

**A G E N D A**  
**REGULAR JOINT MEETING OF**  
**THE BOARD OF DIRECTORS,**  
**EXECUTIVE COMMITTEE AND USER COMMITTEE**  
**TUESDAY, MAY 16, 2017, 2:00 PM**  
**SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY**  
**SECOND FLOOR CONFERENCE ROOM**  
**4440 W. BROADWAY, HAWTHORNE, CA**

1. **CALL TO ORDER**

2. **PUBLIC DISCUSSION**

Anyone wishing to discuss items of interest to the public within the Executive Committee's jurisdiction may do so at this time. Comments shall be limited to five minutes per speaker.

3. **ACTION ITEMS**

3a. **Approval of Minutes –April 18, 2017\***

3b. **Budget Performance Report – April 30, 2017\***

3c. **Approval of Fiscal Year 2017-2018 Investment Policy and Resolution No. 309\***

3d. **Approval of Fiscal Year 2017-2018 Budget and Resolution No. 308\***

3e. **Election of Board of Directors' Chairman and Vice-Chairman Fiscal Year 2017-2018**  
(Councilman Medina is currently Chairman and Mayor Lesser is currently Vice-Chairman)

4. **EXECUTIVE DIRECTOR'S REPORT**

5. **NEW BUSINESS**

6. **CLOSED SESSION**

Conference Re: Personnel Matters  
Pursuant to Government Code Section 54957.6 (Executive Director's Evaluation)

7. **ADJOURNMENT**

\*Written material attached.

\*\*Written material distributed in closed session.

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Posting Place:

4440 W. Broadway, Hawthorne, CA 90250

Posting Date/Time:

May 10, 2017/3:00 PM

Signature:



Ralph Mailloux, Executive Director

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

**1. CALL TO ORDER**

The Executive Committee and the User Committee convened in a regular joint session at 2:05 PM on Tuesday, April 18, 2017, in the second floor conference room of the South Bay Regional Public Communications Authority, 4440 W. Broadway, Hawthorne, CA.

**ROLL CALL**

Present: City Manager Mitch Lansdell, City of Gardena  
Interim City Manager Arnie Shadbehrr, City of Hawthorne  
Chief Pete Bonano, Hermosa Beach Fire Department  
Chief Bob Fager, Hawthorne Police Department  
Chief Ed Medrano, Gardena Police Department  
Chief Sharon Papa, Hermosa Beach Police Department  
Chief Mitch Tavera, El Segundo Police Department  
Chief Dave White, Culver City Fire Department

Absent: City Manager Mark Danaj, City of Manhattan Beach  
Chief Chris Donovan, El Segundo Fire Department  
Chief Eve Irvine, Manhattan Beach Police Department

Also Present: Executive Director Ralph Mailloux  
Operations Manager Shannon Kauffman  
Administration Manager John Krok  
Finance Manager Valerie Mohler  
Management Analyst George Gabriel, City of Manhattan Beach  
Mr. Carl Jacobson, City of El Segundo

**2. PUBLIC DISCUSSION**

None.

**3. ACTION ITEMS**

**3a. Approval of Minutes –March 21, 2017**

**MOTION:** Interim City Manager Shadbehrr moved to approve the minutes of March 21, 2017 as written. The motion was seconded by City Manager Lansdell and passed by unanimous voice vote, absent City Manager Danaj.

**3b. Budget Performance Report – March 31, 2017**

Finance Manager Mohler presented the staff report per written material of record.

**MOTION:** Interim City Manager Shadbehr moved to receive and file the Budget Performance Report as of March 31, 2017. The motion was seconded by City Manager Lansdell and passed by unanimous voice vote, absent City Manager Danaj.

3c. **Cash & Investments Report – March 31, 2017**

Finance Manager Mohler presented the staff report per written material of record.

**MOTION:** Interim City Manager Shadbehr moved to receive and file the Cash & Investments Report as of March 31, 2017. The motion was seconded by City Manager Lansdell and passed by unanimous voice vote, absent City Manager Danaj,

3d. **Proposed Fiscal Year 2017-2018 Budget**

Executive Director Mailloux gave a Power Point presentation on the proposed Fiscal Year 2017-2018 Budget in the amount of \$11,224,274. He explained that the transition of Culver City into the Authority provided a surplus that will be applied to the three owner cities' assessments, resulting in no increase for Fiscal Year 2017-2018. Future surpluses will not be as much as this year, but the member cities' assessments should continue to be offset. Mr. Mailloux advised that the increase to the City of El Segundo's assessment, based on the Consumer Price Index for the preceding year, will be \$23,865 (1.9%); and that, using the new cost methodology formula for annual increases, the City of Hermosa Beach's and Culver City's assessments will be increased 4.32%, resulting in an increase of \$28,991 and a total of \$700,072 for Hermosa Beach and an increase of \$97,753 and a total of \$2,360,551 for Culver City. He pointed out that each member city can use the undesignated fund balance, allocated according to the ownership formula, at their discretion.

City Manager Lansdell recalled that the Executive Committee agreed to apply the new cost methodology formula for annual increases to Hermosa Beach's assessment for Fiscal Year 2017-2018 and he questioned if there has been any discussion about Hermosa Beach's assessment for the long-term.

Executive Director Mailloux noted Item No. 3e, "Hermosa Beach Assessment," on the agenda for this meeting.

Chief Papa entertained the idea of continuing discussion about Hermosa Beach's assessment until after their new city manager begins mid May. She confirmed Hermosa Beach's agreement with applying the new cost methodology formula for annual increases to Hermosa Beach's assessment for Fiscal Year 2017-2018.

Executive Director Mailloux requested input on how each member city would like to use their undesignated fund balance. He pointed out that a percentage of the undesignated fund balance could be allocated to an equipment replacement fund for the future and that future increases to retirement costs will not be as great as they might have been due to the Authority's tiered retirement system.

Chief Medrano recommended that the topic of how the member cities would like to use their undesignated fund balance be continued so the cities can further discuss it. He commented on the importance of also discussing long-term capital replacement.

Regular Joint Meeting of the Executive  
Committee and the User Committee  
April 18, 2017

City Manager Lansdell entertained the idea of the Executive Committee making a recommendation to the Board of Directors at the next meeting on how to allocate their undesignated fund balance.

**MOTION:** City Manager Lansdell moved to recommend approval of the proposed Fiscal Year 2017-2018 Budget as written, with the understanding that the member cities will make recommendations at the next meeting as to how their city would like to use their undesignated fund balance. The motion was seconded by Interim City Manager Shadbehrr and passed by unanimous voice vote, absent City Manager Danaj.

3e. **Hermosa Beach Assessment**

City Manager Lansdell recalled previous discussion about Hermosa Beach's assessment and he volunteered to work with Executive Director Mailloux to achieve a long-term agreement.

Executive Director Mailloux presented the staff report. He outlined the recommendations on Page 2.

Chief Medrano recommended that this issue be examined from a broader perspective. He noted that, due to the Brown Act, only one member of the Executive Committee can serve on a subcommittee to discuss Hermosa Beach's contract.

City Manager Lansdell affirmed that he and Executive Director Mailloux will contact Hermosa Beach to discuss their assessment after their new city manager begins.

4. **EXECUTIVE DIRECTOR'S REPORT**

4a. Executive Director Mailloux shared information on the Authority's hiring efforts toward the positions of communications operator and installer.

Chief Fager asked if there are enough communications operators to handle the increase in calls due to Culver City.

Executive Director Mailloux and Operations Manager Kauffman provided additional input on hiring efforts, including the plan to hire five more communications operators, for a total of ten new operators as a result of Culver City coming to the Authority.

5. **NEW BUSINESS**

5a. City Manager Lansdell asked that "Executive Director's Evaluation" be placed on the agenda for the next meeting.

6. **ADJOURNMENT**

The meeting was adjourned at 2:55 PM.



# Staff Report

## South Bay Regional Public Communications Authority

**TO:** Executive Committee

**THROUGH:** Ralph Mailloux

**FROM:** Valerie Mohler

**DATE:** May 16, 2017

**SUBJECT:** Budget Performance Report April 30, 2017

**RECOMMENDATION:**

Receive and file the attached Budget Performance Report as of April 30, 2017.

**FISCAL IMPLICATION:**

Overall, revenues and expenses appear to be within the budgeted amounts with exceptions in some line accounts, such as: overtime, leave payoffs, and some reimbursable accounts that are overdrawn or not budgeted. All overages should be offset by savings in other accounts.

At this time, staff still anticipates some budgetary savings at year-end primarily due to communications operator, supervisor vacancies.

**BACKGROUND:**

If solely based on a 12-month operating cycle, both revenues and expenses should be at the 83.33% mark with 16.67% remaining in the budget. However, depending on the nature and the timing of when revenues are earned and received, or when expenses are incurred and recorded, variances could occur. As of this period, overall expenses are at 83.09% with 16.91% remaining in the budget. Balances in capital outlay will be carried over to the next fiscal year if not fully expended at year-end.

**DISCUSSION:**

Attachment 1 shows that revenue is approximately \$2.5 million over expenses and encumbrances. The revenue excess over expenses is supposed to fund the Authority's activities through the end of the fiscal year, including capital outlay. The Authority has received all of the fourth quarter assessments, as well as the

transition costs reimbursement and the full 2016-17 assessment from Culver City.

Attachment 2 shows that revenues are on track with the budget, except for Reimbursements for Billable Parts, which are offset by expenses under Parts Billing. Typically, billings lag behind the expenses for this revenue. Both these accounts do not reflect the overall budget performance.

Attachment 3 shows the details by department/by account and the variances between the budget and the actual expenses. Some of the variances in the Salaries & Benefits category may be attributed to salary savings from vacant positions. Salary savings in Operations are supposed to offset overruns in overtime due to minimum manning requirements. The Technical Services department currently shows a deficit budget balance of -20.77%. As previously mentioned, this department includes the parts billing account which is offset by revenue. Adjusting for the revenue offset, the Technical Services department would be at 82.20% expended with 17.80% remaining.

Some of the variances in the Supplies & Services category may be attributed to when supplies are purchased or when services are rendered. Member Cities have not fully expended their capital outlay, funded by the re-allocation of the Punta Place project balance. Remaining amounts will be carried over to the next year if they are not expended by year-end.

Staff is available to respond if you have any questions on this report.

Attachments: Attachment 1– Budget Performance Summary  
Attachment 2 – Revenue Status Report (pages 1-2)  
Attachment 3 – Expenditure Status Report (page 1-5)

**SBRPCA**  
**SUMMARY BUDGET PERFORMANCE REPORT**  
**APRIL 30, 2017**

<u>ACCOUNT DESCRIPTION</u>	<u>AMENDED BUDGET</u>	<u>CURRENT MONTH</u>	<u>YTD ACTUAL</u>	<u>ENCUM</u>	<u>BALANCE</u>	<u>PERCENT BALANCE</u>
<b>TOTAL REVENUE</b>	<b>\$ 9,638,163</b>	<b>\$ 97,664</b>	<b>\$ 11,018,006</b>	<b>\$ -</b>	<b>\$ (1,379,843)</b>	<b>-14.32%</b>
<b>EXPENSE SUMMARY:</b>						
<b><u>Administration</u></b>						
Salaries & Benefits	\$ 982,860	\$ 80,838	\$ 829,016	\$ -	\$ 153,844	15.65%
Supplies/Services/Equipment	668,601	40,835	592,172	-	76,429	11.43%
<b>Total Expenses - Administration</b>	<b>\$ 1,651,461</b>	<b>\$ 121,673</b>	<b>\$ 1,421,188</b>	<b>\$ -</b>	<b>\$ 230,273</b>	<b>13.94%</b>
<b><u>Operations</u></b>						
Salaries & Benefits	\$ 6,316,206	\$ 464,732	\$ 4,763,373	\$ -	\$ 1,552,833	24.58%
Supplies/Services/Equipment	226,902	14,732	133,651	-	93,251	41.10%
<b>Total Expenses - Operations</b>	<b>\$ 6,543,108</b>	<b>\$ 479,464</b>	<b>\$ 4,897,025</b>	<b>\$ -</b>	<b>\$ 1,646,083</b>	<b>25.16%</b>
<b><u>Technical Services</u></b>						
Salaries & Benefits	\$ 1,010,706	\$ 53,238	\$ 717,066	\$ -	\$ 293,640	29.05%
Supplies/Services/Equipment	642,560	55,843	1,279,556	-	(636,996)	-99.13%
<b>Total Expenses - Technical Services</b>	<b>\$ 1,653,266</b>	<b>\$ 109,081</b>	<b>\$ 1,996,622</b>	<b>\$ -</b>	<b>\$ (343,356)</b>	<b>-20.77%</b>
<b>Total Operating Expenses</b>	<b>\$ 9,847,835</b>	<b>\$ 710,218</b>	<b>\$ 8,314,834</b>	<b>\$ -</b>	<b>\$ 1,533,001</b>	<b>15.57%</b>
<b>Capital Outlay</b>	<b>\$ 381,653</b>	<b>\$ -</b>	<b>\$ 184,806</b>	<b>\$ -</b>	<b>\$ 196,847</b>	<b>51.58%</b>
<b>GRAND TOTAL</b>	<b>\$ 10,229,488</b>	<b>\$ 710,218</b>	<b>\$ 8,499,640</b>	<b>\$ -</b>	<b>\$ 1,729,848</b>	<b>16.91%</b>
<b>RECAP</b>						
Administration	\$ 1,651,461	\$ 121,673	\$ 1,421,188	\$ -	\$ 230,273	13.94%
Operations	6,543,108	479,464	4,897,025	-	1,646,083	25.16%
Technical Services	1,653,266	109,081	1,996,622	-	(343,356)	-20.77%
Capital Outlay	381,653	-	184,806	-	196,847	51.58%
<b>TOTAL EXPENSES</b>	<b>\$ 10,229,488</b>	<b>\$ 710,218</b>	<b>\$ 8,499,640</b>	<b>\$ -</b>	<b>\$ 1,729,848</b>	<b>16.91%</b>
Salaries & Benefits	\$ 8,309,772	\$ 598,808	\$ 6,309,455	\$ -	\$ 2,000,317	24.07%
Supplies/Services/Equipment	1,538,063	111,410	2,005,379	-	(467,316)	-30.38%
Capital Outlay	381,653	-	184,806	-	196,847	51.58%
<b>TOTAL EXPENSES</b>	<b>\$ 10,229,488</b>	<b>\$ 710,218</b>	<b>\$ 8,499,640</b>	<b>\$ -</b>	<b>\$ 1,729,848</b>	<b>16.91%</b>

**YTD REVENUES OVER YTD EXPENSES**

**\$ 2,518,366**

*Differences due to rounding.*

Revenue Status Report

South Bay Regional PCA  
 4/1/2017 through 4/30/2017

10 SBRPCA Enterprise Fund

<u>Account Number</u>	<u>Adjusted Estimate</u>	<u>Revenues</u>	<u>Year-to-date Revenues</u>	<u>Balance</u>	<u>Prct Rcvd</u>
10-50 Administration					
10-50-111 Administration					
10-50-111-4110 Gardena	2,391,301.00	0.00	2,391,301.00	0.00	100.00
10-50-111-4120 Hawthorne	3,359,598.00	0.00	3,359,598.00	0.00	100.00
10-50-111-4130 Manhattan Beach	1,703,280.00	0.00	1,703,280.00	0.00	100.00
10-50-111-4140 Hermosa Beach	671,081.00	0.00	671,081.00	0.00	100.00
10-50-111-4145 El Segundo	1,271,063.00	0.00	1,271,063.00	0.00	100.00
10-50-111-4146 Culver City Assessment	0.00	0.00	754,266.00	-754,266.00	0.00
10-50-111-4150 El Camino Community College	16,000.00	0.00	742.56	15,257.44	4.64
10-50-111-4151 Palos Verdes Estates Annual Maint	1,330.00	0.00	0.00	1,330.00	0.00
10-50-111-4152 Medical Director Services/Hermosa Beach	0.00	0.00	25,000.00	-25,000.00	0.00
10-50-111-4153 Medical Director Service/Manhattan Beach	0.00	0.00	25,000.00	-25,000.00	0.00
10-50-111-4154 Medical Director Services/El Segundo	0.00	0.00	25,000.00	-25,000.00	0.00
10-50-111-4210 Investment Earnings (LAIF)	7,500.00	5,572.56	14,660.13	-7,160.13	195.47
10-50-111-4220 POST Reimbursements	600.00	0.00	0.00	600.00	0.00
10-50-111-4230 Bond Expenses (Reimbursements)	5,000.00	0.00	0.00	5,000.00	0.00
10-50-111-4255 Unrealized Gain/Loss on Investments	0.00	0.00	-1,473.11	1,473.11	0.00
10-50-111-4410 Vending Machine Revenue	4,500.00	0.00	2,550.45	1,949.55	56.68
10-50-111-4430 Other Miscellaneous Revenue	5,000.00	1.61	14,283.51	-9,283.51	285.67
<b>Total Administration</b>	<b>9,436,253.00</b>	<b>5,574.17</b>	<b>10,256,352.54</b>	<b>-820,099.54</b>	<b>108.69</b>
10-60 Operations					

Revenue Status Report

South Bay Regional PCA  
 4/1/2017 through 4/30/2017

10 SBRPCA Enterprise Fund

<i>Account Number</i>	<i>Adjusted Estimate</i>	<i>Revenues</i>	<i>Year-to-date Revenues</i>	<i>Balance</i>	<i>Prct Rcvd</i>
10-60-211 Communications Center					
10-60-211-4215 DUI Reimbursement-Overtime	5,000.00	0.00	2,286.16	2,713.84	45.72
10-60-211-4435 Reimbursements Sprint Wireless	72,000.00	0.00	76,425.62	-4,425.62	106.15
10-60-211-4440 Reimbursements/Verizon Wireless	3,500.00	0.00	6,695.80	-3,195.80	191.31
<b>Total Operations</b>	<b>80,500.00</b>	<b>0.00</b>	<b>85,407.58</b>	<b>-4,907.58</b>	<b>106.10</b>
10-70 Technical Services					
10-70-311 Technical Services					
10-70-311-4360 Reimbursements for Billable Parts	75,000.00	92,089.34	312,619.56	-237,619.56	416.83
10-70-311-4365 Reimbursements for Vehicle Antennas	6,000.00	0.00	0.00	6,000.00	0.00
10-70-311-4370 Reimbursements for GST Software	40,410.00	0.00	42,868.00	-2,458.00	106.08
10-70-311-4445 Reimbursemnt for GETAC Project	0.00	0.00	83,000.00	-83,000.00	0.00
10-70-311-4455 Reimb Clvr Cty Infrastr Transition Costs	0.00	0.00	237,758.23	-237,758.23	0.00
<b>Total Technical Services</b>	<b>121,410.00</b>	<b>92,089.34</b>	<b>676,245.79</b>	<b>-554,835.79</b>	<b>556.99</b>
<b>Total SBRPCA Enterprise Fund</b>	<b>9,638,163.00</b>	<b>97,663.51</b>	<b>11,018,005.91</b>	<b>-1,379,842.91</b>	<b>114.32</b>
<b>Grand Total</b>	<b>9,638,163.00</b>	<b>97,663.51</b>	<b>11,018,005.91</b>	<b>-1,379,842.91</b>	<b>114.32</b>

**Expenditure Status Report**

South Bay Regional PCA  
 4/1/2017 through 4/30/2017

**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>
50 Administration						
50-100 Administration						
50-100-5000 Expenditures						
50-111-5101 Salaries (Full-Time)	716,286.00	57,634.47	591,543.16	0.00	124,742.84	82.58
50-111-5104 Acting Pay	1,000.00	0.00	0.00	0.00	1,000.00	0.00
50-111-5107 Merit Pay	2,650.00	0.00	2,650.00	0.00	0.00	100.00
50-111-5108 Sick Leave Payoff	25,000.00	0.00	13,537.09	0.00	11,462.91	54.15
50-111-5109 Vacation Leave Payoff	30,000.00	5,608.11	54,104.13	0.00	-24,104.13	180.35
50-111-5112 Other Pay	1,200.00	0.00	800.00	0.00	400.00	66.67
50-111-5201 Medical Insurance	53,300.00	5,209.17	42,964.95	0.00	10,335.05	80.61
50-111-5202 Dental Insurance	2,800.00	396.00	2,345.27	0.00	454.73	83.76
50-111-5203 Vision Insurance	1,329.00	125.00	1,009.20	0.00	319.80	75.94
50-111-5204 Life Insurance	657.00	55.00	491.00	0.00	166.00	74.73
50-111-5205 Medicare	11,503.00	941.37	9,770.23	0.00	1,732.77	84.94
50-111-5207 Workers' Compensation	9,750.00	681.97	6,958.50	0.00	2,791.50	71.37
50-111-5208 PERS Contributions	106,533.00	8,435.10	85,542.36	0.00	20,990.64	80.30
50-111-5209 Retirees' Medical Insurance	13,652.00	1,152.01	11,299.80	0.00	2,352.20	82.77
50-111-5212 Deferred Comp Matching Benefit	7,200.00	600.00	6,000.00	0.00	1,200.00	83.33
50-111-5301 Communications Contract Services	31,000.00	3,610.54	19,828.77	0.00	11,171.23	63.96
50-111-5302 Computer Contract Services/CAD-Tiburón	12,000.00	0.00	66,898.75	0.00	-54,898.75	557.49
50-111-5303 Bond Services/Reimbursable Expenses	5,000.00	0.00	0.00	0.00	5,000.00	0.00
50-111-5304 Accounting/Auditing Services	12,400.00	0.00	12,950.00	0.00	-550.00	104.44
50-111-5305 Legal Services	22,000.00	1,566.00	8,925.80	0.00	13,074.20	40.57
50-111-5306 Recruitment Costs	35,333.00	2,103.00	14,148.77	0.00	21,184.23	40.04
50-111-5307 Software Maintenance Services	33,772.00	0.00	40,876.66	0.00	-7,104.66	121.04
50-111-5308 Banking Services (Fees)	6,000.00	350.27	3,828.82	0.00	2,171.18	63.81
50-111-5309 Online/Website Maintenance Services	3,000.00	225.00	2,510.00	0.00	490.00	83.67
50-111-5312 Medical Director Services/Paramedics	0.00	6,250.00	56,250.00	0.00	-56,250.00	0.00
50-111-5401 Memberships & Dues	810.00	0.00	270.00	0.00	540.00	33.33
50-111-5402 Publications	350.00	0.00	0.00	0.00	350.00	0.00

**Expenditure Status Report**

South Bay Regional PCA  
 4/1/2017 through 4/30/2017

**10 SBRPCA Enterprise Fund**

<i>Account Number</i>	<i>Adjusted Appropriation</i>	<i>Expenditures</i>	<i>Year-to-date Expenditures</i>	<i>Year-to-date Encumbrances</i>	<i>Balance</i>	<i>Prct Used</i>
50-111-5403 Conferences, Meetings & Travel	11,436.00	975.14	11,273.63	0.00	162.37	98.58
50-111-5404 Employee Services/EC-BOD	1,500.00	185.92	1,731.01	0.00	-231.01	115.40
50-111-5407 Tuition Reimbursement	4,000.00	594.00	3,429.00	0.00	571.00	85.73
50-111-5501 Office Supplies	9,000.00	163.67	4,427.06	0.00	4,572.94	49.19
50-111-5502 Miscellaneous Supplies	1,100.00	8.99	8.99	0.00	1,091.01	0.82
50-111-5504 Vending Machine Supplies	4,500.00	0.00	1,141.42	0.00	3,358.58	25.36
50-111-5505 Voice Recording Tapes	1,500.00	0.00	0.00	0.00	1,500.00	0.00
50-111-5507 Postage	2,000.00	-16.29	746.01	0.00	1,253.99	37.30
50-111-5509 Reproduction	1,500.00	0.00	1,222.70	0.00	277.30	81.51
50-111-5511 Office Equipment Lease	11,500.00	963.87	11,446.02	0.00	53.98	99.53
50-111-5513 General Liability Insurance Premium	170,600.00	0.00	140,151.60	0.00	30,448.40	82.15
50-111-5517 Vehicle Operations	2,000.00	630.85	2,656.17	0.00	-656.17	132.81
50-111-5601 Telephone - Administration	17,750.00	1,244.45	7,910.81	0.00	9,839.19	44.57
50-111-5701 Maintenance - HQ	139,050.00	14,164.18	96,670.61	0.00	42,379.39	69.52
50-111-5702 Maintenance - Other Sites	6,500.00	0.00	1,144.89	0.00	5,355.11	17.61
50-111-5703 Electricity - HQ	97,000.00	6,047.21	64,493.11	0.00	32,506.89	66.49
50-111-5704 Electricity - Grandview	1,800.00	150.31	1,303.46	0.00	496.54	72.41
50-111-5705 Electricity - Punta Place	5,700.00	405.51	4,462.74	0.00	1,237.26	78.29
50-111-5706 Gas - HQ	12,000.00	744.91	7,328.54	0.00	4,671.46	61.07
50-111-5707 Water - HQ	3,500.00	324.56	2,751.98	0.00	748.02	78.63
50-111-5715 Electricity-MB Water Tower	3,000.00	142.53	1,384.59	0.00	1,615.41	46.15
<b>Total Administration</b>	<b>1,651,461.00</b>	<b>121,672.82</b>	<b>1,421,187.60</b>	<b>0.00</b>	<b>230,273.40</b>	<b>86.06</b>
60 Operations						
60-200 Operations						
60-200-5000 Expenditures						
60-211-5101 Salaries (Full-Time)	4,013,434.00	290,980.90	2,873,983.84	0.00	1,139,450.16	71.61
60-211-5102 Salaries (Part-Time)	220,536.00	6,254.75	43,696.08	0.00	176,839.92	19.81
60-211-5103 Overtime	350,000.00	49,652.70	579,339.77	0.00	-229,339.77	165.53
60-211-5104 Acting Pay	7,500.00	60.67	916.76	0.00	6,583.24	12.22
60-211-5105 Bilingual Pay	9,600.00	700.00	7,056.00	0.00	2,544.00	73.50
60-211-5108 Sick Leave Payoff	100,000.00	0.00	89,815.68	0.00	10,184.32	89.82

**Expenditure Status Report**

South Bay Regional PCA  
 4/1/2017 through 4/30/2017

**10 SBRPCA Enterprise Fund**

<i>Account Number</i>	<i>Adjusted Appropriation</i>	<i>Expenditures</i>	<i>Year-to-date Expenditures</i>	<i>Year-to-date Encumbrances</i>	<i>Balance</i>	<i>Prct Used</i>
60-211-5109 Vacation Leave Payoff	40,000.00	3,952.80	24,346.26	0.00	15,653.74	60.87
60-211-5110 Training Pay	5,000.00	1,195.21	3,862.34	0.00	1,137.66	77.25
60-211-5114 Holiday Payoff	45,000.00	0.00	32,792.37	0.00	12,207.63	72.87
60-211-5115 Education Incentive Pay	95,229.00	6,289.18	65,014.97	0.00	30,214.03	68.27
60-211-5116 Overtime - Ridealongs with Member Cities	16,500.00	0.00	9,618.94	0.00	6,881.06	58.30
60-211-5201 Medical Insurance	517,498.00	41,738.20	385,528.07	0.00	131,969.93	74.50
60-211-5202 Dental Insurance	33,542.00	2,298.00	19,578.89	0.00	13,963.11	58.37
60-211-5203 Vision Insurance	14,041.00	1,058.25	9,779.57	0.00	4,261.43	69.65
60-211-5204 Life Insurance	7,644.00	517.00	5,227.54	0.00	2,416.46	68.39
60-211-5205 Medicare	71,133.00	5,276.80	54,376.92	0.00	16,756.08	76.44
60-211-5206 Unemployment Insurance	15,000.00	0.00	7,521.00	0.00	7,479.00	50.14
60-211-5207 Workers' Compensation	53,500.00	3,997.75	40,791.17	0.00	12,708.83	76.25
60-211-5208 PERS Contributions	633,754.00	46,034.76	463,246.00	0.00	170,508.00	73.10
60-211-5209 Retirees' Medical Insurance	58,180.00	4,638.55	45,834.00	0.00	12,346.00	78.78
60-211-5211 Social Security	9,115.00	86.68	1,047.23	0.00	8,067.77	11.49
60-211-5401 Memberships & Dues	190.00	0.00	0.00	0.00	190.00	0.00
60-211-5402 Publications	1,960.00	39.90	1,118.55	0.00	841.45	57.07
60-211-5403 Conferences, Meetings & Travel	31,752.00	0.00	6,740.19	0.00	25,011.81	21.23
60-211-5404 Employee Services/EC-BOD	2,500.00	0.00	2,972.82	0.00	-472.82	118.91
60-211-5405 Employee Awards	500.00	0.00	0.00	0.00	500.00	0.00
60-211-5406 POST Training	2,000.00	0.00	1,995.92	0.00	4.08	99.80
60-211-5407 Tuition Reimbursement	18,000.00	996.00	15,361.50	0.00	2,638.50	85.34
60-211-5506 Uniforms/Safety Equipment	8,000.00	537.31	2,170.79	0.00	5,829.21	27.13
60-211-5509 Reproduction	500.00	0.00	353.00	0.00	147.00	70.60
60-211-5603 Telephone - El Segundo	3,000.00	193.27	1,819.19	0.00	1,180.81	60.64
60-211-5604 Telephone - Gardena	8,000.00	112.01	1,380.06	0.00	6,619.94	17.25
60-211-5606 Telephone - Hawthorne	6,500.00	321.87	4,239.78	0.00	2,260.22	65.23
60-211-5607 Telephone - Hermosa Beach	16,000.00	1,735.94	15,288.31	0.00	711.69	95.55
60-211-5608 Telephone - Manhattan Beach	13,000.00	707.07	4,163.14	0.00	8,836.86	32.02
60-211-5609 Telephone - MB Water Tower	8,500.00	0.00	0.00	0.00	8,500.00	0.00
60-211-5611 Telephone - Punta Place	15,000.00	310.77	3,115.20	0.00	11,884.80	20.77
60-211-5612 Telephone - RCC	16,000.00	825.06	7,450.65	0.00	8,549.35	46.57
60-211-5613 Sprint Wireless Reimbursable	72,000.00	6,768.04	58,352.36	0.00	13,647.64	81.04
60-211-5614 Verizon Wireless Reimbursable	3,500.00	704.57	5,649.82	0.00	-2,149.82	161.42

Expenditure Status Report

South Bay Regional PCA  
 4/1/2017 through 4/30/2017

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>
60-211-5615 Telephone - Culver City	0.00	1,479.87	1,479.87	0.00	-1,479.87	0.00
<b>Total Operations</b>	6,543,108.00	479,463.88	4,897,024.55	0.00	1,646,083.45	74.84
70 Technical Services						
70-300 Technical Services						
70-300-5000 Expenditures						
70-311-5101 Salaries (Full-Time)	619,378.00	32,395.98	444,505.16	0.00	174,872.84	71.77
70-311-5103 Overtime	13,500.00	738.45	8,377.93	0.00	5,122.07	62.06
70-311-5104 Acting Pay	5,746.00	0.00	0.00	0.00	5,746.00	0.00
70-311-5106 Callback Pay	2,500.00	0.00	0.00	0.00	2,500.00	0.00
70-311-5107 Merit Pay	2,700.00	0.00	2,650.00	0.00	50.00	98.15
70-311-5108 Sick Leave Payoff	15,000.00	0.00	8,273.71	0.00	6,726.29	55.16
70-311-5109 Vacation Leave Payoff	25,000.00	0.00	16,731.96	0.00	8,268.04	66.93
70-311-5114 Holiday Payoff	12,000.00	0.00	9,211.61	0.00	2,788.39	76.76
70-311-5115 Education Incentive Pay	5,084.00	0.00	2,467.59	0.00	2,616.41	48.54
70-311-5201 Medical Insurance	71,437.00	4,566.35	56,249.63	0.00	15,187.37	78.74
70-311-5202 Dental Insurance	6,983.00	150.00	2,668.91	0.00	4,314.09	38.22
70-311-5203 Vision Insurance	2,568.00	105.00	1,622.96	0.00	945.04	63.20
70-311-5204 Life Insurance	1,059.00	55.00	728.00	0.00	331.00	68.74
70-311-5205 Medicare	9,456.00	507.60	6,479.09	0.00	2,976.91	68.52
70-311-5207 Workers' Compensation	96,500.00	7,078.36	72,224.26	0.00	24,275.74	74.84
70-311-5208 PERS Contributions	96,955.00	5,199.27	64,572.18	0.00	32,382.82	66.60
70-311-5209 Retirees' Medical Insurance	23,040.00	2,442.04	20,302.66	0.00	2,737.34	88.12
70-311-5212 Deferred Comp Matching Benefit	1,800.00	0.00	0.00	0.00	1,800.00	0.00
70-311-5302 Computer Contract Services/CAD-Tiburon	280,000.00	0.00	288,324.24	0.00	-8,324.24	102.97
70-311-5311 GST Software Reimbursable	40,410.00	800.00	50,832.00	0.00	-10,422.00	125.79
70-311-5403 Conferences, Meetings & Travel	2,650.00	0.00	64.80	0.00	2,585.20	2.45
70-311-5503 General Technical Supplies	7,500.00	0.00	591.11	0.00	6,908.89	7.88
70-311-5506 Uniforms/Safety Equipment	2,500.00	0.00	437.93	0.00	2,062.07	17.52
70-311-5514 Parts - Billing	75,000.00	40,353.89	450,089.36	0.00	-375,089.36	600.12
70-311-5515 Parts - Telecommunications	20,000.00	2,795.90	8,413.87	0.00	11,586.13	42.07
70-311-5516 Install Wire, Loom & Hardware	16,000.00	1,579.09	11,027.98	0.00	4,972.02	68.92

**Expenditure Status Report**

South Bay Regional PCA  
 4/1/2017 through 4/30/2017

**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>
70-311-5517 Vehicle Operations	4,500.00	314.54	1,935.83	0.00	2,564.17	43.02
70-311-5520 Equipment Repair	18,000.00	0.00	77.39	0.00	17,922.61	0.43
70-311-5521 Outside Technical Serv-Towers & Equip	120,000.00	10,000.00	122,658.13	0.00	-2,658.13	102.22
70-311-5522 Vehicle Antennas-Reimbursable	6,000.00	0.00	0.00	0.00	6,000.00	0.00
70-311-5524 GETAC Project	50,000.00	0.00	87,368.00	0.00	-37,368.00	174.74
70-311-5525 Clvr Cty Infrastr Transition Costs Reimb	0.00	0.00	225,254.56	0.00	-225,254.56	0.00
70-311-5820 Other Equipment	0.00	0.00	32,481.16	0.00	-32,481.16	0.00
<b>Total Technical Services</b>	<b>1,653,266.00</b>	<b>109,081.47</b>	<b>1,996,622.01</b>	<b>0.00</b>	<b>-343,356.01</b>	<b>120.77</b>
80 Capital Infrastructure Projects						
80-400 CIP						
80-400-5000 Expenditures						
80-406-5901 Uniform Replacement	0.00	0.00	380.82	0.00	-380.82	0.00
80-435-5901 CIP Exp-Hawthorne Allocation	58,454.00	0.00	0.00	0.00	58,454.00	0.00
80-436-5901 CIP Exp-MB Allocation	67,615.00	0.00	7,361.84	0.00	60,253.16	10.89
80-446-5901 CIP Exp-Interoperability Radio Sys Proj	13,338.00	0.00	0.00	0.00	13,338.00	0.00
80-449-5901 Backup Stand Alone Radio System-Comm Ctr	142,246.00	0.00	72,619.85	0.00	69,626.15	51.05
80-451-5901 Replace UPS Sys/Comp & Tower Radio Rms	100,000.00	0.00	104,443.65	0.00	-4,443.65	104.44
<b>Total Capital Infrastructure Projects</b>	<b>381,653.00</b>	<b>0.00</b>	<b>184,806.16</b>	<b>0.00</b>	<b>196,846.84</b>	<b>48.42</b>
<b>Total SBRPCA Enterprise Fund</b>	<b>10,229,488.00</b>	<b>710,218.17</b>	<b>8,499,640.32</b>	<b>0.00</b>	<b>1,729,847.68</b>	<b>83.09</b>
<b>Grand Total</b>	<b>10,229,488.00</b>	<b>710,218.17</b>	<b>8,499,640.32</b>	<b>0.00</b>	<b>1,729,847.68</b>	<b>83.09</b>



# Staff Report

South Bay Regional Public Communications Authority

**TO:** Executive Committee

**THROUGH:** Ralph Mailloux

**COPY:** Tim Lilligren

**FROM:** Valerie Mohler

**DATE:** May 16, 2017

**SUBJECT:** Annual Statement of Investment Policy for Fiscal Year 2017-2018

## **RECOMMENDATION:**

Adopt the following Resolution 309:

**A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE  
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS  
AUTHORITY ADOPTING THE ANNUAL STATEMENT OF  
INVESTMENT POLICY FOR FISCAL YEAR 2017-2018  
SUPERSEDING RESOLUTION 307.**

## **FISCAL IMPLICATION:**

None.

## **BACKGROUND:**

The California Government Code Section 53646 (a) (2) states: “the treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency, a statement of investment policy, which the legislative body of that local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.”

**DISCUSSION:**

No changes are recommended in the existing Statement of Investment Policy. Due to liquidity requirements, staff continues to invest its idle cash 100% with the State's Local Agency Investment Fund (LAIF), which is one of the permitted investments under the Statement of Investment Policy. Liquidity requirements continue to be of major importance in the near future with several projects currently in the stages of approval and establishing funding policies.

The Authority's Treasurer has reviewed and approved the attached Resolution 309 establishing the Annual Statement of Investment Policy for Fiscal Year 2017-2018.

**LEGAL REVIEW:**

No changes were made to the policy.

**ALTERNATIVE:**

None.

Attachment: Resolution 309 - Statement of Investment Policy

**RESOLUTION NO. 309**

**A RESOLUTION OF THE EXECUTIVE COMMITTEE OF  
THE SOUTH BAY REGIONAL PUBLIC  
COMMUNICATIONS AUTHORITY ADOPTING THE  
ANNUAL STATEMENT OF INVESTMENT POLICY FOR  
FISCAL YEAR 2017-2018 SUPERSEDING RESOLUTION  
NO. 307**

**WHEREAS**, Government Code Section 53646 (a)(2) states that the treasurer or chief fiscal officer of the local agency **may** annually render to the legislative body of that local agency a Statement of Investment Policy; and

**WHEREAS**, the chief fiscal officer (i.e., the Accounting & Finance Manager) of the South Bay Regional Public Communications Authority (Authority) has prepared the annual Statement of Investment Policy for Fiscal Year 2017-2018 as follows; and

**WHEREAS**, Government Code Section 6509.5 authorizes the Authority to invest any money in its treasury pursuant to Government Code Section 6505.5 that is not required for the immediate necessities of the Authority, as the Authority determines is advisable, in the same manner and upon the same conditions as permitted to local agencies pursuant to Sections 53601 et seq. of the Government Code;

**SECTION 1: PURPOSE**

The purpose of these investment policy guidelines is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment process to maximize the use of idle cash in the Authority's treasury. The initial step toward a prudent investment policy is to organize and formalize investment-related activities. Related activities, which comprise good cash management, include accurate cash projection; the expeditious collection of revenue; the control of disbursements; cost-effective banking relationships and short-term borrowing programs which coordinate working cash requirements; and investment opportunity. In concert with these requirements are the many facets of an appropriate and secure short-term investment program.

**SECTION 2: SCOPE**

The intent of this policy is to cover all short-term operating funds and investment activities of the Authority. The California Government Code Sections 53601 and 5922(d) authorize bonds, Certificates of Participation, notes, and other debt issue proceeds to be invested in accordance with the related offering documentation. These Code sections recognize the unique needs and objectives of such proceeds. Likewise, Deferred Compensation Plans are covered under California Government Code and as such, this policy is not applicable to the Deferred Compensation Plan of the Authority.

**SECTION 3: OBJECTIVES**

- A. Safety of principal is the foremost objective of the Authority, followed by liquidity, and yield. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from securities, defaults, or erosion of market value.

- B. Investment decisions should not incur unreasonable credit or market risks in order to obtain current investment income. "Credit risk," defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only very safe securities and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the Authority's cash flow.

"Market risk," defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by structuring the portfolio so that securities mature at the same time that major cash outflows occur, thus eliminating the need to sell securities prior to their maturity. Market Risk shall also be mitigated by prohibiting the taking of short positions (selling securities that the Authority does not own). The Authority explicitly recognizes that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of overall investment return.

- C. The Authority's investment portfolio shall remain sufficiently liquid to enable the Authority to meet all operating requirements, which might be reasonably anticipated.
- D. The investment portfolio shall be managed to attain a market average rate of return throughout budgetary and economic cycles, taking into account the Authority's investment risk constraints, cash flow requirements, and State and local laws, ordinances, or resolutions that restrict the placement of short-term funds.
- E. The Authority shall not make investments for the purpose of trading or speculation as the dominant criterion.
- F. The Authority shall adhere to the guidance provided by the "prudent person rule," which obligates a fiduciary to ensure that investments shall be made with the exercise of that degree of judgment and care which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived. This standard shall be applied in the next context of managing an overall portfolio.

#### **SECTION 4: DELEGATION OF AUTHORITY**

The Authority Treasurer shall manage investments. The Authority Treasurer shall designate the Accounting & Finance Manager to perform the management of the Authority's investments.

#### **SECTION 5: REPORTING**

The Authority's Accounting & Finance Manager shall prepare a quarterly investment report and submit it to the Executive Committee of the Authority. Schedules of the quarterly report shall itemize the quarter's investment activities' effect on portfolio value, both individually and by investment category. Annually, or in June of each year, the Accounting & Finance Manager shall submit for consideration and approval by the Executive Committee the Investment Policy of the Authority. The Accounting & Finance Manager, along with the Executive Director, shall make all filings as required by the State of California.

## **SECTION 6: INVESTMENT INSTRUMENTS**

Investments shall be made only in those instruments specifically authorized by California State laws, and to no greater an extent than authorized by those laws. Investments may be made in the following instruments:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit or Time Deposits placed with commercial banks and/or savings and loan associations
- Negotiable Certificates of Deposits issued by a nationally or state-chartered bank, a savings association, or a federal association (as defined by Section 5102 of the Financial Code) , a state of federal credit union, or by a state-licensed branch of a foreign bank
- Local Agency Investment Fund (State Pool) Demand Deposits
- Los Angeles County Pool

Investments which the Authority specifically prohibits:

- Bond Funds
- Money Market Mutual Funds
- Reverse Repurchase Agreements
- Derivatives when possibility of returning no yield such as inverse floaters, range notes or non-Treasury interest-only strips

Additional Authority guidelines are as follows:

- A. No investment shall be purchased which matures more than three years from the date of purchase without the prior approval of the Executive Committee.
- B. To reduce overall portfolio risk while attempting to attain market value rates of return consistent with the primary objectives of safety and availability of funds, investments shall be diversified across types of investments, maturities of those investments, and institutions in which those investments are made.

1. **Investment Instruments**

Investments shall be made only in those instruments specifically authorized by California State laws, and to no greater an extent than authorized by those laws. Additional Authority guidelines and restrictions are listed below. However, the Authority Treasurer and/or the Accounting & Finance Manager may at his/her discretion temporarily exceed these guidelines when repositioning the portfolio. Should the Accounting & Finance Manager recommend an extended departure from the diversification guidelines (more than 90 days) approval shall be required of the Executive Committee of the Authority.

State Investment Pool	100% of portfolio, maximum
County Investment Pool	50% of portfolio, maximum
U.S. Federal Agencies	33-1/3% maximum for each agency; 60% maximum overall
U.S. Treasuries	No limit
Certificates of Deposit	20% maximum
Negotiable Certificates of Deposit	20% maximum

**SECTION 7: RELATIONSHIPS WITH FINANCIAL INSTITUTIONS**

- A. The Authority may only purchase statutorily authorized investments, not purchased directly from the issuer, from either an institution licensed by the State as a broker/dealer, from a national or state chartered bank, from a federal or state savings institution, from a brokerage firm designated as a regional broker-dealer or a primary government dealer by the Federal Reserve Bank, or a member of a securities exchange.
- B. All financial institutions with which the Authority conducts investment activities must agree in writing to undertake reasonable efforts to prevent illegal and/or imprudent transactions involving Authority funds. Should it come to the attention of the Authority Treasurer and/or the Accounting & Finance Manager that the Authority's funds have been involved in illegal and/or imprudent transactions, the Authority Treasurer and/or the Accounting & Finance Manager shall report this information to the Executive Committee of the Authority along with options for dealing with the situation.
- C. Primary government securities dealers who report to the New York Federal Reserve are preferred for conducting transactions of all eligible securities other than non-negotiable certificates of deposit.

**SECTION 8: INTERNAL CONTROLS**

Internal controls shall be as follows:

- A. Written confirmations or statements of account from the parties involved shall evidence all investments, maturities and sales.
- B. Each certificate, security or safekeeping receipt shall be compared to a purchase order or log sheet to verify that the securities received are the same as those purchased.
- C. Someone shall review all evidence of investment transactions (e.g., certificates, securities, safekeeping receipts, broker/dealer confirmations, statements, etc.) other than the person(s) responsible for making the investments.

Safekeeping policies shall be as follows:

- A. Negotiable certificates and securities shall be held by a third-party custodian/safekeeping account in a manner that establishes the Authority's right of ownership.
- B. Non-negotiable certificates and securities may be stored in the Authority Treasurer's vault.
- C. A broker/dealer shall never hold Authority investments.

**SECTION 9: RISK TOLERANCE**

The Authority recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk.

No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Authority Treasurer and/or the Accounting & Finance Manager shall periodically establish guidelines and strategies to control risks of default, market price changes, and illiquidity. All investment reports shall specifically address whether current investment results have been affected by any of the foregoing risks, and shall explain what actions investment officials have taken to control or correct for such risks.

**SECTION 10: INDEMNIFICATION OF INVESTMENT OFFICIALS**

Any investment officer exercising his or her authority with due diligence and prudence, and in accordance with the Authority's Investment Policy, shall not be held personally liable for any individual investment losses or for total portfolio losses.

**NOW, THEREFORE, BE IT RESOLVED** by the Executive Committee of the South Bay Regional Public Communications Authority that an annual Statement of Investment Policy for the South Bay Regional Public Communications Authority has been filed by its chief fiscal officer pursuant to Government Code Section 53646(a) (2).

**WE HEREBY CERTIFY** that the foregoing is a true and correct copy of the resolution adopted by the Executive Committee of the South Bay Regional Public Communications Authority in a meeting held on the 16th day of May, 2017 by the following vote:

- Ayes:
- Noes:
- Absent:
- Abstain:

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Mark Danaj, Chairman  
Executive Committee

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Ralph Mailloux, Secretary  
Executive Committee