000
Total Budget	\$12,551,528

BE IT FURTHER RESOLVED that the Finance & Performance Audit Manager of the Authority is authorized to issue assessments to the Member Cities in accordance with the terms, conditions, and formulas contained in Article VIII of the Authority Bylaws, and as shown on page 23 of the budget document.

WE HEREBY CERTIFY that the foregoing is a true copy of the resolution adopted by the Board of Directors of the South Bay Regional Public Communications Authority in a meeting thereof held on the 19th day of March 2019, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Rodney Tanaka, Mayor Pro Tem
Chairman, Board of Directors

Erick B. Lee, Executive Director
Secretary, Board of Directors





Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: February 19, 2019

ITEM NUMBER: E4

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: AGREEMENT WITH RICHARDS, WATSON & GERSHON FOR
GENERAL COUNSEL LEGAL SERVICES

ATTACHMENTS: 1. Agreement

RECOMMENDATION

Staff recommends that the Executive Committee approve an agreement with the law firm of Richards, Watson & Gershon ("RWG"), A Professional Corporation, for general counsel legal services.

BACKGROUND

For the past many years, the Authority's legal counsel services have been provided on a by-request, as-needed basis by the law firm Wallin, Kress, Reisman and Kranitz, LLP under the City of Gardena's contract with the firm for its services as the municipality's City Attorney. Under this arrangement, the firm has advised the Authority on general administrative matters, Brown Act compliance, personnel issues, litigation, etc.

DISCUSSION

The Authority has identified the need for dedicated general counsel legal services. Such services would include:

- A. Attendance at Authority Board meetings, and any other meeting directed by the Executive Director;
- B. Attendance at staff meetings when directed by the Executive Director;
- C. Legal research and legal advice to the Authority Board, any Authority committees or sub-committees, the Executive Director, and Authority Staff;

- D. Preparation and review of resolutions and agreements as requested;
- E. Representation of the Authority in non-adversarial administrative proceedings, legislative hearings, and other intergovernmental matters;
- F. Representation of the Authority and Authority officials and employees in claims and litigation filed by or against the Authority;
- G. Oversight of legal matters handled by outside counsel;
- H. Legal services for entities, if any, created by the Authority;
- I. Bond counsel, disclosure counsel, and issuer counsel services in connection with the issuance of bonds or other obligations by the Authority, or any entity created by the Authority; and
- J. Such other legal services as may be directed by the Authority Board, Executive Committee, or Executive Director from time to time.

The law firm of Richards, Watson & Gershon ("RWG"), A Professional Corporation, has been identified as a firm qualified to provide these services and has proposed that Jennifer Petrusis serve as General Counsel to the Authority at the will and pleasure of the Authority.

FISCAL IMPACT

Under the terms of the agreement, the Authority will be billed at a composite hourly rate for all attorneys of \$240 per hour for General Services.

In addition, other services that would be available to the Authority under this agreement include:

Special Services (real estate matters, environmental law, etc.)	\$295 per hour
Bond Counsel Services	\$395 per hour
Paralegal Services	\$170 per hour

E4 ATTACHMENT #1

LEGAL SERVICES AGREEMENT

THIS LEGAL SERVICES AGREEMENT (“Agreement”) is made and entered into as of February 19, 2019, by and between the South Bay Regional Public Communications Authority (“Authority”), a California Joint Powers Authority, and the law firm of Richards, Watson & Gershon (“RWG”), A Professional Corporation. In consideration of the mutual promises set forth herein, the parties agree as follows:

1. **Recitals.** This Agreement is made with respect to the following purposes and facts that each party agrees are true and correct:

A. The Authority wishes to retain RWG to provide legal services and serve as General Counsel to the Authority, as directed by the Authority’s Board of Directors (“Authority Board”), Executive Committee, User Committee, and Executive Director;

B. RWG wishes to provide the requested legal services to the Authority;

C. The attorneys of RWG are duly licensed under the laws of the State of California and are qualified and competent to provide General Counsel and Special Counsel legal services as contemplated by this Agreement.

2. **Scope of Work.** RWG shall perform all legal services for the Authority as directed by the Authority Board, Executive Committee, User Committee, or Executive Director, except as provided in Section 6 with respect to matters in which RWG has a conflict under the Rules of Professional Conduct or California law. RWG shall at all times, without limitation, faithfully and competently perform all tasks described herein in a manner satisfactory to the Authority and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. Legal services shall include the following:

A. Attendance at Authority Board meetings, and any other meeting directed by the Executive Director (hereafter “Executive Director” shall include the Executive Director’s designee), unless excused therefrom by the Executive Director;

B. Attendance at staff meetings when directed by the Executive Director;

C. Legal research and legal advice to the Authority Board, any Authority committees or sub-committees, the Executive Director, and Authority Staff;

D. Preparation and review of resolutions and agreements as requested;

E. Representation of the Authority in non-adversarial administrative proceedings, legislative hearings, and other intergovernmental matters;

F. Representation of the Authority and Authority officials and employees in claims and litigation filed by or against the Authority;

- G. Oversight of legal matters handled by outside counsel;
- H. Legal services for entities, if any, created by the Authority;
- I. Bond counsel, disclosure counsel, and issuer counsel services in connection with the issuance of bonds or other obligations by the Authority, or any entity created by the Authority; and
- J. Such other legal services as may be directed by the Authority Board, Executive Committee, or Executive Director from time to time.

3. **Term.** This Agreement shall commence on February 19, 2019, and shall continue in effect until terminated by the Authority or RWG. The Authority or RWG may terminate this Agreement at any time, with or without cause, by giving thirty (30) days written notice to the other party prior to termination of this Agreement. In the event of termination, RWG shall comply with all provisions of the Rules of Professional Conduct for the termination of a client relationship, shall assist the Authority in the transition to a new firm, and shall be compensated for such assistance at the rates provided for in this Agreement.

4. **Designation of General Counsel.** Jennifer Petrusis shall be designated as General Counsel to the Authority to serve at the will and pleasure of the Authority Board. Jennifer Petrusis will be the RWG attorney with responsibility for providing legal services for the Authority, and will be the principal contact for the Authority Board, the Executive Committee, the User Committee, the Executive Director, and Authority staff. Other RWG attorneys will be assigned by Jennifer Petrusis to work on legal matters for the Authority on an “as-needed” basis under her supervision.

5. **Compensation, Expenses and Billing.**

A. **Compensation Rates.** RWG shall be compensated for the performance of legal services in accordance with the compensation rate schedule for the Authority (“Compensation Rate Schedule”), attached to this Agreement as Exhibit A and incorporated herein as though set forth in full. The terms of this Agreement and the Compensation Rate Schedule shall apply to legal services performed for entities affiliated with the Authority that may be established. Except as provided in paragraph B of this Section, the Compensation Rate Schedule shall remain in effect until amended by mutual agreement of the parties.

B. **Adjustment in Rates by Change in CPI.** Commencing July 1, 2021, and annually thereafter, the hourly rates set forth on Exhibit A shall automatically increase by the percentage change in the Consumer Price Index (All Urban Consumers; Los Angeles-Riverside-Orange County). The calculation shall be made using the month of April over the month of April in the prior year. Any such annual adjustment that equals or exceeds three percent (3%), and any other adjustments in the rates, shall require prior written approval of the Authority Board.

C. **Reimbursable Expenses and Other Costs.** RWG shall be compensated for the expenses and costs as set forth in the attached Compensation Rate Schedule.

D. **Billing.** RWG shall provide to the Authority a monthly invoice for services provided, time spent providing those services, and costs incurred in the form customarily supplied by RWG to public agency clients being billed on an hourly basis. The Authority shall process and cause such invoices to be paid promptly and no later than within thirty (30) days of receipt of invoice.

6. **Conflicts of Interest.** RWG shall comply with all applicable laws and professional rules and standards relating to any known conflict of interest involving the Authority and matters upon which RWG is providing legal services under this Agreement. RWG shall not reveal confidential information of the Authority except with the consent of the Authority Board, or Executive Director, or as otherwise required by law. RWG shall notify the Authority Board or Executive Director, depending on the circumstances, of any conflict of interest related to matters upon which it is providing legal services under this Agreement upon discovery of any such conflicts. In the event that such conflict is not or cannot be waived or resolved, the Authority shall retain alternate legal counsel and RWG shall assist and cooperate with such legal counsel retained by the Authority on the matter for which the conflict arose.

7. **Client Files.**

A. At the conclusion of RWG's legal representation of the Authority, the original client files for the work performed under this Agreement for the Authority shall be made available to the Authority. RWG will be entitled to make copies of the client files. Authority shall take possession of any and all original contracts, and other such important documents that may be in the client files, and RWG shall have no further responsibility with regard to such documents.

B. If the Authority does not take possession of all client files at the conclusion of RWG's legal representation of the Authority, RWG shall store any remaining client files for a period of at least one (1) year. At the conclusion of such one (1) year period, RWG may send to the Authority a notice, advising of RWG's intention to dispose of the client files. The Authority shall have sixty (60) days from the date of such notice to take possession of the client files. If the Authority does not take possession of the client files during that time, the Authority agrees that RWG may dispose of the client files without further notice.

C. This section shall survive the expiration of this Agreement.

8. **Insurance.**

A. **Coverage Levels.** RWG shall maintain at all times during the term of this Agreement policies of insurance with at least the minimum coverage specified below:

- 1) General liability insurance with a combined single limit of not less than two million dollars (\$2,000,000);
- 2) Workers' compensation coverage in compliance with California law;

3) Professional liability coverage with a minimum limit of liability of two million dollars (\$2,000,000) per claim and four million dollars (\$4,000,000) in the aggregate. Such insurance may be subject to a self-insured retention or deductible to be borne entirely by RWG which shall not exceed two hundred fifty thousand dollars (\$250,000) per claim, without prior approval of the Executive Director.

B. All such policies of insurance specified above shall:

1) Except as to professional liability insurance, provide minimum thirty (30) days' notice of cancellation by insurer, except in the event of non-payment of premium, in which case ten (10) days' notice is to be provided;

2) Be maintained in full force and effect throughout the term of this Agreement; and

3) Be placed with insurance carriers with an A.M. Best rating of no less than A-:VII or otherwise acceptable to Authority.

9. **Independent Contractor.** No employment relationship is created by this Agreement. RWG shall be an independent contractor of the Authority, except that at all times providing services under the Agreement, RWG's shareholders and employees shall be acting as public officials.

10. **General Provisions.**

A. **Non-Discrimination.** In the performance of this Agreement, RWG shall not unlawfully discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, sexual orientation or medical condition.

B. **Assignment/Delegation.** This Agreement contemplates the personal professional services of RWG to Authority and neither this Agreement, nor any portion thereof, shall be assigned or delegated by either party without the prior written consent of both parties.

C. **Interpretation.** The following rules of legal construction shall apply:

1) This Agreement is made and entered into in the State of California and shall in all respects be interpreted, enforced, and governed under the substantive laws of the State of California.

2) The article and section captions and headings in this Agreement have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

3) Whenever in this Agreement the context may so require, the masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular shall refer to and include the plural.

D. Attorney's Fees. The parties acknowledge and agree that each will bear its own costs, expenses and attorney's fees arising out of or connected with the negotiation, drafting, and execution of this Agreement.

E. Notices, etc. Any notice required to be given shall be deemed to have been given by depositing such notice in the United States mail, postage prepaid, and addressed as follows:

TO AUTHORITY:

South Bay Regional Public
Communications Authority
4440 West Broadway
Hawthorne, California 90250
Attention: Executive Director

TO RWG:

Jennifer Petrusis
Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101

Either party may, from time to time, by written notice to the other, designate a different address or contact person, which shall be substituted for the one above specified. Notices, invoices and other documents delivered under this Agreement shall be deemed delivered upon receipt by personal service or as of the third (3rd) day after deposit in the United States mail.

F. Signatories. Each signatory warrants and represents that he or she is competent and authorized to execute this Agreement on behalf of the party for whom he or she purports to sign.

G. Entire Agreement. This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

H. Modification of Agreement. This Agreement and the provisions set forth herein may be modified only by way of a written amendment to this Agreement that has been approved and executed by and on behalf of both RWG and the Authority.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to sign below.

February __, 2019

SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY

Edward Medrano
Chairperson, Executive Committee

SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY

Erick B. Lee
Executive Director

RICHARDS, WATSON & GERSHON,
A Professional Corporation

Kayser O. Sume
Chairman, Board of Directors

EXHIBIT A

RICHARDS, WATSON & GERSHON COMPENSATION RATE SCHEDULE FOR SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY (EFFECTIVE FEBRUARY 12, 2019)

Legal services provided by Richards, Watson & Gershon (“RWG”) to the South Bay Regional Public Communications Authority (“Authority”) shall be billed to, and compensated by, the Authority as follows:

A. General Services.

General Services are defined as all legal services that are not defined below as Special Services, or Bond Counsel Services. Without limitation, all of the following are General Services:

1. Attendance at Authority Board of Director meetings, and any other meeting directed by the Executive Director (hereafter “Executive Director” shall include the Executive Director’s designee), unless excused by the Executive Director;
2. Attendance at staff meetings when directed by the Executive Director;
3. Legal research and legal advice to the Authority Board of Directors, any Authority committees and sub-committees, the Executive Director, and Authority Staff;
4. Preparation and review of resolutions and agreements as requested;
5. Oversight of legal matters handled by outside counsel;
6. Legal services for entities created by the Authority; and
7. Such other legal services as may be directed by the Authority Board of Directors or Executive Director from time to time.

General Services shall be billed to, and compensated by, the Authority at a composite hourly rate for all attorneys of \$240 per hour.

B. Special Services.

Special Services are defined as legal services provided in the following matters:

1. Real estate matters;
2. Labor and employment law matters;

3. Environmental law matters, including but not limited to, hazardous waste, Clean Air Act, and Clean Water Act matters;
4. Litigation services including, without limitation, representation of the Authority (i) in all aspects of the initiation, advancement, or defense of claims in litigation, arbitration, or mediation and (ii) in administrative proceedings before other public agencies;
5. Insurance coverage matters; and
6. Public finance services other than Bond Counsel Services.

Special Services shall be billed to, and compensated by, the Authority at a composite hour rate for all attorneys of \$295 per hour.

C. Bond Counsel Services.

Bond Counsel Services will be defined as bond counsel, disclosure counsel, and issuer counsel services in connection with the issuance of bonds or other obligations by the Authority, or any entity created by the Authority. Bond Counsel Services will be billed to, and compensated by, the Authority as follows:

1. RWG shall charge a composite hourly rate for all attorneys of \$395 per hour for any of these services. The maximum total fee charged for an issuance shall not exceed an amount that the Executive Director deems fair and reasonable.
2. RWG's costs and expenses shall be paid in accordance with this Exhibit.
3. In the event the proceedings for issuance of the bonds are terminated before closing, RWG would expect to be paid for its services to the date of abandonment at the composite hourly rate set forth above, but the amount of that payment would not exceed an amount that the Executive Director deems fair and reasonable.
4. In the event the Authority forms or is a member of a joint powers authority that has the power to issue bonds or other obligations, RWG shall provide bond counsel, disclosure counsel, and issuer counsel services to the joint powers authority in connection with the issuance of bonds or other obligations, if and when requested by the joint powers authority. The compensation for Bond Counsel Services in connection with service to the joint powers authority shall be as specified in this Exhibit unless there is a separate contract or agreement with the joint powers authority that provides a fee schedule or rate.

G. Paralegal Services.

Paralegal services shall be billed to, and compensated by, the Authority at a composite hour rate for all paralegals of \$170 per hour.

H. Reimbursable Costs and Other Expenses.

Mileage will be billed at the standard rate established by the IRS for deducting the operating expenses of an automobile used for business purposes. The IRS mileage reimbursement rate was 58 cents per mile on the effective date of this Exhibit. Copying costs will be charged at 5 cents per page. There will be no charge for facsimiles. All other costs, such as long distance telephone charges, messenger and delivery services, and legal research services will be charged at RWG's actual out-of-pocket expenses, with the exception that the Authority will not be billed for telephone calls within California. RWG will not charge for word processing and similar clerical tasks, or for the costs of first-class postage.



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: February 19, 2019
ITEM: F
TO: Executive Committee and User Committee
FROM: Erick B. Lee, Executive Director
SUBJECT: EXECUTIVE DIRECTOR'S REPORT
ATTACHMENTS: None

The Executive Committee and User Committee will be provided an oral report on the following topics:

- Communications Operator Recruitment Update
- Update on INSB Network Project
- Update on UASI Grant Reimbursement
- Manhattan Beach's Community Police Academy Event on February 7, 2019