

REVISED

A G E N D A

**REGULAR JOINT MEETING OF
THE EXECUTIVE COMMITTEE AND THE USER COMMITTEE
TUESDAY, JULY 17, 2018, 2:00 PM
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY
4440 W. BROADWAY, HAWTHORNE, CA**

1. **CALL TO ORDER**

2. **PUBLIC DISCUSSION**

3. **ACTION ITEMS**

3a. Election of Executive Committee Chairperson and Vice Chairperson for Fiscal Year 2018/2019

3b. Election of User Committee Chair and Vice Chair for Fiscal Year 2018/2019

3c. Approval of Minutes – June 19, 2018

3d. Request from the City of Hawthorne for Waiver of Late Payment Penalty

3e. Audited Financial Statements for the Fiscal Year Ended June 30, 2017

3f. Approve a Fiscal Year 2017/18 Purchase Order to DSM&T Company for Wiring Harnesses in a Total Amount Not to Exceed \$19,770.15

3g. Approve Additional Fiscal Year 2018/19 Blanket Purchase Orders for Supplies and Services in a Total Amount Not to Exceed \$209,648.57; and

Agreement Between the South Bay Regional Public Communications Authority and GeoSpatial Technologies, Inc. for Software Maintenance Services; and

Renewal of a Two Year Maintenance Contract Related to Computer Storage Devices with Dell in the Amount of \$12,857.69

3h. Authorize the Executive Director to Procure GASB 75 Reporting Services, Execute an Engagement Proposal with the Selected Vendor, and Approve a Corresponding Purchase Order in an Amount Not to Exceed \$14,500 for These Services

3i. Authorize the Executive Director to Execute an Agreement with Dogs of Design for Website Design Services; and

Approve a Corresponding Purchase Order in the Not to Exceed Amount of \$9,850

3j. Authorize the Executive Director to Execute an Agreement with Ronin Media House for a Recruitment Focused Promotional Video; and

Approve a Corresponding Purchase Order in the Not to Exceed Amount of \$18,520

- 3k. Resolution of the Executive Committee of the South Bay Regional Public Communications Authority Acknowledging and Ratifying Certain Actions Taken to Administer the FY 2016 Urban Area Security Initiative (UASI) Grant Award for the Interoperability Network of the South Bay Project
- 3l. Resolution of the Executive Committee of the South Bay Regional Public Communications Authority Establishing a Schedule of Fees and Charges for Fiscal Year 2018-2019
- 3m. Review of Purchasing Policy
- 3n. Cost of Service Study
- 4. **INFORMATION ITEMS**
 - 4a. Budget Performance Report - Through May 31, 2018
 - 4b. Cash & Investments Report - June 30, 2018
- 5. **EXECUTIVE DIRECTOR'S REPORT**
- 6. **EXECUTIVE COMMITTEE AND USER COMMITTEE COMMENTS**
- 7. **CLOSED SESSION**
 - Conference Re: Labor Negotiations
Pursuant to Government Code Section 54957.6 (Discussion with Liebert Cassidy Whitmore Re: Communications Workers of America)
 - Conference Re: Labor Negotiations
Pursuant to Government Code Section 54957.6 (Discussion with Liebert Cassidy Whitmore Re: Teamsters Local 9-1-1)
 - Conference with Legal Counsel – Anticipated Litigation
Initiation of litigation pursuant to subdivision (c) of Section 54956.9
(1 potential case)
- 8. **ADJOURNMENT**

Posting Place: 4440 W. Broadway, Hawthorne, CA 90250
Posting Date/Time: July 13, 2018/2:30 PM
Signature:


Erick B. Lee, Executive Director



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3a

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: ELECTION OF EXECUTIVE COMMITTEE CHAIRPERSON AND VICE CHAIRPERSON FOR FISCAL YEAR 2018/2019

ATTACHMENTS: None

RECOMMENDATION

Staff recommends that the Executive Committee elect from among themselves a Chairperson and a Vice Chairperson.

DISCUSSION

The Authority's Bylaws call for the election of officers at the first regular meeting of each fiscal year:

Officers of the Executive Committee shall be elected at the first meeting of said Committee and at the first regular meeting on or after July 1 of each year thereafter. Said election shall be the first item of business at said meetings and the newly elected officers shall assume office immediately following their election.

During FY2016/17 and FY2017/18, Manhattan Beach served as the Chairperson and Hawthorne served as the Vice Chairperson.

FISCAL IMPACT

None.




Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3b

TO: Executive Committee

FROM: Erick Lee, Executive Director 

SUBJECT: ELECTION OF USER COMMITTEE CHAIR AND VICE CHAIR
FOR FISCAL YEAR 2018/2019

ATTACHMENTS: None

RECOMMENDATION

Staff recommends that the User Committee elect from among themselves a Chair and a Vice Chair.

DISCUSSION

The Authority's Bylaws call for the election of officers at the first regular meeting of each fiscal year:

Officers of the User Committee shall be elected at the first meeting of the Committee and at the first regular meeting on or after July 1 of each year thereafter. Said election shall be the first item of business at said meetings and the newly elected officers shall assume office immediately following their election.

During FY2016/17 and FY2017/18, Hawthorne served as the Chair and Gardena served as the Vice Chair of the Police User Committee. During FY2016/17 and FY2017/18, Manhattan Beach served as the Chair and El Segundo served as the Vice Chair of the Fire User Committee.

The Authority's Bylaws provide for the establishment of a User Committee. Representation on the User Committee is specified as follows:

1. The membership of the User Committee shall be composed of two representatives from each member agency of the Authority.

2. Only the official representatives or designated alternate representatives from each member agency, as hereinafter provided, shall represent such member agency in the User Committee.
3. The official representatives from each member agency shall be the Fire Chief and Police Chief/Director of Public Safety of such member agency. In a member agency with a Director of Public Safety, that Director shall appoint a senior fire representative and a senior police representative to represent that agency. The Executive Director shall be an ex-officio member of the User Committee.
4. The Fire Chief and Police Chief/Director of Safety of each member agency shall designate in writing to the Authority the name of their respective alternate representatives to the User Committee. Such notice of designation shall include the mailing address of the official representative and alternate representatives so appointed. The names and addresses shown on such notice shall be used as the official mailing roster for the purpose of giving any notices required by this Agreement or by these Bylaws.
5. An official representative or alternate representative shall serve until a successor is appointed, except if an official representative or alternate representative ceases to be an employee of the appointing member agency, in which case the seat of the official representative or alternate representative shall be vacant until a successor is appointed.

Based upon the Authority's Bylaws, staff recommends that one User Committee with a Chair and Vice Chair elected from the membership of this committee be formed for FY2018/19. Current members of the User Committee are:

Chief of Police, Gardena:	Thomas Kang
Chief of Police, Hawthorne:	Robert Fager
Chief of Police, Manhattan Beach:	Derrick Abell
Interim Fire Chief, Manhattan Beach:	Derrick Abell

FISCAL IMPACT

None.

Agenda Item 3c

June 19, 2018

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

1. CALL TO ORDER

The Board of Directors, Executive Committee and User Committee convened in a regular joint session at 2:10 AM in the second floor conference room of the South Bay Regional Public Communications Authority, 4440 W. Broadway, Hawthorne, CA 90250.

ROLL CALL

Present: Mayor Pro Tem Haidar Awad, City of Hawthorne
Interim City Manager John Jalili, City of Hermosa Beach
Councilmember David Lesser, City of Manhattan Beach
Councilmember Rodney Tanaka, City of Gardena
City Manager Bruce Moe, City of Manhattan Beach
Interim City Manager Arnie Shadbehr, City of Hawthorne
Chief Bob Fager, Hawthorne Police Department
Chief Tom Kang, Gardena Police Department
Chief Sharon Papa, Hermosa Beach Police Department
Chief Bill Whalen, El Segundo Police Department

Absent: City Manager Ed Medrano, City of Gardena
Chief Scott Bixby, Culver City Police Department
Chief Dave White, Culver City Fire Department

Also Present: Josh Armstrong, Hawthorne IT
Captain Tim Hageman, Manhattan Beach Police Department
Captain Mike Ishii, Hawthorne Police Department
Executive Director Erick Lee
Operations Manager Shannon Kauffman
Administration Manager John Krok
Finance Manager Scott Arbuckle
Executive Secretary Wendy Weeks

2. PUBLIC DISCUSSION

None.

3. ACTION ITEMS

3a. Approve Minutes of Special Meeting – May 30, 2018

MOTION: City Manager Moe moved to approve the minutes of the special meeting of the Executive and User Committee on May 30, 2018 as written. The motion was seconded by Interim City Manager Shadbehr and passed by unanimous voice vote, absent City Manager Medrano.

3b. Resolution of the Board of Directors of the South Bay Regional Public Communications Authority Adopting the Budget for Fiscal Year 2018-2019

Executive Director Lee presented the staff report. He related his appreciation of Finance Manager Arbuckle's efforts toward the Fiscal Year 2018/2019 Budget. Director Lee provided clarification for Interim City Manager Jalili on the City of Hermosa Beach's contract with the Authority, noting that all of the contract cities' contracts are different. He explained that a decision regarding the idea of providing 9-1-1 emergency communication services to the City of Redondo Beach will be made after forthcoming discussions of developing a new assessment formula.

Chief Papa expressed her concerns over increases to Hermosa Beach's contract. She voiced her hope that, should a new assessment formula be developed, it will be fair and that there will be an opportunity for Hermosa Beach to further discuss their contract during discussions of developing a new assessment formula.

At the request of Councilmember Lesser, Executive Director Lee provided clarification concerning overtime charges. He related staff's hope that vacant communications operator positions will be filled by fall and indicated that an effort will also be made to hire additional operators to fill vacancies that might arise due to attrition.

MOTION: Councilmember Lesser moved to approve the Fiscal Year 2018/2019 Budget and adopt Resolution No. 311. The motion was seconded by Mayor Pro Tem Awad and passed by unanimous voice vote.

RESOLUTION NO. 311

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY ADOPTING THE BUDGET FOR FISCAL YEAR 2018-2019

3c. Approve Fiscal Year 2018/19 Blanket Purchase Orders for Supplies and Services in a Total Amount Not To Exceed \$314,179.34; and

Approve the Renewal of a Maintenance Contract Related to Computer Aided Dispatch Server Infrastructure with Netmotion Software in the Amount of \$30,755.34; and

Approve the Renewal of a Maintenance Contract Related to Web Based Scheduling Software with Informer Systems in the Amount of \$8,424.00

Executive Director Lee presented the staff report. In response to a question from Councilmember Lesser, he provided information on the costs associated with the upfitting of vehicles, which are 100% reimbursable by the member or contract agencies requesting the service. He explained that, due to

the uncertainty of the cost of the parts to be purchased during Fiscal Year 2018/2019, staff anticipates that an adjustment to this cost will be presented for consideration at the mid-year budget review.

MOTION: Councilmember Lesser moved to approve the following: the Fiscal Year 2018/2019 blanket purchase orders for supplies and services in a total amount not to exceed \$314,179.34; the renewal of a maintenance contract related to the computer aided dispatch server infrastructure with Netmotion Software in the amount of \$30,755.34; and the renewal of a maintenance contract with Informer Systems related to web based scheduling software in the amount of \$8,424.00. The motion was seconded by Mayor Pro Tem Awad and passed by unanimous voice vote.

- 3d. Authorize the Executive Director to Bind and Approve Purchase Orders for FY 2018/19 Insurance Policies Proposed by Brown & Brown Insurance Services of California, Inc. in an Amount Not to Exceed \$326,991.35 for Insurance Necessary to Fully Protect the Authority and Its Member Agencies

Executive Director Lee presented the staff report. In response to a question from City Manager Moe, he indicated that, due to time constraints, the idea of the Authority self-insuring in order to lower premiums has not been examined. He recommended authorization as requested, noting that staff is open to the idea of self-insuring and would like to further discuss the Authority's insurance with the member cities' risk managers.

Councilmember Tanaka suggested that the topic of the Authority's insurance be re-visited to ensure full coverage and replacement costs.

Assistant City Manager Osorio offered Gardena's assistance to the Authority in considering the idea of self-insuring.

Councilmember Lesser asked when the Authority's insurance was last put out to bid.

Executive Director Lee explained that Brown & Brown has been the Authority's insurance broker for many years and that they thoroughly evaluated the proposals.

MOTION: Mayor Pro Tem Awad moved to authorize the executive director to bind and approve purchase orders for Fiscal Year 2018/2019 insurance policies as proposed by Brown & Brown Insurance Services of California, Inc. in an amount not to exceed \$326,991.35 for insurance necessary to fully protect the Authority and its member agencies. The motion was seconded by Councilmember Lesser and passed by unanimous voice vote.

- 3e. Authorize the Executive Director to Explore the Benefit of Purchasing Cyber Liability Insurance with the Member Cities' Risk Managers; and

Authorize the Executive Director to Bind and Approve a Purchase Order for a FY2018/19 Cyber Liability Insurance Policy Proposed by Brown & Brown Insurance Services of California, Inc. in an Amount Not To Exceed \$10,000

Executive Director Lee presented the staff report. He recommended that this item be returned for consideration after Authority staff has an opportunity to explore the idea of self-insuring, as well as the Authority's insurance in its entirety, with the member cities' risk managers. He provided clarification on the anticipated cost of cyber insurance and the inclusion of funding for cyber insurance in the Fiscal Year 2018/2019 Budget.

MOTION: Councilmember Lesser moved to authorize the Executive Director to discuss all of the Authority's insurance, including cyber liability insurance, and the idea of self-insuring, with the owner cities' risk managers and return with a recommendation at a future meeting. The motion was seconded by Mayor Pro Tem Awad and passed by unanimous voice vote.

4. **INFORMATION ITEMS**

None.

5. **EXECUTIVE DIRECTOR'S REPORT**

Executive Director Lee offered updated information on the following items: the filling of vacant positions at the Authority; the recent off-site meeting attended by Authority management; the Interoperability Network of the South Bay (INSB) project; and the planned changes in Hermosa and Manhattan Beach Police Departments' service levels.

6. **BOARD OF DIRECTORS', EXECUTIVE COMMITTEE AND USER COMMITTEE COMMENTS**

6a. Councilmember Tanaka related his appreciation of information provided at the meeting.

6b. Councilmember Lesser expressed his pleasure with the pro-active direction in which the Authority is heading.

7. **CLOSED SESSION**

None.

8. **ADJOURNMENT**

The meeting was adjourned at 2:50 PM.



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3d

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: REQUEST FROM THE CITY OF HAWTHORNE FOR WAIVER OF LATE PAYMENT PENALTY

ATTACHMENTS: None

RECOMMENDATION

Staff recommends that the Executive Committee provide direction to staff on the request.

DISCUSSION

On March 7, 2018, staff mailed the Authority's fourth quarter assessment invoices out to its three (3) owner cities and three (3) contract cities. Per the Authority's Bylaws, the due date specified on the invoices was April 15, 2018. Payment on this invoice was received in full (without penalty fees) from the City of Hawthorne on June 13, 2018.

Article X, Section E of the Authority's Bylaws (Default on Obligations) specifies the penalties that are to be imposed on late payments from owner cities:

- 15 Days Past Due – 5% of the Amount Due
- 30 Days Past Due – 10% of the Amount Due

Over the past few months, the City of Hawthorne's Finance Department has experienced significant amounts of transition. As a result, the Authority's invoice was misplaced and not processed for payment. When City staff found the invoice in early June 2018, it was promptly processed. Due to the aforementioned circumstances, the City of Hawthorne has requested that the late fees specified in the Bylaws be waived.

FISCAL IMPACT

The late payment penalty is calculated at 10% of the base fourth quarter assessment amount of \$503,939.70, which equals \$50,393.97.



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3e

TO: Executive Committee

FROM: Scott Arbuckle, Finance and Accounting Manager

SUBJECT: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

ATTACHMENTS: 1. Audited Financial Statements for the Fiscal Year Ended June 30, 2017

RECOMMENDATION

Staff recommends that the Executive Committee receive and file the attached audited Financial Statements and Management Report for the Fiscal Year Ended June 30, 2017.

BACKGROUND

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, 2017. Accordingly, they have issued the Authority's Financial Statements for the period.

The auditors have rendered an unqualified opinion on the Authority's Financial Statements for the Fiscal Year Ended June 30, 2017. In their opinion, the Financial Statements present fairly, in all material respects, the financial position of the Authority as of that date, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America and the State of California's regulations governing special districts.

DISCUSSION

The Authority's net position was \$4,702,365 for the fiscal year ended June 30, 2017 reflecting an increase of approximately 2.9 percent since June 30, 2016. The change in net position is primarily the result of accumulated reserves and is consistent with the increase from the prior year of 2.5%. Operating revenues for the Authority increased 7.7 percent to \$11,176,699 and operating expenses increased by 7.9 percent to \$10,389,575. The increases in operating revenues and expenses are due to the addition of Culver City.

FISCAL IMPACT

The financial statements reflect the overall financial condition of the Authority, and the audit represents an objective evaluation of financial activities. No fiscal action is required.

ATTACHMENT #1

Agenda Item: 3e

January 22, 2018

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

We have audited the financial statements of the business-type activities of the South Bay Regional Public Communications Authority (the "Authority"), which comprise of the balance sheets as of June 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position, and cash flows, for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 20, 2017. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the basic financial statements.

New Accounting Standards

GASB Statement No. 77, *Tax Abatement Disclosure*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: 1) Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients. 2) The gross dollar amount of taxes abated during the period 3) Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. This statement did not have a significant impact on the Authority's financial statements for the years ended June 30, 2017 and 2016.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (GASB 78). This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This statement did not have a significant impact on the Authority's financial statements for the years ended June 30, 2017 and 2016.

To the Board of Directors
of the South Bay Regional Public Communications Authority
Hawthorne, California
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GASB Statement No. 80, *Blending Requirements for Certain Component Units* (GASB 80). The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This statement did not have a significant impact on the Authority's financial statements for the years ended June 30, 2017 and 2016.

GASB Statement No. 82, *Pension Issues* (GASB 82). The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not have a significant impact on the Authority's financial statements for the years ended June 30, 2017 and 2016.

No other new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

- Management's estimate of the depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated the key factors and assumptions used to develop the depreciation on capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the annual other post employment benefit ("OPEB") cost is based on the actuarial valuation. We evaluated the key factors and assumptions used to develop the annual OPEB cost in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liabilities is based on the proportionate share of actuarial valuation on total pension liability and based on proportionate share of the audited fiduciary net position for CalPERS plans. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

To the Board of Directors
of the South Bay Regional Public Communications Authority
Hawthorne, California
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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 1 – Reporting Entity and Summary of Significant Accounting Policies
- Note 7 – Net Other Post-Employment Benefits Payable
- Note 9 – Net Pension Liability and Defined Benefit Pension Plan
- Note 11 – Commitments and Contingencies

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 22, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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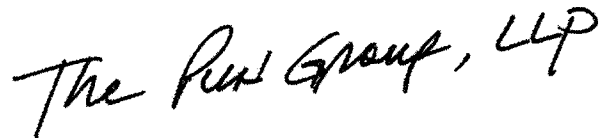
Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios, Schedule of the Authority's Contributions to the Pension Plan, and the Schedules of Funding Progress – Other Post Employment Benefit Plan, which is required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the South Bay Regional Public Communications Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "The Pen Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California

South Bay Regional Public Communications Authority

Hawthorne, California

Annual Financial Report

For the Years Ended June 30, 2017 and 2016





Board of Directors as of June 30, 2017

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

*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, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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.

To the Board of Directors
of the South Bay Regional Public Communications Authority
Hawthorne, California
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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, and Schedule of Funding Progress – Other Post-Employment Benefit Plan on pages 41 through 43, 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 January 22, 2018, 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 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 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
January 22, 2018

**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, 2017 and 2016, 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 January 22, 2018.

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 entity'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 Pw Group, LLP

Santa Ana, California
January 22, 2018

South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2017 and 2016

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, 2017 and 2016. 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 2017, the Authority's net position increased 2.9% or \$130,821 from \$4,571,544 to \$4,702,365.
- In 2016, the Authority's net position increased 2.5% or \$112,080 from \$4,459,464 to \$4,571,544.
- 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 2016, the Authority's operating revenues increased 8.0% or \$774,575 to \$10,379,835, from the prior year, due primarily to an increase in member assessments and charges for services.
- 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.
- In 2016, the Authority's operating expenses increased 2.9% or \$269,427 to \$9,630,138, due primarily to an increase in salaries and benefits.

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 statement of net position 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.

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.

South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>June 30, 2015</u>	<u>Change</u>
Assets:					
Current assets	\$ 3,487,850	\$ 3,668,069	\$ (180,219)	\$ 2,270,596	\$ 1,397,473
Capital assets, net	<u>8,271,029</u>	<u>8,730,819</u>	<u>(459,790)</u>	<u>8,471,369</u>	<u>259,450</u>
Total assets	<u>11,758,879</u>	<u>12,398,888</u>	<u>(640,009)</u>	<u>10,741,965</u>	<u>1,656,923</u>
Deferred outflows of resources	<u>1,762,069</u>	<u>588,074</u>	<u>1,173,995</u>	<u>541,402</u>	<u>46,672</u>
Total assets and deferred outflows of resources	<u>\$ 13,520,948</u>	<u>\$ 12,986,962</u>	<u>\$ 533,986</u>	<u>\$ 11,283,367</u>	<u>\$ 1,703,595</u>
Liabilities:					
Current liabilities	795,179	1,947,603	(1,152,424)	315,972	1,631,631
Noncurrent liabilities	<u>7,429,351</u>	<u>5,606,555</u>	<u>1,822,796</u>	<u>5,144,278</u>	<u>462,277</u>
Total liabilities	<u>8,224,530</u>	<u>7,554,158</u>	<u>670,372</u>	<u>5,460,250</u>	<u>2,093,908</u>
Deferred inflows of resources	<u>594,053</u>	<u>861,260</u>	<u>(267,207)</u>	<u>1,363,653</u>	<u>(502,393)</u>
Net position:					
Investment in capital assets	8,271,029	8,730,819	(459,790)	8,471,369	259,450
Unrestricted (Deficit)	<u>(3,568,664)</u>	<u>(4,159,275)</u>	<u>590,611</u>	<u>(4,011,905)</u>	<u>(147,370)</u>
Total net position	<u>4,702,365</u>	<u>4,571,544</u>	<u>130,821</u>	<u>4,459,464</u>	<u>112,080</u>
Total liabilities, deferred inflows of resources and net	<u>\$ 13,520,948</u>	<u>\$ 12,986,962</u>	<u>\$ 533,986</u>	<u>\$ 11,283,367</u>	<u>\$ 1,703,595</u>

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 \$4,702,365 and \$4,571,544 as of June 30, 2017 and 2016.

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.

South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

At the end of fiscal year 2017 and 2016, the Authority shows a negative balance in its unrestricted net position of (\$3,568,664) and (\$4,159,275), respectively, which is due primarily to the net pension liability on the statement of net position of \$5,620,135 and \$4,084,007, 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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>June 30, 2015</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 11,176,699	\$ 10,379,835	\$ 796,864	\$ 9,605,260	\$ 774,575
Non-operating revenues	<u>17,256</u>	<u>9,670</u>	<u>7,586</u>	<u>7,460</u>	<u>2,210</u>
Total revenues	<u>11,193,955</u>	<u>10,389,505</u>	<u>804,450</u>	<u>9,612,720</u>	<u>776,785</u>
Expenses:					
Operating expenses	10,389,575	9,630,138	759,437	9,360,711	269,427
Depreciation expense	<u>673,559</u>	<u>647,287</u>	<u>26,272</u>	<u>505,670</u>	<u>141,617</u>
Total expenses	<u>11,063,134</u>	<u>10,277,425</u>	<u>785,709</u>	<u>9,866,381</u>	<u>411,044</u>
Change in net position	<u>130,821</u>	<u>112,080</u>	<u>18,741</u>	<u>(253,661)</u>	<u>365,741</u>
Net Position:					
Beginning of year	4,571,544	4,459,464	112,080	9,550,467	(5,091,003)
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,837,342)</u>	<u>4,837,342</u>
End of year	<u>\$ 4,702,365</u>	<u>\$ 4,571,544</u>	<u>\$ 130,821</u>	<u>\$ 4,459,464</u>	<u>\$ 112,080</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 \$130,821 and \$112,080, respectively, as of June 30, 2017 and 2016.

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.

In 2016, a closer examination of the sources of changes in net position reveals that the Authority's total revenues increased by \$776,785, due primarily to increases in member assessments and charges for services. In addition, total expenses increased by \$365,741, due primarily to increases in salaries, benefits and depreciation expense.

South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

Capital Asset Administration

Capital assets balances consisted of the following:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Non-depreciable assets	\$ 495,554	\$ 495,554	\$ 1,178,999
Depreciable assets	12,740,050	14,261,399	12,849,081
Accumulated depreciation	<u>(4,964,575)</u>	<u>(6,026,134)</u>	<u>(5,556,711)</u>
Total capital assets, net	<u>\$ 8,271,029</u>	<u>\$ 8,730,819</u>	<u>\$ 8,471,369</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, 2017 and 2016

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	2017	2016
Current assets:		
Cash and investments (Note 2)	\$ 2,783,702	\$ 3,138,554
Accrued interest receivable	5,963	2,430
Accounts receivable	196,031	377,928
Prepaid items	127,525	62,229
Materials and supplies inventory	374,629	86,928
Total current assets	3,487,850	3,668,069
Noncurrent assets:		
Capital assets – not being depreciated (Note 3)	495,554	495,554
Capital assets, net – being depreciated (Note 3)	7,775,475	8,235,265
Total noncurrent assets	8,271,029	8,730,819
Total assets	11,758,879	12,398,888
Deferred outflows of resources:		
Deferred amounts related to net pension liability (Note 9)	1,762,069	588,074
Total deferred outflows of resources	1,762,069	588,074
Total assets and deferred outflows of resources	\$ 13,520,948	\$ 12,986,962
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 70,479	\$ 119,424
Accrued salaries and benefits	281,750	223,668
Member deposits and unearned revenue (Note 4)	323,732	1,493,625
Long-term liabilities – due within one year:		
Compensated absences (Note 5)	119,218	110,886
Total current liabilities	795,179	1,947,603
Noncurrent liabilities:		
Long-term liabilities – due within one year:		
Compensated absences (Note 5)	357,654	332,659
Net other post-employment benefits payable (Note 7)	1,451,562	1,189,889
Net pension liability (Note 9)	5,620,135	4,084,007
Total noncurrent liabilities	7,429,351	5,606,555
Total liabilities	8,224,530	7,554,158
Deferred inflows of resources:		
Deferred amounts related to net pension liability (Note 9)	594,053	861,260
Total deferred inflows of resources	594,053	861,260
Net position:		
Investment in capital assets	8,271,029	8,730,819
Unrestricted (Deficit)	(3,568,664)	(4,159,275)
Total net position	4,702,365	4,571,544
Total liabilities, deferred inflows of resources and net position	\$ 13,520,948	\$ 12,986,962

See accompanying Notes to the Basic Financial Statements.

South Bay Regional Public Communications Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Assessments from member cities	\$ 10,150,589	\$ 9,315,144
Charges for services	923,578	735,982
Reimbursement from the State and other governmental agencies	85,777	291,969
Other revenue	16,755	36,740
Total operating revenues	<u>11,176,699</u>	<u>10,379,835</u>
Operating expenses:		
Administration	1,869,883	1,304,138
Operations	6,436,815	5,902,212
Technical services	2,057,444	2,159,041
Other projects	25,433	264,747
Total operating expenses	<u>10,389,575</u>	<u>9,630,138</u>
Operating income before depreciation expense	<u>787,124</u>	<u>749,697</u>
Depreciation expense	(620,590)	(594,318)
Depreciation expense – SHSG Punta	(52,969)	(52,969)
Total depreciation expense	<u>(673,559)</u>	<u>(647,287)</u>
Operating income	<u>113,565</u>	<u>102,410</u>
Non-operating revenues(expenses):		
Investment earnings	17,256	9,670
Total non-operating revenues	<u>17,256</u>	<u>9,670</u>
Changes in net position	130,821	112,080
Net position:		
Beginning of year	4,571,544	4,459,464
End of year	<u>\$ 4,702,365</u>	<u>\$ 4,571,544</u>

See accompanying Notes to the Basic Financial Statements.

South Bay Regional Public Communications Authority
Statements of Cash Flows
For the Fiscal Year Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Cash receipts for dispatching services	\$ 10,188,703	\$ 11,555,499
Cash paid to vendors and suppliers for materials and services	(4,234,816)	(3,655,589)
Cash paid for salaries and wages	(6,108,693)	(5,573,142)
Net cash provided by (used in) operating activities	(154,806)	2,326,768
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(213,769)	(906,737)
Net cash (used in) capital and related financing activities	(213,769)	(906,737)
Cash flows from investing activities:		
Proceeds from investment earnings	13,723	8,817
Net cash provided by investing activities	13,723	8,817
Net increase (decrease) in cash and investments	(354,852)	1,428,848
Cash and cash equivalents:		
Beginning of year	3,138,554	1,709,706
End of year	<u>\$ 2,783,702</u>	<u>\$ 3,138,554</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 113,565	\$ 102,410
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	673,559	647,287
Changes in assets – (increase)decrease:		
Accounts receivable	181,897	(317,307)
Prepaid items	(65,296)	106,963
Materials and supplies inventory	(287,701)	242,572
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net pension liability	(1,173,995)	(76,933)
Changes in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(48,945)	91,978
Accrued salaries and benefits	58,082	41,973
Member deposits and unearned revenue	(1,169,893)	1,492,971
Compensated absences	33,327	18,837
Net other post-employment benefits payable	261,673	255,832
Net pension liability	1,536,128	192,317
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to net pension liability	(267,207)	(472,132)
Total adjustments	(268,371)	2,224,358
Net cash provided by (used in) operating activities	\$ (154,806)	\$ 2,326,768
Non-cash investing, capital and financing transactions:		
Change in fair-value of investments	<u>\$ (3,368)</u>	<u>\$ 1,092</u>

See accompanying Notes to the Basic Financial Statements.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements
For the Years Ended June 30, 2017 and 2016

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 statement of net position, 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, 2017 and 2016

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, 2017 and 2016

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, 2017</u>	<u>June 30, 2016</u>
Valuation date	June 30, 2015	June 30, 2014
Measurement date	June 30, 2016	June 30, 2015
Measurement period	July 1, 2015 to June 30, 2016	July 1, 2014 to June 30, 2015

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.

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.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 2 – Cash and Investments

Cash and investments consisted of the following:

Investments	Measurement Input	Credit Rating	June 30, 2016 Fair Value	Maturity 12 Months or Less
External Investment Pools:				
California Local Agency Investment Fund (LAIF)	Uncategorized	N/A	\$ 2,372,775	\$ 2,372,775
Total investments			\$ 2,372,775	\$ 2,372,775

Demand Deposits

At June 30, 2017 and 2016, the carrying amount of the Authority's demand deposits was \$995,718 and \$764,646, respectively, and the financial institution balance was \$1,027,476 and \$789,026, respectively. The \$31,758 and \$24,380 respective net difference as of June 30, 2017 and 2016 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.

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, 2017 and 2016 none of the Authority's deposits and investments was exposed to disclosable custodial credit risk.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)**Investments**

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

Investments	Measurement Input	Credit Rating	June 30, 2017 Fair Value	Maturity 12 Months or Less
External Investment Pools:				
California Local Agency Investment Fund (LAIF)	Uncategorized	N/A	\$ 1,786,497	\$ 1,786,497
Total investments			<u>\$ 1,786,497</u>	<u>\$ 1,786,497</u>

The Authority's investments as of June 30, 2016 were as follows:

Investments	Measurement Input	Credit Rating	June 30, 2016 Fair Value	Maturity 12 Months or Less
External Investment Pools:				
California Local Agency Investment Fund (LAIF)	Uncategorized	N/A	\$ 2,372,775	\$ 2,372,775
Total investments			<u>\$ 2,372,775</u>	<u>\$ 2,372,775</u>

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, 2017 and 2016, 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.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

Investment in California – Local Agency Investment Fund (LAIF) (Continued)

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 \$1,786,497 and \$2,372,775 invested in LAIF, which had invested 2.89% and 2.81% of the pooled investment funds as of June 30, 2017 and June 30, 2016, respectively, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 0.998940671 and 1.000621222 was used to calculate the fair value of the investments in LAIF as of June 30, 2017 and 2016, respectively.

Note 3 – Capital Assets

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
Construction-in-process	-	-	-	-
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><u>\$ 8,730,819</u></u>	<u><u>\$ (459,790)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,271,029</u></u>

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 3 – Capital Assets (Continued)

Changes in capital assets for the year ended June 30, 2016, were as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Non-depreciable assets:				
Land and easements	\$ 495,554	\$ -	\$ -	\$ 495,554
Construction-in-process	683,445	-	(683,445)	-
Total non-depreciable assets	<u>1,178,999</u>	<u>-</u>	<u>(683,445)</u>	<u>495,554</u>
Depreciable assets:				
Buildings and improvements	6,177,726	211,630	-	6,389,356
Vehicles and equipment	6,671,355	1,378,552	(177,864)	7,872,043
Total depreciable assets	<u>12,849,081</u>	<u>1,590,182</u>	<u>(177,864)</u>	<u>14,261,399</u>
Accumulated depreciation:				
Buildings and improvements	(1,992,006)	(172,879)	-	(2,164,885)
Vehicles and equipment	(3,564,705)	(474,408)	177,864	(3,861,249)
Total accumulated depreciation	<u>(5,556,711)</u>	<u>(647,287)</u>	<u>177,864</u>	<u>(6,026,134)</u>
Total depreciable assets, net	<u>7,292,370</u>	<u>942,895</u>	<u>-</u>	<u>8,235,265</u>
Total capital assets, net	<u><u>\$ 8,471,369</u></u>	<u><u>\$ 942,895</u></u>	<u><u>\$ (683,445)</u></u>	<u><u>\$ 8,730,819</u></u>

A significant portion of total capital asset additions this year of \$906,737 was related to the remodeling of the communication center and the new equipment installed during the remodel.

Note 4 – Member Deposits and Unearned Revenue

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.

At June 30, 2016, The City of El Segundo advance paid its first-quarter fiscal year 2016-2017 installment to the Authority of \$317,766 and the City of Hawthorne advance paid its first-quarter fiscal year 2016-2017 installment to the Authority of \$1,175,859 for a total of \$1,493,625.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 5 – Compensated Absences

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

Changes in compensated absences for the year ending June 30, 2016 was as follows:

<u>Balance</u> <u>July 1, 2015</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Current</u> <u>Portion</u>	<u>Non-current</u> <u>Portion</u>
\$ 424,708	\$ 321,320	\$ (302,483)	\$ 443,545	\$ 110,886	\$ 332,659

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, 2017 and 2016 was \$3,012,393 and \$2,597,699, respectively.

Note 7 – Net Other Post-Employment Benefits 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 Authority recognizes the cost of providing those benefits by expensing \$93,899 and \$89,506, respectively, which was the portion of the premium paid by the Authority to provide benefits for 11 retirees for fiscal years 2017 and 2016. 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

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, 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, \$115 per month for 2017 and 2016.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

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, 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, \$115 per month for 2017 and 2016.

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 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, \$122 per month for 2017 and 2016.

Management & Confidential

Management and confidential employees receive a benefit of \$30 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 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, \$115 per month for 2017 and 2016.

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, 2017 and 2016

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

Annual OPEB Cost and Net OPEB Obligation

The Authority implemented GASB Statement No. 45, 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. 45. 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 4.65% 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 years ended June 30, 2017 and 2016, the Authority's Annual OPEB cost was \$355,572 and \$345,338, respectively. The Authority's net OPEB obligation amounted to \$1,451,562 and \$1,189,889, respectively, for the years ended June 30, 2017 and 2016. The Authority had contributions of \$93,899 and \$89,506, respectively, to the OPEB obligation for the years ended June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Annual OPEB cost:		
Annual required contribution (ARC)	\$ 334,781	\$ 334,781
Interest on beginning net OPEB obligation	47,596	37,362
Adjustment to annual required contribution	<u>(26,805)</u>	<u>(26,805)</u>
Total annual OPEB cost	355,572	345,338
Contributions made	<u>(93,899)</u>	<u>(89,506)</u>
Total change in net OPEB obligation	261,673	255,832
Net OPEB obligation:		
Beginning of year	<u>1,189,889</u>	<u>934,057</u>
End of year	<u><u>\$ 1,451,562</u></u>	<u><u>\$ 1,189,889</u></u>

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 7 – Net Other Post-Employment Benefits (OPEB) (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 Payable
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	July 1, 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, 2017 and 2016

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.

	Original Issuance	Amount Outstanding July 1, 2016	Reductions	Amount Outstanding June 30, 2017
2007 Refunding Bonds – City of Gardena	\$ 2,800,000	\$ 1,930,000	\$ (90,000)	\$ 1,840,000
2016 Refunding Bonds – City of Hawthorne	2,730,900	2,895,000	(307,450)	2,587,550
Total	\$ 5,530,900	\$ 4,825,000	\$ (397,450)	\$ 4,427,550

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 9 – Net Pension Liability and Defined Benefit Pension Plan**Summary 2017**

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

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

Summary 2016

Type of Account	Balance as of July 1, 2015	Additions	Deletions	Balance as of June 30, 2016
Deferred Outflows of Resources:				
Pension contributions made after the measurement date:				
CalPERS – Miscellaneous Plan	\$ 507,694	\$ 553,317	\$ (507,694)	\$ 553,317
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	25,153	-	(25,153)	-
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	8,555	-	(6,339)	2,216
Differences between expected and actual experience:				
CalPERS – Miscellaneous Plan	-	44,163	(11,622)	32,541
Total deferred outflows of resources	<u>\$ 541,402</u>	<u>\$ 597,480</u>	<u>\$ (550,808)</u>	<u>\$ 588,074</u>
Net Pension Liability:				
CalPERS – Miscellaneous Plan	<u>\$ 3,891,690</u>	<u>\$ 700,011</u>	<u>\$ (507,694)</u>	<u>\$ 4,084,007</u>
Deferred Inflows of Resources:				
Differences between projected and actual earnings on pension plan investments:				
CalPERS – Miscellaneous Plan	\$ 1,307,788	\$ 15,501	\$ (1,168,953)	\$ 154,336
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	50,757	169,565	(60,387)	159,935
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	5,108	324,519	(90,508)	239,119
Changes in assumptions:				
CalPERS – Miscellaneous Plan	-	417,823	(109,953)	307,870
Total deferred inflows of resources	<u>\$ 1,363,653</u>	<u>\$ 927,408</u>	<u>\$ (1,429,801)</u>	<u>\$ 861,260</u>

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

General Information about the Pension Plans

The Plans Description Schedule

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
	December 24, 2011		
Hire date	Prior to 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, 2016	8.880%	7.159%	6.555%
Required employer contribution rates – June 30, 2015	11.522%	8.005%	6.237%

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.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

General Information about the Pension Plans (Continued)

Members Covered by Benefit Terms

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

Plan Members	Miscellaneous Plans		PEPRA Tier 3	Total
	Classic Tier 1	Classic Tier 2		
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

At June 30, 2015 (Measurement Date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		PEPRA Tier 3	Total
	Classic Tier 1	Classic Tier 2		
Active members	48	3	7	58
Transferred and terminated members	88	4	3	95
Retired members and beneficiaries	54	-	-	54
Total plan members	190	7	10	207

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.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

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 7.65 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, 2016 and 2015 (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.

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

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

Contributions (Continued)

Contributions for the year ended June 30, 2016 were as follows:

Contribution Type	Miscellaneous Plans		PEPRA Tier 3	Total
	Classic Tier 1	Classic Tier 2		
Contributions – employer	\$ 502,903	\$ 18,438	\$ 31,976	\$ 553,317
Contributions – members	279,155	19,070	32,043	330,268
Total contributions	\$ 782,058	\$ 37,508	\$ 64,019	\$ 883,585

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement periods ending June 30, 2016 and 2015 (Measurement Dates), the total pension liability was determined by rolling forward the June 30, 2015 and 2014 total pension liabilities. The June 30, 2016 and 2015 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	7.65%
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, 2016 and 2015 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.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 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.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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 (Continued)

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.

Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-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+.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

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

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, 2015 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	\$ 7,405,640	\$ 4,084,007	\$ 1,341,613

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.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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

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

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, 2016:

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, 2014 (Measurement Date)	\$ 22,931,075	\$ 19,039,385	\$ 3,891,690
Balance as of June 30, 2015 (Measurement Date)	\$ 24,390,296	\$ 20,306,289	\$ 4,084,007
Change in Plan Net Pension Liability	\$ 1,459,221	\$ 1,266,904	\$ 192,317

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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, 2015 and 2014). 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, 2016 and 2015). 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, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2016 fiscal year and the 2015 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, 2017 and 2016

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)

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%

The Authority's proportionate share of the net pension liability for the June 30, 2015 measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2016	June 30, 2015	
Measurement Date	June 30, 2015	June 30, 2014	
Percentage of Risk Pool Net Pension Liability	0.148863%	0.157463%	-0.008600%
Percentage of Plan (PERF C) Net Pension Liability	0.059500%	0.062543%	-0.003043%

For the years ended June 30, 2017 and 2016, the Authority recognized pension expense/(credit) in the amount of \$729,716 and \$196,572, 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.

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

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.

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2015 is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (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, 2017 and 2016

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, 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
Pension 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	973,590	-
Difference between actual and proportionate share of employer contributions	-	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.

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

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
2017	\$ (102,218)
2018	(49,972)
2019	433,240
2020	252,176
Total	\$ 533,226

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 553,317	\$ -
Adjustment due to differences in proportions	2,216	239,119
Differences between expected and actual experience	32,541	-
Differences between projected and actual earnings on pension plan investments	-	154,336
Difference between actual and proportionate share of employer contributions	-	159,935
Changes in assumptions	-	307,870
Total Deferred Outflows/(Inflows) of Resources	<u><u>\$ 588,074</u></u>	<u><u>\$ 861,260</u></u>

The Authority will recognize \$553,317 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, 2017, as noted above.

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

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:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2017	\$ (360,092)
2018	(358,510)
2019	(305,186)
2020	197,285
Total	<u><u>\$ (826,503)</u></u>

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

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, 2017:

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.

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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, 2017

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	June 30, 2017¹	June 30, 2016¹	June 30, 2015¹	June 30, 2014¹
Measurement Date:	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Authority's Proportion of the Net Pension Liability	0.064949%	0.059500%	0.059500%	0.062543%
Authority's Proportionate Share of the Net Pension Liability	\$ 5,620,134	\$ 4,084,007	\$ 4,084,007	\$ 3,891,690
Authority's Covered-Employee Payroll	\$ 4,773,439	\$ 4,665,871	\$ 4,665,871	\$ 4,485,167
Liability as a Percentage of Covered-Employee Payroll	117.74%	87.53%	87.53%	86.77%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	74.06%	78.40%	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, 2017

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	2016-17¹	2015-16¹	2014-15¹	2013-14¹
Actuarially Determined Contribution ²	\$ 634,790	\$ 553,317	\$ 507,694	\$ 480,107
Contribution in Relation to the Actuarially Determined Contribution ²	(634,790)	(553,317)	(507,694)	(480,107)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll ³	\$ 5,184,067	\$ 4,773,439	\$ 4,665,871	\$ 4,485,167
Contributions as a Percentage of Covered-Employee Payroll	12.25%	11.59%	10.88%	10.70%

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 (Unaudited)
Schedule of Funding Progress – Other Post-Employment Benefit Plan
For the Year Ended June 30, 2017

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, 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%
July 1, 2009	\$ -	\$ 1,657,755	\$ 1,657,755	0.00%	\$ 4,409,444	37.60%

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 45. 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, 2017.



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3f

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: APPROVE A FISCAL YEAR 2017/18 PURCHASE ORDER TO DSM&T COMPANY FOR WIRING HARNESSSES IN A TOTAL AMOUNT NOT TO EXCEED \$19,770.15

ATTACHMENT: None

RECOMMENDATION

Staff recommends that the Executive Committee approve a Fiscal Year 2017/18 purchase order to DSM&T Company for wiring harnesses in a total amount not to exceed \$19,770.15.

BACKGROUND

During FY2017/18, the authority ordered 50 wiring harnesses from DSM&T Company (DSM&T). However, a properly approved purchase order was not issued to the vendor. This request is for formal approval of the purchase order and is necessary to issue payment to the vendor.

DISCUSSION

Headquartered in Lynwood, California, DSM&T is a national leader in the electrical interconnect market. The vendor provides custom wire harnesses and interconnect products for a vast group of companies and organizations.

The Authority purchases customized wiring harnesses from DSM&T to use for police vehicle installs. These harnesses are then installed by staff from the Technical Services Department to provide for the uniform buildout of law enforcement vehicles. This standardization process is a major factor that allows the Authority to upfit standard patrol vehicles within two weeks.

DSM&T was identified as a sole source vendor in 2015 due to its industry leading reputation for quality products, customer service, and ability to meet the Authority's needs to create the custom wiring harnesses that member and contract cities benefit from. The vendor is a supplier for not only law enforcement vehicle outfitting companies, but also leading vehicle manufacturers such as Chevrolet.

FISCAL IMPACT

The funds for this purchase are available in the Fiscal Year 2017/18 budget and are 100% reimbursable. Agencies requesting this equipment will be billed for these Authority expenditures.



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3g

TO: Executive Committee

FROM: John Krok, Administration Manager *JK*

SUBJECT: APPROVE ADDITIONAL FISCAL YEAR 2018/19 BLANKET PURCHASE ORDERS FOR SUPPLIES AND SERVICES IN A TOTAL AMOUNT NOT TO EXCEED \$209,648.57; AND

AGREEMENT BETWEEN THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY AND GEOSPATIAL TECHNOLOGIES, INC. FOR SOFTWARE MAINTENANCE SERVICES; AND

RENEWAL OF A TWO YEAR MAINTENANCE CONTRACT RELATED TO COMPUTER STORAGE DEVICES WITH DELL IN THE AMOUNT OF \$12,857.69

ATTACHMENT: 1. Agreement with GeoSpatial Technologies, Inc.

RECOMMENDATION

Staff recommends that the Executive Committee approve additional fiscal year 2018/19 blanket purchase orders for supplies and services in a total amount not to exceed \$146,790.88, an agreement with GeoSpatial Technologies, Inc. for software maintenance services, and the renewal of a two year maintenance contract related to computer storage devices with Dell in the amount of \$12,857.69.

BACKGROUND

As reported to the Executive Committee on June 19, 2018, staff plans to issue FY 2018/19 blanket purchase orders (BPOs) to vendors that provide goods and services to the Authority throughout the fiscal year on an as-needed basis. The costs associated with each of these purchases exceed \$5,000 and therefore require approval of the Executive Committee, per Resolution 259 adopted on October 16, 2007. This report is a request for the Executive Committee to review the supplies and services provided by various vendors and authorize corresponding BPOs as described.

DISCUSSION

Staff plans to begin the use of blanket purchase orders in FY2018/19 for the following reasons:

- Issuing vendors one purchase order rather than several increases organizational efficiency;
- Issuing BPOs reduces delays in obtaining necessary goods or services. While the price for goods and services is a concern, it is never the sole determining factor in making a purchasing decision. Other important considerations include:
 - Reliability of a product
 - Ability of a vendor to continue to provide specific goods or services
 - Current use of and/or compatibility of systems with a specific brand of product
 - Timely availability, quality, and location (if some items are to be picked up by staff)
 - Vendor performance

The total benefit to the Authority and its member and contract agencies is the most important consideration in purchasing decisions. The initial cost is a factor in the equation, but the net cost over the life of the product or service is of greater value.

Requested Blanket Purchase Orders and Agreements

Request #1

Vendor: Marc Cohen

Purchase Order Amount Not to Exceed: \$55,000

As required by Los Angeles County Emergency Medical Services Agency regulations, all fire departments in Los Angeles county need to procure the services of a Fire Department Medical Director. An agency Medical Director is required for the provision of Emergency Medical Services (EMS) rendered by firefighter paramedics and Emergency Medical Technicians (EMTs). Marc Cohen has provided Medical Director services to the Manhattan Beach and El Segundo Fire Departments since 2016. The Authority's agreement with Dr. Cohen expires on August 3, 2019.

Request #2

Vendor: DSM&T

Purchase Order Amount Not to Exceed: \$20,000

Headquartered in Lynwood, California, DSM&T is a national leader in the electrical interconnect market. The vendor provides custom wire harnesses and interconnect products for a vast group of companies and organizations.

DSM&T was identified as a sole source vendor in 2015 due to its industry leading reputation for quality products, customer service, and ability to meet the Authority's needs to create the custom wiring harnesses that the member and contract cities benefit from. The vendor is a supplier for not only many law enforcement vehicle outfitting companies, but also leading vehicle manufacturers such as Chevrolet.

Request #3

Vendor: Jani King

Purchase Order Amount Not to Exceed: \$27,000

The Authority maintains an agreement for janitorial services with Jani King. The vendor has provided professional cleaning services 365 days a year for the past 15 years. The current agreement expires on July 1, 2019. Prior to the expiration of this agreement, staff will obtain proposals from multiple qualified vendors to ensure the Authority receives the most competitive pricing when the next agreement is awarded.

Request #4

Vendor: GeoSpatial Technologies, Inc.

Maintenance Contract Amount: Not to Exceed \$70,000 per year;

Purchase Order Amount Not to Exceed: \$44,790.88

GeoSpatial Technologies, Inc. (GST) software provides Automatic Vehicle Location (AVL) and Mobile Mapping services for vehicles utilized by the following agencies:

- El Segundo Fire and Police Departments
- Gardena Police Department
- Hawthorne Police Department
- Hermosa Beach Police Department
- Manhattan Beach Police Department

The software allows end users and the Authority's Communications Operators to map available units on a computer display. For a number of years, the Authority has maintained agreements with GST and billed the agencies utilizing the system their proportional shares. With this new agreement, the Authority will be consolidating multiple agreements into one master agreement. This consolidation will streamline the accounts payable and accounts receivable (reimbursement) aspects of administering this agreement. If approved, the request would extend the services for one year and provide the Authority with the option of renewing at the same terms and conditions for two additional years. The costs for FY18/19 total \$44,790.88 and include prorated services associated with some systems. After FY18/19, the costs would total \$52,692 per year and would be paid quarterly.

Request #5

Vendor: Lawles Enterprises Inc.

Purchase Order Amount Not to Exceed: \$50,000

The Authority maintains an agreement for background investigative services with Lawles Enterprises, Inc. Headquartered in El Segundo, California for 40 years, Lawles has a team of 10 active investigators. The entire Lawles team consists of retired law enforcement personnel with extensive investigative experience. The vendor has provided background investigative services for the Authority since January 2018. Lawles conducts all applicant background investigations based on agency policies and California POST (Peace Officers Standards and Training) requirements.

Request #6

Vendor: Dell

Maintenance Contract Amount: \$12,857.69

Purchase Order Amount Not to Exceed: \$12,857.69

The Authority utilizes a Dell Equallogic storage device to house critical data for its Exchange server, Netmotion, GST mapping system, and Eden ERP system. This hardware was originally purchased in 2013 with a five (5) year warranty. The Authority's IT services provider, the City of Hawthorne's Information Technology Services Department, has recommended the extension of this warranty service for two additional years. Costs incurred in FY2018/19 will total \$12,857.69 and will cover two years of maintenance.

FISCAL IMPACT

Funds for each of the above requested BPOs, which total \$209,648.57, are included in the approved Fiscal Year 2018-19 Budget. Additionally, all costs associated with the Medical Director, the upfitting of vehicles, and automatic vehicle location and mobile mapping services are 100% reimbursable by the member or contract agencies requesting the service.

ATTACHMENT #1

Agenda Item: 3g

**AGREEMENT BETWEEN THE
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY
AND
GEOSPATIAL TECHNOLOGIES, INC.
FOR SOFTWARE MAINTENANCE SERVICES**

This contract, hereinafter referred to as Agreement, is entered into by and between the SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY ("Authority") and GEOSPATIAL TECHNOLOGIES, INC. ("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 software maintenance services related to Automatic Vehicle Location (AVL) and Mobile Mapping Systems for public safety vehicles.

B. Consultant is qualified by virtue of experience, training, education and expertise to provide these goods and 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 Consultant ("Services") shall be in accordance with the scope of services 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 and terms which is incorporated herein as Exhibit A. 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. 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 June 30, 2019. The Executive Director may extend the time of performance in writing for two additional one-year terms or such other term not to exceed two years from the date of termination pursuant to the same terms and conditions of this Agreement.

B. Authority may terminate this Agreement without cause by providing written notice to Consultant not less than thirty 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 thirty (30) 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.

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

GeoSpatial Technologies, Inc.
10055 Slater Ave. Suite 214
Fountain Valley, CA 92708
Telephone Number: 714.861.7033
E-mail: wilburhu@geospatialtech.com

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:
GEOSPATIAL TECHNOLOGIES, INC.

By  _____
WILBUR HU
Vice President, Operations

By  _____
GRACE CHOU
Treasurer

Date 7/6/2018

APPROVED AS TO FORM:

PETER WALLIN, Authority Counsel

EXHIBIT A

SCOPE OF SERVICES



GeoSpatial Technologies, Inc.

Software Annual Maintenance Agreement

GeoSpatial Technologies, Inc. (hereinafter referred to as GST) shall provide maintenance and support services under this Software Annual Maintenance Agreement (hereinafter referred to as Agreement) for South Bay Regional Public Communications (RCC) (hereinafter referred to as Customer) during the period from July 1, 2018 to June 30, 2019, with options to extend for an additional 2 years, upon payment of the annual maintenance fee for the products listed in the section of Products Covered.

I. PRODUCTS COVERED

GST maintenance and support services are provided only for the software products listed in Exhibit B.

II. MAINTENANCE AND SUPPORT

GST shall provide maintenance and support services to the End User. Maintenance and support services shall include, but not be limited to:

- (a) Telephone and E-mail Support: GST will provide telephone and e-mail assistance. You must provide GST with remote access through the Internet to the computers installed with GST software. By calling the GST technical support number, you will reach a trained support analyst of whom you may ask questions or seek advice relating to the use of GST software. The analyst will assist you in utilizing your GST software, and in identifying and providing a work around, if possible, for any software problems found with GST software. GST support services do not include hardware, network, operating systems, or third party software.

Support will be provided weekdays from 9:00 a.m. to 6:00 p.m. Pacific Standard Time, excluding weekends and holidays.

- (b) Response Times: In the event that the End User experiences a critical system failure, which shall be deemed to have occurred if the system is down or inoperable, meaning that the End User cannot use the System and/or the System is off-line, for longer than ½ hour, GST shall respond and look into correcting the problem immediately upon receipt of a call for service and following the receipt of notification and relevant documentation of the problem. For all other non-critical failures, GST shall respond and attempt to correct the problem within four (4) hours upon receipt of a call for service and following the receipt of notification and relevant documentation of the problem. If problems cannot be resolved within four (4) hours, the problem will be automatically escalated to Application Technical Lead or the VP of Product Management for resolution. After consultation between the VP of Product Management and support staff, GST will provide a plan of action for resolution to the End User.
- (c) Bug-fixes and Upgrades: GST will provide bug-fixes and upgrades to the GST software when they are available at no additional charge during the term of the maintenance program.



- (d) **Corrective Maintenance:** GST will provide corrections to the supported software using Internet connections, provided you have a high-speed Internet connection on your system allowing GST remote access, during standard support hours.
- (e) **GST Training:** The End User under software annual maintenance program receives 50% discounts for all training programs held at GST's facility.
- (f) **Software Customization and Enhancement:** The End User under the software annual maintenance program receives a 20% discount for any software customization services. End User requested enhancements or modifications of GST software are not included in the support plan price. GST agrees to review requests from the End User and to provide a quote for the requested enhancement based on time and cost anticipated.
- (g) **Excluded Service:** The maintenance and support described herein does not include the correction of software failures due to causes beyond the control of GST and occurring without the fault or negligence of GST such as, but not limited to acts of God, catastrophe, fault, or negligence of the End User, operator error, manipulation of the object or source code (unless approved by GST in writing prior to such manipulation), improper use or misuse of the system or any part thereof. Any such excluded service, whether on-site or off-site, will be provided at the request of the End User at GST per call rates and terms then in effect.
- (h) **Support of Old Software:** Users are required to install all updated software and any bug fixes in a timely manner, including operating system software. If you fail to keep your system current, GST may no longer support your system. GST will support old releases of a product for two years after new releases become available. For subsequent years after new releases becomes available, if requested by End User, GST may continue to support such old releases for an annual increase in support fee of 40%.
- (i) **Lapsed Support:** If the End User intends to renew maintenance after the previous maintenance program has expired for over two (2) months, a supplemental fee of 50% of the annual maintenance shall be due GST for the first year of maintenance following your need for maintenance again, in addition to the maintenance fee already due herein.
- (k) **On-site support:** On-site support is not covered by the standard software maintenance support. Per End User's request, GST will provide on-site support if GST determines that such support is required to resolve the reported problem. In this case, GST will dispatch one or more members of its support staff to your site who will attempt to recreate and resolve the problem(s) reported. During this time it is expected that members of your staff will be available to answer questions and provide information regarding your system, if required. On-site support will be charged at GST per call rates and terms then in effect, plus travel and per diem for GST staff sent on-site.

III. SYSTEM MODIFICATION

- (a) **GST-generated modifications:** Changes or replacement of the computer equipment, operating system and its related software, or other third party software may require GST software support and/or



software modification to allow GST products to work with the new equipment, operating system, and/or third party software. These support and/or modification services will be provided by GST at the End User's request at our then quoted prices.

- (b) End User-generated modifications: GST will not be responsible for any damage to your GST software or data caused by upgrades to the operating system or replacement of hardware without GST's prior written concurrence that said upgrade would function properly. Services required as a result of modifications to GST's systems made by the End User are not considered normal maintenance and are not provided as part of GST's Software Maintenance Program.
- (c) External System Modifications: In the event any external system is modified beyond that anticipated by the terms of the underlying End User License Agreement, the End User shall notify GST of such changes immediately upon receipt of notification from the respective entity/entities and request that GST prepare a proposal to include a time and cost estimate, for the work to be performed which constitutes a change from the originally agreed upon configuration and work description as presented in the underlying End User License Agreement. GST shall, within thirty (30) days after receiving said notice, furnish a written proposal to the End User provided the required modifications are commercially, technically and practically feasible. Upon receipt of GST's proposal, the End User shall determine whether it desires the work to be performed, and if so shall issue a Notice to Proceed within ten (10) days, at which time GST will perform the necessary modifications for the additional mutually agreed upon compensation.

IV. END USER RESPONSIBILITIES

- (a) Software Problems and Reporting: The End User agrees to limit use of GST maintenance service to occasions when GST system software fails to operate in accordance with the product specifications as defined in the original purchase contract. To facilitate the problem solving process, the End User agrees to assist GST in their efforts to duplicate the software problem by providing a written problem report. Additionally, GST may ask that you furnish a listing of software problems rather than calling on each individual item over a short period of time so that our support team can better assist you.
- (b) Payment: The End User is responsible for ensuring that all amounts payable under the software annual maintenance program are received by GST on or before the commencement of the maintenance program. The End User's failure to remit payment to GST for such maintenance services provided or to be provided shall entitle GST to deny further maintenance services to the End User.
- (c) Updates: The End User and all users of GST software are responsible for installing all updates to software, hardware, and fixes in a timely manner. Failure to keep your system updated can, at GST's sole discretion, result in the immediate discontinuation of maintenance support.
- (d) System Administration: The End User is responsible for identifying a System Administrator, as well as a back-up System Administrator, who will function as GST's primary and secondary contact for any maintenance services to be provided under the software maintenance program. Such System Administrator, or, in the absence of the Systems Administrator, the back up, shall be GST's sole contact for technical assistance. The System Administrator and backup System Administrator must



be trained in the administration of computer hardware, operating system, networking, and database.

GST support staff will assist you in identifying system problems as a function of maintenance support. However, if a problem is identified as a system administration responsibility, further assistance from GST support staff is billed at our then current hourly rates and terms.

V. WARRANTIES

- (a) Limited Warranty for Services Any services being provided to the End User in accordance with the software maintenance program are offered on a best-efforts basis only, GST may not be able to resolve every service request made. Although GST will attempt to provide some guidance and direction, GST is not responsible for resolving issues related to networks, operating systems, back-end databases or hardware. It is the End User's responsibility to keep adequate data backups. GST will not be responsible for any lost data.

ALL OTHER WARRANTIES EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE, ARE HEREBY EXCLUDED.

VI. LIMITATION OF LIABILITY

The End User's sole and exclusive remedies for any damage or loss in any way connected with any software or services furnished by GST, after acceptance of the GST software system, whether by GST's breach of warranty, negligence, or any other breach of any other duty, shall be, at GST option, replacement of the software or re-performance of service or return or credit of an appropriate portion of any payments made, or to be made, to GST with respect to such software or services. Under no circumstances shall GST be liable to you or any other person for any special, incidental, indirect or consequential damages of any character, including, without limitation, damages for loss of good will, work stoppage, computer failure or malfunction, or any and all other commercial damages or losses, even if GST has been advised of the possibility of such potential loss or damage.

VII. CHOICE OF LAW

Interpretation of this Agreement shall be governed by the laws of the State of California.

VIII. STATUTE OF LIMITATIONS

No action or claim relating to or arising out of the software annual maintenance program may be instituted more than one (1) year after the event giving rise to such action or claim.

EXHIBIT B

PAYMENT SCHEDULE

AUTHORITY shall compensate CONSULTANT for the satisfactory performance of the work described in this Agreement in the amount not to exceed \$70,000 per fiscal year based on the schedule below. CONSULTANT shall submit an invoice for payment according to this schedule.

ANNUAL MAINTENANCE FEES	UNIT COST PER YEAR
Tracker Real-Time Patrol View	\$800
Mapper/MP/Navigator, Tracking	\$362
Real-Time Patrol Mobile Software	\$20

FUTURE SOFTWARE/SERVICE PURCHASES	COST PER VEHICLE
Mapper MDC with MapPoint add-on and Navigator add-on	\$2,588.75
Mobile unit tracking software	
GST Tracker server usage	
GST Tracker server registration	
GST Viewer usage (6 GST Viewer allotted per agency)	
One day on-site training (allotted for each Agency)	
1 st Year software Annual Maintenance Fee (AMF)	

AGENCIES	ABBREVIATIONS
El Segundo Fire Department	ESFD
El Segundo Police Department	ESPD
Gardena Police Department	GPD
Hawthorne Police Department	HPD
Hermosa Beach Police Department	HBPD
Manhattan Beach Police Department	MBPD

**SCHEDULE OF PAYMENTS FOR FISCAL YEAR 2018-2019
(JULY 1, 2018 TO JUNE 30, 2019)**

ITEM	PRORATED UNIT COST	QUANTITY	TOTAL
Mapper/MP/Navigator, Tracking (44 HPD + 32 GPD + 11 HBPD + 18 ESPD = 105)	\$362.00	105	\$38,010.00
Real-Time Patrol Mobile Software (ESPD)	\$16.67	13	\$216.71
Tracker Real-Time Patrol View (ESPD)	\$666.67	1	\$666.67
Mapper/MP/Navigator (ESFD)	\$271.50	9	\$2,443.50
Tracker Real-Time Patrol View (HPD)	\$400.00	1	\$400.00
Mapper/MP/Navigator, Tracking (MBPD)	\$120.67	22	\$2,654.00
Tracker Real-Time Patrol View (GPD)	\$266.67	1	\$266.67
Tracker Real-Time Patrol View (HBPD)	\$133.33	1	\$133.33
ANNUAL TOTAL			\$44,790.88
PAYMENT TO BE MADE IN JULY 2018			\$44,790.88

SCHEDULE OF PAYMENTS FOR FUTURE FISCAL YEARS (JULY TO JUNE)

If Authority exercises options to extend agreement beyond June 30, 2019, payments will be made on a quarterly basis beginning on July 1, 2019:

- July 1st
- October 1st
- January 1st
- April 1st

ITEM	UNIT COST	QUANTITY	TOTAL
Tracker Real-Time Patrol View (ESPD, HPD, GPD, HBPD)	\$800.00	4	\$3,200.00
Mapper/MP/Navigator, Tracking (44 HPD + 32 GPD + 11 HBPD + 18 ESPD + 22 MBPD + 9 ESFD = 136)	\$362.00	136	\$49,232.00
Real-Time Patrol Mobile Software (ESPD)	\$20.00	13	\$260.00
ANNUAL TOTAL			\$52,692.00
QUARTERLY BILL AMOUNT			\$13,173.00



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3h

TO: Executive Committee

FROM: Scott Arbuckle, Finance and Accounting Manager

SUBJECT: AUTHORIZE THE EXECUTIVE DIRECTOR TO PROCURE GASB 75 REPORTING SERVICES, EXECUTE AN ENGAGEMENT PROPOSAL WITH THE SELECTED VENDOR, AND APPROVE A CORRESPONDING PURCHASE ORDER IN AN AMOUNT NOT TO EXCEED \$14,500 FOR THESE SERVICES

ATTACHMENTS: None

RECOMMENDATION

Staff recommends that the Executive Committee authorize the Executive Director to procure GASB 75 valuation and reporting services with a qualified firm, execute an engagement proposal, and approve a purchase order for those services.

BACKGROUND

Governmental Accounting Standards Board (GASB) statement number 75 requires biennial valuation and reporting of Postemployment Benefits Other than Pensions (OPEB) for the Authority's retiree healthcare plan. GASB 75 replaces GASB 45 and is effective for FY2017/18. The valuation and reports provided by the vendor will fulfill GASB requirements and will provide the Authority with a detailed understanding of projected costs, commensurate details, and all inherent assumptions and methodologies for valuation.

DISCUSSION

The Authority has historically contracted with: Demsey, Filliger & Associates, Bartel Associates, and The Pun Group to prepare its key GASB valuations, reports, and other professional accounting and actuarial services. The Authority has elicited quotes from the preceding vendors and other firms with positive references. Due to the complex nature of the actuarial valuation and reporting associated with GASB 75, this task is best suited for outside professionals with subject matter expertise in this sector. The anticipated cost to

prepare the next set of valuations and reports, based on the Authority's final FY2017/18 active employee and retiree healthcare data is up to \$14,500, based upon early proposals.

The services to be provided by the vendor are professional in nature and therefore require approval of the Executive Committee, per Resolution 259 adopted by the Executive Committee on October 16, 2007.

FISCAL IMPACT

The costs associated with these services total up to \$14,500. Funds are available in Account # 10-50-111-5304 (Administration/Accountant-Audit Services) for this procurement, subsequent agreement and its associated services.



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3i

TO: Executive Committee

FROM: John Krok, Administration Manager

SUBJECT: AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT WITH DOGS OF DESIGN FOR WEBSITE DESIGN SERVICES; AND

APPROVE A CORRESPONDING PURCHASE ORDER IN THE NOT TO EXCEED AMOUNT OF \$9,850

ATTACHMENT: 1. Agreement

RECOMMENDATION

Staff recommends that the Executive Committee authorize the Executive Director to execute an agreement with Dogs of Design for website design services and approve a corresponding purchase order in the not to exceed amount of \$9,850.

DISCUSSION

The Authority has not updated its website since its initial launch in 2002. As a result, the website does not take advantage of current technologies, automation, and integration of modern functionality. Staff is planning to redesign the website to allow for efficiency in posting of reports and other information, communicating with the communities it serves, and showcasing the agency to prospective employees.

Staff plans to work with a vendor to create a website that is not only visually attractive and enticing but also functional for both users and visitors. The website design would establish the organization's digital presence in a manner that conforms with the Authority's mission for providing high-quality services while creating a sense of legitimacy around the organization, establishing the aesthetic image of the agency, and cultivating an interest in employment.

Staff has identified Dogs of Design as a qualified vendor for this project that specializes in web design. The award-winning vendor has been in business since 1981, is located

in the City of Torrance, and has an impressive portfolio of work in website design, brand development, print advertising, industrial design and photography.

FISCAL IMPACT

Funds for this project are available in the Authority's approved Fiscal Year 2018/19 Budget.



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3j

TO: Executive Committee

FROM: John Krok, Administration Manager

SUBJECT: AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT WITH RONIN MEDIA HOUSE FOR A RECRUITMENT FOCUSED PROMOTIONAL VIDEO; AND

APPROVE A CORRESPONDING PURCHASE ORDER IN THE NOT TO EXCEED AMOUNT OF \$18,520

ATTACHMENT: 1. Agreement

RECOMMENDATION

Staff recommends that the Executive Committee authorize the Executive Director to execute an agreement with Ronin Media House for a recruitment focused promotional video and approve a corresponding purchase order in the not-to-exceed amount of \$18,520.

BACKGROUND

One of the Authority's top priorities is to maintain appropriate staffing levels to ensure it continues to provide excellent services to the communities it serves. To that end, staff is working diligently to fill all vacant Communications Operator positions.

DISCUSSION

Staff plans to work with an outside vendor to create a custom recruitment focused promotional video. The video will capture Authority employees providing dispatch services to the various communities and agencies it serves. Additionally, the video will highlight the regional scope of the Authority's services and its longstanding commitment to excellence. The video will be available on the Authority's website and will be displayed during recruitment events. Staff believes that this video will both showcase the

dedication and talent of our employees and inspire prospective candidates to consider a career with the Authority.

Staff has identified Ronin Media House (Ronin) as a qualified vendor for this project. Ronin has been in business since 2011 and has created everything from award-winning feature documentaries to critical short form branded content. Additionally, Ronin is very familiar with the ethos of public safety agencies in the South Bay and has created video content for the Hawthorne, Manhattan Beach, and Redondo Beach Police Departments in recent years.

FISCAL IMPACT

Funds for this project are available in the Authority's approved Fiscal Year 2018/19 Budget.

ATTACHMENT #1

Agenda Item: 3j

**AGREEMENT BETWEEN THE
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY
AND
RONIN MEDIA HOUSE
FOR CONSULTING SERVICES**

This contract, hereinafter referred to as Agreement, is entered into by and between the SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY ("Authority") and RONIN MEDIA HOUSE ("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 produce a custom recruitment-focused promotional video that showcases all the best attributes of the Authority.

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 Consultant ("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. 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. During the term of this Agreement, Consultant shall provide the director services of Mike Cooley. Such individual(s) shall not be replaced without the prior written consent of 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.

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

Ronin Media House
46-E Peninsula Center Ste #516
Rolling Hills Estates, CA 90274
Telephone Number: 818.970.8554
E-mail: mike@roninmediahouse.com

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:
RONIN MEDIA HOUSE

By  _____
MIKE COOLEY
President

By  _____
KIMBER COOLEY
Secretary

Date 07/05/18

APPROVED AS TO FORM:

 _____
PETER WALLIN, Authority Counsel

EXHIBIT A

SCOPE OF SERVICES & PROJECT TIMELINE

CONSULTANT will provide services as described on the following page.

TIMELINE

- | | |
|--|-------------------|
| • Project kick off meeting | August 2018 |
| • First edited version of video delivered to AUTHORITY | November 15, 2018 |
| • Final version of video delivered to AUTHORITY | December 31, 2018 |



Recruitment Video Creative:

For South Bay Regional Public Communications Authority

SITUATION: The South Bay Regional Public Communications Authority seeks to promote itself affirmatively through moving images.

OBJECTIVE: Create and produce a custom recruitment-focused promotional video that showcases all the best attributes of the RCC.

STRATEGY: Upon engagement we will work with RCC staff to schedule and identify ideal opportunities to capture priority aspects of the department and its constituent agencies.

We will schedule and direct a testimonial shoot day at RCC that features current staff speaking to the experience of working at the leader in its field, giving depth to the experience of different careers to be had at RCC. We will leverage the space to shoot from different vantage points showcasing the contemporary and spacious workspace.

With these testimonials in the can, we will schedule subsequent shoot days (or partial days as practical for creative objectives). First we will capture the RCC doing what it does best from its facility – facilitating communication with its constituent agencies. We will also coordinate with RCC to schedule ride-alongs to capture police and fire call outs that showcase the fulfillment of communication that RCC provides to the region. Next we will capture dynamic shots of the various stations and agencies that RCC serves to exemplify its regional scope serving a wide cross section of LA area residents. Lastly, we'll capture imagery of technology installations RCC owns and maintains to further broaden the scope of its perceived mission and bandwidth.

We plan to shoot coverage with one camera operator to allow for the most intimate, real, and unobtrusive documentation of RCC's actual work and personnel. We will utilize our 4K cinema-quality camera packages, 4K drone, "steadicam" hardware, audio packages, car mounts, automated dolly and other equipment to set the production level as high as possible.

Upon completion of physical production we will edit and present a video for review of approximately 3 minutes in length. Editorial will include up to three revisions before delivery. We will create and incorporate custom branded motion graphics to give the video a unique appearance and underpin the brand of RCC.

We believe it feasible to produce and deliver this video by fall 2018. In addition to delivering the final video, we will also deliver all raw media. The project will be work made for hire, and RCC will own outright all work product created for this project.

BUDGET: \$18,520

*Please see attached line item budget

Contact: Mike Cooley
mike@roninmediahouse.com
818-970-8554

Recruitment Video
For South Bay Regional Communications Authority
www.RONINMEDIAHOUSE.COM

EXHIBIT B
PAYMENT SCHEDULE

AUTHORITY shall compensate CONSULTANT for the satisfactory performance of the work described in this Agreement in the amount not to exceed \$18,520 as based on the costs outlined in the following pages.

CONSULTANT shall submit an invoice for payment upon completion of the scope of services.

Ronin Media House
Recruitment Video

Exhibit 1

Page 1A

A	PRE-PRO & WRAP CREW	Hours	Rate	OT Hours		ESTIMATED	ACTUAL
				1.5	2.0		
1	Copy Writer/Concept Development	1	150			150	
2	Pre-Production Logistics	4	150			600	
3	Casting Session Producer						
4	Key Camera Operator #1 Travel Days						
5	Camera Operator #2						
6	Camera Operator #3						
7	1st AC						
8	Media Wrangler						
9	Asst Crane Tech						
10	Camera Car Driver						
11	Gaffer						
12	Best Boy Electric						
13	Electric						
14	Electric						
15	Electric/Driver						
16	Key Grip						
17	Best Boy Grip						
18	Grip						
19	Grip						
20	Grip/Driver						
21	Mixer #1						
22	Mixer #2						
23	Playback						
24	Make-up						
25	Hair						
26	Stylist						
27	Asst Stylist						
28	Script Supervisor						
29	Home Economist						
30	Asst Home Economist						
31	VTR Operator						
32	Digital Imaging Tech						
33							
34	Teleprompter Op						
35	Generator Operator						
36	Still Photographer						
37	Location Scout						
38	Production Manager						
39	2nd AD						
40	Nurse/1st Aid						
41	Craft Service						
42	Firemen						
43	Policemen						
44	Welfare/Teacher						
45	Gang Boss						
46	Teamsters/Drivers						
47	Production Coordinator						
48	Key PA Pick-Ups & Returns						
49	PA #1						
50	PA #2						
		5					
				Sub-total A		750	
				PT/P&W		150	
				TOTAL A		900	

Ronin Media House
Recruitment Video

Page 18

Exhibit 1

B	SHOOTING CREW	Hours	Rate	OT Hours		ESTIMATED	ACTUAL
				1.5	2.0		
51	Director / Director of Photography	45	150			6,750	
52	Still Photographer						
53	Director of Photography (Video)						
54	Line Producer/1st AD						
55	2nd Camera Operator						
56	Shooter/Producer/Audio						
57	1st AC						
58	Media Wrangler						
59	Asst Crane Tech						
60	Camera Car Driver						
61	Gaffer						
62	Best Boy Electric						
63	Electric						
64	Electric						
65	Electric/Driver						
66	Key Grip						
67	Best Boy Grip						
68	Grip						
69	Grip						
70	Grip/Driver						
71	Audio Mixer #1						
72	Mixer #2						
73	Playback						
74	Make-up						
75	Hair						
76	Stylist						
77	Asst Stylist						
78	Script Supervisor						
79	Home Economist						
80	Asst Home Economist						
81	VTR Operator						
82	Digital imaging Tech						
83	Caterer						
84	Teleprompter Op						
85	Generator Operator						
86	Still Photographer						
87	Location Manager						
88	Production Manager						
89	2nd AD						
90	Nurse/1st Aid						
91	Craft Service						
92	Firemen						
93	Policemen						
94	Welfare/Teacher						
95	Gang Boss						
96	Teamsters/Drivers						
97	Production Coordinator						
98	Key PA	10	40			400	
99	PA #1						
100	PA #2						
Sub-total B						7,150	
PT/P&W						1,430	
TOTAL B						8,580	

Ronin Media House
Recruitment Video

Exhibit 1

Page 2

C	PRE-PRODUCTION & WRAP EXPENSES	Amount	Rate	x	ESTIMATED	ACTUAL
101	Auto Rentals - picture vehicle					
102	Air Fares					
103	Per Diems					
104	Still Camera & Film					
105	Messengers					
106	Trucking					
107	Deliveries & Taxis					
108	Home Ec Supplies					
109	Telephone & Cable					
110	Casting Director					
111	Casting Facilities					
112	Working Meals					
113	Storyboards					
TOTAL C						

D	LOCATION EXPENSES	Amount	Rate	x	ESTIMATED	ACTUAL
114	Location Fees					
115	Parking Fees					
116	Expendables					
117	RV Rental					
118	Mileage Fee					
119	Tolls, Gas					
120	Production Trucking					
121	Other Vehicles					
122	Other Vehicles					
123	Customs					
124	Excess Bags					
125	Air Fares					
126	Per Diems					
127	Mileage Local Camera Crew					
128	Mileage PA's					
129	Breakfast					
130	Lunch					
131	Dinner					
132	Set Security					
133	Limousines					
134	Cabs and Other Transpo					
135	Kit Rental					
136	Art Work					
137	Gratuities					
138	Craft Service	Water, Snacks				
139	Agent Fees					
TOTAL D						

E	PROPS, WARDROBE & ANIMALS	Amount	Rate	x	ESTIMATED	ACTUAL
140	Prop Rentals					
141	Prop Purchases					
142	Wardrobe Rentals					
143	Wardrobe Purchases					
144	Picture Vehicles					
145	Animals & Handlers					
146	Wigs & Mustaches					
147	Color Correction					
148						
149						
150						
TOTAL E						

Ronin Media House
Recruitment Video

Exhibit 1

Page 3

F	STUDIO RENTAL & EXPENSES	Amount	Rate	x	ESTIMATED	ACTUAL
151	Rental For Build Days					
152	Build OT Hours					
153	Rental for Pre-Lite Days					
154	Pre-Lite OT Hours					
155	Rental for Shoot Days					
156	Shoot OT Hours					
157	Rental for Strike Days					
158	Strike OT Hours					
159	Generator and Operator					
160	Studio Security					
161	Power Charges					
162	Misc Studio Charges					
163	Meals for Crew & Talent					
164	Craft Service					
165	Stage Manager					
166	Paint & Repaint					
167	Lifts					
		TOTAL F				

G	SET CONSTRUCTION CREW	Days	Rate	OT Hours		ESTIMATED	ACTUAL
				1.5	2.0		
168	Production Designer						
169	Art Director						
170	Asst. Art Director						
171	Set Dresser						
172	Set Decorator						
173	Leadman						
174	Props						
175	Asst Props						
176	Shopper						
177	EFX						
178	Illustrator						
179	Swing						
180	Art PA's						
		Sub-total G					
		PT/P&W					
		TOTAL G					

H	SET CONSTRUCTION MATERIALS	Amount	Rate	x	ESTIMATED	ACTUAL
181	Set Dressing Purchases					
182	Set Dressing Rentals					
183	Lumber					
184	Paint					
185	Hardware					
186	Special Effects					
187	Outside Construction					
188	Art Trucking					
189	Messengers/Deliveries					
190	Kit Rental					
191	Gas, Parking, Tolls					
192	Working Meals					
		TOTAL H				

Ronin Media House
Recruitment Video

Exhibit 1

Page 4

I	EQUIPMENT RENTAL	Amount	Rate	x	ESTIMATED	ACTUAL
193	Camera Rental	6	75	2	900	
194	Audio Record Kit Rental	1	75		75	
195	Lighting Rental	2	70		140	
196	Grip Rental	2	45		90	
197	Microphones					
198	Drone Rental	3	200		600	
199	VTR					
200	Walkie Talkie Rental					
201	Steadicam Rental	6	75		450	
202	GoPro Cameras					
203	RC Helicopter					
204	RC Helicopter Mileage					
205	RC Helicopter Travel					
206	Expendables					
207	Water Truck					
208	Jib					
209	Dolly/Slider	1	70	2	140	
210	Additional Lenses	6	20		120	
TOTAL I					2,515	

J	FILMSTOCK, DEVELOP & PRINT	Amount	Rate	x	ESTIMATED	ACTUAL
211	SD Cards	6	9	2	108	
212	SSD Media					
213	Print Filmstock					
214	Transfer to Mag.					
215	Sync/Screen Dailies					
216	Hard Drives - Delivery	1	175		175	
TOTAL J					283	

K	MISCELLANEOUS COSTS	Amount	Rate	x	ESTIMATED	ACTUAL
217	Petty Cash					
218	Air Shipping and Carriers					
219	Phones and Cables					
220	Cash Under \$15 Each					
221	External Billing Costs					
222	Special Insurance					
223						
224						
225						
226						
TOTAL K						

L	DIRECTOR/CREATIVE FEES	Amount	Rate	x	ESTIMATED	ACTUAL
227	Director Prep					
228	Director Travel					
229	Director Shoot					
230	Director Post					
231	Fringes					
232						
233						
Sub-total L						
PT/P&W						
TOTAL L						

Ronin Media House
Recruitment Video

Exhibit 1

Page 5

TALENT		No.	Travel Days	Shoot Days	Rate	OT Hours		ESTIMATED	ACTUAL
M						1.5	2.0		
234	O/C Principals - Male								
235	O/C Principals - Female								
236	O/C Principals								
237	O/C Principals								
238	O/C Principals								
239	O/C Principals								
240	O/C Principals								
241	O/C Principals								
242	O/C Principals								
243	O/C Principals								
244									
245									
246									
247	General Extras								
248	General Extras								
249	General Extras								
250	General Extras								
251	General Extras								
252	General Extras								
253									
254									
255									
256	Hand Models								
257									
258									
259	Voice Over								
260	Fitting Fees								
261	Fitting Fees								
262									
263	Audition Fees								
264	Audition Fees								
265									
						Sub-total M			
						PT/P&W			
266	Talent Agency Fees				10%				
267	Talent Payroll Service								
268	Talent Wardrobe Allowance								
269	Other								
270									
						TOTAL M			

N	TALENT EXPENSES	Amount	Rate	x	ESTIMATED	ACTUAL
271	Talent Air Fares					
272	Talent Per Diem					
273	Talent Ground Transportation					
274	Other					
275	Other					
276						
					TOTAL N	

Ronin Media House
Recruitment Video

Exhibit 1

Page 6

O	POST PRODUCTION LABOR	Amount	Rate	x	ESTIMATED	ACTUAL
277	Editor	1	2500		2,500	
278	Motion Graphics Designer	1	300		300	
279	Voice Over (Per Media Hour)					
280	Additional Editorial (Per Hour)					
281						
Sub-total O					2,800	
PT/P&W					560	
TOTAL O					3,360	

P	POST PRODUCTION EXPENSES	Amount	Rate	x	ESTIMATED	ACTUAL
282	Mac/FCP/Creative Suite Edit Station	1	225		225	
283	Transcoding Footage					
284	Hard Drives/Media Storage	1	150		150	
285	Off-line Other					
286	Transcription					
287	Digital 2D/Paint					
288	Digital 3D/Modeling					
289	Digital Rotoscoping					
290	Digital Compositing					
291	Digital Stock	1	100		100	
292	Digital Other					
293						
294	Music Licensing	1	199		199	
295	VO/ADR					
296	Sound Effects					
297	Sound Design					
298	Audio Transfers					
299	Audio Mix					
300	Audio Other					
301						
302	Motion Graphics					
303						
304	Stock Footage					
305						
306	Closed Captions					
307						
308	Layback to HDCAM SR					
309						
310	On-line Stock					
311	Edited Master					
312	Clones					
313	Dubs					
314	Standards Conversion					
315						
316	Post Shipping/Messengers					
317						
318						
319						
320						
321						
322						
323						
324						
325						
326						
327						
328						
329						
TOTAL P					674	



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3k

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY ACKNOWLEDGING AND RATIFYING CERTAIN ACTIONS TAKEN TO ADMINISTER THE FY 2016 URBAN AREA SECURITY INITIATIVE (UASI) GRANT AWARD FOR THE INTEROPERABILITY NETWORK OF THE SOUTH BAY PROJECT

ATTACHMENTS:

1. Resolution 312
2. Resolution 305
3. Request for Sole Source Procurement Authorization
4. Approval of Sole Source Contract Request
5. Designation of CommLine, Inc. as Motorola's Authorized Representative on the INSB Project

RECOMMENDATION

Staff recommends that the Executive Committee adopt Resolution 312 acknowledging and ratifying certain actions taken to administer the FY 2016 Urban Area Security Initiative (UASI) Grant Award for the Interoperability Network of the South Bay Project.

BACKGROUND

On November 17, 2015, the Executive Committee adopted Resolution 305 accepting a \$5,000,000 grant award under the FY 2011 Urban Area Security Initiative (UASI) to fund a project to establish a communications system that would integrate with the Interagency Communications Interoperability System (ICI System) network and provide South Bay public safety agencies with wide area and interoperable communications capabilities throughout the Los Angeles County region. This project eventually came to be known locally as the Interoperability Network of the South Bay (INSB) project which the Authority is actively working to implement. This network is anticipated to go-live during the fall of 2018.

This project was funded with a \$5,000,000 federal grant from the City of Los Angeles, which serves as the fiscal agent for Los Angeles/Long Beach UASI Area, under the FY 2016 UASI grant program.

The purpose of this report is to clarify specific information related to the grant and provide the Executive Committee with information about procurements related to this project.

DISCUSSION

On April 26, 2016, the INSB Joint Powers Authority (JPA) was formed by the cities of El Segundo, Gardena, Hawthorne, Hermosa Beach, Manhattan Beach, Redondo Beach, and Torrance to coordinate the planning, implementation, and eventual maintenance of the INSB network. Pursuant to Government Code Section 6507, this JPA is a public entity separate and apart from its member agencies. As a public entity, the meetings of the Governance Board are subject to the Ralph M. Brown Act. The JPA's Governance Board consists of one director from each of its member cities. Staff from the South Bay Regional Public Communications Authority (SBRPCA) has worked very closely with the INSB JPA since its inception to develop the INSB network project. Additionally, members of the SBRPCA's Executive Committee also serve on the INSB Governance Board or have assigned representatives to serve on their behalf.

On March 8, 2017, representatives from the ICI System and SBRPCA jointly submitted a Request for Sole Source Procurement Authorization to the Governor's Office of Emergency Services (Cal OES) requesting that the SBRPCA be allowed to contract with Motorola Solutions, Inc. (Motorola) and its exclusive territorial agents for the development of the INSB project. (Motorola's authorized representative on this project is CommLine, Inc.). The sole source justification was based on the need to ensure the INSB network is compatible and interfaces with the ICI System, the planned LA-RICS system, the City of Los Angeles, and the City of Long Beach. On May 12, 2017, Cal OES approved this sole source procurement request.

On September 12, 2017, the INSB Governance Board approved a contract award to Motorola in the amount of \$4,213,601 plus applicable taxes to build a 6-site/12-channel remote radio system. With this approval, the agreement between SBRPCA and Motorola was executed by former Executive Director Ralph Mailloux. A purchase order for this aspect of the project was issued by SBRPCA to Motorola in the amount of \$4,458,356, which included \$244,755 in sales tax.

On September 19, 2017, the INSB Governance Board approved a contract award to CommLine Inc. (CommLine) in the amount of \$499,595.39 for microwave systems, FCC licensing and coordination, and Avtec dispatch console upgrades. With this approval, a purchase order for this aspect of the project was issued by SBRPCA to CommLine on December 27, 2017 in the amount of \$499,595.39.

On May 30, 2018, the Executive Committee authorized the Executive Director to execute a change order to the Motorola agreement in the amount of \$41,644 for additional work associated with the project. This change order was executed on June 7, 2018.

Below is a summary of the grant's allocation between vendors and the status of payments associated with this project:

Vendor	Original Purchase Order Amount	Change Order Amount	Total Purchase Order Amount	Amount Expended as of March 31, 2018	Balance Remaining
Motorola	\$4,458,356.00	\$41,644.00	\$4,500,000.00	2,897,931.40	\$1,602,068.60
CommLine	499,595.39	-	499,595.39	499,595.39	-
TOTALS	\$4,957,951.39	\$41,644.00	\$4,999,595.39	3,397,526.79	\$1,602,068.60

As of March 31, 2018, SBRPCA has expended \$3,397,526.79 of the \$5,000,000 grant. Staff is in the process of assembling the documentation necessary to request reimbursement of these expenses from the City of Los Angeles. This request is anticipated to be submitted later this month. The City of Los Angeles has advised that once the request is approved, SBRPCA should receive the reimbursement of funds in 60-90 days.

The remaining \$1,602,068.60 in grant funds are encumbered in the agreement with Motorola and will be expended as follows:

Milestone # and Description	Amount
4 – Completion of Installation	\$1,114,589.00
5 – Upon Final Project Acceptance	445,835.60
Change Order re: El Segundo Water Tank – Upon Completion of Work	41,644.00
TOTALS	\$1,602,068.60

Completion of installation is scheduled to occur during the fall of 2018. The Executive Committee will be provided with a more specific timeline over the next few months. Final project acceptance is scheduled to occur in January 2019.

In order to maintain the accuracy of the SBRPCA's records and ensure the Executive Committee is aware of how vendors associated with the procurements for this grant project were selected, staff requests the Executive Committee adopt Resolution 312 acknowledging and ratifying the following:

- Resolution 305 adopted by the Executive Committee on November 17, 2015 approving and accepting FY 2011 UASI grant funding in the amount of \$5,000,000 contains erroneous information. This grant was actually awarded by the granting agency under the FY 2016 UASI program.
- The INSB Governance Board is comprised of seven (7) directors, each from one (1) of its member cities.
- Members of the SBRPCA Executive Committee representing the cities of Gardena, Hawthorne, and Manhattan Beach also serve on the INSB Governance Board or have assigned representatives to serve on their behalf.
- On September 12, 2017, the INSB Governance Board reviewed and approved an agreement between SBRPCA and Motorola, a sole source vendor approved by Cal OES on May 12, 2017, in the amount of \$4,213,601 plus applicable taxes to build a 6-site/12-channel remote radio system. The agreement was executed by former Executive Director Ralph

Mailloux and a purchase order was issued by SBRPCA to Motorola in the amount of \$4,458,356, which included \$244,755 in sales tax.

- On September 19, 2017, the INSB Governance Board approved a contract award to CommLine, a sole source vendor approved by Cal OES on May 12, 2017 as Motorola's exclusive territorial agent and authorized representative on the INSB project, in the amount of \$499,595.39 for microwave systems, FCC licensing and coordination, and Avtec dispatch console upgrades. A purchase order was issued by SBRPCA to CommLine in the amount of \$499,595.39 on December 27, 2017.
- The Executive Committee hereby appoints the Executive Director as agent for the SBRPCA to execute and submit all documents including, but not limited to, applications, agreements, amendments, and payment requests, which may be necessary for the administration of the grant.

FISCAL IMPACT

None.

ATTACHMENT #1

Agenda Item: 3k

RESOLUTION NO. 312

RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY ACKNOWLEDGING AND RATIFYING CERTAIN ACTIONS TAKEN TO ADMINISTER THE FY 2016 URBAN AREA SECURITY INITIATIVE (UASI) GRANT AWARD FOR THE INTEROPERABILITY NETWORK OF THE SOUTH BAY PROJECT

WHEREAS, On November 17, 2015, the Executive Committee adopted Resolution 305 accepting a \$5,000,000 grant award under the FY 2011 Urban Area Security Initiative (UASI) to fund a project to establish a communications system that would integrate with the Interagency Communications Interoperability System (ICI System) network and provide South Bay public safety agencies with wide area and interoperable communications capabilities throughout the Los Angeles County region.

WHEREAS, this project was funded with a \$5,000,000 federal grant from the City of Los Angeles, which serves as the fiscal agent for Los Angeles/Long Beach UASI Area, under the FY 2016 UASI grant program.

WHEREAS, this project eventually came to be known locally as the Interoperability Network of the South Bay (INSB) project which the Authority is actively working to implement.

WHEREAS, the accuracy of records is crucial to the Authority's operations.

WHEREAS, the Executive Committee is responsible for the day-to-day management and control of the operations of the Authority, and its records need to reflect how vendors associated with the procurements for this grant project were selected.

NOW, THEREFORE, BE IT RESOLVED by the Executive Committee of the South Bay Regional Public Communications Authority that it acknowledges and ratifies the following:

1. Resolution 305 adopted by the Executive Committee on November 17, 2015 approving and accepting FY 2011 UASI grant funding in the amount of \$5,000,000 contains erroneous information. This grant was actually awarded by the granting agency under the FY 2016 UASI program.
2. The Interoperability Network of the South Bay (INSB) Governance Board is comprised of seven (7) directors, each from one (1) of its member cities.
3. Members of the South Bay Regional Public Communications Authority (SBRPCA) Executive Committee representing the cities of Gardena, Hawthorne, and Manhattan Beach also serve on the INSB Governance Board or have assigned representatives to serve on their behalf.
4. On September 12, 2017, the INSB Governance Board reviewed and approved an agreement between SBRPCA and Motorola Solutions, Inc., a sole source vendor approved by the Governor's Office of Emergency Services (Cal OES) on May 12, 2017, in the amount of \$4,213,601 plus applicable taxes to build a 6-site/12-channel remote radio system. The

agreement was executed by former Executive Director Ralph Mailloux and a purchase order was issued by SBRPCA to Motorola in the amount of \$4,458,356, which included \$244,755 in sales tax.

5. On September 19, 2017, the INSB Governance Board approved a contract award to CommLine Inc., a sole source vendor approved by Cal OES on May 12, 2017 as Motorola's exclusive territorial agent and authorized representative on the INSB project, in the amount of \$499,595.39 for microwave systems, FCC licensing and coordination, and Avtec dispatch console upgrades. A purchase order was issued by SBRPCA to CommLine in the amount of \$499,595.39 on December 27, 2017.
6. The Executive Committee hereby appoints the Executive Director as agent for the SBRPCA to execute and submit all documents including, but not limited to, applications, agreements, amendments, and payment requests, which may be necessary for the administration of the grant.

BE IT FURTHER RESOLVED, that this Resolution shall be effective immediately and except as corrected herein, Resolution No. 305 remains in full force and effect.

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 17th day of July, 2017 by the following vote:

Ayes:
Noes:
Absent:
Abstain:

, Chair
Executive Committee

Erick B. Lee, Secretary
Executive Committee

ATTACHMENT #2

Agenda Item: 3k

RESOLUTION NO. 305

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY MAKING AN APPROPRIATION

BE IT RESOLVED BY THE EXECUTIVE COMMITTEE OF THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY:

SECTION 1. That the Executive Committee hereby approves and accepts grant funding in the amount of \$5,000,000 from the 2011 Los Angeles/Long Beach Urban Area Security Initiative for purposes of establishing a communications system (cell) meeting the standards for membership in the Inter-Agency Communications Interoperable System (ICIS) JPA Network. This is a reimbursement based grant.

SECTION 2. That the sum of \$5,000,000 is hereby appropriated through the Executive Committee's funding source to provide funding for completion of the project prior to reimbursement.

SECTION 2: That the Authority's Finance Manager is authorized to make such other revisions, individual appropriation line items, changes in summaries, fund totals, grand totals, and other portions of the budget document as necessary to reflect and implement the changes specified in this Resolution.

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 17th day of November, 2015, by the following vote:

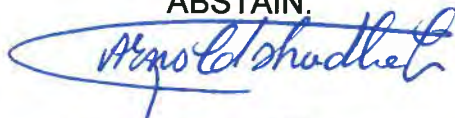
AYES:
NOES:
ABSENT:
ABSTAIN:

Danaj, Lansdell, Shadbehr.

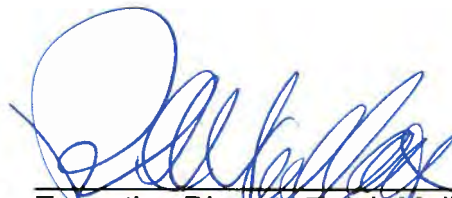
None.

None.

None.



Acting City Manager Arnie Shadbehr
Chairman, Executive Committee



Executive Director Ralph Mailloux
Secretary, Executive Committee

ATTACHMENT #3

Agenda Item: 3k

CALIFORNIA GOVERNOR'S OFFICE OF EMERGENCY SERVICES

Homeland Security Grant Program FY: 2016 Grant Number: 2016-00102 CalOES ID# 037-95050

Subgrantee name: Office of the Mayor, Los Angeles

REQUEST FOR SOLE SOURCE PROCUREMENT AUTHORIZATION

1. Project name: South Bay Regional/ICI System P-25 Communications Repeater Migration

Project Budget: \$5,000,000

2. Describe the project and/or activity that will be provided by the proposed sole source vendor/contractor.

The SBRPCA and INSB JPA's of seven Los Angeles County South Bay Area cities are procuring interoperable radio communications equipment for five pre-existing radio sites, converting them from conventional, independent localized operation to wide-area regional trunked operation and linking them to the ICI county-wide network via the system's recently installed Torrance Prime Site. This is a continuing project migrating non-compliant, non-interoperable individual radio systems into a fully regional, digital trunked P-25 compliant platform.

The vendor/manufacture is Motorola Solutions, Inc. and its exclusive territorial agents.

In order to be compatible and interfaced with the ICI System and its neighboring LA-RICS, Los Angeles City, and Long Beach radio systems, the communications technology and connectivity must be 100% compatible. These networks, that now employ the same technology and operating systems, are in the process of being integrated with ISSI interfaces. The proprietary technologies and software are presently available only via Motorola Solutions, Inc. Employment of optional equipment/technologies from other manufacturers results in system compromises and necessitates patches that detract from system stability and functionality rendering it unsuitable for public safety mission critical operations.

The ICI radio system is an existing state-of-the-art interoperable public safety Digital Project-25 UHF Trunked communications platform operating throughout the Los Angeles region and beyond. The ICI System is a California Joint Powers Authority Government Agency. The system presently sustains 47 police and fire agencies and 23 9-1-1 Dispatch Centers, as well as a number of college, airport, medical center, and local government public safety entities serving throughout the Los Angeles region, including the American Red Cross and LA Impact Task Force. There are some 20,000 public safety radios utilizing the system for communications. The ICI system is and will continue to be fully interoperable with the proposed LA-RICS system when it is implemented.

In accordance with FCC and DHS priorities, these cities are pursuing a complete migration to the APCO Project 25 Standard for purposes of interoperability. The ICI radio system is state-of-the-art and exists today as the best means through which to immediately accomplish regional

interoperability. This particular UASI funding would be utilized to establish Remote Repeaters and connectivity serving the South Bay/Torrance area of the county.

Scope:

Installation of 5 Digital Repeater Arrays with Digital Microwave Connectivity

AEL: 06CP-04-WADN and 06CP-03-MWAV

3. Describe your organization's standard procedures when sole source contracting is considered, including the conditions under which a sole source contract is allowed, and any other applicable criteria (i.e. approval requirements, monetary thresholds, etc.).

The South Bay Regional Public Communications Authority (SBRPCA) is a Joint Powers Authority formed and governed by the Cities of El Segundo, Gardena, Hawthorne, Hermosa Beach, and Manhattan Beach. SBRPCA procurement processes are governed by the SBRPCA Joint Powers Agreement, which requires a competitive bidding process for the purchase of goods or services. Such purchases are awarded to the lowest responsible bidder per SBRPCA Policy. SBRPCA allows sole source procurement on an exception basis when clear justification for sole source vendor and product selection exists and is clearly justified. The procuring agency must establish a justification for the purchase and outline of the steps taken to ensure that only one vendor is available to supply the desired product(s) and a list of the vendors that were contacted prior to selecting the sole source. The documentation is retained and presented for independent review and approval. Currently, the SBRPCA Executive Director has approved this purchase to be sole source, as the competitive bidding process will not prove suitable due to specific and necessary functions not being available from any other vendor with this system involving a proprietary public safety technology. SBRPCA subscribes to the best practices and requirements of Federal and State law for purposes of accounting and sole source procurements.

4. Indicate which of the following circumstances resulted in your organization's need to enter into a sole source contract.
 - a. Item/service is only available from one source (Describe the process used to make that determination. Please provide details.)

This project involves proprietary technology that was developed exclusively by and is licensed only from Motorola Solutions, Inc. The version of software presently used by ICI utilizes a proprietary form of trunked radio technology developed by and available only from Motorola Solutions, Inc. This technology is utilized for the public safety radio system in order to ensure regional and wide area interoperable communications. The utilization of this technology on licensed frequencies is authorized by the Federal Communications Commission. Reconfiguration and support for the system and replacement equipment for the integrated system are available only from Motorola Solutions, Inc. This implementation would require 100% integration with existing technological infrastructure operating on that proprietary system. Technical personnel have confirmed no other vendor possesses the technology to supply the equipment and perform this work, and provide compatible components. It is essential all public safety communications be capable of interoperability,

which requires the new system be backwards interoperable with the existing non-compliant systems until they are absorbed and migrated.

This project is one segment of the conversion and migration of regional public safety radio repeater and microwave technologies from a variety of proprietary non-conforming, non-interoperable legacy systems to the open architecture APCO Project-25 Standard.

5. Did your organization confirm that the contractor/vendor is not debarred or suspended?

Yes. The vendor is in good standing.

6. Will your organization be able to complete all activities associated with the sole source contract by the end of the grant performance period?

Yes, the SBRPCA and INSB JPA's have spent the past year planning for this project and have a timeline mapped out that will ensure project completion within the grant performance period.

7. Has your organization determined the costs are reasonable?

Yes, the SBRPCA and INSB JPA's have determined that the costs are reasonable, as described in the cost benefit analysis prepared for this procurement.

8. Please attach a copy of the cost benefit analysis prepared for this procurement.

Attached.

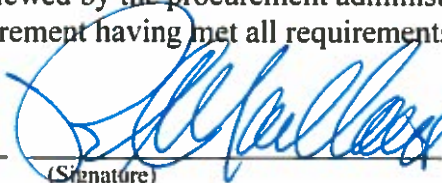
Submitted by R.A. EDEY, EXEC DIR
(Name/Title) ICT system


(Signature)

Date: 3/8/17

This Sole Source Procurement has been reviewed by the procurement administrator/authority for this agency and approved for Sole Source Procurement having met all requirements of the agency's procurement process.

Submitted by —
Ralph Mailloux, Executive Director
South Bay Regional Public
Communications Authority


(Signature)

Date: March 8, 2017

COST BENEFIT ANALYSIS

The vendor has agreed to provide these technologies at below market pricing that meets the discounted estimate of the system administrators and remains within a pre-designated budget. This is a significant savings from even competitive open market costing.

Costing of this equipment is as per the Master Agreement between the Interagency Communications Interoperability System JPA, the City of Glendale, and Motorola Solutions, Inc., which assures below market pricing of system equipment and components.

Attempting to patch non-conforming technologies into the existing system would be costly and would result in a compromise to communications functions and stability.

This project is highly cost effective and invaluable in scope and addresses a significant regional interoperability issue. The highest recurring priority in the Homeland Security and Public Safety arenas is consistently identified as Interoperable Communications. This project represents a quantum leap forward for regional interoperable communications supporting first responders in one of the most densely populated and at-risk regions in the nation, the Los Angeles Operational Area by further migrating the largest multi-agency trunked UHF system to Project 25 compliance and expanding needed coverage into the South Bay/Torrance area.

The ICI communications system is the only operational Multi-Agency, UHF Trunked Digital Narrow Band communications platform in the Los Angeles area. The system supports 47 separate fire and police public safety agencies in the operational area as well as 23 9-1-1 Dispatch Centers. The ICI network is a “system of systems” overlaying 12 regional member cells that are maintained as a single interoperable municipal radio system. More than 20,000 subscriber units (radios) are registered to the ICI system. The ICI system is fully operable with coverage throughout the entire Los Angeles operational area and UASI region.

The South Bay/Torrance sites would be the newest addition to the ICI system and will further migrate other cities away from individual, non-compliant, non-interoperable individual legacy radio systems into a single platform of interoperability that fully interfaces with other systems, such as the future LA-RICS model. This integration provides for the invaluable ability to seamlessly “roam” throughout the region on a single platform of communications technology.

The ICI member cities have invested more than \$100 million dollars in the establishment of this fully operational and very robust interoperable communications platform. The availability of this UASI funding will be invaluable in moving the entire region forward into a world of true interoperability. The value of this project from a cost benefit perspective is priceless in what it represents to the first responders and residents of these communities.

ATTACHMENT #4

Agenda Item: 3k



May 12, 2017

Caitlin Ishigooka
Office of Mayor Eric Garcetti
200 North Spring Street, Room 303
Los Angeles, CA 90012

SUBJECT: **APPROVAL OF SOLE SOURCE CONTRACT REQUEST**
FY 2016 Homeland Security Grant Program (HSGP)
Grant #2016-00102, Cal OES ID #037-95050

Dear Ms. Ishigooka:

The California Governor's Office of Emergency Services (Cal OES) has received, reviewed, and approved your Sole Source contract request dated March 8, 2017, based on the information your office provided regarding the proposed purchase of:

- Motorola Solutions, Inc. - South Bay Regional/ICI System P-25 Communications Repeater Migration

Thank you for your work in protecting California. We look forward to your continued collaboration towards our homeland security strategy and appreciate your cooperation and support.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ursula Harelson', written over a faint horizontal line.

URSULA HARELSON
Supervisor, Homeland Security Grants Unit

ATTACHMENT #5

Agenda Item: 3k

From: Michael Bravo [mailto:mike.bravo@motorolasolutions.com]
Sent: Wednesday, January 25, 2017 10:45 AM
To: Jeff Fukasawa; Edey, Raymond
Cc: Michael Bravo
Subject: Re: FW: Area G sole source documentation

Ray,

Commline is the Authorized Motorola Solutions Manufactures Representative for the SBRPCA/ Area G/ INSB.

Thank you,

Mike

On Wed, Jan 25, 2017 at 10:00 AM, Jeff Fukasawa <Jeff.Fukasawa@commlineinc.com> wrote:

Mike,

Can you send Ray Edey an email that we are the assigned MR for Motorola for SBRPCA.

Thanks
Jeff

From: Edey, Raymond [mailto:REdey@Glendaleca.gov]
Sent: Tuesday, January 24, 2017 2:21 PM
To: Jeff Fukasawa <Jeff.Fukasawa@commlineinc.com>
Cc: RALPH MAILLOUX (rmailloux@rcc911.org) <rmailloux@rcc911.org>
Subject: Re: Area G sole source documentation

Motorola sent me an email specifying you were their area representative for that project. That's all I need.

Ray

Raymond Edey, MS

Executive Director

ICI System JPA

Public Safety Communications

On Jan 24, 2017, at 2:19 PM, Jeff Fukasawa <Jeff.Fukasawa@commlineinc.com> wrote:

What is different from this project and Vernon/Montebello?

Jeff

Sent from my iPhone

On Jan 24, 2017, at 2:05 PM, Edey, Raymond <REdey@Glendaleca.gov> wrote:

Hi Jeff,

I need something in writing designating your firm as the exclusive Motorola distributor for the project. I can Sole Source to Motorola and it's exclusive agents, which would include you.

Otherwise we have to bid your scope of work.

Do you have anything from Motorola?

Ray

Raymond Edey, MS

Executive Director

ICI System JPA

Public Safety Communications

On Jan 24, 2017, at 12:32 PM, Jeff Fukasawa <Jeff.Fukasawa@commlineinc.com> wrote:

Hi Ray,

Per our previous conversation, the Area G system was going to be as followed:

-Motorola 4.5 million (5) RF sites, ISSI/CSSI, 10 year support

-Commline 500,000 Cambium PTP 800 Microwave Link (Gardena to Torrance Civic Center) and Torrance to Beach City Hospital), Network Configuration of Microwave RING network.

Please let me know if anything has changed.

We are anticipating a revised proposal by Feb 5, from Motorola.

Thank you very much for all your assistance, and guidance.

Best Regards,
Jeff Fukasawa

<305-2011 UASI Grant.pdf>

<Commline.pdf>

<E-5 Procedures Purchasing.pdf>

<Request for Sole Source Procurement Authorization Form SBRPCA COMMLine v2.doc>

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Mike Bravo

Sr. Account Executive

Motorola Solutions Inc.

(951) 277-2125

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Mike Bravo

Sr. Account Executive

Motorola Solutions Inc.

(951) 277-2125





Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3I

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY ESTABLISHING A SCHEDULE OF FEES AND CHARGES FOR FISCAL YEAR 2018-2019

ATTACHMENTS: 1. Resolution 313
2. Exhibit A

RECOMMENDATION

Staff recommends that the Executive Committee adopt the resolution establishing a schedule of fees and charges for Fiscal Year 2018-2019.

BACKGROUND

Article XIII C of the Constitution of the State of California mandates that fees for services not exceed the "costs reasonably borne" by the governmental entity in the delivery of such services.

Staff has conducted a cost study to determine the cost of providing services to outside agencies and to recommend cost recovery levels for these fee-based services.

DISCUSSION

On an annual basis, the Authority performs hundreds of vehicle equipment installation, maintenance, and repair service work orders. The vast majority of these services are provided to the Authority's three (3) Owner Cities under the provisions of the Amended and Restated Joint Powers Agreement and the cities of Culver City, El Segundo, and Hermosa Beach under agreements the Authority maintains directly with each city. Under these arrangements, the Authority is reimbursed by the agency requesting the service for the direct costs of supplies and equipment associated with completing the work. Generally, fees for the labor associated with this work is not charged to the agency.

Occasionally, the Authority performs these services for outside agencies such as the Redondo Beach Police Department, the El Camino College Police Department, and the federal Department of Homeland Security. These engagements are authorized only when staff can accommodate this additional work without negatively impacting the service needs of the Authority's Owner Cities and other agencies that have already contracted for these services. In such cases, these outside agencies are charged the direct costs of supplies and equipment associated with completing the work plus applicable labor costs. Labor costs for FY2018/19 have been established as \$61.24 per hour which represents the average fully burdened hourly rate (salaries and benefits) for employees in the Technical Services Department who perform this work.

In order to ensure the Authority fully recovers its costs for providing services to outside agencies, staff recommends the establishment of the following fees and charges:

- Patrol Vehicle Buildout Fee – \$4,899.15
 - Assumes a flat amount of 80 hours of labor per vehicle
 - Uses the fully burdened rate of \$61.24 per hour
 - Recovers Authority costs related to providing this service.
 - Would not be applied to work orders for Owner Cities and other agencies with agreements that only provide for the billing of actual costs of parts, supplies, and equipment.
- Unmarked Law Enforcement Vehicle Buildout Fee – \$2,449.58
 - Assumes a flat amount of 40 hours of labor per vehicle
 - Uses the fully burdened rate of \$61.24 per hour
 - Recovers Authority costs related to providing this service.
 - Would not be applied to work orders for Owner Cities and other agencies with agreements that only provide for the billing of actual costs of parts, supplies, and equipment.
- Specialty Vehicle Buildout Fee – \$61.24 per hour
 - Quotes will be provided prior to work commencing and will be determined by vehicle type and the scope of work.
 - Uses the fully burdened rate of \$61.24 per hour
 - Recovers Authority costs related to providing this service.
 - Would not be applied to work orders for Owner Cities and other agencies with agreements that only provide for the billing of actual costs of parts, supplies, and equipment.
- Maintenance and Repair Fee – \$61.24 per hour
 - Quotes will be provided prior to work commencing and will be determined by vehicle type and the scope of work.
 - Uses the fully burdened rate of \$61.24 per hour
 - Recovers Authority costs related to providing this service.
 - Would not be applied to work orders for Owner Cities and other agencies with agreements that only provide for the billing of actual costs of parts, supplies, and equipment.

- **Parts Administrative Charge – 15% of Actual Cost**
 - Would be applied to all parts, supplies, and equipment purchased to complete vehicle equipment installation, maintenance, and repair service work orders.
 - Recovers Authority costs related the administrative aspects of procuring and maintaining parts, supplies, and equipment.
 - Would not be applied to work orders for Owner Cities and other agencies with agreements that only provide for the billing of actual costs of parts, supplies, and equipment.

FISCAL IMPACT

Staff anticipates building approximately 10 vehicles for outside agencies during FY2018/19. The fees and charges associated with this work are estimated to exceed \$60,000 as indicated below:

FEES AND CHARGES	ESTIMATED QUANTITY	AMOUNT	TOTAL
Patrol Vehicle Buildout Fee	7	\$4,899.15	\$34,294.05
Parts Administrative Charge (Patrol)	7	\$2,650.98	\$18,556.86
Unmarked LE Vehicle Buildout Fee	3	\$2,449.58	\$7,348.74
Parts Administrative Charge (Unmarked)	3	\$560.58	\$1,681.74
ESTIMATED TOTAL FOR FY2018/19			\$61,881.39

ATTACHMENT #1

Agenda Item: 3I

RESOLUTION NO. 313

RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY ESTABLISHING A SCHEDULE OF FEES AND CHARGES FOR FISCAL YEAR 2018-2019

The Executive Committee of the South Bay Regional Public Communications Authority does resolve as follows:

1. The recovery of costs incurred by the Authority for providing services to outside agencies is necessary for the efficient management of the Authority's operations.
2. The Executive Committee hereby establishes, effective August 16, 2018, fees and charges as set forth in Exhibit "A."
3. 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 17th day of July, 2017 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

_____, Chair
Executive Committee

Erick B. Lee, Secretary
Executive Committee

ATTACHMENT #2

Agenda Item: 3I

EXHIBIT A

Maintenance and Repair Fee:	\$61.24 per hour
Parts Administrative Charge:	15% of Actual Cost
Patrol Vehicle Buildout Fee:	\$4,899.15
Specialty Vehicle Buildout Fee:	\$61.24 per hour
Unmarked Law Enforcement Vehicle Buildout Fee:	\$2,449.58




Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3m

TO: Executive Committee

FROM: Erick B. Lee, Executive Director 

SUBJECT: REVIEW OF PURCHASING POLICY

ATTACHMENTS: 1. Resolution 259 – Purchasing Policy

RECOMMENDATION

Staff recommends that the Executive Committee discuss this item and provide direction on any changes that should be made to the Authority's Purchasing Policy.

BACKGROUND

On October 16, 2007, the Executive Committee adopted Resolution 259 establishing the Authority's current Purchasing Policy. Key aspects of this policy include provisions requiring purchases greater than \$5,000 and all contracts for professional services to be approved by the Executive Committee.

During its May 30, 2018 meeting, the Executive Committee reviewed and approved a number of small purchase orders and agreements for goods and services routinely procured by the Authority. At that time, members of the Executive Committee expressed an interest in reviewing the Purchasing Policy at a future meeting.

DISCUSSION

Staff has surveyed the policies established by the owner cities that related to the procurement of goods and services. A summary of these policies is below. Any amounts exceeding the limits specified by each municipality's City Manager must be approved by that municipality's City Council.

CITY	NO BID LIMIT	CITY MANAGER PURCHASING LIMIT	CITY MANAGER CHANGE ORDER LIMIT	CITY MANAGER AGREEMENT LIMIT
Gardena	\$2,000	\$30,000	\$30,000	\$30,000
Hawthorne	\$1,500	\$15,000	\$15,000	\$15,000
Manhattan Beach	\$5,000	\$50,000	\$15,000	\$50,000

In order to increase the efficiency of the organization and ensure that the Authority is agile enough to procure goods and services in a timely manner, the Executive Committee could revise the Authority's Purchasing Policy to provide the Executive Director with the authority to approve purchases and agreements that amount to more than \$5,000. Additionally, the policy could be amended to include provisions that:

1. Allow the Authority to participate in cooperative purchases with other governmental agencies to take advantages of economies of scale.
2. In cases of an emergency that presents an immediate threat to health, safety or property, provide the Executive Director with the authority to make purchases or enter into agreements that exceed normal limits.
3. Specify different cost thresholds that would require informal quotes, formal quotes, and sealed bid proposals.
4. Clarify the Executive Director's authority for change purchase orders.

Resolution 259 also references the Authority's Finance Policies & Procedures Manual. Staff is in the process of reviewing these policies and procedures and anticipates bringing future policy discussion items related to this manual to the Executive Committee in the near future.

FISCAL IMPACT

None at this time.




Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 3n

TO: Executive Committee

FROM: Erick B. Lee, Executive Director 

SUBJECT: COST OF SERVICE STUDY

ATTACHMENTS: None

RECOMMENDATION

Staff recommends that the Executive Committee provide direction on the scope of the proposed cost of service study.

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. 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 the request from the City of Redondo Beach and ensure future contracts are renewed in an equitable manner, staff has proposed conducting a cost of service study. The purpose of this item is to obtain feedback from the Executive Committee which will be used to develop the scope of this study.

DISCUSSION

The Authority's revenues are derived from two primary sources: Owner City Assessments and Contract City Assessments.

The current formula for Owner City Assessments is established in the Authority's Bylaws and 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 allocations of these assessments are as follows:

Gardena	32.08%
Hawthorne	45.07%
Manhattan Beach	22.85%

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. However, the formulas for these annual adjustments differ from contract to contract and use variables such as the Consumer Price Index for Urban Consumers (CPI-U), historical assessment increases incurred by Authority's owner agencies, and historical changes in the operating budget to calculate these adjustments. A summary of these contracts and their assessment adjustment methodologies is as follows:

Culver City

Term of Agreement:	March 1, 2017 to March 1, 2022
FY18/19 Assessment:	\$2,507,365
Adjustment Methodology:	3 Year Average of Owner City Assessment Increases (NTE 5%) + Prior Calendar Year's CPI-U (No Cap)

El Segundo

Term of Agreement:	October 1, 2010 to September 30, 2020
FY18/19 Assessment:	\$1,330,766
Adjustment Methodology:	Prior Calendar Year's CPI-U (NTE 5%)

Hermosa Beach

Term of Agreement:	July 1, 2018 to June 30, 2028
FY18/19 Assessment Base:	\$1,094,259
FY18/19 Assessment Actual:	\$828,439
Adjustment Methodology:	3 Year Average of Budget Increases (NTE 5%) + Prior Calendar Year's CPI-U (No Cap)
Special Terms:	Contract provides for the gradual increase of the City's assessment from its historical base of \$700,072 to the FY18/19 base amount of \$1,094,259 over a period of five (5) years. Assessments increase by \$78,837.40 per year (plus adjustments outlined above) in years 1-5 of the agreement.

Over the past 16 months, the Authority has entered into new agreements with the cities of Culver City and Hermosa Beach. The costs calculations for these agreements were tied to certain aspects of the Authority's operational and capital costs and each cities' proportional volume of calls for service at a fixed point in time.

While an agency's number of calls for service is certainly one metric that can be used to quantify its activities and approximate the level of services provided to it by the Authority,

it is not the only metric available for cost allocation and is certainly only an estimate of the true costs incurred for providing services to contract cities. Other methodologies that consider additional quantitative and qualitative measures—such as call priority, number of phone calls received (both 9-1-1 and business lines), number and type of vehicle work orders processed, etc.—could be employed to better refine these approximations and more directly correlate the costs paid by contract cities to the services provided by the Authority. Furthermore, the implementation of an overhead charge or some other type of administrative fee could be applied to the contracts in addition to the direct apportionment of certain known costs.

Because the last calculations used by the Authority to allocate costs to contract cities utilized a single variable that acted as a proxy for a host of Authority services, any update to this model is likely to result in recommendations favoring a more complex cost distribution formula. However, it would be important to ensure that any updated formula does not simply add multiple variables into the cost allocation equation because that data is available. Rather, the inclusion of other relevant and meaningful data points into the cost allocation model would need to be justifiable in terms of better articulating the true costs incurred by the Authority and ensuring contract cities are allocated only their fair share of those costs, plus any agreed upon overhead charges.

Prior to beginning work on the cost of service study, staff recommends that the Executive Committee clarify the scope of this project and provide direction on these specific questions:

1. Should the study contemplate changes to the assessment allocations between the Authority's three (3) Owner Cities, as established in Article X, Section D of the Bylaws?
2. Should the study contemplate changes (either increases or decreases) in the assessments specified in the current agreements with any of the Contract Cities?
3. Should the study focus on creating a more robust cost allocation methodology for developing cost analyses for prospective and renewing contracts? (The Authority has an active request for a quote from the City of Redondo Beach and presumably will be negotiating a new agreement with the City of El Segundo in Fiscal Year 2019/20.)

Once staff has a clear understanding of the desired outcomes for this project, a scope of work will be drafted. Depending on the complexity of this scope, an outside consultant may need to be engaged to conduct and/or verify the findings of this study.

FISCAL IMPACT

None.



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 4a

TO: Executive Committee

FROM: Scott Arbuckle, Finance and Accounting Manager

SUBJECT: BUDGET PERFORMANCE REPORT - THROUGH MAY 31, 2018

ATTACHMENTS:

1. Summary Budget Performance Report
2. Budget Variance Analysis
3. Revenue Status Report
4. Expenditure Status Report

RECOMMENDATION

Staff recommends that the Executive Committee receive and file the attached Budget Performance Report through May 31, 2018.

BACKGROUND

On a quarterly basis staff reports budgeted revenues and expenses against actual expenses. Each report includes an analysis of the fiscal progress to date and includes several analysis and reports that allow staff to convey details at the account level, up through high level summaries.

Attachment 1, Summary Budget Performance Report, illustrates the overall revenues and expenses for the period relative to the aggregate budget. It shows the balance of amended budget remaining at the end of the period and also shows the percentage of the total budget remaining to be spent.

Attachment 2, Budget Variance Analysis, consolidates the information from Attachment 1 and reports the amended budget, year-to-date actual expenses, the year-to-date budget, and the amount over or under budget for the period.

Attachments 3 and 4 show account level details for both revenues and expenses.

DISCUSSION

Staff has analyzed the Authority's financial activities through May 31, 2018. Attachment 1 shows there is approximately 8.32 percent of the budget remaining, which is on par with the pro-rated budget benchmark of 8.33 percent. As it relates to salaries and benefits specifically, there is approximately 16.52 percent of the budget remaining.

The Budget Variance Analysis, Attachment 2, demonstrates that only a few key areas have overrun or underrun by material amounts. In total, salaries and benefits have underrun primarily due to several vacant positions in Operations and a vacant position in Technical Services. There is also a vacancy in Administration that contributed to the variance. Recruitment efforts are ongoing but salaries and benefits will underrun in aggregate through the close of the year. The services and supplies underrun within Operations is largely due to lower than anticipated telecommunications and meeting costs.

The most significant variance arises in the Technical Services department. There is a significant overrun in parts expenses due to more vehicle build and repair activity in the tech shop than anticipated. The FY 2018-19 budget has been developed in anticipation of expense levels similar to those realized in FY 2017-18, which should minimize the variance in the forthcoming year. Vehicle build and repair expenses will be reimbursed by owner and client cities as builds are completed and overruns in parts reimbursement revenue will ultimately offset overruns in parts expenses by year-end.

FISCAL IMPACT

Through the end of May, the budget underran by approximately 11.55 percent, but the variance is reduced if the encumbrance for the INSB project is excluded from the calculation. If the encumbrance is excluded, the budget will likely underrun by approximately 2.14 percent at the close of the fiscal year. No Executive Committee action is required at this time.

ATTACHMENT #1

Agenda Item: 4a

[illegible]

ATTACHMENT #2

Agenda Item: 4a



Budget Variance Analysis

May 31, 2018

Account Description	Amended Budget	YTD Actual	YTD Budget	(Under)/Over Budget	Flag
Total Revenue	\$ 17,111,774	\$ 16,177,670	\$ 15,685,793	3.04%	✓
Expense Detail:					
<u>Administration</u>					
Salaries & Benefits	\$ 1,146,517	\$ 1,046,663	\$ 1,050,974	-0.41%	✓
Supplies/Services/Equipment	\$ 803,591	\$ 715,638	736,625	-2.93%	✓
Total Expenses - Administration	\$ 1,950,108	\$ 1,762,301	\$ 1,787,599	-1.44%	✓
<u>Operations</u>					
Salaries & Benefits	\$ 7,148,964	\$ 5,992,933	\$ 6,553,217	-9.35%	✓
Supplies/Services/Equipment	\$ 220,793	\$ 175,851	202,394	-15.09%	✓
Total Expenses - Operations	\$ 7,369,757	\$ 6,168,784	\$ 6,755,611	-9.51%	✓
<u>Technical Services</u>					
Salaries & Benefits	\$ 1,018,809	\$ 736,408	\$ 933,908	-26.82%	✓
Supplies/Services/Equipment	\$ 774,100	\$ 1,204,135	709,592	41.07%	✗
Total Expenses - Technical Services	\$ 1,792,909	\$ 1,940,542	\$ 1,643,500	15.31%	✗
Total Operating Expenses	\$ 11,112,774	\$ 9,871,627	\$ 10,186,710	-3.19%	✓
Capital Outlay	\$ 5,296,369	\$ 3,612,410	\$ 4,855,005	-34.40%	✓
Total Expenses	\$ 16,409,143	\$ 13,484,037	\$ 15,041,714	-11.55%	✓
Summary by Department					
Administration	\$ 1,950,108	\$ 1,762,301	\$ 1,787,599	-1.44%	✓
Operations	7,369,757	6,168,784	6,755,611	-9.51%	✓
Technical Services	1,792,909	1,940,542	1,643,500	15.31%	✗
Capital Outlay	5,296,369	3,612,410	4,855,005	-34.40%	✓
Total Expenses	\$ 16,409,143	\$ 13,484,037	\$ 15,041,714	-11.55%	✓
Summary by Expense Category					
Salaries & Benefits	\$ 9,314,290	\$ 7,776,003	\$ 8,538,099	-9.80%	✓
Supplies/Services/Equipment	1,798,484	2,095,623	1,648,610	21.33%	✗
Capital Outlay	5,296,369	3,612,410	4,855,005	-34.40%	✓
Total Expenses	\$ 16,409,143	\$ 13,484,037	\$ 15,041,714	-11.55%	✓

Surplus/(Deficit) YTD

\$ 2,693,633

Total Revenue Minus Total Expenses

Flag Key	
Range	Icon
Less than 0	✓
Between 0 and 3%	⚠
Greater than 3%	✗
* Ranges are reversed for revenues	

Notes:

- The YTD Budget is an annualized amount based upon:
Fiscal Month to Date / 12 Months * Amended Budget
- Flags are applied automatically via algorithm.

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South Bay Regional PCA
5/1/2018 through 5/31/2018

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	700,072.00	0.00	700,072.00	0.00	100.00
10-50-111-4145 El Segundo	1,294,928.00	0.00	1,294,928.00	0.00	100.00
10-50-111-4146 Culver City Assessment	2,360,551.00	0.00	2,360,551.00	0.00	100.00
10-50-111-4150 El Camino Community College	893.00	0.00	789.60	103.40	88.42
10-50-111-4152 Medical Director Services/Hermosa Beach	25,000.00	0.00	12,500.00	12,500.00	50.00
10-50-111-4153 Medical Director Service/Manhattan Beach	25,000.00	0.00	26,250.00	-1,250.00	105.00
10-50-111-4154 Medical Director Services/El Segundo	25,000.00	0.00	26,250.00	-1,250.00	105.00
10-50-111-4210 Investment Earnings (LAIF)	15,000.00	0.00	39,225.28	-24,225.28	261.50
10-50-111-4220 POST Reimbursements	600.00	0.00	0.00	600.00	0.00
10-50-111-4255 Unrealized Gain/Loss on Investments	0.00	0.00	1,894.50	-1,894.50	0.00
10-50-111-4430 Other Miscellaneous Revenue	2,500.00	0.00	378.67	2,121.33	15.15
Total Administration	11,903,723.00	0.00	11,917,018.05	-13,295.05	100.11
10-60 Operations					
10-60-211 Communications Center					
10-60-211-4215 DUI Reimbursement-Overtime	2,000.00	463.58	2,738.20	-738.20	136.91
10-60-211-4435 Reimbursements Sprint Wireless	82,176.00	0.00	80,257.08	1,918.92	97.66

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South Bay Regional PCA
5/1/2018 through 5/31/2018

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>
10-60-211-4440 Reimbursements/Verizon Wireless	8,465.00	0.00	10,869.32	-2,404.32	128.40
Total Operations	92,641.00	463.58	93,864.60	-1,223.60	101.32
10-70 Technical Services					
10-70-311 Technical Services					
10-70-311-4360 Reimbursements for Billable Parts	75,000.00	115,502.50	598,343.61	-523,343.61	797.79
10-70-311-4370 Reimbursements for GST Software	40,410.00	0.00	47,574.00	-7,164.00	117.73
10-70-311-4455 Reimb Clvr Cty Infrastr Transition Costs	0.00	0.00	15,014.24	-15,014.24	0.00
Total Technical Services	115,410.00	115,502.50	660,931.85	-545,521.85	572.68
Total SBRPCA Enterprise Fund	12,111,774.00	115,966.08	12,671,814.50	-560,040.50	104.62

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South Bay Regional PCA
5/1/2018 through 5/31/2018

20 Grant 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>
20-80 Capital Infrastructure Projects					
20-80-433 2016 UASI Grant					
20-80-433-4270 Grant Reimb/P25 Comm Repeater Migration	5,000,000.00	0.00	3,505,855.59	1,494,144.41	70.12
Total Grant Fund	5,000,000.00	0.00	3,505,855.59	1,494,144.41	70.12
 Grand Total	 17,111,774.00	 115,966.08	 16,177,670.09	 934,103.91	 94.54

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South Bay Regional PCA
5/1/2018 through 5/31/2018

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 Administration						
50-100 Administration						
50-100-5000 Expenditures						
50-111-5101 Salaries (Full-Time)	840,147.00	54,747.44	727,405.86	0.00	112,741.14	86.58
50-111-5104 Acting Pay	1,000.00	0.00	0.00	0.00	1,000.00	0.00
50-111-5107 Merit Pay	2,800.00	0.00	2,800.00	0.00	0.00	100.00
50-111-5108 Sick Leave Payoff	25,000.00	7,969.78	20,409.14	0.00	4,590.86	81.64
50-111-5109 Vacation Leave Payoff	40,000.00	13,065.42	88,078.08	0.00	-48,078.08	220.20
50-111-5201 Medical Insurance	63,281.00	5,556.99	56,125.40	0.00	7,155.60	88.69
50-111-5202 Dental Insurance	2,719.00	357.06	2,900.92	0.00	-181.92	106.69
50-111-5203 Vision Insurance	1,255.00	111.50	1,060.00	0.00	195.00	84.46
50-111-5204 Life Insurance	660.00	55.00	590.81	0.00	69.19	89.52
50-111-5205 Medicare	13,548.00	1,131.23	12,524.08	0.00	1,023.92	92.44
50-111-5206 Unemployment Insurance	0.00	32.38	32.38	0.00	-32.38	0.00
50-111-5207 Workers' Compensation	10,150.00	0.00	8,885.57	0.00	1,264.43	87.54
50-111-5208 PERS Contributions	122,719.00	8,069.48	104,930.98	0.00	17,788.02	85.51
50-111-5209 Retirees' Medical Insurance	14,238.00	1,238.96	13,194.96	0.00	1,043.04	92.67
50-111-5212 Deferred Comp Matching Benefit	9,000.00	600.00	7,725.00	0.00	1,275.00	85.83
50-111-5301 Communications Contract Services	31,000.00	2,312.50	21,722.19	0.00	9,277.81	70.07
50-111-5302 Computer Contract Services/CAD-Tiburon	60,000.00	-30,000.00	30,450.00	0.00	29,550.00	50.75
50-111-5304 Accounting/Auditing Services	14,000.00	0.00	12,250.00	0.00	1,750.00	87.50
50-111-5305 Legal Services	22,000.00	0.00	39,929.20	0.00	-17,929.20	181.50
50-111-5306 Recruitment Costs	35,333.00	1,954.57	53,013.42	0.00	-17,680.42	150.04
50-111-5307 Software Maintenance Services	45,298.00	672.75	42,617.10	0.00	2,680.90	94.08
50-111-5308 Banking Services (Fees)	6,500.00	522.24	4,748.71	0.00	1,751.29	73.06
50-111-5309 Online/Website Maintenance Services	3,500.00	225.00	2,845.00	0.00	655.00	81.29
50-111-5312 Medical Director Services/Paramedics	75,000.00	4,583.33	60,416.65	0.00	14,583.35	80.56
50-111-5401 Memberships & Dues	810.00	0.00	120.00	0.00	690.00	14.81
50-111-5402 Publications	350.00	0.00	0.00	0.00	350.00	0.00
50-111-5403 Conferences, Meetings & Travel	15,000.00	638.22	18,940.66	0.00	-3,940.66	126.27

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South Bay Regional PCA
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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>
50-111-5404 Employee Services/EC-BOD	1,500.00	596.52	1,596.80	0.00	-96.80	106.45
50-111-5407 Tuition Reimbursement	4,000.00	0.00	0.00	0.00	4,000.00	0.00
50-111-5501 Office Supplies	9,000.00	776.01	4,390.72	0.00	4,609.28	48.79
50-111-5502 Miscellaneous Supplies	1,100.00	0.00	60.63	0.00	1,039.37	5.51
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	208.99	1,187.82	0.00	812.18	59.39
50-111-5509 Reproduction	1,500.00	128.63	531.17	0.00	968.83	35.41
50-111-5511 Office Equipment Lease	15,000.00	1,389.52	12,289.33	0.00	2,710.67	81.93
50-111-5513 General Liability Insurance Premium	170,600.00	3,096.25	171,079.35	0.00	-479.35	100.28
50-111-5517 Vehicle Operations	2,000.00	87.47	282.46	0.00	1,717.54	14.12
50-111-5601 Telephone - Administration	12,000.00	790.00	13,288.01	0.00	-1,288.01	110.73
50-111-5701 Maintenance - HQ	144,800.00	12,068.13	127,842.13	0.00	16,957.87	88.29
50-111-5702 Maintenance - Other Sites	6,500.00	0.00	0.00	0.00	6,500.00	0.00
50-111-5703 Electricity - HQ	97,000.00	5,861.60	70,016.95	0.00	26,983.05	72.18
50-111-5704 Electricity - Grandview	1,800.00	130.89	1,464.78	0.00	335.22	81.38
50-111-5705 Electricity - Punta Place	6,000.00	421.72	5,020.45	0.00	979.55	83.67
50-111-5706 Gas - HQ	12,000.00	580.55	6,781.29	0.00	5,218.71	56.51
50-111-5707 Water - HQ	3,500.00	299.50	3,353.00	0.00	147.00	95.80
50-111-5715 Electricity-MB Water Tower	3,000.00	183.80	1,876.66	0.00	1,123.34	62.56
50-111-5810 Office Equipment	0.00	2,363.91	4,382.17	0.00	-4,382.17	0.00
50-111-5820 Other Equipment	0.00	0.00	2,421.15	0.00	-2,421.15	0.00
50-111-5830 Furniture & Fixtures	0.00	385.27	719.87	0.00	-719.87	0.00
Total Administration	1,950,108.00	103,212.61	1,762,300.85	0.00	187,807.15	90.37
60 Operations						
60-200 Operations						
60-200-5000 Expenditures						
60-211-5101 Salaries (Full-Time)	4,680,891.00	297,107.43	3,378,832.85	0.00	1,302,058.15	72.18
60-211-5102 Salaries (Part-Time)	224,268.00	8,388.72	80,888.16	0.00	143,379.84	36.07
60-211-5103 Overtime	350,000.00	97,888.06	1,002,458.88	0.00	-652,458.88	286.42
60-211-5104 Acting Pay	7,500.00	0.00	69.77	0.00	7,430.23	0.93
60-211-5105 Bilingual Pay	7,200.00	700.00	7,000.00	0.00	200.00	97.22

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South Bay Regional PCA
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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>
60-211-5108 Sick Leave Payoff	100,000.00	0.00	92,695.77	0.00	7,304.23	92.70
60-211-5109 Vacation Leave Payoff	30,000.00	0.00	36,694.08	0.00	-6,694.08	122.31
60-211-5110 Training Pay	5,000.00	1,550.91	5,536.51	0.00	-536.51	110.73
60-211-5114 Holiday Payoff	45,000.00	0.00	68,024.66	0.00	-23,024.66	151.17
60-211-5115 Education Incentive Pay	84,498.00	6,969.24	79,205.87	0.00	5,292.13	93.74
60-211-5116 Overtime - Ridealongs with Member Cities	16,500.00	0.00	0.00	0.00	16,500.00	0.00
60-211-5201 Medical Insurance	601,750.00	43,208.85	460,495.31	0.00	141,254.69	76.53
60-211-5202 Dental Insurance	47,570.00	2,173.86	22,833.64	0.00	24,736.36	48.00
60-211-5203 Vision Insurance	17,521.00	1,037.50	11,373.00	0.00	6,148.00	64.91
60-211-5204 Life Insurance	7,656.00	528.00	5,640.93	0.00	2,015.07	73.68
60-211-5205 Medicare	80,662.00	6,070.13	69,628.66	0.00	11,033.34	86.32
60-211-5206 Unemployment Insurance	15,000.00	195.59	4,584.56	0.00	10,415.44	30.56
60-211-5207 Workers' Compensation	59,500.00	0.00	52,088.00	0.00	7,412.00	87.54
60-211-5208 PERS Contributions	704,411.00	49,721.84	562,830.58	0.00	141,580.42	79.90
60-211-5209 Retirees' Medical Insurance	59,402.00	4,721.66	51,521.51	0.00	7,880.49	86.73
60-211-5211 Social Security	4,635.00	0.00	529.98	0.00	4,105.02	11.43
60-211-5401 Memberships & Dues	190.00	0.00	0.00	0.00	190.00	0.00
60-211-5402 Publications	2,210.00	90.00	600.15	0.00	1,609.85	27.16
60-211-5403 Conferences, Meetings & Travel	31,752.00	637.21	12,386.59	0.00	19,365.41	39.01
60-211-5404 Employee Services/EC-BOD	2,500.00	168.11	1,293.36	0.00	1,206.64	51.73
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	0.00	0.00	2,000.00	0.00
60-211-5407 Tuition Reimbursement	18,000.00	607.50	8,798.50	0.00	9,201.50	48.88
60-211-5506 Uniforms/Safety Equipment	8,000.00	559.16	3,144.26	0.00	4,855.74	39.30
60-211-5509 Reproduction	500.00	0.00	353.21	0.00	146.79	70.64
60-211-5603 Telephone - El Segundo	3,000.00	194.35	2,014.26	0.00	985.74	67.14
60-211-5604 Telephone - Gardena	5,000.00	112.60	2,457.84	0.00	2,542.16	49.16
60-211-5606 Telephone - Hawthorne	6,500.00	414.20	3,921.50	0.00	2,578.50	60.33
60-211-5607 Telephone - Hermosa Beach	17,000.00	1,777.13	19,528.78	0.00	-2,528.78	114.88
60-211-5608 Telephone - Manhattan Beach	13,000.00	468.67	3,963.74	0.00	9,036.26	30.49
60-211-5611 Telephone - Punta Place	10,000.00	314.34	3,450.70	0.00	6,549.30	34.51
60-211-5612 Telephone - RCC	10,000.00	883.47	8,973.71	0.00	1,026.29	89.74
60-211-5613 Sprint Wireless Reimbursable	82,176.00	6,109.80	65,620.56	0.00	16,555.44	79.85
60-211-5614 Verizon Wireless Reimbursable	8,465.00	1,575.31	11,711.05	0.00	-3,246.05	138.35

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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>
60-211-5615 Telephone - Culver City	0.00	17,447.29	20,886.25	0.00	-20,886.25	0.00
60-211-5820 Other Equipment	0.00	0.00	6,746.73	0.00	-6,746.73	0.00
Total Operations	7,369,757.00	551,620.93	6,168,783.91	0.00	1,200,973.09	83.70
70 Technical Services						
70-300 Technical Services						
70-300-5000 Expenditures						
70-311-5101 Salaries (Full-Time)	647,540.00	38,139.18	439,399.04	0.00	208,140.96	67.86
70-311-5103 Overtime	13,500.00	0.00	852.52	0.00	12,647.48	6.31
70-311-5106 Callback Pay	2,500.00	0.00	0.00	0.00	2,500.00	0.00
70-311-5107 Merit Pay	1,300.00	0.00	1,250.00	0.00	50.00	96.15
70-311-5108 Sick Leave Payoff	15,000.00	0.00	15,027.84	0.00	-27.84	100.19
70-311-5109 Vacation Leave Payoff	25,000.00	0.00	4,377.91	0.00	20,622.09	17.51
70-311-5114 Holiday Payoff	12,000.00	1,393.43	10,277.44	0.00	1,722.56	85.65
70-311-5115 Education Incentive Pay	0.00	287.16	3,158.76	0.00	-3,158.76	0.00
70-311-5201 Medical Insurance	71,814.00	5,481.94	60,274.84	0.00	11,539.16	83.93
70-311-5202 Dental Insurance	6,426.00	229.53	2,416.68	0.00	4,009.32	37.61
70-311-5203 Vision Insurance	2,812.00	104.25	1,323.50	0.00	1,488.50	47.07
70-311-5204 Life Insurance	924.00	66.00	737.00	0.00	187.00	79.76
70-311-5205 Medicare	11,081.00	588.17	7,123.84	0.00	3,957.16	64.29
70-311-5206 Unemployment Insurance	0.00	29.05	29.05	0.00	-29.05	0.00
70-311-5207 Workers' Compensation	105,350.00	0.00	92,226.27	0.00	13,123.73	87.54
70-311-5208 PERS Contributions	73,690.00	6,150.89	69,731.84	0.00	3,958.16	94.63
70-311-5209 Retirees' Medical Insurance	29,872.00	2,596.88	28,201.04	0.00	1,670.96	94.41
70-311-5302 Computer Contract Services/CAD-Tiburon	285,000.00	30,000.00	330,000.00	0.00	-45,000.00	115.79
70-311-5311 GST Software Reimbursable	42,950.00	800.00	47,574.00	0.00	-4,624.00	110.77
70-311-5403 Conferences, Meetings & Travel	2,650.00	0.00	0.00	0.00	2,650.00	0.00
70-311-5503 General Technical Supplies	7,500.00	317.83	2,849.58	0.00	4,650.42	37.99
70-311-5506 Uniforms/Safety Equipment	2,500.00	0.00	647.27	0.00	1,852.73	25.89
70-311-5514 Parts - Billing	75,000.00	21,616.31	538,314.23	0.00	-463,314.23	717.75
70-311-5515 Parts - Telecommunications	20,000.00	35.22	6,301.50	0.00	13,698.50	31.51
70-311-5516 Install Wire, Loom & Hardware	16,000.00	1,130.22	29,076.79	0.00	-13,076.79	181.73

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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	483.05	3,463.40	0.00	1,036.60	76.96
70-311-5520 Equipment Repair	18,000.00	0.00	0.00	0.00	18,000.00	0.00
70-311-5521 Outside Technical Serv-Towers & Equip	300,000.00	15,000.00	222,586.76	0.00	77,413.24	74.20
70-311-5525 Clvr Cty Infrastr Transition Costs Reimb	0.00	0.00	23,321.04	0.00	-23,321.04	0.00
Total Technical Services	1,792,909.00	124,449.11	1,940,542.14	0.00	-147,633.14	108.23
80 Capital Infrastructure Projects						
80-400 CIP						
80-400-5000 Expenditures						
80-435-5901 CIP Exp-Hawthorne Allocation	58,454.00	0.00	58,454.00	0.00	0.00	100.00
80-436-5901 CIP Exp-MB Allocation	60,253.00	0.00	10,781.37	0.00	49,471.63	17.89
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	52,824.00	0.00	61,937.36	0.00	-9,113.36	117.25
80-452-5901 Replace Cisco Switches	35,000.00	0.00	24,860.63	0.00	10,139.37	71.03
80-453-5901 ESChat System and Maintenance	76,500.00	0.00	58,849.74	0.00	17,650.26	76.93
Total Expenditures	296,369.00	0.00	214,883.10	0.00	81,485.90	72.51
Total CIP	296,369.00	0.00	214,883.10	0.00	81,485.90	72.51
Total Capital Infrastructure Projects	296,369.00	0.00	214,883.10	0.00	81,485.90	72.51
Total SBRPCA Enterprise Fund	11,409,143.00	779,282.65	10,086,510.00	0.00	1,322,633.00	88.41

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Periods: 11 through 11

Expenditure Status Report

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South Bay Regional PCA
5/1/2018 through 5/31/2018

20 Grant 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						
80-433-5901 UASI Grant P25 Comm Repeater Migration	5,000,000.00	0.00	3,397,526.79	1,560,424.60	42,048.61	99.16
Total Grant Fund	5,000,000.00	0.00	3,397,526.79	1,560,424.60	42,048.61	99.16
Grand Total	16,409,143.00	779,282.65	13,484,036.79	1,560,424.60	1,364,681.61	91.68



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 4b

TO: Executive Committee

COPY TO: Tim Lilligren, Treasurer

FROM: Scott Arbuckle, Finance and Accounting Manager

SUBJECT: CASH & INVESTMENTS REPORT - JUNE 30, 2018

ATTACHMENTS:

1. Cash & Investments Report for June 30, 2018
2. LAIF Quarter End Statement for June 30, 2018
3. PMIA Average Monthly Yields as of June 30, 2018

RECOMMENDATION

Receive and file the Cash & Investments Report for June 30, 2018.

BACKGROUND

Section 53646 (a) (2) of the Government Code, states that the treasurer or chief fiscal officer may render a quarterly report (regarding the local agency's cash and investments) to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.

At the November 21, 2006 meeting, the Executive Committee elected to receive the Cash & Investments Report on a quarterly basis.

DISCUSSION

Staff has completed the bank reconciliation for June 30, 2018. Attached is the Cash & Investments Report for the period. All idle cash of the Authority is invested 100% with the State's Local Agency Investment Fund (LAIF). This complies with the Statement of Investment Policy. LAIF's monthly performance continues on a stable path with moderate increases on a regular basis. At the Board meeting staff will provide an updated staff report with Pooled Money Investment Account (PMIA) effective yields through June and interest earned for the quarter.

FISCAL IMPACT

None.

ATTACHMENT #1

Agenda Item: 4b



Cash and Investments Report

June 30, 2018

Funding Source	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
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Active Accounts

MUFG Union Bank ¹ (General/Payroll)	\$ 653,876.60		\$ (85,196.57)	\$ 568,680.03
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Investments

LAIF ¹	\$ 4,608,580.47	\$ -	\$ -	\$ 4,608,580.47
Total Investments	\$ 4,608,580.47	\$ -	\$ -	\$ 4,608,580.47

Other Cash on Hand

Petty Cash	\$ -	\$ -	\$ -	\$ 500.00
Vending Machine Petty Cash	\$ -	\$ -	\$ -	\$ 316.36
				\$ 816.36

Total Cash & Investments

\$ 5,178,576.86

Breakdown of cash by fund:

Fund 10 (Enterprise Fund)	\$ 460,351.22
Fund 20 (SHSGP Grant Fund)	108,328.80
Total	<u>\$ 568,680.03</u>

Notes:

1. LAIF's interest rate as of June 30, 2018 will be reported at the Executive Committee meeting on July 17, 2018. Interest earned for the fourth quarter ending June 30, 2018 will also be reported.

ATTACHMENT #2

Agenda Item: 4b



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name SO BAY REGIONAL PUB COMMUN ATH
Account Number 15-19-001

As of 04/13/2018, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2018.

Earnings Ratio		.00004135534904993
Interest Rate		1.51%
Dollar Day Total	\$	394,434,544.88
Quarter End Principal Balance	\$	3,240,268.49
Quarterly Interest Earned	\$	16,311.98

ATTACHMENT #3

Agenda Item: 4b



California State Treasurer
John Chiang



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POOLED MONEY INVESTMENT ACCOUNT

PMIA Average Monthly Effective Yields

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1977	5.770	5.660	5.660	5.650	5.760	5.850	5.930	6.050	6.090	6.090	6.610	6.730
1978	6.920	7.050	7.140	7.270	7.386	7.569	7.652	7.821	7.871	8.110	8.286	8.769
1979	8.777	8.904	8.820	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1980	10.980	11.251	11.490	11.480	12.017	11.798	10.206	9.870	9.945	10.056	10.426	10.961
1981	10.987	11.686	11.130	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1982	11.683	12.044	11.835	11.773	12.270	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1983	10.251	9.887	9.688	9.868	9.527	9.600	9.879	10.076	10.202	10.182	10.164	10.227
1984	10.312	10.280	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024
1985	10.579	10.289	10.118	10.025	10.180	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1986	9.252	9.090	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1988	8.078	8.050	7.945	7.940	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1989	8.698	8.770	8.870	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1992	6.122	5.863	5.680	5.692	5.379	5.323	5.235	4.958	4.760	4.730	4.659	4.647
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.430	4.380	4.365	4.384
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.380	5.528
1995	5.612	5.779	5.934	5.960	6.008	5.997	5.972	5.910	5.832	5.784	5.805	5.748
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1997	5.583	5.575	5.580	5.612	5.634	5.667	5.679	5.690	5.707	5.705	5.715	5.744
1998	5.742	5.720	5.680	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1999	5.265	5.210	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
2000	5.760	5.824	5.851	6.014	6.190	6.349	6.443	6.505	6.502	6.517	6.538	6.535
2001	6.372	6.169	5.976	5.760	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2002	3.068	2.967	2.861	2.845	2.740	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2004	1.528	1.440	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.890	2.003	2.134
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2006	3.955	4.043	4.142	4.305	4.563	4.700	4.849	4.946	5.023	5.098	5.125	5.129
2007	5.156	5.181	5.214	5.222	5.248	5.250	5.255	5.253	5.231	5.137	4.962	4.801
2008	4.620	4.161	3.777	3.400	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2009	2.046	1.869	1.822	1.607	1.530	1.377	1.035	0.925	0.750	0.646	0.611	0.569
2010	0.558	0.577	0.547	0.588	0.560	0.528	0.531	0.513	0.500	0.480	0.454	0.462
2011	0.538	0.512	0.500	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2012	0.385	0.389	0.383	0.367	0.363	0.358	0.363	0.377	0.348	0.340	0.324	0.326
2013	0.300	0.286	0.285	0.264	0.245	0.244	0.267	0.271	0.257	0.266	0.263	0.264
2014	0.244	0.236	0.236	0.233	0.228	0.228	0.244	0.260	0.246	0.261	0.261	0.267
2015	0.262	0.266	0.278	0.283	0.290	0.299	0.320	0.330	0.337	0.357	0.374	0.400
2016	0.446	0.467	0.506	0.525	0.552	0.576	0.588	0.614	0.634	0.654	0.678	0.719
2017	0.751	0.777	0.821	0.884	0.925	0.978	1.051	1.084	1.111	1.143	1.172	1.239
2018	1.350	1.412	1.524	1.661	1.755							



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 17, 2018

ITEM NUMBER: 5

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:

- Status of Filling Vacant Positions