A G E N D A

REGULAR JOINT MEETING OF
THE EXECUTIVE COMMITTEE AND THE USER COMMITTEE
TUESDAY, AUGUST 20, 2019, 2:00 PM
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY
SECOND FLOOR CONFERENCE ROOM
4440 W. BROADWAY, HAWTHORNE, CA

A. **CALL TO ORDER**

B. **PUBLIC DISCUSSION**

Members of the public will be given the opportunity to directly address the Executive Committee and the User Committee. Speakers may provide public comments on any matter that is within the subject matter jurisdiction of the Executive Committee and the User Committee, including items on the agenda. While all comments are welcome, the Brown Act does not allow the Executive Committee and the User Committee to take action on any item not on the agenda. Comments will be limited to three (3) minutes per speaker.

C. **EXECUTIVE COMMITTEE CONSENT CALENDAR**

1. Minutes of the Regular Meeting – July 16, 2019
2. Check Register - June 2019
3. Cash & Investments Report/June 30, 2019
4. Agreement with Bartel Associates, LLC for Actuarial Consulting Services; and

   Approve a Corresponding Purchase Order in a Not-To-Exceed amount of $19,550 for these Services.
5. Approve a Change Purchase Order in the Amount of $37,692 to Geospatial Technologies, Inc. for Software Maintenance Services.
6. Carryover of the Remaining Appropriation of $45,450.18 for the City of Manhattan Beach and the Remaining Balance of Certain Purchase Orders Issued During Fiscal Year 2018/19 Totaling $70,481.45 to Fiscal Year 2019/20.

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

E. **EXECUTIVE COMMITTEE GENERAL BUSINESS**

1. Memorandum of Understanding Between South Bay Regional Public Communications Authority and Management and Confidential Employees
2. Comprehensive Cost of Service and Allocation Study and Multi-Year Implementation Plan

F. **USER COMMITTEE GENERAL BUSINESS**

1. Minutes from Special Meeting of August 13, 2019

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Executive Assistant at 310-973-1802 ext. 100. Notification 48 hours prior to the meeting will enable the JPA to make reasonable arrangements to ensure accessibility to this meeting [28CFR35. 102-35. 104 ADA Title II].

G. **EXECUTIVE DIRECTOR'S REPORT**

H. **EXECUTIVE COMMITTEE AND USER COMMITTEE COMMENTS**

I. **CLOSED SESSION AGENDA**

1. **CONFERENCE WITH LABOR NEGOTIATOR**
   Pursuant to Government Code Section 54957.6
   Agency Designated Representative: Liebert Cassidy Whitmore
   Employee Organization: Teamsters Local 911

2. **CONFERENCE WITH LABOR NEGOTIATOR**
   Pursuant to Government Code Section 54957.6
   Agency Designated Representative: Liebert Cassidy Whitmore
   Employee Organization: Communications Workers of America

3. **CONFERENCE WITH LABOR NEGOTIATOR**
   Pursuant to Government Code Section 54957.6
   Agency Designated Representative: Liebert Cassidy Whitmore
   Employee Organization: Management and Confidential Employees

J. **ADJOURNMENT**

Posting Place:	4440 W. Broadway, Hawthorne, CA 90250 and www.rcc911.org
Posting Date/Time:	August 17, 2019/10:00 AM

Signature:

Erick B. Lee, Executive Director

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Executive Assistant at 310-973-1802 ext. 100. Notification 48 hours prior to the meeting will enable the JPA to make reasonable arrangements to ensure accessibility to this meeting [28CFR35. 102-35. 104 ADA Title II].

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MINUTES OF A REGULAR JOINT MEETING JULY 16, 2019
THE EXECUTIVE COMMITTEE AND THE USER COMMITTEE

A. **CALL TO ORDER**

The Executive and User Committees convened in a regular joint session at 2:03PM on Tuesday, July 16, 2019, on the second-floor conference room of the South Bay Regional Public Communications Authority at 4440 West Broadway, Hawthorne, CA.

ROLL CALL:

Present: City Manager Edward Medrano, City of Gardena
City Manager Bruce Moe, City of Manhattan Beach
Interim City Manager Arnie Shadbehr, City of Hawthorne

Also Present: Chief Derrick Abell, Manhattan Beach Police Department
Chief Chris Donovan, El Segundo Fire Department
Chief Daryn Drum, Manhattan Beach Fire Department (arrived 2:43PM)
Chief Michael Ishii, Hawthorne Police Department
Chief Tom Kang, Gardena Police Department
Acting Chief Milton McKinnon, Hermosa Beach Police Department
Chief Bill Whalen, El Segundo Police Department
Captain Manny Cid, Culver City Police Department
Lt. Leon Lopez, Culver City Police Department
Finance Director Viki Copeland, City of Hermosa Beach
Nico De Anda-Scaia, City of Hermosa Beach
Executive Director Erick Lee
Acting Operations Manager Lena Ramos
Administrative Services Manager John Krok
Laura Kalty, Liebert Cassidy Whitmore
Finance & Performance Audit Manager Vanessa Alfaro
Courtney Ramos, Matrix Consulting Group
Khushboo Hussain, Matrix Consulting Group

B. **ELECTION OF EXECUTIVE COMMITTEE CHAIRPERSON AND VICE CHAIRPERSON FOR FISCAL YEAR 2019-2020**

MOTION: City Manager Moe nominated City Manager Medrano to serve as Chair. Interim City Manager Shadbehr nominated City Manager Moe to serve as Vice Chair. City Manager Moe moved to approve the nominations. The motion was seconded by Interim City Manager Shadbehr and passed by unanimous voice vote.

C. **PUBLIC DISCUSSION**
None.

D. **EXECUTIVE COMMITTEE CONSENT CALENDAR**

MOTION: City Manager Moe moved to approve the Consent Calendar, Item Numbers 1-5. The motion was seconded by Interim City Manager Shadbehr and passed by unanimous voice vote.

1. Minutes of the Regular Meeting – June 18, 2019

2. Check Register - May 2019

3. Check Register - June 2019

4. Amendment No. 4 to the Agreement between the South Bay Regional Public Communications Authority and M Jack Brooks, JD for Consulting Services; and

   Approval of a Corresponding Fiscal Year 2018-2019 Change Purchase Order in the Amount of $30,000 for a Total Not-To-Exceed Amount of $210,000 for these Services; and

   Approval of A Fiscal Year 2019-2020 Purchase Order in the Not-To-Exceed Amount of $65,000; and

   Approval of an Operating Budget Transfer in the Amount of $65,000 from the Salaries & Benefits Category to the Supplies & Services Category of the Adopted Fiscal Year 2019-2020 Budget to Fund these Services.

5. Memorandum of Understanding between the Manhattan Beach Unified School District and the South Bay Regional Public Communications Authority for Microwave Network Access

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

None

F. **EXECUTIVE COMMITTEE GENERAL BUSINESS**

1. Comprehensive Cost of Service and Allocation Study

Executive Director Lee presented the Comprehensive Cost of Service and Allocation Study results. After discussing the issues surrounding the study and receiving input from chiefs from member and contract cities, City Manager Medrano moved to direct staff to work with the consultant to refine the analysis, review the study and validate its methodology with the Finance Directors from the member and contract cities, and then bring back a multi-year implementation plan for the Executive Committee to consider. The motion was seconded by City Manager Moe and passed by a unanimous voice vote.

G. **USER COMMITTEE GENERAL BUSINESS**

1. Election of User Committee Chair & Vice-Chair Fiscal Year 2019-2020

MOTION: Chief Kang moved to nominate Chief Ishii to serve as Chair and Chief Drum to serve as Vice Chair. The motion was seconded by Chief Abell and passed by a unanimous voice vote.

H. **EXECUTIVE DIRECTOR'S REPORT**

Executive Director provided updates on recruitment, the INSB Network Project, and the vision, mission and values project.

I. **EXECUTIVE COMMITTEE AND USER COMMITTEE COMMENTS**

None.

J. **CLOSED SESSION AGENDA**

At 2:48PM, the Executive Committee entered into closed session to discuss the following items:

- **CONFERENCE WITH LABOR NEGOTIATOR**
  Pursuant to Government Code Section 54957.6
  Agency Designated Representative: Liebert Cassidy Whitmore
  Employee Organization: Teamsters Local 911

- **CONFERENCE WITH LABOR NEGOTIATOR**
  Pursuant to Government Code Section 54957.6
  Agency Designated Representative: Liebert Cassidy Whitmore
  Employee Organization: Communications Workers of America
- **CONFERENCE WITH LABOR NEGOTIATOR**
  Pursuant to Government Code Section 54957.6
  Agency Designated Representative: Liebert Cassidy Whitmore
  Employee Organization: Management & Confidential Employees
- **CONFERENCE WITH LABOR NEGOTIATOR**
  Pursuant to Government Code Section 54957.6
  Agency Designated Representative: Erick B. Lee, Executive Director
  Unrepresented Employees: Part-Time Communications Operators

The meeting returned to open session at 3:10PM with no action taken in closed session.

J. **ADJOURNMENT**

The meeting adjourned at 3:11PM.

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Check Register FY 2019-20

July 2019

Accounts Payable Check Issued Date	Total Check Amount	Notes
July 5, 2019	$106,269.55	
July 11, 2019	$435,710.33	
July 19, 2019	$107,913.32	
July 25, 2019	$558,895.85	
Accounts Payable Total	$1,208,789.05	
Payroll Checks Issued Date		
July 5, 2019	$181,358.23	
July 19, 2019	$190,242.31	
Payroll Total	$371,600.54	

Bank : union UNION BANK

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
20001	7/5/2019	00219	INTERNAL REVENUE SERVIC	Ben27567	7/5/2019	FEDERAL WITHHOLDING TAX	39,564.72	39,564.72
20002	7/5/2019	00058	CALPERS	Ben27569	7/5/2019	PERS RETIREMENT: PAYMEN	34,073.11	34,073.11
20003	7/5/2019	00223	EMPLOYMENT DEVEL DEPT	Ben27571	7/5/2019	STATE DISABILITY INS AND W	15,453.55	15,453.55
20004	7/5/2019	00222	STATE DISBURSEMENT UNIT	Ben27573	7/5/2019	SUPPORT: PAYMENT	184.62	184.62
54355	7/5/2019	00217	CALIFORNIA TEAMSTERS UN	Ben27561	7/5/2019	UNION DUES TEAMSTERS: P.	2,088.00	2,088.00
54356	7/5/2019	00218	CWA LOCAL 9400	Ben27565	7/5/2019	UNION DUES CWA: PAYMENT	251.69	251.69
54357	7/5/2019	00221	ICMA RETIREMENT TRUST	Ben27563	7/5/2019	DEFERRED COMPENSATION	14,653.86	14,653.86
							Sub total for UNION BANK:	106,269.55

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Final Check List
South Bay Regional PCA

Bank : union UNION BANK

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
1693	6/25/2019	00621	FIRST BANKCARD					
		00827	GUNS AND GEAR LLC	49100582516239	5/29/2019	COMMEMORATIVE ITEMS	1,847.25	
		00825	CSS PRESENTATION	4190001089880	5/21/2019	SUPPLIES-PATCH	1,583.50	
		00834	NEOGOV	20190516	5/16/2019	RECRUITMENT	900.00	
		00014	CDW GOVERNMENT, INC.	240833096168?	5/4/2019	VERSALINK C405/DN	840.64	
		00014	CDW GOVERNMENT, INC.	SFW6784	5/9/2019	BARRACUDA SPAM & VIRUS	815.00	
		00467	LOWES BUSINESS ACCT/SYN	4419379	5/9/2019	SHOP TOOLS	723.84	
		00762	KIM TURNER LLC	5328-2062-7891	5/23/2019	POST TRAINING 1301-31037-	636.00	
		00830	SOUTH BAY POLICE & FIRE	53229440P8214	5/8/2019	MEDAL OF VALOR AWARDS	550.00	
		00832	CPER SERVICES	4300	5/9/2019	POCKET GUIDE	489.98	
		00466	AMAZON MARKETPLACE	MN4A06012	5/16/2019	FUJITSU SCANSNAP	463.04	
		00466	AMAZON MARKETPLACE	111-8590653-74	5/18/2019	UNIFORMS	423.08	
		00787	NOTHING BUNDT CAKES	20190516	5/16/2019	DISPATCH APPRECIATION WI	408.00	
		00466	AMAZON MARKETPLACE	230833132128	5/3/2019	BLUETOOTH CAPABLE DEVI(	398.94	
		00756	BLINDS.COM	7933738	5/15/2019	OFFICE BLINDS	346.72	
				20190625	6/25/2019	SUPPLIES	320.69	
		00833	PRO-TUFF DECALS	QTE19002735	5/16/2019	EMPLOYEE NAME PLATES	313.20	
		00035	HOME DEPOT CREDIT SERVI	WD68490128	5/9/2019	MILWAUKEE DRILL	284.45	
		00035	HOME DEPOT CREDIT SERVI	WD68484995	5/9/2019	MILWAUKEE DRILL	260.61	
		00534	USPS	5337W1	5/9/2019	SHIPPING	255.17	
		00035	HOME DEPOT CREDIT SERVI	301004935337	5/9/2019	SHOP TOOLS	243.97	
		00199	GOVT FINANCE OFFICERS AS	20190520	5/9/2019	ANNUAL CONFERENCE	235.00	
		00466	AMAZON MARKETPLACE	MN64M80T2	5/16/2019	FELLOWES POWERSHRED	220.49	
		00610	DIRECTV	36234957507	5/5/2019	MONTHLY SUBSCRIPTION	217.70	
		00466	AMAZON MARKETPLACE	MN5V40CA2	5/15/2019	HP 90A TONER CARTRIDGE	212.66	
		00466	AMAZON MARKETPLACE	111-2715374-20	5/16/2019	RECRUITMENT	180.73	
		00828	JOHNNY ROCKETS	35000507006734	6/14/2019	MEALS FOR TECH SERV MEETING	155.89	
		00467	LOWES BUSINESS ACCT/SYN	74146709	5/29/2019	CABLE	148.24	
		00466	AMAZON MARKETPLACE	MZ7OD2YF0	5/7/2019	CANNON TS9120	131.99	
		00035	HOME DEPOT CREDIT SERVI	4101018254823	5/20/2019	SHOP TOOLS	109.15	
		00466	AMAZON MARKETPLACE	MZ6QK8YV0	5/7/2019	SUPPLIES - BROTHER HL-L2300D	99.20	
		00466	AMAZON MARKETPLACE	111-9431894-36	5/18/2019	UNIFORMS	97.99	
		00831	RASCALS TERIYAKI GRILL	11515	4/29/2019	MEALS FOR STAKEHOLDER MEETING	96.36	
		00761	BOX	1460737182855	5/26/2019	MONTHLY SERVICE	90.00	

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Final Check List
South Bay Regional PCA

Bank : union UNION BANK (Continued)

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
		00466	AMAZON MARKETPLACE	114-6545192-887	5/21/2019	SUPPLIES CHARGERS QOLIXM	83.52	
		00248	EL CAMINO COMMUNITY COL	73039	5/9/2019	JOB FAIR	75.00	
		00466	AMAZON MARKETPLACE	MN3XH0BY0	5/22/2019	SUPPLIES - POST IT NOTES	71.71	
		00466	AMAZON MARKETPLACE	MZ4LZ6D82	4/30/2019	DATA TRAVLER	68.95	
		00466	AMAZON MARKETPLACE	MN4CM70L0	5/16/2019	PURELL	67.56	
		00466	AMAZON MARKETPLACE	114-7700989-81	5/9/2019	SUPPLIES	66.00	
		00466	AMAZON MARKETPLACE	M648M2OJ1	5/29/2019	DATA TRAVLER	60.50	
		00466	AMAZON MARKETPLACE	MN4Z40F52	5/9/2019	PAPER	59.94	
		00194	DAILY BREEZE	4301356091862	5/23/2019	MONTHLY SUBSCRIPTION	55.00	
		00466	AMAZON MARKETPLACE	MN55G8HN2	5/22/2019	SURGE PROTECTOR	52.79	
		00466	AMAZON MARKETPLACE	MN0SU2DA1	5/22/2019	BINDERS	51.52	
		00466	AMAZON MARKETPLACE	111-1175215-03	5/22/2019	UNIFORMS	45.14	
		00466	AMAZON MARKETPLACE	MN27R7QF2	5/23/2019	HEAVY DUTY STAPLER	43.80	
		00466	AMAZON MARKETPLACE	MN5FO0IF2	5/31/2019	STAMP INK	36.36	
		00466	AMAZON MARKETPLACE	MN9Q67MS2	5/20/2019	POST IT NOTES	35.12	
		00829	HUMMUS HOUSE	3810021300594	5/18/2019	MEALS FOR HR MEETING	32.29	
		00466	AMAZON MARKETPLACE	MN3KN8MV0	5/20/2019	POST IT NOTES	30.71	
		00466	AMAZON MARKETPLACE	MN2TW9N21	5/8/2019	MECHANICAL PENCIL/	30.25	
		00466	AMAZON MARKETPLACE	MN1FU7FT0	5/9/2019	POST IT NOTES	28.90	
		00466	AMAZON MARKETPLACE	MN3526LE0	5/9/2019	LAMINATED POUCHES	28.16	
		00191	PRAIRIE AUTO SECURITY	050819	5/8/2019	RADIO	27.56	
		00016	FRY'S ELECTRONICS INC	18673093	5/29/2019	DESKTOP SPEAKERS	27.36	
		00466	AMAZON MARKETPLACE	MN4XN3II1	5/27/2019	PRINTER STAND	26.80	
		00466	AMAZON MARKETPLACE	MZ9IJ4KE0	4/30/2019	POST IT NOTES	25.00	
		00534	USPS	20190529	5/29/2019	POSTAGE	23.50	
		00466	AMAZON MARKETPLACE	MZ9T69RE1	5/1/2019	SUPPLIES	22.99	
		00466	AMAZON MARKETPLACE	MZ4NG27C0	5/2/2019	SUPPLIES	19.38	
		00826	LA TIMES	420267998483	5/22/2019	MONTHLY SUBSCRIPTION	15.96	
		00466	AMAZON MARKETPLACE	MZ3QJ87T0	5/2/2019	SUPPLIES	14.31	
		00466	AMAZON MARKETPLACE	MZ6FN0KR2	5/2/2019	SUPPLIES	14.31	
		00466	AMAZON MARKETPLACE	*MN8SP5RL1	5/27/2019	SUPLLIES	13.96	
		00466	AMAZON MARKETPLACE	MN9W480J2	5/16/2019	SUPPLIES	12.88	
		00466	AMAZON MARKETPLACE	MZ6NX12O2	5/2/2019	SUPPLIES	9.91	
		00466	AMAZON MARKETPLACE	MN3WE1562	5/20/2019	DAILY PLANNER	9.87	
		00466	AMAZON MARKETPLACE	MN9ZU4AP1	5/13/2019	AVERY ULTRA TABS	9.65	

Bank : union UNION BANK (Continued)

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
		00534	USPS	462583897	5/22/2019	POSTAGE	7.35	
		00835	TORRANCE, CITY OF	20190523	5/23/2019	MEDAL OF VALOR CEREMON	5.00	
		00035	HOME DEPOT CREDIT SERVI	4974518	5/9/2019	MILWAUKEE DRILL	-260.61	15,147.88
20005	7/10/2019	00073	STATE BOARD OF EQUALIZAT	20190331	6/30/2019	SALES & USE TAX PMT WITH	2,030.16	2,030.16
20006	7/10/2019	00058	CALPERS	15697740	6/14/2019	PERS HEALTH PREMIUMS - J	46,878.89	46,878.89
54358	7/11/2019	00002	AFLAC	BEN27498	6/21/2019	RECONCILATION JULY 2019	242.60	242.60
54359	7/11/2019	00836	ALLIANT INSURANCE SERVIC	1108333	6/21/2019	WORKERS COMP INSURANC	120,454.00	
				1108451	6/21/2019	FY19-20 EXCESS COMMERCI	59,816.00	
				1108446	6/21/2019	FY19-20 COMMERCIAL GENE	38,751.60	
				1109244	6/24/2019	FY19-20 DIFFERENCE IN CON	25,800.00	
				1108434	6/21/2019	FY19-20 EMPLOYMENT PRAC	22,364.47	
				1061065	7/11/2019	FY19-20 RISK PROPERTY INS	9,802.77	
				PJ1900050	7/1/2019	FY19-20 DEADLY WEAPONS I	5,160.00	
				1118064	7/1/2019	FY19-20 COMMERCIAL CRIMI	1,500.00	283,648.84
54360	7/11/2019	00017	CHEM PRO LABORATORY, IN	650590	6/23/2019	QUARTLEY WATER TREATME	86.50	86.50
54361	7/11/2019	00225	COMMLINE INC	0158734-IN	6/25/2019	DESK CONSOLE AND CONNE	24,426.89	
				0153460- IN	5/31/2019	MONTHLY SERVICES/JUNE 2	12,500.00	
				0158193-IN	6/27/2019	MONTHLY SERVICE/JULY 201	12,500.00	
				0154545-IN	6/4/2019	LEATHER CASE/701204301	7,669.30	
				0155733-IN	6/12/2019	ENCRYTION SOFTWARE/701	4,532.00	
				0150105-IN	4/16/2019	KNGM 150/701204310	125.00	
				0067609-CM	11/8/2017	BATT IMP	-1,237.59	60,515.60
54362	7/11/2019	00785	EXPERIAN	CDC200300266	6/28/2019	CREDIT CHECK	12.60	12.60
54363	7/11/2019	00008	FEDERAL SIGNAL CORP	7217531	6/11/2019	MONPULSE/70120438	927.16	
				7233498	6/28/2019	DUAL CORNER LEDS INLINE/	808.75	
				7226481	6/20/2019	DUAL CORNER LEDS INLINE/	552.00	2,287.91
54364	7/11/2019	00018	FUKUI, KAZ	063019	6/30/2019	GARDENING SERV/JUNE 201	190.00	190.00
54365	7/11/2019	00777	JOHN E. PHILLIPS PLUMBING	156107	6/24/2019	BUILDING PLUMBING MAINTE	2,894.00	2,894.00
54366	7/11/2019	00087	LIEBERT CASSIDY & WHITMO	1473796	1/31/2019	LEGAL SERVICES FOR FY18-	1,480.00	
				1473795	1/31/2019	LEGAL SERVICES FOR FY18-	1,428.00	
				1480483	5/31/2019	LEGAL SERVICES FOR FY18-	1,286.00	
				1480482	5/31/2019	LEGAL SERVICES FOR FY18-	74.00	4,268.00
54367	7/11/2019	00671	MARC R. COHEN, MD	012	6/30/2019	MEDICAL DIR SERV/JUNE 20	4,583.36	4,583.36
54368	7/11/2019	00810	MAX PARKER & ASSOCIATES	8499	6/26/2019	WEBSITE SUPPORT SSL TRA	1,370.00	
				8479	6/14/2019	WEBSITE SUPPORT	320.00	1,690.00

Bank : union UNION BANK (Continued)

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
54369	7/11/2019	00047	MOTOROLA SOLUTIONS, INC.	8280779638	6/28/2019	CONTROL HEAD/701204371	3,515.82	
				16055367	6/6/2019	DM MIDPWR NOCH/70120432	639.84	
				8280772642	6/18/2019	CABLE CH POWER/70120340	169.18	4,324.84
54370	7/11/2019	00145	SETINA MFG CO INC	185595	6/18/2019	FENDER WRAPS/701204338	324.11	
				185469	6/14/2019	SANTA CRUZ LOCK SOLELN(	211.96	536.07
54371	7/11/2019	00390	SOUTH COAST AQMD	3482925	6/19/2019	ICE (,500 HP) EM ELEC GEN I	421.02	
				3485604	6/19/2019	FLAT FEE LAST FY EMMISSIC	136.40	557.42
54372	7/11/2019	00171	VERIZON WIRELESS	9832768541	6/23/2019	GPD DAC CHARGES/05/24/19	2,573.62	
				9832708807	6/23/2019	DAC CHARGES HPD/05/24/19	346.93	
				9832693072	6/23/2019	MODEM SVC. MBPD/05/24/19-	342.09	
				9832368359	6/18/2019	CELL PH. CHGS 05/19/19-06/1	220.08	
				9832693073	6/23/2019	MODEM SVC. MBPD/05/24/19-	38.01	3,520.73
54373	7/11/2019	00063	WHELEN ENGINEERING CO.,	563830	6/21/2019	LEGACY WC 54/720476119	1,848.07	
				561840	6/18/2019	KEY PAD & REMOTE/7204761	223.93	
				558806	6/12/2019	LEGACY WC 54/701204347	222.93	2,294.93
							Sub total for UNION BANK:	435,710.33

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Final Check List
South Bay Regional PCA

Bank : union UNION BANK

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
20007	7/19/2019	00219	INTERNAL REVENUE SERVIC	Ben27720	7/19/2019	FEDERAL WITHHOLDING TAX	39,855.26	39,855.26
20008	7/19/2019	00223	EMPLOYMENT DEVEL DEPT	Ben27722	7/19/2019	STATE DISABILITY INSURANC	15,534.66	15,534.66
20009	7/19/2019	00222	STATE DISBURSEMENT UNIT	Ben27724	7/19/2019	SUPPORT: PAYMENT	184.62	184.62
20010	7/19/2019	00058	CALPERS	Ben27718	7/19/2019	PERS RETIREMENT: PAYMEN	35,181.36	35,181.36
54374	7/19/2019	00217	CALIFORNIA TEAMSTERS UN	Ben27712	7/19/2019	UNION DUES TEAMSTERS: P.	2,088.00	2,088.00
54375	7/19/2019	00218	CWA LOCAL 9400	Ben27716	7/19/2019	UNION DUES CWA: PAYMENT	257.97	257.97
54376	7/19/2019	00221	ICMA RETIREMENT TRUST	Ben27714	7/19/2019	DEFERRED COMPENSATION	14,811.45	14,811.45
							Sub total for UNION BANK:	107,913.32

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Final Check List
South Bay Regional PCA

Bank : union UNION BANK

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
1694	7/18/2019	00803	SPARKLETTS	18193479 07121	7/12/2019	FILTRATION SYSTEM RENTAI	64.00	
				18193479 06141	6/14/2019	FILTRATION SYSTEM RENTAI	44.00	
				18193479 05171	5/17/2019	FILTRATION SYSTEM RENTAI	43.00	151.00
1695	7/25/2019	00621	FIRST BANKCARD					
		00723	DISCOUNTMUGS.COM	20190607	6/7/2019	RECRUITMENT	3,109.05	
		00850	SCRUBS	20190620	6/20/2019	UNIFORM	2,649.87	
		00466	AMAZON MARKETPLACE	20190627	6/27/2019	OFFICE SUPPLIES	1,763.69	
		00849	MICHAELS STORES	20190628	6/28/2019	FACILITY SIGNS	932.90	
		00466	AMAZON MARKETPLACE	20190607A	7/7/2019	OFFICE SUPPLIES	717.25	
		00842	BARCODES INC	20190624	6/24/2019	OFFICE SUPPLIES	508.59	
		00833	PRO-TUFF DECALS	20190625	6/25/2019	FACILITY SIGNS	486.23	
		00781	PEERSPACE	20190603	6/3/2019	SUPERVISOR MEETING	418.84	
		00781	PEERSPACE	20190613	6/13/2019	ADMIN MEETING	418.84	
				20190625A	6/25/2019	FEE	382.27	
		00523	CALIFORNIA CHAMBER OF C(	20190625	6/25/2019	TRAINING	356.32	
		00610	DIRECTV	20190628	6/21/2019	CABLE	217.70	
		00466	AMAZON MARKETPLACE	20190624	6/24/2019	HQ ACCESS SOFTWARE	180.00	
		00846	THE STAMP MAKER	20190628	6/28/2019	OFFICE SUPPLIES	113.50	
		00829	HUMMUS HOUSE	20190607	6/7/2019	STAFF MEETING	101.10	
		00724	CBI*PARALLELS	20190625	6/25/2019	SOFTWARE LICENSE	99.99	
		00714	DOOR DASH	20190612	6/12/2019	SUPERVISOR MEETING REFI	94.40	
		00846	THE STAMP MAKER	20190621	6/21/2019	OFFICE SUPPLIES	90.95	
		00761	BOX	20190628	6/28/2019	SUBSCRIPTION	90.00	
		00199	GOVT FINANCE OFFICERS AS	20190624	6/24/2019	CONFERENCE	85.00	
		00466	AMAZON MARKETPLACE	20190621	6/21/2019	RECRUITMENT SUPPLIES	64.16	
		00795	MEDIA TEMPLE	20190625	6/25/2019	WEBSITE MAINTENANCE SEI	55.00	
		00843	TOCAYA	20190618	6/18/2019	ADMIN MEETING REFRESHM	51.70	
		00840	LOADED CAFE	20190625	6/25/2019	BUSINESS MEETING W/ TEAI	43.33	
		00844	POLLO INKA EXPRESS	20190620	6/20/2019	NEW HIRE STRATEGY MEETI	41.87	
		00480	OFFICE DEPOT	20190604	6/4/2019	OFFICE SUPPLIES	41.54	
				20190626	6/26/2019	FEE	39.00	
		00225	COMMLINE INC	20190610	6/10/2019	CONFERENCE	30.00	
		00466	AMAZON MARKETPLACE	20190620	6/20/2019	OFFICE SUPPLIES	29.95	
		00466	AMAZON MARKETPLACE	20190613	6/13/2019	HQ MAINTENANCE	25.00	

Bank : union UNION BANK (Continued)

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
		00848	MOTHERS KITCHEN	20190625	6/25/2019	REFRESHMENTS JOB FAIR	22.98	
		00637	SAFE MART, THE	20190617	6/17/2019	HQ ADMIN KEYS	21.90	
		00655	STARBUCKS #05688	20190617	6/17/2019	REFRESHMENTS	21.70	
		00826	LA TIMES	20190621	6/21/2019	PUBLICATIONS	15.96	
		00841	LAZ PARKING	20190613	6/13/2019	PARKING SUPERVISOR MEE	15.00	
		00841	LAZ PARKING	20190618	6/18/2019	PARKING ADMIN MEETING	15.00	
		00847	LEE CLEANERS	20190625	6/25/2019	RECRUITMENT	15.00	
		00637	SAFE MART, THE	20190614	6/19/2019	HQ ADMIN KEYS	13.41	
		00690	WALGREENS #10069	20190614	6/14/2019	TECH SUPPLIES	5.80	
		00466	AMAZON MARKETPLACE	20190620A	6/20/2019	MEMBERSHIP BUSINESS PRI	-197.35	
		00466	AMAZON MARKETPLACE	20190607	6/7/2019	UNIFORM	-323.56	
		00845	UCB IRLE BERKELEY	20190607	6/7/2019	PUBLICATION	-768.69	12,095.19
1696	7/3/2019	00064	ATT PAYMENT CENTER	960 461-1623	5/1/2019	PHONE SERV/05/01/2019-05/3	2,372.86	
				960 461-1623	4/1/2019	PHONE SERV/04/01/2019-04/3	2,133.03	4,505.89
20011	7/25/2019	00058	CALPERS	100000015711 6	7/1/2019	FY19-20 PERS UAL - PLAN 12	413,204.00	413,204.00
20012	7/25/2019	00058	CALPERS	100000015711 6	7/1/2019	FY19-20 PERS UAL - PLAN 20	3,809.00	3,809.00
20013	7/25/2019	00058	CALPERS	100000015711 7	7/1/2019	FY19-20 PERS UAL - PLAN 26	4,109.00	4,109.00
54377	7/25/2019	00002	AFLAC	Ben27708	7/19/2019	AFLAC INSURANCE: PAYMEN	3,837.58	3,837.58
54378	7/25/2019	00392	ALLEN MANUFACTURING, LL	RINV099289	7/3/2019	K9 KIT/701204372	1,207.98	1,207.98
54379	7/25/2019	00297	ATT CALNET	13228931	7/13/2019	PHONE SERV; 06/13/19-07/13	2,627.71	
				13043743	6/13/2019	PHONE SERV; 05/13/19-06/13	2,516.91	
				13043743	5/13/2019	PHONE SERV; 04/13/19-05/13	2,486.31	
				13336131	7/13/2019	PHONE SERV; 06/13/19-07/12	195.01	
				13190444	6/13/2019	PHONE SERV; 05/13/19-06/12	192.44	
				13050943	5/13/2019	PHONE SERV; 04/13/19-05/12	191.58	
				13187380	5/13/2019	PHONE SERV; 05/13/19-06/13	95.63	
				13333067	7/13/2019	PHONE SERV; 06/13/19-07/13	95.63	
				13047879	5/13/2019	PHONE SERV; 04/13/19-05/13	8.02	8,409.24
54380	7/25/2019	00064	ATT PAYMENT CENTER	960 461-1623	7/1/2019	PHONE SERV/07/01/2019-07/3	2,275.50	2,275.50
54381	7/25/2019	00014	CDW GOVERNMENT, INC.	SXM2415	7/3/2019	CDW-G BILLABLE PARTS	1,626.19	
				TBJ7476	7/12/2019	CDW-G BILLABLE PARTS	274.52	1,900.71
54382	7/25/2019	00668	CHUBB	0002 2154 4039	6/11/2019	FY19-20 COMMERCIAL AUTO	9,678.28	9,678.28
54383	7/25/2019	00019	CINTAS CORPORATION #427	4024825012	6/28/2019	CLEANING AND REPLACEME	109.32	
				4025727436	7/12/2019	CLEANING SERVICES FOR F	109.32	218.64
54384	7/25/2019	00078	COX, CHRISTOPHER	72519	7/25/2019	RETIREE MED PREM/AUG 20	675.22	675.22

Bank : union UNION BANK (Continued)

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
54385	7/25/2019	00839	CSAC EXCESS INSURANCE A	20400552	7/10/2019	CYBER LIABILITY INSURANCI	4,180.00	4,180.00
54386	7/25/2019	00449	DIGI-KEY ELECTRONICS 246	567232436	3/7/2019	INSTALL PARTS	363.34	
				68699185	6/17/2019	INSTALL PARTS	360.78	724.12
54387	7/25/2019	00008	FEDERAL SIGNAL CORP	7250218	7/19/2019	FEDERAL SIGNAL CORP BILL	1,550.63	1,550.63
54388	7/25/2019	00651	FRONTIER	7002Z664-S-191	7/5/2019	PHONE SERV; 06/05/19-07/05	365.97	
				31037527410111	7/1/2019	PHONE SERV/07/01/2019-07/3	242.24	
				31037527410111	6/1/2019	PHONE SERV; 06/01/19-06/31	240.88	
				20905187010603	6/1/2019	PHONE SERV; 06/01/19-06/31	101.40	
				20905187010603	7/1/2019	PHONE SERV/07/01/2019-07/3	101.40	
				7002Z664-S-191	5/5/2019	PHONE SERV; 04/05/19-05/05	65.97	
				7002Z664-S-191	6/5/2019	PHONE SERV; 05/05/19-06/05	65.97	
				20915059690923	6/1/2019	PHONE SERV; 06/01/19-06/31	61.14	
				20915059690923	7/1/2019	PHONE SERV/07/01/2019-07/3	61.14	
				20915059781130	6/1/2019	PHONE SERV; 06/01/19-06/31	54.32	
				20915059781130	7/1/2019	PHONE SERV/07/01/2019-07/3	54.32	
				20915109980209	6/1/2019	PHONE SERV; 06/01/19-06/31	47.97	
				2091502446103	6/1/2019	PHONE SERV; 06/01/19-06/31	47.97	
				20915024470920	6/1/2019	PHONE SERV; 06/01/19-06/31	47.97	
				21303816660830	6/1/2019	PHONE SERV; 06/01/19-06/31	47.97	
				20915109980209	7/1/2019	PHONE SERV/07/01/2019-07/3	47.97	
				2091502446103	7/1/2019	PHONE SERV/07/01/2019-07/3	47.97	
				20915024470920	7/1/2019	PHONE SERV/07/01/2019-07/3	47.97	
				21303816660830	7/1/2019	PHONE SERV/07/01/2019-07/3	47.97	
				7002Z665-S-191	5/5/2019	PHONE SERV; 04/05/19-05/05	45.04	
				7002Z665-S-191	6/5/2019	PHONE SERV; 05/05/19-06/05	45.04	
				7002Z665-S-191	7/5/2019	PHONE SERV; 06/05/19-07/05	45.04	1,933.63
54389	7/25/2019	00322	GEOSPATIAL TECHNOLOGIES	17165	6/1/2019	SOFTWARE MAINTENANCE F	13,173.00	13,173.00
54390	7/25/2019	00027	HAVIS INC.	IN592909	7/1/2019	HAVIS, INC BILLABLE PARTS	217.00	217.00
54391	7/25/2019	00798	HYDREX PEST CONTROL	291847	6/26/2019	PEST CONTROL SERVICES H	59.00	59.00
54392	7/25/2019	00039	JANI-KING OF CALIF INC.	LAX07190641	7/1/2019	FINAL BILLING JULY 01 2019	2,237.49	
				LAX06190839	6/19/2019	SUPPLIES/JUNE 2019	1,090.60	
				LAX07190723	7/1/2019	FINAL BILLING JULY 01 2019	-2,162.82	1,165.27
54393	7/25/2019	00799	LA UNIFORMS & TAILORING	2501-2450	7/3/2019	UNIFORMS FOR COMMUNICA	331.90	331.90
54394	7/25/2019	00760	LAWLES ENTERPRISES, INC.	11274	7/1/2019	LAWLES ENTERPRISES INC	300.00	300.00
54395	7/25/2019	00442	LAWSON PRODUCTS, INC.	9306830305	6/27/2019	INSTALL PARTS/TECH SHOP	209.43	209.43

Bank : union UNION BANK (Continued)

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
54396	7/25/2019	00087	LIEBERT CASSIDY & WHITMO	1481136	6/30/2019	LEGAL SERVICES FOR FY18-	5,281.00	
				1481137	6/30/2019	LEGAL SERVICES FOR FY18-	3,441.00	
				1481138	6/30/2019	LEGAL SERVICES FOR FY18-	74.00	8,796.00
54397	7/25/2019	00802	M JACK BROOKS, JD	182019 SBR	7/1/2019	ADMINISTRATION - GENERAL	12,837.50	12,837.50
54398	7/25/2019	00810	MAX PARKER & ASSOCIATES	8479	6/14/2019	WEBSITE SUPPORT	1,400.00	1,400.00
54399	7/25/2019	00814	MC REYNOLDS, JENNIFER	062919	6/29/2019	REIMBURSEMENT	142.00	
				061819	6/18/2019	MILEAGE	71.22	213.22
54400	7/25/2019	00116	MEADORS, LATANYA	72519	7/25/2019	RETIREE MED PREM/AUG 20	486.57	
				072519	7/25/2019	RETIREE MED PREM/AUG 20	486.57	973.14
54401	7/25/2019	00331	MITSUBISHI ELECTRIC INC	353658	7/1/2019	ANNUAL MAINTENANCE FOR	662.64	662.64
54402	7/25/2019	00047	MOTOROLA SOLUTIONS, INC.	41269060	6/18/2019	REMOTE/701204346	4,044.25	
				16060074	7/3/2019	MOTOROLA SOLUTIONS, INC	383.90	4,428.15
54403	7/25/2019	00577	NEW LOOK AUTO DETAIL	2071	6/25/2019	VEHICLE MAINTENANCE AND	75.00	
				2075	7/16/2019	VEHICLE MAINTENANCE AND	75.00	150.00
54404	7/25/2019	00804	PETTY CASH, SBRPCA	072519	7/25/2019	REIMBURSE PETTY CASH 04	80.31	80.31
54405	7/25/2019	00141	POWERPHONE INC	63648	6/19/2019	TRAINING COURSES FOR OF	1,326.00	1,326.00
54406	7/25/2019	00060	RIVERA, JOSE	072519	7/25/2019	RETIREE MED PREM/AUG 20	480.39	480.39
54407	7/25/2019	00273	SHAW, LILLIAN	72519	7/25/2019	RETIREE MED PREM/AUG 20	441.50	441.50
54408	7/25/2019	00069	SOUTHERN CALIFORNIA EDIS	3-020-1732-98	6/11/2019	ELEC SERV HQ:06/11/19-07/1	5,873.30	
				3-050-6076-67	6/19/2019	ELEC SERV HQ:06/11/19-07/1	4,628.51	
				2-03-672-6511	6/19/2019	ELEC SERV PUNTA:06/20/19-(	791.22	
				3-035-4150-32	6/19/2019	ELEC SERV MBWT:06/04/19-0	237.92	
				3-050-5508-59	6/19/2019	ELEC SERV MBWT:06/04/19-0	203.41	11,734.36
54409	7/25/2019	00460	SPECTRUM BUSINESS	1133787070419	7/4/2019	BUSINESS INTERNET 07/04/1	1,900.00	1,900.00
54410	7/25/2019	00302	SPRINT	155018370-093	5/23/2019	DAC CHARGES: 05/23/19-06/2	4,516.91	
				155018370-092	4/24/2019	DAC CHARGES: 04/24/19-05/2	4,515.58	
				107177860-097	4/24/2019	WIRELESS MODEMS: 04/24/1	85.98	
				1071477860-098	5/23/2019	WIRELESS MODEMS; 05/23/1	85.98	9,204.45
54411	7/25/2019	00126	STEVENS, DEBORAH	072519	7/25/2019	RETIREE MED PREM/AUG 20	611.75	611.75
54412	7/25/2019	00034	STEVENS, GARY	72519	7/25/2019	RETIREE MED PREM/AUG 20	609.50	609.50
54413	7/25/2019	00063	WHELEN ENGINEERING CO.,	568056	7/13/2019	WHELEN ENGINERING CO B	404.18	
				574885	7/16/2019	WHELEN ENGINERING CO B	332.07	
				575467	7/17/2019	WHELEN ENGINERING CO B	332.07	
				575705	7/17/2019	WHELEN ENGINERING CO B	39.82	1,108.14
54414	7/25/2019	00067	XCEL MECHANICAL SYSTEMS	20438R	7/1/2019	FY19-20 HQ PLANNED MAINT	10,946.00	10,946.00

Bank : union UNION BANK (Continued)

Check #	Date	Vendor		Invoice	Inv Date	Description	Amount Paid	Check Total
54415	7/25/2019	00735	XEROX FINANCIAL SERVICES	1694023	7/10/2019	COPIER LEASE 06/30/19-07/2	1,071.59	1,071.59
							Sub total for UNION BANK:	558,895.85

C-3

Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: August 20, 2019

ITEM NUMBER: C-3

TO: Executive Committee

COPY TO: Tim Lilligren, Treasurer

FROM: Vanessa Alfaro, Finance & Performance Audit Manager

SUBJECT: Cash & Investments Report/June 30, 2019

ATTACHMENTS:
1. Cash & Investments Report for June 30, 2019
2. LAIF Month End Statement for June 30, 2019
3. PMIA Performance Report as of June 30, 2019

RECOMMENDATION

Staff recommends that the Executive Committee receive and file the Cash & Investments Report for June 30, 2019.

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, 2019. 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.

FISCAL IMPACT

None.

C-3
Attachment 1

SBRPCA

Cash and Investments Report
As of June 30, 2019

Funding Source	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Active Accounts				
MUFG Union Bank (General/Payroll)	$ 860,361.56		$ (68,326.41)	$ 792,035.15
Investments				
LAIF	$ 3,202,378.03	$ -	$ -	$ 3,202,378.03
Total Investments	$ 3,202,378.03	$ -	$ -	$ 3,202,378.03
Other Cash on Hand				
Petty Cash	$ -	$ -	$ -	$ -
Vending Machine Petty Cash	$ -	$ -	$ -	$ -
				$ -
Total Cash & Investments				$ 3,994,413.18

Breakdown of cash by fund:	
Fund 10 (Enterprise Fund)	$ 750,391.16
Fund 20 (SHSGP Grant Fund)	41,643.99
Total	$ 792,035.15

C-3
Attachment 2

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp
July 01, 2019

SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY
TREASURER
4440 WEST BROADWAY
HAWTHORNE, CA 90250

PMIA Average Monthly Yields

Account Number:
15-19-001

Tran Type Definitions

June 2019 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	3,202,378.03
Total Withdrawal:	0.00	Ending Balance:	3,202,378.03

C-3
Attachment 3

CALIFORNIA STATE TREASURER
FIONA MA, CPA

PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
07/08/19	2.39	2.39	179
07/09/19	2.39	2.39	179
07/10/19	2.39	2.39	178
07/11/19	2.38	2.39	179
07/12/19	2.38	2.39	179
07/13/19	2.38	2.39	179
07/14/19	2.38	2.39	179
07/15/19	2.38	2.39	176
07/16/19	2.38	2.39	178
07/17/19	2.38	2.39	179
07/18/19	2.37	2.39	180
07/19/19	2.37	2.39	179
07/20/19	2.37	2.39	179
07/21/19	2.37	2.39	179
07/22/19	2.37	2.38	179
07/23/19	2.37	2.38	177
07/24/19	2.37	2.38	178
07/25/19	2.37	2.38	175
07/26/19	2.37	2.38	176
07/27/19	2.37	2.38	176
07/28/19	2.37	2.38	176
07/29/19	2.37	2.38	179
07/30/19	2.37	2.38	178
07/31/19	2.37	2.38	182
08/01/19	2.36	2.38	188
08/02/19	2.36	2.38	188
08/03/19	2.36	2.38	188
08/04/19	2.36	2.38	188
08/05/19	2.36	2.38	186
08/06/19	2.36	2.38	183
08/07/19	2.36	2.38	182

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

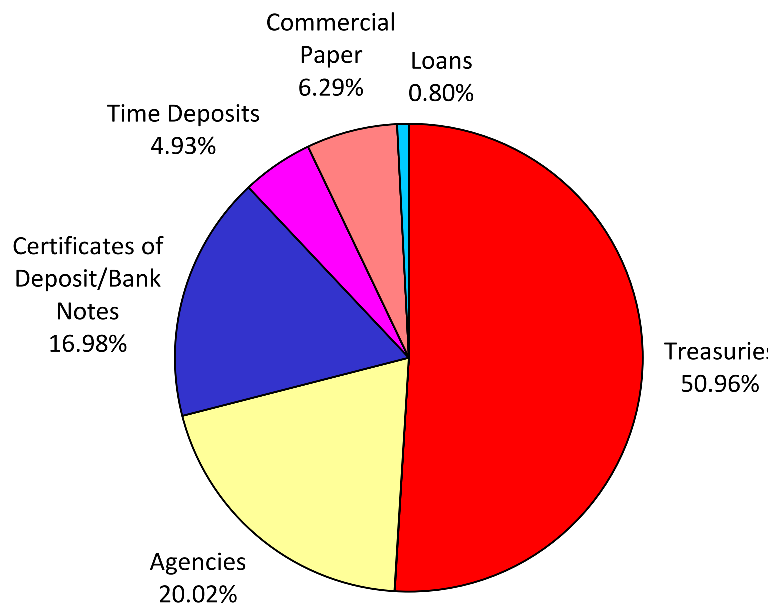
Quarter Ending 06/30/19

Apportionment Rate:	2.57
Earnings Ratio:	.00007028813234525
Fair Value Factor:	1.001711790
Daily:	2.39%
Quarter to Date:	2.44%
Average Life:	173

PMIA Average Monthly Effective Yields

July 2019	**2.379**
June 2019	2.428
May 2019	2.449

Pooled Money Investment Account Portfolio Composition 07/31/19 $97.6 billion



Percentages may not total 100% due to rounding

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1)

Based on data available as of 08/08/2019

C-4

Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: August 20, 2019

ITEM NUMBER: C-4

TO: Executive Committee

FROM: Vanessa Alfaro, Finance & Performance Audit Manager

SUBJECT: AGREEMENT BETWEEN THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY AND BARTEL ASSOCIATES, LLC FOR ACTUARIAL CONSULTING SERVICES; AND

APPROVE A CORRESPONDING PURCHASE ORDER IN A NOT-TO-EXCEED AMOUNT OF $19,550 FOR THESE SERVICES.

ATTACHMENTS: 1. Agreement

RECOMMENDATION

Staff recommends that the Executive Committee authorize the Executive Director to execute an agreement with Bartel Associates, LLC for actuarial consulting services and approve a corresponding purchase order in a not-to-exceed amount of $19,550 for these services.

DISCUSSION

Governmental Accounting Standards Board (GASB) statement number 68 requires an annual valuation and reporting of net pension liability (NPL) for the Authority. Additionally, GASB statement number 75 requires the liability of defined benefit other postemployment benefits (OPEB) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, less the amount of the OPEB plan's fiduciary net position.

Due to the complex nature of the actuarial valuations, these tasks are best suited for professionals with subject matter expertise in this sector. For many years, the Authority has contracted with Bartel Associates, LLC for these actuarial valuations. Staff recommends contracting again with the vendor for these actuarial services.

FISCAL IMPACT

None. Funds are available in the Fiscal Year 2019-2020 adopted budget for this purchase.

C-4
Attachment 1

AGREEMENT BETWEEN THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY AND BARTEL ASSOCIATES, LLC FOR ACTUARIAL CONSULTING SERVICES.

This Professional Services Agreement ("Agreement") is dated July 1, 2019 ("Effective Date") and is between the South Bay Regional Public Communications Authority ("Authority"), a Joint Powers Authority, and Bartel Associates, LLC., a Limited Liability California corporation ("Contractor"). Authority and Contractor are sometimes referred to herein as the "Parties", and individually as a "Party".

RECITALS

A. Authority desires to utilize the services of Contractor as an independent contractor to perform actuarial consulting services in accordance with The Governmental Accounting Standards Board (GASB) pronouncements.

B. Contractor represents that it is fully qualified to perform such services by virtue of its experience and the training, education, and expertise of its principals and employees.

C. Authority desires to retain Contractor and Contractor desires to serve Authority to perform these services in accordance with the terms and conditions of this Agreement.

The Parties therefore agree as follows:

1. Contractor's Services.

A. <u>Scope of Services</u>. Contractor shall perform the services described in the Scope of Services (the "Services"), attached as **Exhibit A**. Authority may request, in writing, changes in the Scope of Services to be performed. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

B. <u>Party Representatives</u>. For the purposes of this Agreement, the Authority Representative shall be the Executive Director, or such other person designated in writing by the Executive Director (the "Authority Representative"). For the purposes of this Agreement, the Contractor Representative shall be Mary Elizabeth Redding, (the "Contractor Representative"). The Contractor Representative shall directly manage Contractor's Services under this Agreement. Contractor shall not change the Contractor Representative without Authority's prior written consent.

C. <u>Time for Performance</u>. Contractor shall commence the Services on the Effective Date and shall perform all Services according to the timeframes set forth in Exhibit A and by the deadline established by the Authority Representative or, if no deadline is established, with reasonable diligence.

D. Standard of Performance. Contractor shall perform all Services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to Authority.

E. Personnel. Contractor has, or will secure at its own expense, all personnel required to perform the Services required under this Agreement. All of the Services required under this Agreement shall be performed by Contractor or under its supervision, and all personnel engaged in the work shall be qualified to perform such Services.

F. Compliance with Laws. Contractor shall comply with all applicable federal, state and local laws, ordinances, codes, regulations and requirements.

G. Permits and Licenses. Contractor shall obtain and maintain during the Agreement term all necessary licenses, permits, and certificates required by law for the provision of Services under this Agreement, including a business license.

2. Term of Agreement. The term of this Agreement shall be from the Effective Date through December 31, 2021, ("Termination Date") unless sooner terminated as provided in Section 12 of this Agreement or extended.

3. Compensation.

A. Compensation. As full compensation for Contractor's Services rendered**,** Authority shall pay Contractor at the rates set forth in the Approved Fee Schedule attached hereto as **Exhibit B**. In no event shall Contractor be paid more than $19,550.00 (the "Maximum Compensation").

B. Expenses. The Authority will not reimburse Contractor for any expenses, unless expenses are agreed upon in advance in writing by both parties.

C. Unauthorized Services and Expenses. Authority will not pay for any services not specified in the Scope of Services, unless the Executive Committee of the Authority or the Authority Representative, if applicable, and the Contractor Representative authorize such services in writing prior to Contractor's performance of those services or incurrence of additional expenses. Any additional services or expenses authorized by the Executive Committee or the Authority Representative shall be compensated at the rates set forth in **Exhibit B**, or, if not specified, at a rate mutually agreed to by the Parties in writing. Authority shall make payment for additional services and expenses in accordance with Section 4 of this Agreement.

4. Method of Payment.

A. Invoices. Contractor shall submit to Authority an invoice, on a monthly basis, for the Services performed pursuant to this Agreement. Each invoice shall itemize the Services rendered during the billing period, hourly rates charged, if applicable, and the amount due. Authority shall review each invoice and notify Contractor in writing within ten Business days of receipt of any disputed invoice amounts.

B. Payment. Authority shall pay all undisputed invoice amounts within 30 calendar days after receipt up to the Maximum Compensation set forth in Section 3 of this Agreement. Authority does not pay interest on past due amounts. Authority shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Contractor. Notwithstanding the preceding sentence, if Contractor is a nonresident of California, Authority will withhold the amount required by the Franchise Tax Board pursuant to Revenue and Taxation Code Section 18662 and applicable regulations.

C. Audit of Records. Contractor shall make all records, invoices, time cards, cost control sheets and other records maintained by Contractor in connection with this Agreement available during Contractor's regular working hours to Authority for review and audit by Authority.

5. Independent Contractor. Contractor is, and shall at all times remain as to Authority, a wholly independent contractor. Contractor shall have no power to incur any debt, obligation, or liability on behalf of Authority, except as explicitly provided in Paragraph 8 of this Agreement. Neither Authority nor any of its employees, officers, or agents shall have control over the conduct of Contractor or any of Contractor's employees, except as set forth in this Agreement. Contractor shall not, at any time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of Authority.

6. Information and Documents.

A. Contractor covenants that all data, reports, documents, discussion, or other information (collectively "Data") developed or received by Contractor or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Contractor without prior written authorization by Authority. Authority shall grant such authorization if applicable law requires disclosure. Contractor, its officers, employees, agents, or subcontractors shall not, without written authorization from the Executive Director or unless requested in writing by the Executive Director or Authority's General Counsel, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any work performed by Contractor for the Authority. Contractor's response to a subpoena or court order shall not be considered "voluntary," provided Contractor gives Authority notice of the court order or subpoena.

B. Contractor shall promptly notify Authority should Contractor, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder or with respect to any work performed by Contractor for the Authority. Authority may, but has no obligation to, be present at any deposition, hearing, or similar proceeding. Contractor agrees to cooperate fully with Authority and to provide Authority with the opportunity to review any response to discovery requests provided by Contractor. However, Authority's right to review any such response does not imply or mean the right by Authority to control, direct, or rewrite the response.

C. All Data required to be furnished to Authority in connection with this Agreement shall become Authority's property, and Authority may use all or any portion of the Data submitted by Contractor as Authority deems appropriate. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing deliverables, surveys, and other documents prepared in the course of providing the Services shall become Authority's sole property and may be used, reused or otherwise disposed of by Authority without Contractor's permission. Contractor may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Contractor.

D. Contractor's covenants under this Section shall survive the expiration or termination of this Agreement.

7. Conflicts of Interest. Contractor and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Contractor's Services under this Agreement, including the Political Reform Act (Gov. Code § 81000, *et seq.*) and Government Code Section 1090. During the term of this Agreement, Contractor may perform similar Services for other clients, but Contractor and its officers, employees, associates and subcontractors shall not, without the Authority Representative's prior written approval, perform work for another person or entity for whom Contractor is not currently performing work that would require Contractor or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Contractor shall incorporate a clause substantially similar to this Section into any subcontract that Contractor executes in connection with the performance of this Agreement.

8. Indemnification, Hold Harmless, and Duty to Defend.

A. Indemnities.

1) To the fullest extent permitted by law, Contractor shall, at its sole cost and expense, defend, hold harmless and indemnify Authority and its officers, attorneys, agents, employees, designated volunteers, successors, assigns, and members of its committees (collectively "Indemnitees") from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith and the

payment of all consequential damages (collectively "Liabilities") in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Contractor, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that Contractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. Contractor shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Contractor shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

2) Contractor shall pay all required taxes on amounts paid to Contractor under this Agreement, and indemnify and hold Authority harmless from any and all taxes, assessments, penalties, and interest asserted against Authority by reason of the independent contractor relationship created by this Agreement. Contractor shall fully comply with the workers' compensation law regarding Contractor and Contractor's employees. Contractor shall indemnify and hold Authority harmless from any failure of Contractor to comply with applicable workers' compensation laws. Authority may offset against the amount of any fees due to Contractor under this Agreement any amount due to Authority from Contractor as a result of Contractor's failure to promptly pay to Authority any reimbursement or indemnification arising under this subparagraph A.2).

3) Contractor shall obtain executed indemnity agreements with provisions identical to those in this Section from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Contractor in the performance of this Agreement. If Contractor fails to obtain such indemnity obligations, Contractor shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Liabilities at law or in equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Contractor's subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that Contractor's subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties.

B. <u>Workers' Compensation Acts not Limiting</u>. Contractor's indemnifications and obligations under this Section, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Contractor expressly waives its statutory immunity under such statutes or laws as to Authority, its officers, agents, employees, and volunteers.

C. Insurance Requirements not Limiting. Authority does not, and shall not, waive any rights that it may possess against Contractor because of the acceptance by Authority, or the deposit with Authority, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liabilities, tax, assessment, penalty or interest asserted against Authority.

D. Survival of Terms. Contractor's indemnifications and obligations under this Section shall survive the expiration or termination of this Agreement.

9. Insurance.

A. Minimum Scope and Limits of Insurance. Contractor shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of $1,000,000.00 per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of $1,000,000.00 per project or location. If Contractor is a limited liability company, the commercial general liability coverage shall be amended so that Contractor and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of $1,000,000.00 per accident for bodily injury and property damage. If Contractor does not use any owned, non-owned or hired vehicles in the performance of Services under this Agreement, Contractor shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under subparagraph A.1) of this Section.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of $1,000,000.00 per accident for bodily injury or disease. If Contractor has no employees while performing Services under this Agreement, workers' compensation policy is not required, but Contractor shall execute a declaration that it has no employees.

4) Professional Liability/Errors and Omissions Insurance with minimum limits of $1,000,000.00 per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Section shall be issued by an insurer admitted to write insurance in the State of California with a rating of A: VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self-insurance shall not be considered to comply with the insurance requirements under this Section.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming Authority and its officials, officers, employees, agents, volunteers, and members of its committees as additional insureds. This provision shall also apply to any excess/umbrella liability policies.

D. Primary and Non-Contributing. The insurance policies required under this Section shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to Authority. Any insurance or self-insurance maintained by Authority, its officials, officers, employees, agents or volunteers, shall be in excess of Contractor's insurance and shall not contribute with it.

E. Contractor's Waiver of Subrogation. The insurance policies required under this Section shall not prohibit Contractor and Contractor's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Contractor hereby waives all rights of subrogation against Authority.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by Authority. At Authority's option, Contractor shall either reduce or eliminate the deductibles or self-insured retentions with respect to Authority, or Contractor shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Contractor shall not cancel, reduce or otherwise modify the insurance policies required by this Section during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail 30 days' prior written notice to Authority. If any insurance policy required under this Section is canceled or reduced in coverage or limits, Contractor shall, within two Business Days of notice from the insurer, phone, and fax or notify Authority via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. Authority Remedy for Noncompliance. If Contractor does not maintain the policies of insurance required under this Section in full force and effect during the term of this Agreement, or in the event any of Contractor's policies do not comply with the requirements under this Section, Authority may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, Authority may, but has no duty to, take out the necessary insurance and pay, at Contractor's expense, the premium thereon. Contractor shall promptly reimburse Authority for any premium paid by Authority or Authority may withhold amounts sufficient to pay the premiums from payments due to Contractor.

I. Evidence of Insurance. Prior to the performance of Services under this Agreement, Contractor shall furnish Authority's Executive Director with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section. The endorsements are subject to Authority's approval. Contractor may provide complete, certified copies of all required insurance policies to Authority. Contractor shall maintain current endorsements on file with Authority's Executive Director. Contractor shall provide proof to Authority's Executive Director that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Contractor shall furnish such proof at least two weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Contractor shall not be construed as a limitation of Contractor's liability or as full performance of Contractor's duty to indemnify Authority under Section 8 of this Agreement.

K. Subcontractor Insurance Requirements. Contractor shall require each of its subcontractors that perform Services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section.

10. Mutual Cooperation.

A. Authority's Cooperation. Authority shall provide Contractor with all pertinent Data, documents and other requested information as is reasonably available for Contractor's proper performance of the Services required under this Agreement.

B. Contractor's Cooperation. In the event any claim or action is brought against Authority relating to Contractor's performance of Services rendered under this Agreement, Contractor shall render any reasonable assistance that Authority requires.

11. Records and Inspections. Contractor shall maintain complete and accurate records with respect to time, costs, expenses, receipts, correspondence, and other such information required by Authority that relate to the performance of the Services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Contractor shall provide free access to Authority, its designees and representatives at reasonable times, and shall allow Authority to examine and audit the books and records, to make transcripts therefrom as necessary, and to inspect all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three years after receipt of final payment.

12. Termination of Agreement.

A. Right to Terminate. Authority may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to Contractor at least five calendar days before the termination is to be effective. Contractor may only terminate this Agreement for cause if Authority fails to cure a breach of this Agreement within 10 calendar days after Contractor gives written notice to Authority of the breach.

B. Obligations upon Termination. Contractor shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of Authority's termination of this Agreement due to no fault or failure of performance by Contractor, Authority shall pay Contractor based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Contractor be entitled to receive more than the amount that would be paid to Contractor for the full performance of the Services required by this Agreement. Contractor shall have no other claim against Authority by reason of such termination, including any claim for compensation.

13. Force Majeure. Contractor shall not be liable for any failure to perform its obligations under this Agreement if Contractor presents acceptable evidence, in Authority's sole judgment, that such failure was due to acts of God, embargoes, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Contractor's reasonable control and not due to any act by Contractor.

14. Default.

A. Contractor's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Contractor is in default for cause under the terms of this Agreement, Authority shall have no obligation or duty to continue compensating Contractor for any work performed after the date of default.

B. In addition to the right to terminate pursuant to Section 12, if the Executive Director determines that Contractor is in default in the performance of any of the terms or conditions of this Agreement, Authority shall serve Contractor with written notice of the default. Contractor shall have ten calendar days after service upon it of the notice in which to cure the default by rendering a satisfactory performance. In the event that Contractor fails to cure its default within such period of time, Authority may, notwithstanding any other provision of this Agreement, terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

15. Notices. Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Contractor's and Authority's regular business hours, or (c) three Business Days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

If to Authority:
Attn: Erick Lee, Executive Director
SBRPCA
4440 W. Broadway
Hawthorne, California 90250
Telephone: 310-973-1802
Email: elee@rcc911.org

If to Contractor:
Attn: Mary Beth Redding
Bartel Associates, LLC.
411 Borel Avenue, Suite 101
San Mateo, California 94402
Telephone: 650-377-1600
Email:mbredding@bartel-associates.com

16. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Contractor shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religion, creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, pregnancy or pregnancy-related conditions (such as breastfeeding), genetic information, sexual orientation, military or veteran status, or on the basis of any other status protected by law. Contractor will take affirmative steps to ensure that its subcontractors and applicants are hired, and that employees are treated during employment, without regard to their race, color, religion, creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, pregnancy or pregnancy-related conditions (such as breastfeeding) genetic information, sexual orientation, military or veteran status, or any other status protected by law.

17. Prohibition of Assignment and Delegation. Contractor shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without Authority's prior written consent. Authority's consent to an assignment of rights under this Agreement shall not release Contractor from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section shall be void and of no effect and shall entitle Authority to terminate this Agreement. As used in this Section, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

18. No Third Party Beneficiaries Intended. This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

19. Waiver. No delay or omission to exercise any right, power or remedy accruing to Authority under this Agreement shall impair any right, power or remedy of Authority, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the Party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

20. Final Payment Acceptance Constitutes Release. The acceptance by Contractor of the final payment made under this Agreement shall operate as and be a release of Authority from all claims and liabilities for compensation to Contractor for anything done, furnished or relating to Contractor's work or services. Acceptance of payment shall be any negotiation of Authority's check or the failure to make a written extra compensation claim within ten calendar days of the receipt of that check. However, approval or payment by Authority shall not constitute, nor be deemed, a release of the responsibility and liability of Contractor, its employees, subcontractors and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by Authority for any defect or error in the work prepared by Contractor, its employees, subcontractors and agents.

21. Corrections. In addition to the above indemnification obligations, Contractor shall correct, at its expense, all errors in the work which may be disclosed during Authority's review of Contractor's report or plans. Should Contractor fail to make such correction in a reasonably timely manner, such correction may be made by Authority, and the cost thereof shall be charged to Contractor. In addition to all other available remedies, Authority may deduct the cost of such correction from any retention amount held by Authority or may withhold payment otherwise owed Contractor under this Agreement up to the amount of the cost of correction.

22. Non-Appropriation of Funds. Payments to be made to Contractor by Authority for services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted fund. In the event that Authority does not appropriate sufficient funds for payment of Contractor's services beyond the current fiscal year, this Agreement shall cover payment for Contractor's services only to the conclusion of the last fiscal year in which Authority appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

23. Exhibits. Exhibits A and **B** constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Contractor's proposal, the provisions of this Agreement shall control.

24. Entire Agreement and Modification of Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement. This Agreement may not be amended, nor any provision or breach hereof waived, except in a writing signed by both Parties.

25. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the Parties to this Agreement.

26. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

27. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a Party of the benefits of any grace or use period allowed in this Agreement.

28. Business Days. "Business days" means days Authority is open for business.

29. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the Parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a superior court with geographic jurisdiction over Authority's business address located in Hawthorne, California.

30. Attorneys' Fees. In any litigation or other proceeding by which a Party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing Party shall be entitled to recover all attorneys' fees, experts' fees, and other costs actually incurred in connection with such litigation or other proceeding, in addition to all other relief to which that Party may be entitled.

31. Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

32. Counterparts. This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument.

33. Corporate Authority. Each person executing this Agreement on behalf of his or her Party warrants that he or she is duly authorized to execute this Agreement on behalf of that Party and that by such execution, that Party is formally bound to the provisions of this Agreement.

The Parties, through their duly authorized representatives are signing this Agreement on the date stated in the introductory clause.

Authority:

South Bay Regional Public
Communications Authority
a Joint Powers Authority

By: ______________________________
Name: Edward Medrano
Title: Executive Committee Chairperson

ATTEST:

By: ______________________________
Name: Erick B. Lee
Title: Executive Director

APPROVED AS TO FORM:

By: ______________________________
Name: Jennifer Petrusis
Title: General Counsel

Contractor:

Bartel Associates, LLC.
a limited liability California corporation

By: ______________________________
Name: Doug Pryor
Title: Secretary

By: ______________________________
Name: Mary Beth Redding
Title: Vice President & Actuary

EXHIBIT A
SCOPE OF SERVICES

ACTUARIAL CONSULTING SERVICES

Inclusions:
GASB 68 Statement Reporting (for Fiscal Year ending 6/30/19)

Upon receipt of Authority data, Contractor will provide a report containing the following:

1. The Authority's proportionate share of net pension liability, NPL sensitivity, and deferral amounts
2. Authority's deferrals and associated amortization schedules
3. Net pension expense
4. All actuarial amounts required for the note disclosures and RSI
5. Up to 1 hour review/discussion of the report with Authority staff and Authority's auditors

GASB 75 Statement Reporting

Bartel Associates prepared a June 30, 2017 valuation and 2017/18 GASBS 75 information for the Authority. GASBS 75 information for 2018/19 fiscal year will be provided based on the June 30, 2017 valuation once year-end data is available. The June 30, 2019 valuation will provide GASB 75 accounting information for the 2019/20 and 2020/21 fiscal years. The information will be provided in two separate reports.

A Basic valuation report includes a summary of the plan provisions, census data, actuarial methods and assumptions, and all valuation results for GASBS 75 reporting. In addition, GASBS 75 journal entries will be provided. This approach provides the same scope of work as the previous valuation. It will not include a meeting with the Authority, but we will review the report with you over the phone.

Project	Approximate Start/Completion Date
▪ Valuation and draft GASBS 75 accounting report for 2019/20 ▪ Complete disclosures 2019/20 (require contributions and payroll information for FY 2019/20)	October 2019 August 2020
▪ GASBS 75 accounting report for 2020/21 (based on the 6/30/19 valuation)	July 2021/ August 2021

Option: Consulting Valuation
In addition to the information above, the Consulting valuation includes:
1. A meeting at the Authority focusing on understanding the plan's status and planning for its financial management
2) Historical valuation results and demographic information
3) Gain and loss analysis with changes in the Actuarial Accrued Liability since the prior valuation
4) 10-year projection of contributions and benefit payments
5) Statistical comparison of Authority results with other Bartel Associates OPEB valuations
6) Detailed participant statistics, including summary of healthcare plan and coverage elections; and
7) Summary of upcoming OPEB and CalPERS issues.

EXHIBIT B
APPROVED FEE SCHEDULE

Compensation.

As full compensation for Contractor's Services provided under this Agreement, Authority shall pay contractor in an amount not to exceed $19,550 per year as listed below:

GASB 68 Statement Reporting - $1,300

GASB 75 Statement Reporting - $18,250

Project	Approximate Start/Completion Date	Fees
▪ Valuation and draft GASBS 75 accounting report for 2019/20 ▪ Complete disclosures 2019/20 (require contributions and payroll information for FY 2019/20)	October 2019 August 2020	$ 13,000
▪ GASBS 75 accounting report for 2020/21 (based on the 6/30/19 valuation)	July 2021/ August 2021	2,250
Total		**15,250**

Option: Consulting Valuation: $3,000

C-5

Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: August 20, 2019

ITEM NUMBER: C-5

TO: Executive Committee

FROM: John Krok, Administrative Services Manager

SUBJECT: APPROVE A CHANGE PURCHASE ORDER IN THE AMOUNT OF $37,692 TO GEOSPATIAL TECHNOLOGIES, INC. FOR SOFTWARE MAINTENANCE SERVICES

ATTACHMENT: None

RECOMMENDATION

Staff recommends that the Executive Committee approve a change purchase order in the amount of $37,692 to GeoSpatial Technologies, Inc. for software maintenance services.

BACKGROUND

Staff already issued a BPO to this vendor in the amount of $15,000 earlier this fiscal year. Because the year-end costs associated with purchases from this vendor will exceed $15,000, approval of the Executive Committee for this change purchase order is required, per Resolution 316 adopted on August 21, 2018.

DISCUSSION

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 for their proportional shares.

FISCAL IMPACT

Funds for the above requested BPO, which total $37,692, are included in the Fiscal Year 2019/20 Adopted Budget. Additionally, all costs associated with the GeoSpatial Technologies software are 100% reimbursable by the member or contract agencies utilizing the system.

C-6

Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: August 20, 2019

ITEM: C-6

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: CARRYOVER OF THE REMAINING APPROPRIATION OF $45,450.18 FOR THE CITY OF MANHATTAN BEACH AND THE REMAINING BALANCE OF CERTAIN PURCHASE ORDERS ISSUED DURING FISCAL YEAR 2018/19 TOTALING $70,481.45 TO FISCAL YEAR 2019/20.

ATTACHMENTS: None

RECOMMENDATION

Staff recommends that the Executive Committee approve the carryover of the remaining appropriation for the City of Manhattan Beach in the amount of $45,450.18 and the remaining balance for the following purchase orders issued in FY2018/19 to FY2019/20:

Vendor	Remaining Balance
Matrix Consulting Group	$10,100.00
Liebert Cassidy Whitmore	$52,121.20
Chair-Pros	$8,260.25
TOTAL:	**$70,481.45**

DISCUSSION

The Authority continues to maintain a fund balance for equipment expenditures for the City of Manhattan Beach related to grant reimbursements for the Punta Place Radio Site project. The allocation for the City of Manhattan Beach starting July 1, 2018 was $49,471.63. The City of Manhattan Beach expended $4,021.45 through June 30, 2019 and therefore will carry over $45,450.18 to FY2019/20.

In February 2019, the Executive Committee approved an agreement and corresponding purchase order for Matrix Consulting Group (“Matrix”) in the amount of $36,500 related to a comprehensive cost of service and allocation study. A majority of the work for the study has been completed as of June 30, 2019 and the Authority continues to work with Matrix to finalize the assessment analysis and allocation model with completion expected in the first quarter of FY2019/20. As of June 30, 2019, a total of $26,400 has been expended for this purchase order. The unexpended balance of $10,100 should be carried over from FY2018/19 to FY2019/20 to fund expenses associated with the completion of the study.

In April 2019, the Executive Committee approved a purchase order for Liebert Cassidy & Whitmore in the amount of $100,000 for certain legal services. As of June 30, 2019, a total of $47,878.80 has been expended for this purchase order with additional work in labor relations expected to continue for the Authority through FY2019/20. The unexpended balance of $52,121.20 should be carried over from FY2018/19 to FY2019/20 to fund expenses associated with these legal services.

In June 2019, the Executive Director approved a purchase order in the amount of $8,260.25 to replace five chairs that are no longer appropriate for use by the operators in the communications center. The Authority is awaiting delivery of the units and subsequent billing from the vendor. Therefore, the unexpended balance for this purchase order of $8,260.25 should be carried over from FY2018/19 to FY2019/20.

FISCAL IMPACT

The recommended carry overs from FY2018/19 to FY2019/20 total $115,931.63.

E-1

Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: August 20, 2019

ITEM NUMBER: E-1

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: MEMORANDUM OF UNDERSTANDING BETWEEN SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY AND MANAGEMENT AND CONFIDENTIAL EMPLOYEES

ATTACHMENTS:
1. Tracked Changes of the Memorandum of Understanding
2. Memorandum of Understanding

RECOMMENDATION

Staff recommends that the Executive Committee approve the attached Memorandum of Understanding between the Authority and Management and Confidential Employees.

DISCUSSION

For many years, the Authority has maintained a Memorandum of Understanding (MOU) with the Management and Confidential Employees. The last MOU expired on June 30, 2019. Representatives of the bargaining unit and the Authority met and conferred in good faith from May 15, 2019 to July 3, 2019 and have agreed to the terms found in the attached proposed MOU. The new agreement has a term of three (3) years from July 1, 2019 to June 30, 2022.

In *Flores v. City of San Gabriel*, 824 F.3d 890 (9th Cir. 2016) the Ninth Circuit held that cash in lieu of benefits payments must be calculated in the regular rates of pay and overtime rates. Therefore, the Authority negotiated new maximum allowable amounts for cash back in the proposed MOU with Management and Confidential Employees in the first year, with the ultimate elimination of the cash back effective July 1, 2020. To compensate for this reduction, the Authority provided a salary increase and increase in medical contributions over a three (3) year term.

Additionally, the Authority sought to reduce the amount of leave time provided to employees under the MOU. Under the proposed MOU, the bargaining unit agreed to convert the value of seven (7) days of leave time, historically considered "floating holidays," to salary.

Furthermore, the Authority sought to eliminate the "New Client Award" that was provided in the most recent MOU which expired on June 30, 2019. Under the proposed MOU, the bargaining unit agreed to the ultimate elimination of this special pay. Effective July 1, 2019, the addition of new contract cities or agencies will not produce additional special pay for the Management and Confidential Employees. Additionally, the special pay will be eliminated in its entirety during the third year of the agreement. A corresponding salary increase to compensate for the loss of this special pay was provided in the third year.

Significant terms of the proposed MOU are listed as follows:

1. <u>Term of Agreement</u>
    - July 1, 2019 – June 30, 2022

2. <u>Salary (Article 12)</u>
    - Negotiated salary increases as follows:
        - 4.25% effective July 2019
        - 2.00% effective July 2020
        - 4.20% effective July 2021

3. <u>Holidays (Section 6.3)</u>
    - Eliminated 7 of the 18 holidays provided to employees and clarified how holidays occurring on an employee's regular day off are handled.

4. <u>Sick Leave (Section 6.10)</u>
    - Created a second tier of employees who accrue a reduced amount of annual sick leave.

5. <u>Vacation Leave (Section 6.11)</u>
    - Created a second tier of employees who accrue a reduced amount of annual vacation leave.

6. <u>Administrative Leave (Section 6.12)</u>
    - Changed administration of benefit to make this leave non-cumulative between calendar years.

7. <u>Payment for Unused Sick Leave (Section 7.2)</u>
    - Increased rate of payment from 85% to 100%.

8. <u>Longevity Pay (Section 7.10)</u>
    - Changed the title of this section from "Merit Pay" to "Longevity Pay" to clarify that the intent of this pay recognizes years of service with the Authority and not an employee's actual performance.

9. <u>Education (Section 7.11)</u>
    - Tuition reimbursement not to exceed a lifetime amount of $12,000. The previous benefit allowed an employee to utilize $4,000 per fiscal year with no maximum allowance.

10. <u>New Client Award (Section 7.12)</u>
    - Eliminates the benefit in its entirety during the third year of the MOU.

11. Computer Loan Program (Previously Section 7.13)
    - Benefit eliminated.

12. Deferred Compensation (Section 7.13)
    - Increased the Authority's contribution by $150 per month for each employee.

13. Contribution Amount (Section 8.3)
    - Increase in contribution amount toward an employee's monthly medical and dental insurance premiums from $1,200 to $1,250 in the first year, $1,300 in the second year, and $1,350 in the third year.

14. IRS Section 125 Cafeteria Plan (Section 8.4)
    - Established new maximum cash in lieu of amounts defined for employees who do not utilize the entire Authority's medical and dental insurance contribution amount. Previous benefit allowed employees to receive all excess contribution amounts in cash. Benefits for the first year of the MOU are as follows:

        - Employees may receive up to $150 in cash back if the Authority's contribution exceeds the cost of the employee's medical and dental insurance premiums.

        - Employees will receive $300 in cash back if they voluntarily elect not to participate in the Authority's medical insurance.

    - Effective July 1, 2020, employees who do not utilize any or all of the Authority's contribution amount will not receive any cash back.

15. Appointment and Advancement (Article 13)
    - Clarified how appointment within the salary range and advancement through that range occurs.

16. General
    - Memorialized terms agreed upon previously in side letters of agreement.
    - Reorganization of articles and sections.
    - Clarified language to improve the ease of understanding and/or administration of MOU provisions.
    - Memorialization of procedures and practices not previously contained in the MOU.
    - Removal of language no longer applicable or out of date and addition of new language clarifying current practices.
    - Corrections or revisions to language in existing contract terms.

FISCAL IMPACT

The projected cost increase for this Memorandum of Understanding over the three (3) year period is $75,852 which is equivalent to 2.9% of the total compensation associated with the Management and Confidential Employees bargaining group.

E-1
Attachment 1

MEMORANDUM OF UNDERSTANDING

BETWEEN

SOUTH BAY REGIONAL

PUBLIC COMMUNICATIONS AUTHORITY

AND MANAGEMENT AND CONFIDENTIAL EMPLOYEES

JULY 1, 2019~~6~~ through JUNE 30, 2022~~19~~

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8/15/2019

PREAMBLE

THIS AGREEMENT is made and entered into by and between the SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY ("Authority") and MANAGEMENT AND CONFIDENTIAL EMPLOYEES ("Employees") employed under the following job classifications:

Accountant
Administrative Services Manager
Executive Assistant
Finance & Performance Audit Manager
Operations Manager
~~Administration Supervisor~~
~~Technical Services Manager~~
~~Finance Manager~~
~~Executive Secretary~~
~~Financial Accountant~~

It is binding upon Authority only upon approval of the Executive Committee and shall apply from July 1, 2019~~6~~ through June 30, 2022~~19~~.

ARTICLE 1 -- CONCLUSIVENESS OF AGREEMENT

Section 1.1 -- Agreement Conclusive. This Agreement contains all of the promises and agreements of the parties. Therefore, for the life of this Agreement neither party shall be compelled to bargain with the other concerning any mandatory bargaining issue whether that issue was raised at a meet and confer session preceding this Agreement or not, unless the parties agree to bargain about it. There are three~~wo~~ sub-groups of employees, which are defined as: Group A employees are employees with a hire date prior to October 25, 2011; Group B employees with a hire date after October 25, 2011; Group C employees with a hire date on or after July 1, 2019.

ARTICLE 2 -- MANAGEMENT RIGHTS

Section 2.1 -- Management Rights. Authority retains all rights not specifically delegated by this Agreement, including but not limited to the exclusive right to determine the mission of its constituent sections; set employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or for other legitimate reasons; contract out work; maintain the efficiency of governmental operations; determine the methods, means and personnel by which government operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work. The determination of whether or not an emergency exists is solely within the discretion of Authority and is expressly excluded from the grievance procedure.

ARTICLE 3 -- NO STRIKE, NO LOCKOUT

Section 3.1 -- Work Interruption. During the life of this Agreement, Employees will not cause, authorize, advise or encourage any interruption of work or any other concerted action. The term "interruption of work" shall include any work stoppage or strike (including economic and unfair labor practices) or any picketing or boycott activities by employees, and refusal to work on and handle equipment or produce any materials or services because of a labor dispute.

Section 3.2 -- Lockout. Authority will not lock out any employee.

Section 3.3 -- Discipline. Any employee engaging in any action prohibited by this article shall be subject to immediate discharge or such other discipline as Authority may assess. Such discharge or discipline shall not be reviewable through any grievance procedure.

ARTICLE 4 -- SAVINGS PROVISION

Section 4.1 -- Separability. Should any provision of this Agreement be declared illegal or invalid by decision of a Court of Law or any administrative agency, all other provisions of this Agreement shall nevertheless remain valid, subsisting, and in full force and effect. In the event of any such invalidation, the parties agree to meet and to attempt to negotiate substitute provisions for the provisions declared illegal or invalid.

ARTICLE 5 -- HARASSMENT AND DISCRIMINATION

Section 5.1 -- No Discrimination. Employees and Authority agree not to discriminate against any employee or applicant because of age, sex, gender, gender identitfy, gender expression, race, national origin, sexual orientation, disability, medical condition, genetic information, marital status, military or veteran status, and/or religion.

Article 5.2 -- No Harassment. Authority expects and requires all employees to treat one another with dignity and respect. The Authority has zero tolerance of h~~H~~arassment of fellow employees regardless of whether or not the conduct rises to the level of ~~is~~ a violation of law. No employment decision may be made based upon an employee's submission to or rejection of such conduct. Any employee who believes that he or she is the victim of such harassment, based on any protected classification, including but not limited to ~~whether~~ sexual, racial, ethnic or religious, is required to immediately report the conduct to a supervisor, manager or Executive Director. Any employee who engages in such conduct is subject to disciplinary action, up to and including immediate discharge.

ARTICLE 6 -- ATTENDANCE AND LEAVES

Section 6.1 -- Bereavement Leave (Death in Immediate Family). In the event of death of a member of the employee's immediate family, bereavement leave may be granted to such employee, with the approval of the Executive Director. Such leave will be compensated for at the ~~straight day~~~~regular~~ base rate of pay.

Immediate family is construed to mean the father, mother, husband, wife, brother, sister, child, step-child, mother-in-law, father-in-law, legal guardian, foster child or foster parent, or any of either of them. Grandparent or grandchild is also considered immediate family. A maximum of three days may be granted for such leave. Absence under this section is not chargeable to sick leave.

Section 6.2 -- Compensatory Time Off. Compensatory time off may be granted by the Executive Director as an alternate method of compensation for overtime work for FLSA non-exempt employees. The rate of compensatory time shall be as required by law. No employee shall accrue more than one hundred sixty (160) hours of such compensatory time. Should any employee exceed one hundred sixty (160) hours of accrued compensatory time, she/she shall receive pay in lieu thereof.

Section 6.3 -- Holidays.

(a) Offices Closed. Authority administrative offices shall be closed on the following ~~nine (9)~~ 11 holidays: New Year's Day; Martin Luther King, Jr. Day; President's Day; Memorial Day; Independence Day; Labor Day; Veteran's Day; Thanksgiving Day; day after Thanksgiving; Christmas Eve; and Christmas Day. If one of the holidays falls upon a Sunday, the Monday following shall be observed as the holiday. If one of the holidays falls on a Saturday, the Friday preceding shall be observed as the holiday.

If a holiday falls on a day which is an off day for employees working the 9/80 or 4/10 work schedules, the employee shall receive a floating holiday in lieu of the holiday. Floating holidays may be taken at each employee's discretion, subject to approval of the Executive Director. Generally, these floating holidays may be used after the holiday has occurred unless the employee requests to use the floating day contiguous to the actual holiday. If an employee does not use his/her floating holidays earned within the calendar year in which the employee has received it, he/she will not earn an additional floating holiday in the next calendar year (with the exception of those floating holidays which are earned in November or December, in which case the employee will be able to use the floating holiday from that year for the first two months of the following year).

~~(b) Paid Floating Holidays. In addition to the fixed holidays listed above, all full-time employees, other than temporary employees, will be paid for seven floating holidays when taken anytime during the calendar year. There shall be no limit as to the number of floating holidays taken at one time, so long as the ones taken have been awarded. It should be noted that floating holidays do not carry over from year to year, but must be used during the year in which awarded. An individual must be a SBRPCA employee, on paid status, for six days in each pay period in order to be awarded a paid floating holiday for that pay period.~~

~~Accrual of floating holidays shall be handled as follows:~~

~~(1) Permanent employees shall be awarded all floating holidays on January 1 of each year.~~

~~(2) Probationary employees will receive floating holidays dependent upon their hire date, arranged as follows:~~

~~Hire Date~~ ~~Number Awarded~~ ~~When Awarded~~

~~Jan 1-Feb 28 (29)~~	~~7~~	~~4 on hire date, 3 on July 1~~
~~Mar 1-Apr 30~~	~~6~~	~~3 on hire date, 3 on July 1~~
~~May 1-June 30~~	~~5~~	~~2 on hire date, 3 on July 1~~
~~Jul 1-Aug 31~~	~~4~~	~~On hire date~~
~~Sep 1-Oct 31~~	~~3~~	~~On hire date~~
~~Nov 1-Dec 31~~	~~2~~	~~On hire date~~

~~Upon employment termination, floating holidays awarded but not used will be compensated for at the straight daytime pay ra~~

Section 6.4 -- Hours of Work. All administrative offices of Authority shall be kept open for business on all days of the year, except Saturdays, Sundays and designated holidays, from 8:00 A.M. to 5:00 P.M. Employees shall be required to work a minimum of eight hours per day, but may work "~~10/40~~4/10" or "9/80" plans according to schedules approved by the Executive Director.

(a) Work Week. A work week is a period of seven consecutive days, beginning at 12:00 Midnight on Friday and ending at 12:00 Midnight on the following Friday.

(b) Work Day. A work day is a period of twenty-four hours beginning at 12:00 Midnight and ending at 12:00 Midnight on the following day.

Section 6.5 -- Injury Leave. Each employee, regardless of category of employment, is authorized injury leave when the employee suffers an illness or injury while on duty or arising in and out of the course of employment. In such cases, the employee is eligible to receive compensation as provided for in the State Workers' Compensation Act. At no time may an employee use accumulated sick leave for an injury or illness which is compensable under the provisions of the Workers' Compensation Act of the State of California.

Section 6.6 -- Jury Duty Leave. Any full-time employee of the Authority who is duly summoned for jury duty during the time regularly required for the employee's office or employment, and who submits a copy of the jury duty summons to the Authority, shall be entitled, while actually serving, to the employee's regular ~~compensation~~ base salary up to a maximum of fifteen (15) calendar days, provided the employee deposits with the Authority~~,~~ all fees received for service. No overtime payment to the affected juror shall result from jury duty. Court-paid mileage fees may be retained by the individual. If an employee, while serving on jury duty, is temporarily released from actual service for twenty-five percent (25%) of their scheduled day or more, said employee shall report to the Authority for work during such period of temporary release. Employee will not be compensated for jury service on the employee's~~'~~ regularly scheduled day off.

Section 6.7 – Unpaid Leaves of Absence. An unpaid, non-medical leave of absence not to exceed 90 calendar days may be ~~granted to~~ requested by an employee ~~for good cause providing operational requirements are met. Leaves of absence shall not be granted during holiday seasons or when there is a personnel shortage, unless there are other employees sufficiently trained and willing to do the additional work.~~ Decisions whether to grant such a leave will be made by the Executive Director in his/her discretion and based on operational needs of the Authority. ~~Leave of absence must be approved by the Executive Director and his/her~~ The decision of the Executive Director is final.

The maximum length of an unpaid leave of absence ~~granted~~ shall be based on the employee's length of continuous service with the Authority.

Less than one year	10 calendar days maximum
One year to less than three years	30 calendar days maximum
Three years to less than five years	60 calendar days maximum
Five years or more	90 calendar days maximum

~~Granting of a leave of absence will take into account all other employees' approved leave time. In no case shall more than one full-time employee be absent on approved leave of absence at the same time.~~

Request Procedures

Only one unpaid, non-medical leave of absence may be granted to an employee in a calendar year. Except in case of emergency, a written and fully documented request for leave of absence should be received by the Executive Director at least 30 calendar days prior to the effective date of the leave. In all cases, employee must ~~use~~ exhaust all appropriate accrued leave ~~entitlements~~ balances before requesting an unpaid leave of absence. ~~Once an employee is on an unpaid leave of absence, accrued leave entitlements may not be used.~~ Unpaid ~~Leaves~~ leaves of absence are not to be used to circumvent the vacation and holiday scheduling process. ~~When an employee is physically unable to request an unpaid leave of absence, due to injury, illness, travel or similar reason, they he or she may be administratively placed on an unpaid leave of absence by the Executive Director.~~

Upon receipt of a request for an unpaid leave of absence, the Executive Director will either approve or deny the request and notify the employee of this determination in writing. This notice will also include the start and end dates of the unpaid leave of absence and the date which the employee is expected to return to work.

Benefits

Sick leave, holidays and vacation leave do not accrue during an unpaid leave of absence. Seniority, time in service, performance evaluation scheduling, and eligibility for merit increases are affected by an unpaid leave of absence. Authority shall pay its portion of medical, dental, life insurance, and vision plan premiums for a period not to exceed 30 days after the beginning of the unpaid leave of absence. General wage increases granted to other employees during the unpaid leave of absence will not be implemented until the employee actually returns to work.

~~Return to Work~~

~~Employees returning from a leave of absence of more than 10 calendar days will notify the Executive Director two weeks before their actual return date. The employee will be returned to their original job statu~~

Extension of Leave

Employees may request extension of their ~~approved~~unpaid leave of absence, ~~as long as~~provided that ~~they~~ the extension does not result in the leave exceeding the maximum time allowed for their years of service. Such requests should be in writing and received by the Executive Director at least two weeks in advance of the expiration of the~~ir~~ unpaid leave of absence. Extension of the unpaid leave of absence must be approved by the Executive Director. The decision of the Executive Director ~~and his/her decision~~ is final.

Cancellation of Leave

An employee may request cancellation of an approved unpaid leave of absence at any time before or during said leave by submitting ~~. A~~a written request ~~will be submitted,~~ explaining the reason for cancellation.

Violating Leave of Absence

The following constitute violations of the spirit and intent of granting an unpaid leave of absence, and shall result in automatic ~~quit~~ resignation by the employee or termination of the employee.

(a) Employees who engage in or apply for other employment while on an unpaid leave of absence~~,~~ will be considered as having ~~quit~~ resigned without notice. No termination benefits will be paid by Authority.

(b) Employees who fail to return from an unpaid leave of absence on the prescribed day, and have not obtained an extension, will be considered as having ~~quit~~ resigned without notice. No termination benefits will be paid by Authority.

(c) Employees who obtain an approved leave of absence through fraud or misrepresentation~~,~~ shall be subject to discharge.

~~Last Minute Requests~~

~~An employee must receive prior written approval to be on leave of absence. Last minute requests for leave of absence, without prior approval, shall be considered unauthorized absence from duty unless it is deemed an emergency by the Executive Director and employee.~~

Section 6.8 -- Maternity Leave.

No less than~~,~~ all provisions provided for by California State and/or Federal law shall be granted to full-time employees.

Section 6.9 -- Military Leave. Military leave shall be granted to full-time employees in accordance with the provisions of California State and/or Federal law~~State of California law~~. All full-time employees entitled to military leave shall give the Executive Director an opportunity, within the limits of military regulations, to determine when such leave shall be taken.

Section 6.10 -- Sick Leave. Each full-time employee is eligible for paid sick leave upon completion of three months of continuous service. Accrual of this leave begins with the first day of the first pay period after day of hire. Accrual for Group A and B employees is ~~and~~ at the rate of ten hours per month; accrual for Group C employees is at the rate of eight (8) hours per month; subject to the provisions below, Group C employees who accrue sick leave each pay period shall accrue 4 hours of sick leave per pay period (except on the third payroll). An eligible employee may accrue a maximum of 500 hours of paid sick leave.

(a) General Sick Leave Policy. Sick leave is not a discretionary privilege, but is allowed only in case of necessity and actual sickness. Up to 50% of the annual accrual, may, however, be used for family illnesses requiring the physical presence of the employee (for purposes of this section, family is defined as a spouse, parents and/or children residing in the household), or for routine doctor, visual care, and dental appointments with advance supervisor's approval. All sick leave must be approved by the employee's supervisor, who will verify eligibility and leave balance with the Personnel Office.

No employee will accrue sick leave unless at least six days are worked during each payroll period. Approved paid sick leave, paid vacation leave, paid bereavement leave, temporary military leave of absence or absence due to work connected disability shall be considered to be time worked under this section. When an employee has used all accumulated sick leave, further absence shall be charged to any and all accrued vacation leave and compensatory time. Employees receiving state disability payments will not be required to exhaust vacation leave and compensatory time while on disability.

(b) Conditions for Eligibility for Sick Leave Compensation. To receive paid sick leave, the employee must meet the following conditions:

(1) When the employee is absent for three or more consecutive working days, a doctor's certification of illness will be furnished upon return to work. A supervisor may require an employee to furnish a doctor's certificate for lesser absences to establish proof of illness. Submittal shall be made upon return to work.

(2) Employees returning from an absence due to illness or disability may be required to be examined by Authority's physician at Authority expense.

(3) At no time will sick leave be authorized for injuries compensable under Worker's Compensation Insurance.

(c) Ineligible Employee. If an employee calls in sick and is deemed ineligible ~~for~~ to receive sick leave compensation, ~~an employee~~he or she may be subject to progressive discipline and/or ~~loss of pay~~the hours unworked may be recorded as leave without pay.

(d) Checking Validity of Employee's Illness. The Authority reserves the right to periodically check the validity of an employee's illness or a family member's illness through telephone or personal contact when the Authority has reasonable suspicion that the employee is feigning illness of himself/ ~~or~~ herself or the family member.

(e) Sick Leave a Privilege. The employee, the bargaining unit, and the Authority recognize that sick leave is a privilege granted to the employee, ~~and~~ should be viewed by the employee as insurance, and is not to be considered a means of additional compensation or extra vacation.

Section 6.11 -- Vacation Leave. Each full-time employee is eligible for paid vacation leave upon completion of six months of continuous service. Accrual of this leave begins with the first day of the first pay period after day of hire. Upon employment termination, vacation leave is computed up to and including the last day worked. For Group A and B employees, ~~Vacation~~ vacation leave shall be earned in accordance with the following schedule:

Completed Years of Service	Work Hours Per Month	Work Hours Per Year	Maximum Accumulation
Less than 5	8	96	120

5 through 9	12	144	240
10 or more	16	192	336

For Group C employees, vacation leave shall be earned in accordance with the following schedule:

Completed Years of Service	Work Hours Per Month	Work Hours Per Year	Maximum Accumulation
Less than 5	6.67	80	120
5 through 9	10.00	120	240
10 or more	13.33	160	336

The Vacation Year shall be the ~~Calendar~~ calendar ~~Year~~year. All accumulation ~~maxima~~ limits shown above are ~~as of each succeeding January 1~~the maximum an employee will be allowed to accumulate as of December 31 of each year, with no limit on accumulation between ~~each~~ January 1 and December 31. If requirements of the service necessitate cancellation of scheduled vacation leave and it cannot be rescheduled and used before the end of the ~~Calendar~~ calendar ~~Year~~year, a maximum of 20 hours in addition to the accrual ~~maxima~~ limit may be carried over for use not later than February 1 of the following ~~Calendar~~ calendar ~~Year~~year.

Use of vacation leave shall be approved by the Executive Director, noting the needs of the Authority and the necessity of having employees available for the effective functioning of the Authority.

No employees will accrue vacation leave unless at least six days are worked during each payroll period. Approved paid sick leave, paid vacation leave, paid bereavement leave, temporary military leave for active duty, or absence due to work-connected disability, shall be considered to be time worked under this section.

Section 6.12 – Administrative Leave. Administrative Leave shall be granted to FLSA exempt employees in recognition of work performed above normal work hours and the nature of the work performance and expectations placed upon employees.

Use of Administrative Leave shall be approved by the Executive Director, noting the needs of the Authority and the necessity of having employees available for the effective functioning of the Authority.

Each ~~full-time~~FLSA exempt employee is eligible for Administrative Leave upon completion of twelve months in a management position. An award of 48 hours each calendar year will be provided to each ~~full-time~~FLSA exempt employee and may be used at the employee's discretion, subject ~~after~~to the approval of the Executive Director. Upon ~~employment~~ termination, employees will be paid for unused, accrued ~~Administration~~ Administrative Leave ~~will be compensated hour for hour for the unused leave during that same year~~. ~~There will be no accumulation from year to year and will be forfeited if unused in the calendar year.~~

Administrative Leave as provided herein is non-cumulative between calendar years. If, at the end of the year an employee has not exhausted all of his/her Administrative Leave, for the following calendar year he/she will only accrue that amount of Administrative Leave which (when added to the carried over Administrative Leave from the prior calendar year) will result in the employee accruing a total of 48 hours of Administrative L~~l~~eave.

~~Section 6.13. All employees promoted into the Management Confidential group after July 1, 2019 shall retain their current accrual schedule (i.e., as set forth in the Teamsters or CWA MOU) for Vacation Leave and Sick Leave~~**ARTICLE 7 -- SPECIAL PAY**

Section 7.1 -- Acting Pay. Employees assigned by the Executive Director to a higher position in an acting status during the absence of an incumbent or to fill a vacancy until the vacancy can be filled by appointment~~,~~ shall receive an additional rate of 10% above their ~~hourly~~ regular base salary.

Eligibility for compensation shall begin only when the incumbent of the higher position certifies the ability of the employee to fill the higher position.

Section 7.2 -- Payment for Unused Sick Leave (Optional). Each full-time employee may voluntarily convert, for cash, a limited number of hours of sick leave twice each year; the last pay period in May and the last pay period in October. ~~No one will be required to do this, but may, if desired.~~ Leave balances will be determined as of the end of the pay period immediately preceding the last pay periods in ~~November~~ October and May. The dollar value of the hours converted will be determined by the completed years of service shown below. ~~payment~~ Payment will be calculated as a percentage of the employee's ~~day-time~~base rate of pay; a separate check may be issued for this amount.

Completed Years of Service	Maximum Hours That May be Converted	Conversion Rate
Less than 2	100	~~85~~100% of ~~day-time~~base rate of pay ~~rate~~
2 or more	120	~~85~~100% of ~~day-time~~base rate of pay ~~rate~~

Section 7.3 -- Payment for Unused Vacation Leave (Optional). Each full-time employee may voluntarily convert, for cash, a limited number of hours of vacation leave twice each year; the last pay period in May and the last pay period in October. ~~No one shall be required to do this, but may, if desired.~~ Leave balances will be determined as of the end of the pay period immediately preceding the last pay periods in ~~November~~ October and May. The dollar value of the hours converted will be determined by the completed years of service as shown below. Payment will be calculated as a percentage of the employee's ~~day-time~~ base rate of pay; a separate check may be issued for this amount.

Completed Years of Service	Maximum Hours That May be Converted	Conversion Rate
Less than 2	60	100% of ~~day-time~~ base rate of pay ~~rate~~
2 or more	100	100% of ~~day-time~~ base rate of pay ~~rate~~

Section 7.4 -- Court Pay. Payment shall be made to any Authority employee who, when in an off-duty status, is required by a subpoena of an officer of the Court, or competent authority, to appear in court and/or provide testimony in matters on behalf of the Authority or its member agencies that

relate to performance of duties as an Authority employee at the prescribed overtime or compensatory time rate for all hours such employee must remain at the Court. Employees who receive Court pay shall retain any witness fees they receive as a result of the subpoena. Court-paid mileage fees may be retained by the individual.

Section 7.5 -- Overtime Work. Overtime work is work performed by FLSA non-exempt ~~a non-management~~ employees at times other than those normally required for the employee's employment, that is, more than ~~8~~40 hours per ~~pay~~ work period. Any other provision of this agreement, notwithstanding any dispute or question of fact as to what time or times are normally required for the employment of any person, shall be decided by the Executive Director~~,~~. The decision of the Executive Director ~~and his decision~~ shall be final.

In case of emergency, or whenever the public interest or necessity requires, ~~any department~~ the Executive Director may require any employee ~~in such department~~ to perform overtime work. No employee shall be required to perform overtime work, except in accordance with approved policies and upon the approval of the Executive Director. Overtime shall not be paid in those cases where an employee is called back from paid leave. In this case, the employee shall be deemed to have returned to regular work status, be paid regular salary, and not be charged for paid leave for those hours actually worked.

Section 7.6 -- Retirement. Authority has a contract with the California Public Employees' Retirement System (CalPERS) for coverage under the basic plan for non-safety employees without modifications. All full-time employees who work more than half time (more than an average of eighty-seven (87) hours per month or more than a total of five hundred twenty-two [522] hours in a six [6] month period) or who have qualified for retirement coverage under CalPERS by virtue of previous employment with Authority or elsewhere, are required to participate in this system. For employees hired prior to October 25, 2011, the Authority shall provide a CalPERS contract of two percent (2%) at fifty-five (55) based on the employee's single highest year.

(a) Effective July 1, 2014, Group A employees (with a hire date prior to October 25, 2011), will contribute one quarter of the employees' contribution CalPERS rate or one and three quarters percent (1.75%) of their salary, including all special pays and on July 1, 2015 will contribute an additional one quarter of the employee's contribution CalPERS rate or one and three quarters percent (1.75%) of their salary, including all special pays for a total of three and one half percent (3~~½~~.5 %).

(b) For Group B employees (with a hire date after October 25, 2011), the Authority shall provide a CalPERS contract of two percent (2%) at sixty (60), based on the employees' three (3) highest consecutive years. These employees will also contribute the full seven percent (7%) of their salary, including special pays, toward the employee's contribution.

~~(b)~~(c) For all "new members" beginning January 1, 2013, the retirement benefit formula is 2% at 62. A "new member" is defined as follows: A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013 and who has no prior membership in any California public retirement system; A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013 and who is not eligible for reciprocity with another California public retirement system; and A member who first established CalPERS membership prior to January 1, 2013, and who is rehired by a different CalPERS employer after a break in service of greater than six months. These employees will contribute 50% of normal cost as determined by CalPERS.

Section 7.7 -- Severance Pay. Employees shall be entitled to thirty days written notice, payment of accrued sick leave (up to 80 hours), vacation leave, personal leave, compensatory time and holiday accrual time (all accumulated), and payment of one month's pay at the ~~straight day~~base rate of pay in the event that the Authority is dissolved while employee is still employed at the time the decision is made by the Board of Directors to dissolve.

~~After the employment of six years an employee~~ Employees with six or more years of service shall be entitled to receive an additional one-month's pay at the ~~straight day~~ base rate, but only in the event that the Authority is dissolved while employee is still employed at the time the decision is made by the Board of Directors to dissolve. In no event shall the amount received by employee exceed the balance of the contract period. In order to receive the additional month's pay entitlements, the employee must continue at work until the specific date of dissolution or until ~~told~~ advised by Authority that ~~their~~ his/her services are no longer needed.

Section 7.8 -- Termination Pay. Upon termination, the employee will be paid for accrued vacation leave (not more that the maximum accumulation listed in Section 6.11 for completed service), acc~~u~~rued unused floating ~~and~~ holidays, and compensatory time earned but not taken, ~~if~~ in accordance with the limitations established ~~above~~in the preceding sections. Accrued sick leave is not compensable on termination. ~~Payment for accrued compensatory time is authorized by Section 6.2.~~

Section 7.9 -- Travel Allowance. Subject to the audit and approval of the Executive Director or his/her designee, employees of the Authority shall (except where a specific allowance for automobile use is made) be entitled to receive expense reimbursements for furnishing to said Authority their own personal automobiles in the performance of the duties necessarily incident to their respective offices or employment, at the Internal Revenue Service's (IRS) prevailing rate. All mileage expense reimbursement requests under this section must be rendered within thirty (30) days ~~after the last date upon which the use was made~~of incurring such expenses, and must indicate the specific purpose for which the automobile was used. The Executive Director may establish certain limits of liability on automobile insurance that must be maintained by employees and employees may be required to provide proof of insurance coverage to the Authority in order to be eligible for reimbursement.

Section 7.10 -- ~~Merit~~ Longevity Pay. Each full-time employee shall receive an annual longevity ~~merit~~ payment according to the following schedule. ~~Anniversary Amount Payable~~

~~10 400~~
~~11 450~~
~~12 500~~
~~13 550~~
~~and so on~~

Anniversary	Amount Payable
10	$400
11	$450
12	$500
13	$550

14	$600
15	$650
16	$700
17	$750
18	$800
19	$850
20	$900
21	$950
22	$1,000
23	$1,050
24	$1,100
25	$1,150
26	$1,200
27	$1,250
28	$1,300
29	$1,350
30 or more	$1,400

Section 7.11 ~~--~~ Education

(a) Educational Reimbursement. The Authority agrees to an educational (college or university courses) reimbursement of $~~3~~4,000 per year for books and tuition towards a Masters Degree, upon successful completion with a grade level of "C" or better and if job related and pre-approved by the Executive Director. ~~Course transcripts and receipts must be provided. Educational reimbursement will be increased to $3,500 in fiscal year 2014-2015 and $4,000 in fiscal year 2015-2016.~~ The definition of "job related" shall be determined by the Executive Director, whose decision shall be final. Courses must be from an accredited college. The total lifetime reimbursement during employment at the Authority is not to exceed $12,000. Course transcripts including course name, grade, and dates of course and receipts must be submitted no later than 30 days of course completion. Reimbursement shall be awarded in the fiscal year in which the course was completed.

Section 7.12 -- New Client Award. Up until June 30, 2019, ~~When~~ when a new "Client" city or agency ~~or "Member" agency is added to~~contracts with the Authority for dispatch services, a fixed dollar amount equal to 5% of each ~~member's~~ employee's annual base salary will be awarded on the date the original contract for services is signed. Each year thereafter and until the original agreement expires or is terminated early by one or more parties, ~~On~~ on ~~this~~ the anniversary date of the contract's execution ~~each year thereafter~~, this fixed dollar amount will be awarded to each ~~member~~employee. Only those ~~members~~ employees who were in this bargaining group as of July 1, 2016 shall be eligible for this award. Section 7.12 shall be discontinued effective February 28, 2022.

~~Section 7.13 -- Computer Loan Program. The Authority will loan up to $2,500 interest free for the purpose of purchasing a personal computer for home use. The loan must be paid via payroll deduction and must not exceed 24 months. Upon separation from the Authority, all loan balance~~

~~will be deducted from the employee's final paycheck.~~

Section 7.1~~34~~ -- Deferred Compensation. The Authority will contribute $150 per month toward each employee's deferred compensation account. The Authority will further provide up to $150 matching funds per month toward each employee's deferred compensation contribution.

Section 7.1~~45~~ – Gift of Accruals. Employees shall be entitled to gift accruals to another employee within the Management and Confidential Employees bargaining group for a catastrophic event. The Authority reserves the right to establish policies to determine qualifying events and establish limitations on the number of hours that may be transferred by employees.

ARTICLE 8 -- FRINGE BENEFITS

Section 8.1 – Insurance Benefits Program. Each full-time employee is eligible to participate in the Authority's selected group insurance benefits program on the following bases:

Section 8.2 - Medical-Dental Plans. Full-time employees and their dependents shall be eligible for coverage in the medical and dental plans under the terms and conditions of the contract executed between the Authority and the insurance providers selected by the Authority.

Section 8.3 - Contribution Amount. Effective July 1, 2009, the Authority shall, under a Cafeteria, Flexible or Optional Benefit Plan, contribute $1,100 per month toward employees' medical and dental insurance premiums. Effective July 1, 2018, the Authority's contribution toward employees' medical and dental insurance premiums shall increase to $1,200 per month. Effective July 1, 2019, the Authority's contribution toward employee's medical and dental insurance premiums shall increase to $1,250 per month. Effective July 1, 2020, the Authority's contribution toward employee's medical and dental insurance premiums shall increase to $1,300 per month. Effective July 1, 2021, the Authority's contribution toward employee's medical and dental insurance premiums shall increase to $1,350 per month. This amount includes the Authority's contribution towards health insurance plan premium for each employee, which is the mandatory employer contribution required under California Government Code Section 22892(b) of the Public Employees' Medical and Hospital Care Act (PEMHCA).

Section 8.4 - IRS Section 125 Cafeteria Plan. The Authority shall implement a Section 125 Cafeteria Plan as soon as all the required documents are in place. Under this Plan, the Authority shall continue to contribute the above amount towards employees' and their dependents' medical and dental insurance premiums. ~~Employees shall keep the remaining amount s~~Should the Authority's contribution exceed the cost of the medical and dental insurance premiums, employees may receive up to $150 in cash back as taxable income. Should the employee elect not to participate pursuant to Section 8.5, below, employee may receive up to $300 in cash back as taxable income. Effective July 1, 2020, should the Authority's contribution exceed the cost of the medical and dental insurance premiums, or should employee voluntarily elect not to participate pursuant to Section 8.5, below, employee shall not receive any cash back.

Section 8.5 - Medical Plan Waiver. Should employee voluntarily elect not to participate in the Authority's medical insurance, the employee must provide proof of medical insurance coverage under a spouse's or another medical insurance plan.

Section 8.6 - Medical-Dental Insurance Coverage When Employee is on Unpaid Status. The

Authority shall pay for thirty (30) days from the date the employee is on leave without pay.

Section 8.7 - Medical-Dental Insurance Coverage. When Employee is on approved leave pursuant to the Family Medical Leave Act (FMLA)~~. When the employee's FMLA leave has been approved by Authority~~, Authority shall provide up to twelve (12) work weeks of paid coverage for medical and dental insurance in accordance with the FMLA guidelines. The Authority will comply with all applicable laws regarding protected leave and the provision of medical insurance benefits.

Section 8.8 - Retirees' Medical. The Authority shall continue to contribute the minimum amount for medical insurance premium as required under Section 22892(b) of the PEMHCA for employees who retire from the Authority. In addition, each employee with a minimum of 10 years of service with the Authority who retires from the Authority shall receive the following additional amounts, from the date of retirement until age 65:

(a) ~~$30 for each year of service with the Authority until they reach age 65 and, effective July 1, 2018,~~ $40 for each year of service with the Authority; or, ~~until they reach age 65.~~

~~(a)~~(b) Employees who retire before July 1, 2019, ~~and have been employed with the Authority for at least 10 years,~~ shall receive nine hundred and sixty dollars ($960.00) per month, as long as the Authority remains in PEMHCA. If the Authority elects to not remain in PEMHCA, employees who retire from the Authority before July 1, 2019, shall receive the retiree medical benefits specified in the preceding paragraph above herein (paragraph (a)), depending upon their years of service

These additional amounts shall be used for employee-only medical premiums, and any excess amount will not be provided to the employee.

~~Employees who retire before July 1, 2019, and have been employed with the Authority for at least 10 years, shall receive nine hundred and sixty dollars ($960.00) per month, as long as the Authority remains in PEMHCA. If the Authority elects to not remain in PEMHCA, employees who retire from the Authority before July 1, 2019, shall receive the retiree medical benefits specified in the preceding paragraph above herein, depending upon their years of service~~.

The Authority currently contracts with the California Public Employees Retirement System (CalPERS) for employee group insurance health benefits. If the Authority should terminate its contract with CalPERS, all employees hired prior to 1986 who are ineligible to participate in Medicare and retire from a classification covered by this memorandum of understanding, 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 equivalent Government health benefit program.

Section 8.9 - Life Insurance Plan. All full-time employees shall receive a life insurance policy covering the employee in the amount of $100,000. Authority shall pay the premium.

Section 8.10 - Vision Plan. Full-time employees and their dependents shall be eligible for coverage in the vision plan under the terms and conditions of the contract executed between Authority and the insuring agency. Authority shall pay one hundred percent of the premium charged.

Section 8.11 - Time of Payments. Authority shall pay its portion of medical, dental, life insurance, and vision plan premiums for a period not to exceed 30 days after the expiration of paid leave entitlements.

ARTICLE 9 -- PROBATIONARY EMPLOYEES, LIMITED RIGHT TO GRIEVE

Section 9.1 -- Rights. A probationary employee may grieve only a disciplinary action administered without just cause. Termination or reduction of a probationary employee for failure to acquire the skills necessary to perform the job shall not be considered a disciplinary action.

ARTICLE 10 -- DEMOTION

Section 10.1 -- Pay. When a promoted employee is subsequently demoted, whether voluntarily or not, from a position in one pay grade to a position in a lower pay grade, the rate of pay after demotion shall be the same as the rate of pay the employee received immediately before promotion, plus any cost-of-living increase awarded all employees during the interim. Should this action require assigning the demoted employee to a pay step higher than the highest step on the appropriate pay scale, the employee shall be Y-rated after assignment.

Section 10.2 -- Seniority. When a probationary promoted employee is subsequently demoted, whether voluntarily or not, from a position in one pay grade to a position in a lower pay grade, the seniority date of the employee after demotion shall be the same as it was before promotion. Demotion of a permanent employee shall require issuance of a new seniority date equal to the date of the demotion.

ARTICLE 11 -- VOLUNTARY TERMINATION OF EMPLOYMENT

Section 11.1 -- Notice. Each employee agrees to provide 15 days minimum written notice of intent to terminate employment. Insufficient notice may be grounds for a finding of "ineligible for rehire", as may be excessive absence during the period of notice.

Section 11.2 -- Return of Property. Return of all serviceable Authority property and payment for missing or unserviceable items is required before preparation of the final paycheck.

ARTICLE 12 -- COMPENSATION

All compensation shall be as indicated below:

- ~~2~~4.25% increase effective the first full pay period in July~~ 1,~~ 2019~~6~~
- ~~2~~2.00% increase effective the first full pay period in July ~~1,~~ 2020~~17~~
- ~~2~~4.20% increase effective the first full pay period in July ~~1,~~ 2021~~18~~

ARTICLE 13 – APPOINTMENT AND ADVANCEMENT

Section 13.1 – Appointments. The Executive Director may make appointments within the prescribed salary range for any position.

Section 13.2 – Merit Step Advancement. Every employee shall receive step advancements within the 5-step range in the following manner:

> 1. Upon successful completion of one year of service in a classification, an employee shall be eligible for a salary step increase to the next step (on the first day of the pay period that begins after one year of service has been completed) and each year annually thereafter, provided he/she has received an evaluation with an overall rating of at least satisfactory.
>
> 2. All merit increases are recommended by the employee's supervisor and approved by the Executive Director. Movement between Step B and C, Step C and D, and Step D and E are in one year increments unless otherwise approved by the Executive Director who may approve movement of more than one step.

Section 13.3 – Special Merit Advancement. The Executive Director may authorize the advancement of an employee to any step within the prescribed range for that employee's current position, upon written recommendation of the employee's supervisor. Such salary increases shall be effective on the first day of the pay period following the approval by the Executive Director. A special merit advancement shall affect the annual date that an employee is eligible for salary step increases, causing it to change to the effective date of the special merit advancement.

APPENDIX A

ACCOUNTANT

Salary Schedule	FY 19-20		FY 20-21		FY 21-22	
	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly
Step A	$6,590.69	$38.0232	$6,722.50	$38.7837	$7,004.85	$40.4126
Step B	$6,920.13	$39.9238	$7,058.53	$40.7223	$7,354.99	$42.4326
Step C	$7,266.22	$41.9205	$7,411.54	$42.7589	$7,722.82	$44.5547
Step D	$7,629.01	$44.0135	$7,781.59	$44.8938	$8,108.42	$46.7793
Step E	$8,010.58	$46.2149	$8,170.79	$47.1392	$8,513.96	$49.1190

ADMINISTRATIVE SERVICES MANAGER

Salary Schedule	FY 19-20		FY 20-21		FY 21-22	
	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly
Step A	$9,976.51	$57.5568	$10,176.04	$58.7079	$10,603.43	$61.1736
Step B	$10,451.06	$60.2946	$10,660.08	$61.5005	$11,107.80	$64.0835
Step C	$10,953.77	$63.1948	$11,172.85	$64.4588	$11,642.11	$67.1660
Step D	$11,476.56	$66.2109	$11,706.09	$67.5351	$12,197.75	$70.3716
Step E	$12,031.55	$69.4128	$12,272.18	$70.8010	$12,787.61	$73.7747

EXECUTIVE ASSISTANT

Salary Schedule	FY 19-20		FY 20-21		FY 21-22	
	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly
Step A	$7,073.63	$40.8094	$7,215.10	$41.6256	$7,518.13	$43.3738
Step B	$7,568.31	$43.6633	$7,719.68	$44.5366	$8,043.91	$46.4072
Step C	$8,062.96	$46.5171	$8,224.22	$47.4474	$8,569.64	$49.4402
Step D	$8,557.62	$49.3709	$8,728.77	$50.3583	$9,095.38	$52.4733
Step E	$9,052.30	$52.2248	$9,233.35	$53.2693	$9,621.15	$55.5066

FINANCE & PERFORMANCE AUDIT MANAGER

Salary Schedule	FY 19-20		FY 20-21		FY 21-22	
	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly
Step A	$10,226.60	$58.9996	$10,431.13	$60.1796	$10,869.24	$62.7072
Step B	$10,712.80	$61.8046	$10,927.06	$63.0407	$11,386.00	$65.6885
Step C	$11,227.08	$64.7716	$11,451.62	$66.0670	$11,932.59	$68.8419
Step D	$11,764.06	$67.8696	$11,999.34	$69.2270	$12,503.31	$72.1345
Step E	$12,331.75	$71.1447	$12,578.39	$72.5676	$13,106.68	$75.6155

OPERATIONS MANAGER

Salary Schedule	FY 19-20		FY 20-21		FY 21-22	
	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly
Step A	$10,427.28	$60.1574	$10,635.83	$61.3606	$11,082.53	$63.9377
Step B	$10,948.63	$63.1652	$11,167.60	$64.4285	$11,636.64	$67.1345
Step C	$11,496.06	$66.3234	$11,725.98	$67.6499	$12,218.47	$70.4912
Step D	$12,070.86	$69.6396	$12,312.28	$71.0324	$12,829.40	$74.0158
Step E	$12,674.41	$73.1216	$12,927.90	$74.5840	$13,470.87	$77.7166

APPENDIX S

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be executed on the date shown beneath each signature.

On behalf of the SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY

____
Erick B. Lee
Executive Director

DATE: ______________________

____
Edward Medrano
Chairman
Executive Committee

DATE: ______________________

On behalf of MANAGEMENT and CONFIDENTIAL EMPLOYEES

____
Shannon Kauffman
Operations Manager
Negotiator

DATE: ______________________

____
John Krok
Administrative Services Manager
Negotiator

DATE: ______________________

E-1
Attachment 2

MEMORANDUM OF UNDERSTANDING

BETWEEN

SOUTH BAY REGIONAL

PUBLIC COMMUNICATIONS AUTHORITY

AND MANAGEMENT AND CONFIDENTIAL EMPLOYEES

JULY 1, 2019 through JUNE 30, 2022

TABLE OF CONTENTS

PREAMBLE

THIS AGREEMENT is made and entered into by and between the SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY ("Authority") and MANAGEMENT AND CONFIDENTIAL EMPLOYEES ("Employees") employed under the following job classifications:

Accountant
Administrative Services Manager
Executive Assistant
Finance & Performance Audit Manager
Operations Manager

It is binding upon Authority only upon approval of the Executive Committee and shall apply from July 1, 2019 through June 30, 2022.

ARTICLE 1 -- CONCLUSIVENESS OF AGREEMENT

Section 1.1 -- Agreement Conclusive. This Agreement contains all of the promises and agreements of the parties. Therefore, for the life of this Agreement neither party shall be compelled to bargain with the other concerning any mandatory bargaining issue whether that issue was raised at a meet and confer session preceding this Agreement or not, unless the parties agree to bargain about it. There are three sub-groups of employees, which are defined as: Group A employees are employees with a hire date prior to October 25, 2011; Group B employees with a hire date after October 25, 2011; Group C employees with a hire date on or after July 1, 2019.

ARTICLE 2 -- MANAGEMENT RIGHTS

Section 2.1 -- Management Rights. Authority retains all rights not specifically delegated by this Agreement, including but not limited to the exclusive right to determine the mission of its constituent sections; set employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or for other legitimate reasons; contract out work; maintain the efficiency of governmental operations; determine the methods, means and personnel by which government operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work. The determination of whether or not an emergency exists is solely within the discretion of Authority and is expressly excluded from the grievance procedure.

ARTICLE 3 -- NO STRIKE, NO LOCKOUT

Section 3.1 -- Work Interruption. During the life of this Agreement, Employees will not cause, authorize, advise or encourage any interruption of work or any other concerted action. The term "interruption of work" shall include any work stoppage or strike (including economic and unfair labor practices) or any picketing or boycott activities by employees, and refusal to work on and handle equipment or produce any materials or services because of a labor dispute.

Section 3.2 -- Lockout. Authority will not lock out any employee.

Section 3.3 -- Discipline. Any employee engaging in any action prohibited by this article shall be subject to immediate discharge or such other discipline as Authority may assess. Such discharge or discipline shall not be reviewable through any grievance procedure.

ARTICLE 4 -- SAVINGS PROVISION

Section 4.1 -- Separability. Should any provision of this Agreement be declared illegal or invalid by decision of a Court of Law or any administrative agency, all other provisions of this Agreement shall nevertheless remain valid, subsisting, and in full force and effect. In the event of any such invalidation, the parties agree to meet and to attempt to negotiate substitute provisions for the provisions declared illegal or invalid.

ARTICLE 5 -- HARASSMENT AND DISCRIMINATION

Section 5.1 -- No Discrimination. Employees and Authority agree not to discriminate against any employee or applicant because of age, sex, gender, gender identity, gender expression, race, national origin, sexual orientation, disability, medical condition, genetic information, marital status, military or veteran status, and/or religion.

Article 5.2 -- No Harassment. Authority expects and requires all employees to treat one another with dignity and respect. The Authority has zero tolerance of harassment of fellow employees regardless of whether or not the conduct rises to the level of a violation of law. No employment decision may be made based upon an employee's submission to or rejection of such conduct. Any employee who believes that he or she is the victim of such harassment, based on any protected classification, including but not limited to sexual, racial, ethnic or religious, is required to immediately report the conduct to a supervisor, manager or Executive Director. Any employee who engages in such conduct is subject to disciplinary action, up to and including immediate discharge.

ARTICLE 6 -- ATTENDANCE AND LEAVES

Section 6.1 -- Bereavement Leave (Death in Immediate Family). In the event of death of a member of the employee's immediate family, bereavement leave may be granted to such employee, with the approval of the Executive Director. Such leave will be compensated for at the base rate of pay.

Immediate family is construed to mean the father, mother, husband, wife, brother, sister, child, step-child, mother-in-law, father-in-law, legal guardian, foster child or foster parent, or any of either of them. Grandparent or grandchild is also considered immediate family. A maximum of three days may be granted for such leave. Absence under this section is not chargeable to sick leave.

Section 6.2 -- Compensatory Time Off. Compensatory time off may be granted by the Executive Director as an alternate method of compensation for overtime work for FLSA non-exempt employees. The rate of compensatory time shall be as required by law. No employee shall accrue more than one hundred sixty (160) hours of such compensatory time. Should any employee exceed one hundred sixty (160) hours of accrued compensatory time, she/she shall receive pay in lieu thereof.

Section 6.3 -- Holidays.

(a) Offices Closed. Authority administrative offices shall be closed on the following 11 holidays: New Year's Day; Martin Luther King, Jr. Day; President's Day; Memorial Day; Independence Day; Labor Day; Veteran's Day; Thanksgiving Day; day after Thanksgiving; Christmas Eve; and Christmas Day. If one of the holidays falls upon a Sunday, the Monday following shall be observed as the holiday. If one of the holidays falls on a Saturday, the Friday preceding shall be observed as the holiday.

If a holiday falls on a day which is an off day for employees working the 9/80 or 4/10 work schedules, the employee shall receive a floating holiday in lieu of the holiday. Floating holidays may be taken at each employee's discretion, subject to approval of the Executive Director. Generally, these floating holidays may be used after the holiday has occurred unless the employee requests to use the floating day contiguous to the actual holiday. If an employee does not use his/her floating holidays earned within the calendar year in which the employee has received it, he/she will not earn an additional floating holiday in the next calendar year (with the exception of those floating holidays which are earned in November or December, in which case the employee will be able to use the floating holiday from that year for the first two months of the following year).

Section 6.4 -- Hours of Work. All administrative offices of Authority shall be kept open for business on all days of the year, except Saturdays, Sundays and designated holidays, from 8:00 A.M. to 5:00 P.M. Employees shall be required to work a minimum of eight hours per day, but may work "4/10" or "9/80" plans according to schedules approved by the Executive Director.

(a) Work Week. A work week is a period of seven consecutive days, beginning at 12:00 Midnight on Friday and ending at 12:00 Midnight on the following Friday.

(b) Work Day. A work day is a period of twenty-four hours beginning at 12:00 Midnight and ending at 12:00 Midnight on the following day.

Section 6.5 -- Injury Leave. Each employee, regardless of category of employment, is authorized injury leave when the employee suffers an illness or injury while on duty or arising in and out of the course of employment. In such cases, the employee is eligible to receive compensation as provided for in the State Workers' Compensation Act. At no time may an employee use accumulated sick leave for an injury or illness which is compensable under the provisions of the Workers' Compensation Act of the State of California.

Section 6.6 -- Jury Duty Leave. Any full-time employee of the Authority who is duly summoned for jury duty during the time regularly required for the employee's office or employment, and who submits a copy of the jury duty summons to the Authority, shall be entitled, while actually serving, to the employee's regular base salary up to a maximum of fifteen (15) calendar days, provided the employee deposits with the Authority all fees received for service. No overtime payment to the affected juror shall result from jury duty. Court-paid mileage fees may be retained by the individual. If an employee, while serving on jury duty, is temporarily released from actual service for twenty-five percent (25%) of their scheduled day or more, said employee shall report to the Authority for work during such period of temporary release. Employee will not be compensated for jury service on the employee’s regularly scheduled day off.

Section 6.7 – Unpaid Leaves of Absence. An unpaid, non-medical leave of absence not to exceed 90 calendar days may be requested by an employee Decisions whether to grant such a leave will be made by the Executive Director in his/her discretion and based on operational needs of the Authority. The decision of the Executive Director is final.

The maximum length of an unpaid leave of absence shall be based on the employee's length of continuous service with the Authority.

Less than one year	10 calendar days maximum
One year to less than three years	30 calendar days maximum
Three years to less than five years	60 calendar days maximum
Five years or more	90 calendar days maximum

Request Procedures

Only one unpaid, non-medical leave of absence may be granted to an employee in a calendar year. Except in case of emergency, a written and fully documented request for leave of absence should be received by the Executive Director at least 30 calendar days prior to the effective date of the leave. In all cases, employee must exhaust all appropriate accrued leave balances before requesting an unpaid leave of absence. Unpaid leaves of absence are not to be used to circumvent the vacation and holiday scheduling process.

Upon receipt of a request for an unpaid leave of absence, the Executive Director will either approve or deny the request and notify the employee of this determination in writing. This notice will also include the start and end dates of the unpaid leave of absence and the date which the employee is expected to return to work.

Benefits

Sick leave, holidays and vacation leave do not accrue during an unpaid leave of absence. Seniority, time in service, performance evaluation scheduling, and eligibility for merit increases are affected by an unpaid leave of absence. Authority shall pay its portion of medical, dental, life insurance, and vision plan premiums for a period not to exceed 30 days after the beginning of the unpaid leave of absence. General wage increases granted to other employees during the unpaid leave of absence will not be implemented until the employee actually returns to work.

Extension of Leave

Employees may request extension of their unpaid leave of absence, provided that the extension does not result in the leave exceeding the maximum time allowed for their years of service. Such requests should be in writing and received by the Executive Director at least two weeks in advance of the expiration of the unpaid leave of absence. Extension of the unpaid leave of absence must be approved by the Executive Director. The decision of the Executive Director is final.

Cancellation of Leave
An employee may request cancellation of an approved unpaid leave of absence at any time before or during said leave by submitting a written request explaining the reason for cancellation.

Violating Leave of Absence
The following constitute violations of the spirit and intent of granting an unpaid leave of absence, and shall result in automatic resignation by the employee or termination of the employee.

(a) Employees who engage in or apply for other employment while on an unpaid leave of absence will be considered as having resigned without notice. No termination benefits will be paid by Authority.

(b) Employees who fail to return from an unpaid leave of absence on the prescribed day, and have not obtained an extension, will be considered as having resigned without notice. No termination benefits will be paid by Authority.

(c) Employees who obtain an approved leave of absence through fraud or misrepresentation shall be subject to discharge.

Section 6.8 -- Maternity Leave.
No less than all provisions provided for by California State and/or Federal law shall be granted to full-time employees.

Section 6.9 -- Military Leave. Military leave shall be granted to full-time employees in accordance with the provisions of California State and/or Federal law. All full-time employees entitled to military leave shall give the Executive Director an opportunity, within the limits of military regulations, to determine when such leave shall be taken.

Section 6.10 -- Sick Leave. Each full-time employee is eligible for paid sick leave upon completion of three months of continuous service. Accrual of this leave begins with the first day of the first pay period after day of hire. Accrual for Group A and B employees is at the rate of ten hours per month; accrual for Group C employees is at the rate of eight (8) hours per month; subject to the provisions below, Group C employees who accrue sick leave each pay period shall accrue 4 hours of sick leave per pay period (except on the third payroll). An eligible employee may accrue a maximum of 500 hours of paid sick leave.

(a) General Sick Leave Policy. Sick leave is not a discretionary privilege, but is allowed only in case of necessity and actual sickness. Up to 50% of the annual accrual, may, however, be used for family illnesses requiring the physical presence of the employee (for purposes of this section, family is defined as a spouse, parents and/or children residing in the household), or for routine doctor, visual care, and dental appointments with advance supervisor's approval. All sick leave must be approved by the employee's supervisor, who will verify eligibility and leave balance with the Personnel Office.

No employee will accrue sick leave unless at least six days are worked during each payroll period. Approved paid sick leave, paid vacation leave, paid bereavement leave, temporary military leave of absence or absence due to work connected disability shall be considered to be time worked under this section. When an employee has used all accumulated sick leave, further absence shall be charged to any and all accrued vacation leave and compensatory time. Employees receiving state disability payments will not be required to exhaust vacation leave and compensatory time while on disability.

(b) Conditions for Eligibility for Sick Leave Compensation. To receive paid sick leave, the employee must meet the following conditions:

(1) When the employee is absent for three or more consecutive working days, a doctor's certification of illness will be furnished upon return to work. A supervisor may require an employee to furnish a doctor's certificate for lesser absences to establish proof of illness. Submittal shall be made upon return to work.

(2) Employees returning from an absence due to illness or disability may be required to be examined by Authority's physician at Authority expense.

(3) At no time will sick leave be authorized for injuries compensable under Worker's Compensation Insurance.

(c) Ineligible Employee. If an employee calls in sick and is deemed ineligible to receive sick leave compensation, he or she may be subject to progressive discipline and/or the hours unworked may be recorded as leave without pay.

(d) Checking Validity of Employee's Illness. The Authority reserves the right to periodically check the validity of an employee's illness or a family member's illness through telephone or personal contact when the Authority has reasonable suspicion that the employee is feigning illness of himself/herself or the family member.

(e) Sick Leave a Privilege. The employee, the bargaining unit, and the Authority recognize that sick leave is a privilege granted to the employee, should be viewed by the employee as insurance, and is not to be considered a means of additional compensation or extra vacation.

Section 6.11 -- Vacation Leave. Each full-time employee is eligible for paid vacation leave upon completion of six months of continuous service. Accrual of this leave begins with the first day of the first pay period after day of hire. Upon employment termination, vacation leave is computed up to and including the last day worked. For Group A and B employees, vacation leave shall be earned in accordance with the following schedule:

Completed Years of Service	Work Hours Per Month	Work Hours Per Year	Maximum Accumulation
Less than 5	8	96	120
5 through 9	12	144	240
10 or more	16	192	336

For Group C employees, vacation leave shall be earned in accordance with the following schedule:

Completed Years of Service	Work Hours Per Month	Work Hours Per Year	Maximum Accumulation
Less than 5	6.67	80	120
5 through 9	10.00	120	240
10 or more	13.33	160	336

The Vacation Year shall be the calendar year. All accumulation limits shown above are the maximum an employee will be allowed to accumulate as of December 31 of each year, with no limit on accumulation between January 1 and December 31. If requirements of the service necessitate cancellation of scheduled vacation leave and it cannot be rescheduled and used before the end of the calendar year, a maximum of 20 hours in addition to the accrual limit may be carried over for use not later than February 1 of the following calendar year.

Use of vacation leave shall be approved by the Executive Director, noting the needs of the Authority and the necessity of having employees available for the effective functioning of the Authority.

No employees will accrue vacation leave unless at least six days are worked during each payroll period. Approved paid sick leave, paid vacation leave, paid bereavement leave, temporary military leave for active duty, or absence due to work-connected disability, shall be considered to be time worked under this section.

Section 6.12 – Administrative Leave. Administrative Leave shall be granted to FLSA exempt employees in recognition of work performed above normal work hours and the nature of the work performance and expectations placed upon employees.

Use of Administrative Leave shall be approved by the Executive Director, noting the needs of the Authority and the necessity of having employees available for the effective functioning of the Authority.

Each FLSA exempt employee is eligible for Administrative Leave upon completion of twelve months in a management position. An award of 48 hours each calendar year will be provided to each FLSA exempt employee and may be used at the employee's discretion, subjectto the approval of the Executive Director. Upon termination, employees will be paid for unused, accrued Administrative Leave.

Administrative Leave as provided herein is non-cumulative between calendar years. If, at the end of the year an employee has not exhausted all of his/her Administrative Leave, for the following calendar year he/she will only accrue that amount of Administrative Leave which (when added to the carried over Administrative Leave from the prior calendar year) will result in the employee accruing a total of 48 hours of Administrative Leave.

ARTICLE 7 -- SPECIAL PAY

Section 7.1 -- Acting Pay. Employees assigned by the Executive Director to a higher position in an acting status during the absence of an incumbent or to fill a vacancy until the vacancy can be filled by appointment shall receive an additional rate of 10% above their regular base salary.

Eligibility for compensation shall begin only when the incumbent of the higher position certifies the ability of the employee to fill the higher position.

Section 7.2 -- Payment for Unused Sick Leave (Optional). Each full-time employee may voluntarily convert, for cash, a limited number of hours of sick leave twice each year; the last pay period in May and the last pay period in October. Leave balances will be determined as of the end of the pay period immediately preceding the last pay periods in October and May. The dollar value of the hours converted will be determined by the completed years of service shown below. Payment will be calculated as a percentage of the employee's base rate of pay; a separate check may be issued for this amount.

Completed Years of Service	Maximum Hours That May be Converted	Conversion Rate
Less than 2	100	100% of base rate of pay
2 or more	120	100% of base rate of pay

Section 7.3 -- Payment for Unused Vacation Leave (Optional). Each full-time employee may voluntarily convert, for cash, a limited number of hours of vacation leave twice each year; the last pay period in May and the last pay period in October. Leave balances will be determined as of the end of the pay period immediately preceding the last pay periods in October and May. The dollar value of the hours converted will be determined by the completed years of service as shown below. Payment will be calculated as a percentage of the employee's base rate of pay; a separate check may be issued for this amount.

Completed Years of Service	Maximum Hours That May be Converted	Conversion Rate
Less than 2	60	100% of base rate of pay
2 or more	100	100% of base rate of pay

Section 7.4 -- Court Pay. Payment shall be made to any Authority employee who, when in an off-duty status, is required by a subpoena of an officer of the Court, or competent authority, to appear in court and/or provide testimony in matters on behalf of the Authority or its member agencies that relate to performance of duties as an Authority employee at the prescribed overtime or compensatory time rate for all hours such employee must remain at the Court. Employees who receive Court pay shall retain any witness fees they receive as a result of the subpoena. Court-paid mileage fees may be retained by the individual.

Section 7.5 -- Overtime Work. Overtime work is work performed by FLSA non-exempt employees at times other than those normally required for the employee's employment, that is, more than 40 hours per work period. Any other provision of this agreement, notwithstanding any dispute or question of fact as to what time or times are normally required for the employment of any person, shall be decided by the Executive Director. The decision of the Executive Director shall be final.

In case of emergency, or whenever the public interest or necessity requires, the Executive Director may require any employee to perform overtime work. No employee shall be required to perform overtime work, except in accordance with approved policies and upon the approval of the Executive Director. Overtime shall not be paid in those cases where an employee is called back from paid leave. In this case, the employee shall be deemed to have returned to regular work status, be paid regular salary, and not be charged for paid leave for those hours actually worked.

Section 7.6 -- Retirement. Authority has a contract with the California Public Employees' Retirement System (CalPERS) for coverage under the basic plan for non-safety employees without modifications. All full-time employees who work more than half time (more than an average of eighty-seven (87) hours per month or more than a total of five hundred twenty-two [522] hours in a six [6] month period) or who have qualified for retirement coverage under CalPERS by virtue of previous employment with Authority or elsewhere, are required to participate in this system. For employees hired prior to October 25, 2011, the Authority shall provide a CalPERS contract of two percent (2%) at fifty-five (55) based on the employee's single highest year.

(a) Effective July 1, 2014, Group A employees (with a hire date prior to October 25, 2011), will contribute one quarter of the employees' contribution CalPERS rate or one and three quarters percent (1.75%) of their salary, including all special pays and on July 1, 2015 will contribute an additional one quarter of the employee's contribution CalPERS rate or one and three quarters percent (1.75%) of their salary, including all special pays for a total of three and one half percent (3.5 %).

(b) For Group B employees (with a hire date after October 25, 2011), the Authority shall provide a CalPERS contract of two percent (2%) at sixty (60), based on the employees' three (3) highest consecutive years. These employees will also contribute the full seven percent (7%) of their salary, including special pays, toward the employee's contribution.

(c) For all "new members" beginning January 1, 2013, the retirement benefit formula is 2% at 62. A "new member" is defined as follows: A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013 and who has no prior membership in any California public retirement system; A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013 and who is not eligible for reciprocity with another California public retirement system; and A member who first established CalPERS membership prior to January 1, 2013, and who is rehired by a different CalPERS employer after a break in service of greater than six months. These employees will contribute 50% of normal cost as determined by CalPERS.

Section 7.7 -- Severance Pay. Employees shall be entitled to thirty days written notice, payment of accrued sick leave (up to 80 hours), vacation leave, personal leave, compensatory time and holiday accrual time (all accumulated), and payment of one month's pay at the base rate of pay in the event that the Authority is dissolved while employee is still employed at the time the decision is made by the Board of Directors to dissolve.

Employees with six or more years of service shall be entitled to receive an additional one-month's pay at the base rate, but only in the event that the Authority is dissolved while employee is still employed at the time the decision is made by the Board of Directors to dissolve. In no event shall the amount received by employee exceed the balance of the contract period. In order to receive the additional month's pay entitlements, the employee must continue at work until the specific date of dissolution or until advised by Authority that his/her services are no longer needed.

Section 7.8 -- Termination Pay. Upon termination, the employee will be paid for accrued vacation leave (not more that the maximum accumulation listed in Section 6.11 for completed service), accrued unused floating holidays, and compensatory time earned but not taken, in accordance with the limitations established in the preceding sections. Accrued sick leave is not compensable on termination.

Section 7.9 -- Travel Allowance. Subject to the audit and approval of the Executive Director or his/her designee, employees of the Authority shall (except where a specific allowance for automobile use is made) be entitled to receive expense reimbursements for furnishing to said Authority their own personal automobiles in the performance of the duties necessarily incident to their respective offices or employment, at the Internal Revenue Service's (IRS) prevailing rate. All mileage expense reimbursement requests under this section must be rendered within thirty (30) days of incurring such expenses, and must indicate the specific purpose for which the automobile was used. The Executive Director may establish certain limits of liability on automobile insurance that must be maintained by employees and employees may be required to provide proof of insurance coverage to the Authority in order to be eligible for reimbursement.

Section 7.10 -- Longevity Pay. Each full-time employee shall receive an annual longevity payment according to the following schedule.

Anniversary	Amount Payable
10	$400
11	$450
12	$500
13	$550
14	$600
15	$650
16	$700
17	$750
18	$800
19	$850
20	$900
21	$950
22	$1,000
23	$1,050
24	$1,100
25	$1,150
26	$1,200
27	$1,250
28	$1,300
29	$1,350
30 or more	$1,400

Section 7.11 – Education

(a) Educational Reimbursement. The Authority agrees to an educational (college or university courses) reimbursement of $4,000 per year for books and tuition towards a Masters Degree, upon successful completion with a grade level of "C" or better and if job related and pre-approved by the Executive Director. The definition of "job related" shall be determined by the Executive Director, whose decision shall be final. Courses must be from an accredited college. The total lifetime reimbursement during employment at the Authority is not to exceed $12,000. Course transcripts including course name, grade, and dates of course and receipts must be submitted no later than 30 days of course completion. Reimbursement shall be awarded in the fiscal year in which the course was completed.

Section 7.12 -- New Client Award. Up until June 30, 2019, when a new "Client" city or agency contracts with the Authority for dispatch services, a fixed dollar amount equal to 5% of each employee's annual base salary will be awarded on the date the original contract for services is signed. Each year thereafter and until the original agreement expires or is terminated early by one or more parties, on the anniversary date of the contract's execution, this fixed dollar amount will be awarded to each employee. Only those employees who were in this bargaining group as of July 1, 2016 shall be eligible for this award. Section 7.12 shall be discontinued effective February 28, 2022.

Section 7.13 -- Deferred Compensation. The Authority will contribute $150 per month toward each employee's deferred compensation account. The Authority will further provide up to $150 matching funds per month toward each employee's deferred compensation contribution.

Section 7.14 – Gift of Accruals. Employees shall be entitled to gift accruals to another employee within the Management and Confidential Employees bargaining group for a catastrophic event. The Authority reserves the right to establish policies to determine qualifying events and establish limitations on the number of hours that may be transferred by employees.

ARTICLE 8 -- FRINGE BENEFITS

Section 8.1 – Insurance Benefits Program. Each full-time employee is eligible to participate in the Authority's selected group insurance benefits program on the following bases:

Section 8.2 - Medical-Dental Plans. Full-time employees and their dependents shall be eligible for coverage in the medical and dental plans under the terms and conditions of the contract executed between the Authority and the insurance providers selected by the Authority.

Section 8.3 - Contribution Amount. Effective July 1, 2009, the Authority shall, under a Cafeteria, Flexible or Optional Benefit Plan, contribute $1,100 per month toward employees' medical and dental insurance premiums. Effective July 1, 2018, the Authority's contribution toward employees' medical and dental insurance premiums shall increase to $1,200 per month. Effective July 1, 2019, the Authority's contribution toward employee's medical and dental insurance premiums shall increase to $1,250 per month. Effective July 1, 2020, the Authority's contribution toward employee's medical and dental insurance premiums shall increase to $1,300 per month. Effective July 1, 2021, the Authority's contribution toward employee's medical and dental insurance premiums shall increase to $1,350 per month. This amount includes the Authority's contribution towards health insurance plan premium for each employee, which is the mandatory employer contribution required under California Government Code Section 22892(b) of the Public Employees' Medical and Hospital Care Act (PEMHCA).

Section 8.4 - IRS Section 125 Cafeteria Plan. The Authority shall implement a Section 125 Cafeteria Plan as soon as all the required documents are in place. Under this Plan, the Authority shall continue to contribute the above amount towards employees' and their dependents' medical and dental insurance premiums. Should the Authority's contribution exceed the cost of the medical and dental insurance premiums, employees may receive up to $150 in cash back as taxable income. Should the employee elect not to participate pursuant to Section 8.5, below, employee may receive up to $300 in cash back as taxable income. Effective July 1, 2020, should the Authority's contribution exceed the cost of the medical and dental insurance premiums, or should employee voluntarily elect not to participate pursuant to Section 8.5, below, employee shall not receive any cash back.

Section 8.5 - Medical Plan Waiver. Should employee voluntarily elect not to participate in the Authority's medical insurance, the employee must provide proof of medical insurance coverage under a spouse's or another medical insurance plan.

Section 8.6 - Medical-Dental Insurance Coverage When Employee is on Unpaid Status. The Authority shall pay for thirty (30) days from the date the employee is on leave without pay.

Section 8.7 - Medical-Dental Insurance Coverage. When Employee is on approved leave pursuant to the Family Medical Leave Act (FMLA), Authority shall provide up to twelve (12) work weeks of paid coverage for medical and dental insurance in accordance with the FMLA guidelines. The Authority will comply with all applicable laws regarding protected leave and the provision of medical insurance benefits.

Section 8.8 - Retirees' Medical. The Authority shall continue to contribute the minimum amount for medical insurance premium as required under Section 22892(b) of the PEMHCA for employees who retire from the Authority. In addition, each employee with a minimum of 10 years of service with the Authority who retires from the Authority shall receive the following additional amounts, from the date of retirement until age 65:

(a) $40 for each year of service with the Authority; or,
(b) Employees who retire before July 1, 2019, shall receive nine hundred and sixty dollars ($960.00) per month, as long as the Authority remains in PEMHCA. If the Authority elects to not remain in PEMHCA, employees who retire from the Authority before July 1, 2019, shall receive the retiree medical benefits specified in the preceding paragraph above herein (paragraph (a)), depending upon their years of service

These additional amounts shall be used for employee-only medical premiums, and any excess amount will not be provided to the employee.
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The Authority currently contracts with the California Public Employees Retirement System (CalPERS) for employee group insurance health benefits. If the Authority should terminate its contract with CalPERS, all employees hired prior to 1986 who are ineligible to participate in Medicare and retire from a classification covered by this memorandum of understanding, 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 equivalent Government health benefit program.

Section 8.9 - Life Insurance Plan. All full-time employees shall receive a life insurance policy covering the employee in the amount of $100,000. Authority shall pay the premium.

Section 8.10 - Vision Plan. Full-time employees and their dependents shall be eligible for coverage in the vision plan under the terms and conditions of the contract executed between Authority and the insuring agency. Authority shall pay one hundred percent of the premium charged.

Section 8.11 - Time of Payments. Authority shall pay its portion of medical, dental, life insurance, and vision plan premiums for a period not to exceed 30 days after the expiration of paid leave entitlements.

ARTICLE 9 -- PROBATIONARY EMPLOYEES, LIMITED RIGHT TO GRIEVE

Section 9.1 -- Rights. A probationary employee may grieve only a disciplinary action administered without just cause. Termination or reduction of a probationary employee for failure to acquire the skills necessary to perform the job shall not be considered a disciplinary action.

ARTICLE 10 -- DEMOTION

Section 10.1 -- Pay. When a promoted employee is subsequently demoted, whether voluntarily or not, from a position in one pay grade to a position in a lower pay grade, the rate of pay after demotion shall be the same as the rate of pay the employee received immediately before promotion, plus any cost-of-living increase awarded all employees during the interim. Should this action require assigning the demoted employee to a pay step higher than the highest step on the appropriate pay scale, the employee shall be Y-rated after assignment.

Section 10.2 -- Seniority. When a probationary promoted employee is subsequently demoted, whether voluntarily or not, from a position in one pay grade to a position in a lower pay grade, the seniority date of the employee after demotion shall be the same as it was before promotion. Demotion of a permanent employee shall require issuance of a new seniority date equal to the date of the demotion.

ARTICLE 11 -- VOLUNTARY TERMINATION OF EMPLOYMENT

Section 11.1 -- Notice. Each employee agrees to provide 15 days minimum written notice of intent to terminate employment. Insufficient notice may be grounds for a finding of "ineligible for rehire", as may be excessive absence during the period of notice.

Section 11.2 -- Return of Property. Return of all serviceable Authority property and payment for missing or unserviceable items is required before preparation of the final paycheck.

ARTICLE 12 -- COMPENSATION

All compensation shall be as indicated below:

- 4.25% increase effective the first full pay period in July 2019
- 2.00% increase effective the first full pay period in July 2020
- 4.20% increase effective the first full pay period in July 2021

ARTICLE 13 – APPOINTMENT AND ADVANCEMENT

Section 13.1 – Appointments. The Executive Director may make appointments within the prescribed salary range for any position.

Section 13.2 – Merit Step Advancement. Every employee shall receive step advancements within the 5-step range in the following manner:

1. Upon successful completion of one year of service in a classification, an employee shall be eligible for a salary step increase to the next step (on the first day of the pay period that begins after one year of service has been completed) and each year annually thereafter, provided he/she has received an evaluation with an overall rating of at least satisfactory.

2. All merit increases are recommended by the employee's supervisor and approved by the Executive Director. Movement between Step B and C, Step C and D, and Step D and E are in one year increments unless otherwise approved by the Executive Director who may approve movement of more than one step.

Section 13.3 – Special Merit Advancement. The Executive Director may authorize the advancement of an employee to any step within the prescribed range for that employee's current position, upon written recommendation of the employee's supervisor. Such salary increases shall be effective on the first day of the pay period following the approval by the Executive Director. A special merit advancement shall affect the annual date that an employee is eligible for salary step increases, causing it to change to the effective date of the special merit advancement.

APPENDIX A

ACCOUNTANT

Salary Schedule	FY 19-20		FY 20-21		FY 21-22	
	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly
Step A	$6,590.69	$38.0232	$6,722.50	$38.7837	$7,004.85	$40.4126
Step B	$6,920.13	$39.9238	$7,058.53	$40.7223	$7,354.99	$42.4326
Step C	$7,266.22	$41.9205	$7,411.54	$42.7589	$7,722.82	$44.5547
Step D	$7,629.01	$44.0135	$7,781.59	$44.8938	$8,108.42	$46.7793
Step E	$8,010.58	$46.2149	$8,170.79	$47.1392	$8,513.96	$49.1190

ADMINISTRATIVE SERVICES MANAGER

Salary Schedule	FY 19-20		FY 20-21		FY 21-22	
	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly
Step A	$9,976.51	$57.5568	$10,176.04	$58.7079	$10,603.43	$61.1736
Step B	$10,451.06	$60.2946	$10,660.08	$61.5005	$11,107.80	$64.0835
Step C	$10,953.77	$63.1948	$11,172.85	$64.4588	$11,642.11	$67.1660
Step D	$11,476.56	$66.2109	$11,706.09	$67.5351	$12,197.75	$70.3716
Step E	$12,031.55	$69.4128	$12,272.18	$70.8010	$12,787.61	$73.7747

EXECUTIVE ASSISTANT

Salary Schedule	FY 19-20		FY 20-21		FY 21-22	
	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly
Step A	$7,073.63	$40.8094	$7,215.10	$41.6256	$7,518.13	$43.3738
Step B	$7,568.31	$43.6633	$7,719.68	$44.5366	$8,043.91	$46.4072
Step C	$8,062.96	$46.5171	$8,224.22	$47.4474	$8,569.64	$49.4402
Step D	$8,557.62	$49.3709	$8,728.77	$50.3583	$9,095.38	$52.4733
Step E	$9,052.30	$52.2248	$9,233.35	$53.2693	$9,621.15	$55.5066

FINANCE & PERFORMANCE AUDIT MANAGER

Salary Schedule	FY 19-20		FY 20-21		FY 21-22	
	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly
Step A	$10,226.60	$58.9996	$10,431.13	$60.1796	$10,869.24	$62.7072
Step B	$10,712.80	$61.8046	$10,927.06	$63.0407	$11,386.00	$65.6885
Step C	$11,227.08	$64.7716	$11,451.62	$66.0670	$11,932.59	$68.8419
Step D	$11,764.06	$67.8696	$11,999.34	$69.2270	$12,503.31	$72.1345
Step E	$12,331.75	$71.1447	$12,578.39	$72.5676	$13,106.68	$75.6155

OPERATIONS MANAGER

Salary Schedule	FY 19-20		FY 20-21		FY 21-22	
	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly
Step A	$10,427.28	$60.1574	$10,635.83	$61.3606	$11,082.53	$63.9377
Step B	$10,948.63	$63.1652	$11,167.60	$64.4285	$11,636.64	$67.1345
Step C	$11,496.06	$66.3234	$11,725.98	$67.6499	$12,218.47	$70.4912
Step D	$12,070.86	$69.6396	$12,312.28	$71.0324	$12,829.40	$74.0158
Step E	$12,674.41	$73.1216	$12,927.90	$74.5840	$13,470.87	$77.7166

APPENDIX S

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be executed on the date shown beneath each signature.

On behalf of the SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY

Erick B. Lee
Executive Director

DATE: ____________________

Edward Medrano
Chairman
Executive Committee

DATE: ____________________

On behalf of MANAGEMENT and CONFIDENTIAL EMPLOYEES

Shannon Kauffman
Operations Manager
Negotiator

DATE: 8/15/19

John Krok
Administrative Services Manager
Negotiator

DATE: ____________________

E-2

Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: August 20, 2019

ITEM NUMBER: E-2

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: COMPREHENSIVE COST OF SERVICE AND ALLOCATION STUDY AND MULTI-YEAR IMPLEMENTATION PLAN

ATTACHMENTS:
1. Staff Report from July 16, 2019
2. Matrix Consulting Group's Report on the Cost of Services and Cost Allocation Study – August 2019
3. Multi-Year Implementation Plan

RECOMMENDATION

Staff recommends that the Executive Committee accept the recommendations contained in the consultant's revised study and direct staff to begin implementing the proposed multi-year implementation plan.

BACKGROUND

On July 16, 2019, staff presented the Matrix Consulting Group's ("Matrix") preliminary Report on the Cost of Services and Cost Allocation Study. (For reference purposes, a copy of that staff report is included as Attachment #1 to this report.) Following staff's presentation of the study's recommendations, members of the User Committee and contract city representatives provided comments to the Executive Committee. The Executive Committee then discussed the study and directed staff to:

1. Work with Matrix to refine the study's analysis.
2. Review the analysis with the Finance Directors from the each of the Authority's member and contract cities to ensure the validity and soundness of the study's proposed cost allocation methodology.
3. Develop a multi-year implementation plan for the Executive Committee to consider.

DISCUSSION

Based on the feedback provided by members of the User Committee and contract cities at the July 16, 2019 meeting, staff worked with the consultant to refine the study's analysis. This refinement process produced two changes in the study that relate to the costs associated with the Technical Services Division ("TSD") and its associated vehicle upfitting services. First, staff and the consultant re-reviewed the expense inputs that the preliminary cost allocation model had assigned to TSD and determined that over $400,000 in administrative overhead and salaries, supplies & services expenses that relate most closely to the Operations Department (for dispatching services) were being charged to TSD. As such, these expenses were re-allocated to the Operations Department in the revised model. The result of this move reduced total TSD costs from $1,587,390 to $1,129,004.

Additionally, staff worked with Matrix to improve the allocation methodology for TSD costs. The preliminary version of the study proposed that vehicle upfitting costs be allocated according to each city's proportional number of job requests until the Authority could begin tracking labor hours to more accurately allocate these costs. This recommendation was grounded in the principle that each city should pay the full cost of each service requested. However, the Authority staffs five (5) full-time employees in the Technical Services Division to perform vehicle upfitting services. As such, the overall cost to the Authority for providing vehicle upfitting services are relatively fixed and do not change with the flucation of job requests or the range of complexities associated with these requests. Therefore, the allocation methodology for vehicle upfitting costs was revised to affix 50% of the TSD costs to each city based on its proportionate number of police and fire vehicles that comprise its fleet. The remaining 50% of TSD costs would vary based on the job request (and ultimately labor hour) methodology as recommended in the preliminary version of the study.

Stakeholder Outreach

Once the study was revised, staff began meeting with the Finance Directors (or other assigned Finance personnel) from the Authority's member and contract cities to review the analysis and ensure the validity of the proposed cost allocation methodology. On August 1, 2019, a meeting between the Finance Directors of the cities of Gardena, Hawthorne, and Manhattan Beach was convened. The representatives from Gardena and Hawthorne expressed a general consensus about the validity of the cost allocation methodology. However, the representative from Manhattan Beach requested additional time to review the details of the study and the impacts that the recommended 19% assessment increase would have on that Manhattan Beach. Following this meeting and after reviewing the details of the study, Manhattan Beach staff concluded that the allocation of Operations Department costs for dispatching services (including the commensurate administrative overhead charges) were reasonable and represented a fair and equitable distribution of these costs. However, the representatives from Manhattan Beach expressed concerns about the proposed TSD allocations for vehicle upfitting services that consist of a 50%/50% split between fleet size and job requests. The primary issue with this aspect of the proposed methodology relates to the fact that fleet size measures the *potential* for the Authority to provide service, not the *actual* service provided by the Authority. Additionally, job requests were a rough approximation of the services provided by the Authority and, like fleet size, don't represent actual services provided. In recognition of these issues, the representatives from Manhattan Beach recommended that the Authority move forward with the cost allocation as proposed in the study under the condition that the TSD cost allocation methodology be updated once the Authority is able to track the actual labor hours associated with work orders and has 12 months of data available for evaluation.

On August 5, 2019, staff met with the City of Hermosa Beach's City Manager, Finance Director, and Acting Chief of Police to review the study's findings. The Finance Director questioned the use of CalPERS unfunded actuarial liability ("UAL") and Other Post Employment Benefits ("OPEB") in the construction of the Cost Adjustment Surcharge of up to 9% and requested documentation showing the Authority's funded percentage of these long-term liabilities. Additionally, the City Manager requested documentation on how the Authority's budget assumptions affect the City's projected annual assessment charges over the next four (4) years, as articulated in the current contract with discounts, in comparison to the base assessment amount that was determined at the outset of the contract. Later that week, staff provided the budget assumption and assessment projection information to the City. The UAL and OPEB documentation was provided the following week.

On August 6, 2019, staff met with the Fire and Police Chiefs from the City of El Segundo, along with members of their command staff and a representative from the City's Finance Department, to review the study's findings. The Fire Chief questioned the number of fire calls for service that were used in the cost allocation model, citing the fact that this number was significantly higher than the number historically reported both in the Authority's response time reports and in the internal reports maintained by the El Segundo Fire Department ("ESFD"). Upon review, it was determined that nearly 30% of the calls for service attributable to ESFD relate to commercial fire alarm testing. These types of calls are reported to the Authority by alarm companies and handled by the fire dispatchers but typically do not require Fire Department response. Consequently, the accounting of these types of calls in the cost allocation model is correct even though they are not included in the Authority's published response time reports. However, staff agreed that separating these calls from those that do require firefighter response and labeling them appropriately would lend more transparency to the study's recommendations. Additionally, the City inquired about any legal review that had been conducted as it relates using UAL and OPEB to construct the Cost Adjustment Surcharge of up to 9%. Furthermore, and given the study's proposed 47% assessment increase, the Chiefs suggested that any increases of this magnitude be implemented in a phased approach over a number of years to mitigate budget impacts to the City. They also advised that their departments might be directed to explore other less costly dispatching options that may be available to them.

On August 12, 2019, staff met with the City of Culver City's Fire Chief, Assistant Fire Chief, Assistant Chief of Police, and the Police Department's Management Analyst to review the study. The Fire Chief suggested that the study be updated to show how the average cost for each call for service could be derived from the proposed allocations between each city. Additionally, the Fire Chief suggested that the study's 10 year amortization of UAL and OPEB costs as part of the Cost Adjustment Surcharge may be too aggressive, given the length of time that it has taken the Authority to accumulate these liabilities and the number of decades that many local government agencies are using as a planning horizon to fund these future costs. Furthermore, the Fire Chief advised that the Authority should be mindful of the work that is currently underway by the area's fire departments to explore the feasibility of forming a regional fire dispatch agency as it considers implementation of the study's recommendations.

Results of Final Comprehensive Cost of Service and Allocation Study
At the conclusion of the stakeholder outreach, staff worked with Matrix to finalize the study, which is included as Attachment #2 to this report. This final update also includes the segregation of "operational" and "non-operational" fire calls for service to recognize the calls handled by the Authority's dispatchers that do not require Fire Department response. As outlined in the final study, below is summary of how the proposed reallocation of costs compare to the current assessments established in the Fiscal Year 2019-2020 Adopted Budget, per the Authority's bylaws and the agreements with its contract cities:

City	Current Assessment	Current %	Proposed Assessment	Proposed %	$ Increase/ Decrease	% Increase/ Decrease
Culver City	$2,587,601	21%	$2,620,619	21%	$33,018	1%
El Segundo	$1,372,870	11%	$1,852,694	15%	$479,824	35%
Gardena	$2,391,301	19%	$2,067,757	17%	($323,544)	-14%
Hawthorne	$3,359,598	27%	$2,645,895	21%	($713,703)	-21%
Hermosa Beach	$975,208	8%	$1,175,233	9%	$200,025	21%
Manhattan Beach	$1,703,280	14%	$2,026,090	16%	$322,810	19%
TOTAL	**$12,389,858**	**100%**	**$12,388,288**	**100%**	**($1,570)**	**0%**

If the Authority were to incorporate the study's maximum Cost Adjustment Surcharge of 9% into the proposed contract city assessments, the proposed reallocation of costs would be as follows:

City	Current Assessment	Current %	Proposed Assessment (w/ Surcharge for Contract Cities)	Proposed %	$ Increase/ Decrease	% Increase/ Decrease
Culver City	$2,587,601	21%	$2,850,140	22%	$262,539	10%
El Segundo	$1,372,870	11%	$2,014,958	16%	$642,088	47%
Gardena	$2,391,301	19%	$2,067,757	16%	($323,544)	-14%
Hawthorne	$3,359,598	27%	$2,645,895	21%	($713,703)	-21%
Hermosa Beach	$975,208	8%	$1,278,163	10%	$302,955	31%
Manhattan Beach	$1,703,280	14%	$2,026,090	16%	$322,810	19%
TOTAL	**$12,389,858**	**100%**	**$12,883,003**	**100%**	**$493,145**	**4%**

As indicated in the *Stakeholder Outreach* section of this report, all of the contract city representatives expressed some degree of concern over the utilization of unfunded CalPERS and OPEB liabilities to develop the Cost Adjustment Surcharge. If the Authority were to move forward with this surcharge, the consultant recommends that surcharge funds be set aside in a restricted fund to ensure their availability for appropriate uses in future years when needs arise. Although the Authority has not yet established a policy for funding non-current liabilities, staff anticipates bringing this policy discussion item to the Executive Committee at its September 17, 2019 meeting.

However, if and when the Authority ultimately adopts a policy to address future CalPERS UAL and OPEB costs, any mechanism to fund these amounts would likely result in specific line items being added to the Authority's annual operating budget. Under the proposed cost allocation methodology as developed by the consultant, all operating budget expenditures are included in the model for proportionate cost allocation to each city.

Therefore, inclusion of these costs in the Cost Adjustment Surcharge for contract cities would no longer be appropriate once such costs were included in the operating budget. In order to address this issue, staff recommends that any adoption of a Cost Adjustment Surcharge occur after the Executive Committee considers the development of a policy for funding non-current liabilities.

Multi-Year Implementation Plan

As discussed at the July 16, 2019 meeting, the results and recommendations of the consultant's study would be difficult to implement simultaneously in one year. These limitations relate to a number of factors, including:

1. Any reductions in assessments for Gardena and Hawthorne would need to coincide with commensurate increases from Manhattan Beach and/or contract cities.

2. Additional revenues from contract cities could not materialize until new agreements were adopted. While staff anticipates developing a successor agreement with El Segundo before its current contract expires in September 2020, the contracts with Culver City and Hermosa Beach do not expire until March 2022 and June 2028, respectively.

3. The proposed assessment increase of 47% (including the proposed surcharge) for El Segundo is significantly greater than the average increases of 1.9% per year that have occurred over the past 10 years.

4. The proposed assessment increase of 19% for Manhattan Beach is significantly greater than the average increases of 2.3% per year that have occurred over the past 10 years.

For the reasons outlined above, staff recommends that any plan to adopt the consultant's recommendations be implemented over a multi-year period. Such incremental implementation would allow for the reallocation of assessment payments between the member cities to occur in a planned and deliberate manner over an established, mutually agreeable period. In addition, increases to contract city assessments could be timed and anticipated to coincide with the expiration and subsequent renegotiation of contract city agreements.

If the Executive Committee accepts the recommendations contained in the consultant's revised study and directs staff to begin implementing the proposed multi-year implementation plan, the first action item would be for the Board of Directors to adopt a policy resolution that incorporates the study's recommended cost allocation methodology. Additionally, the Board of Directors would need to adopt a resolution amending the ownership and assessment allocations for member cities in the Authority's bylaws. Currently, the bylaws specify that all costs shall be divided among the member agencies in accordance with the formula based on each member's ownership share of the Authority as follows:

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

If the Authority were to implement the allocations as recommended in the study, the ownership and assessment percentages for member cities would change as follows:

City	Current Assessment	Current %	Proposed Assessment	Proposed %	% Increase/ Decrease
Gardena	$2,391,301	**32.08%**	$2,067,757	**30.68%**	-1.40%
Hawthorne	$3,359,598	**45.07%**	$2,645,895	**39.26%**	-5.81%
Manhattan Beach	$1,703,280	**22.85%**	$2,026,090	**30.06%**	7.21%
TOTAL	$7,454,179	**100.00%**	$6,739,742	**100.00%**	0.00%

As recommended by the study, the proposed year-over-year assessment increase for the City of Manhattan Beach is $322,810, which equates to a 19% increase. Given the magnitude of this increase and the impact it may have on this city's budget, the Authority may want to implement this increase in a phased approach over a number of years. Staff has modeled both a 3 Year Plan and a 4 Year Plan to realign the assessment and ownership percentages between the three member cities for the Executive Committee's consideration. If a phased approach was adopted, the cost increases to Manhattan Beach and the cost decreases to Gardena and Hawthorne would occur incrementally over the period ultimately agreed upon by the member cities.

Below is a modeling of what how the phasing could be achieved. It's important to note that these plans assume that the recommended assessment increase for the City of El Segundo is fully implemented throughout all years. Additionally—and like the consultant's entire study—these plans only model the Authority's current costs, as established in the FY2019-2020 budget, into future years. The dollar amounts specified in future years are not actual budget projections.

3 Year Plan	**FY2019-2020 Current Year**		**FY2020-2021 Year 1**		**FY2021-2022 Year 2**		**FY2022-2023 Year 3**	
City	**Current Assessm.**	**Owner %**	**Modeled Assessm.**	**Owner %**	**Modeled Assessm.**	**Owner %**	**Modeled Assessm.**	**Owner %**
El Segundo	$1,372,870	N/A	$1,852,694	N/A	$1,852,694	N/A	$1,852,694	N/A
Gardena	$2,391,301	32.08%	$2,084,629	31.61%	$2,075,779	31.15%	$2,067,757	30.68%
Hawthorne	$3,359,598	45.07%	$2,844,230	43.13%	$2,745,476	41.20%	$2,645,895	39.26%
Manhattan Beach	$1,703,280	22.85%	$1,810,883	25.25%	$1,918,487	27.66%	$2,026,090	30.06%
TOTAL	**$8,827,049**	**100%**	**$8,592,436**	**100%**	**$8,592,436**	**100%**	**$8,592,436**	**100%**

4 Year Plan	**FY2019-2020 Current Year**		**FY2020-2021 Year 1**		**FY2021-2022 Year 2**		**FY2022-2023 Year 3**		**FY2023-2024 Year 4**	
City	**Current Assessm.**	**Owner %**	**Modeled Assessm.**	**Owner %**	**Modeled Assessm.**	**Owner %**	**Modeled Assessm.**	**Owner %**	**Modeled Assessm.**	**Owner %**
El Segundo	$1,372,870	N/A	$1,852,694	N/A	$1,852,694	N/A	$1,852,694	N/A	$1,852,694	N/A
Gardena	$2,391,301	32.08%	$2,086,961	31.73%	$2,080,106	31.38%	$2,073,693	31.03%	$2,067,757	30.68%
Hawthorne	$3,359,598	45.07%	$2,868,798	43.62%	$2,794,951	42.16%	$2,720,662	40.71%	$2,645,895	39.26%
Manhattan Beach	$1,703,280	22.85%	$1,783,983	24.65%	$1,864,685	26.46%	$1,945,388	28.26%	$2,026,090	30.06%
TOTAL	**$8,827,049**	**100%**	**$8,592,436**	**100%**	**$8,592,436**	**100%**	**$8,592,436**	**100%**	**$8,592,436**	**100%**

A detailed multi-year implementation plan is included as Attachment #3 to this report. However, in summary, the Authority would need to take the following actions in the near term to move forward:

1. Board of Directors
    a. Adopt a cost allocation policy resolution that incorporates the study's recommended cost allocation methodology on September 17, 2019.
    b. Adopt a resolution that modifies the assessment formula in the Authority's bylaws for member cities on September 17, 2019.
    c. Adopt any necessary amendments to the cost allocation policy resolution or bylaws that result from the re-evaluation of the cost allocation methodology for the Technical Services Division costs on September 15, 2020.
2. Executive Committee
    a. Amend the budget policy resolution to address funding of non-current pension and Other Post-Employment Benefits (OPEB) liabilities on September 17, 2019.
    b. Adoption of a cost adjustment surcharge resolution on October 15, 2019.
3. Executive Director
    a. Negotiate with the City of El Segundo to secure a successor agreement in conformance with the cost allocation policy by November 19, 2019.
    b. Develop a quote for dispatch services for the City of Redondo Beach in conformance with the cost allocation policy by November 19, 2019.
    c. Re-evaluate the cost allocation methodology for the Technical Services Division costs using 12 months of actual labor hours associated with work orders and present associated recommendations to the Executive Committee on August 18, 2020.
    d. Negotiate with the City of Culver City to develop a successor agreement in conformance with the cost allocation policy by December 31, 2020.

FISCAL IMPACT

None at this time.

E-2
Attachment 1

Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: July 16, 2019

ITEM NUMBER: F-1

TO: Executive Committee

FROM: Erick B. Lee, Executive Director

SUBJECT: COMPREHENSIVE COST OF SERVICE AND ALLOCATION STUDY

ATTACHMENTS: 1. Matrix Consulting Group's Report on the Cost of Services and Cost Allocation Study

RECOMMENDATION

Staff recommends that the Executive Committee discuss the results of the study and direct staff to develop a plan to implement the consultant's recommendations over a multi-year period.

BACKGROUND

The Authority provides dispatching and vehicle equipment installation, maintenance, and repair services on a contract basis to the cities of Culver City, El Segundo, and Hermosa Beach. Contract city assessments are specified in each of the agreements with the three (3) contract cities. These agreements are similar in many respects, especially as it relates to their general terms and conditions. Additionally, each contract establishes a base fee for the first year of the agreement which is then adjusted annually, using variables such as the Consumer Price Index for Urban Consumers (CPI-U), historical assessment increases incurred by Authority's member agencies, and historical changes in the operating budget, to calculate these adjustments. However, the formulas for these annual adjustments differ from contract to contract. Additionally, the Authority received a request for a quote for dispatching services from the City of Redondo Beach in March 2018.

In order to properly evaluate the request from Redondo Beach and ensure future contracts are renewed in an equitable manner, staff proposed conducting a comprehensive cost of service and allocation study as a Fiscal Year 2018-2019 work plan item. Furthermore, the Executive Committee requested that this study also conduct a comprehensive review of the Authority's existing assessment methodology between its three (3) member cities, as established in the Authority's current bylaws, which has been in effect since Fiscal Year 2008-2009. The origin of this formula relates to each member City's ownership share in the Authority, which was used in issuing the bonds to finance the Authority's headquarters facility at 4440 West Broadway in Hawthorne. The current allocations of these assessments are as follows:

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

In February 2019, the Authority contracted with Matrix Consulting Group ("Matrix") to perform this study. Matrix has an extensive background conducting cost of services studies for municipalities and special districts. Additionally, the firm has conducted over 100 communications and 9-1-1 operations studies throughout the nation, including staffing and feasibility studies, and has a demonstrated understanding of public safety communications and the scope of services requested by the Authority for this engagement.

DISCUSSION

Beginning in March 2019, Matrix conducted multiple interviews with staff and representatives from member and contract cities to gain an understanding of the various operations, processes, and organizational structures of the Authority. The consultant's interviews focused on the roles/responsibilities of staff, levels of services provided by each section, resources available to perform those services, and current and potential issues affecting the fiscal aspects of the Authority's operations. Matrix then collected data from the Authority and comparable regional dispatch centers regarding potential allocation metrics that could be used to allocate costs. Such metrics included the number of police officers/firefighters staffed by each agency, calls for service, call duration, work order requests for technical services, etc. The data was collected for three (3) fiscal years to account for any anomalies in the data and was used as the basis for the development of its cost allocation model.

After conducting its analysis, Matrix developed 31 recommendations to improve the Authority's methodology, practices, and procedures related to allocating costs between its member and contract cities. These recommendations span a broad range of issues, from best practices in cost allocation (such as the actual metrics and inputs to be used to allocate costs) to policy and transparency matters (such as developing a cost allocation policy that is adopted by the Board of Directors and related documentation that clearly explains this policy to all stakeholders).

For many years, the Authority has relied on a single variable to allocate all of its costs—calls for service volume—which has acted as a proxy for a host of services provided by the agency. At its essence, that approach has meant that the more incidents a city's police and/or fire department respond to, the greater its overall costs associated with the services it receives from the Authority, including vehicle upfitting work. However, the number of police or fire responses to an incident, along with their associated dispatching services, has no direct relationship to the costs incurred by the Authority for its vehicle upfitting services. Similarly, the number of calls for service has only a limited impact on the costs incurred by Authority for providing police and/or fire dispatching services. Therefore, due to the limitations of that single variable methodology, the consultant has developed a cost allocation model that more closely allocates the Authority's true costs of providing services to its member and contract cities.

All of Matrix's recommendations are based on the principle that costs should be tied as closely as possible to the actual services provided to each city. In this respect, its foundational recommendation is for the Authority to begin differentiating the costs associated with its Operations Department (dispatching services) from the costs associated with its Technical Service Division (vehicle upfitting services).[1] The cost allocation model relies on key data elements that relate to the actual work performed by the Authority, are easy to obtain/determine, and can be updated by staff on a periodic basis incorporate any major changes in technology, staffing, operations, and organizational structure. These data elements include:

- Number of 9-1-1 calls received per city
- Number of non-emergency calls received per city
- Number of police calls for service for each city
- Number of fire calls for service for each city
- Number of FTE's assigned to each city in the Communications Center, by function and discipline
- Number of job requests or labor hours for each city

OPERATIONS DEPARTMENT

As it relates to Operations Department services, the consultant has recommended that dispatch service costs be allocated as accurately as possible between the three core functions of the department, the percentages for which align with its Communications Center staffing model:

Function	# FTEs Assigned	% of Service Provided	Cost to Provide Service
Call-Taking	3.5	32%	$3,448,666
Police Dispatch	6.0	55%	$5,951,210
Fire Dispatch	1.5	13%	$1,401,021
Totals	**11.0**	**100%**	**$10,800,898**

The allocation of the $3,448,666 in Call-Taking costs were determined by each city's proportional share of 9-1-1 calls and non-emergency calls. As 9-1-1 calls are by their nature more urgent, the project team assigned a weight of 60% to these calls. Non-emergency calls were weighted at 40%.

[1] Under the consultant's cost allocation model, administrative costs (management salaries, agency operating costs, building maintenance, fixed assets, etc.) are incorporated as overhead expenses to the costs associated with Operations and Technical Services.

Call-Taking	# 911 Calls	%	Cost of 911 Calls	# of Non-Emergency Calls	%	Cost of Non-Emergency Calls	Total Costs
Culver City	16,464	17%	**$342,416**	73,046	32%	**$435,392**	**$777,808**
El Segundo	9,068	9%	**$188,595**	19,251	8%	**$114,746**	**$303,341**
Gardena	23,757	24%	**$494,095**	40,371	17%	**$240,632**	**$734,727**
Hawthorne	38,936	39%	**$809,785**	46,956	20%	**$279,882**	**$1,089,668**
Hermosa Beach	4,229	4%	**$87,954**	15,879	7%	**$94,647**	**$182,601**
Manhattan Beach	7,037	7%	**$146,355**	35,931	16%	**$214,167**	**$360,522**
Totals	**99,491**	**100%**	**$2,069,200**	**231,434**	**100%**	**$1,379,467**	**$3,448,666**

The allocation of the $5,951,210 in Police Dispatch services costs were split between the actual number of staff assigned to each city (70%) and each city's proportional number of calls for service (30%). Such distribution used the fixed, actual costs incurred by the Authority for providing dedicated police dispatching service to each city as the foundation of these expenses (70%). Calls for service volume was used to account for the surge capacity aspects of the Authority's consolidated dispatching capabilities (30%), as all agencies receive the benefit of having the support of the additional police and fire dispatchers for support of any major incidents.

Police Dispatch	# Dedicated Dispatchers	%	Cost of Dedicated Dispatchers	# of Calls for Service	%	Cost of Calls for Service	Total Costs
Culver City	1.00	17%	$694,308	61,536	19%	$340,063	**$1,034,371**
El Segundo	1.00	17%	$694,308	33,739	10%	$186,450	**$880,758**
Gardena	1.00	17%	$694,308	68,849	21%	$380,476	**$1,074,784**
Hawthorne	1.00	17%	$694,308	86,923	27%	$480,358	**$1,174,665**
Hermosa Beach	1.00	17%	$694,308	29,525	9%	$163,162	**$857,470**
Manhattan Beach	1.00	17%	$694,308	42,498	13%	$234,854	**$929,162**
Totals	**6.00**	**100%**	**$4,165,847**	**323,070**	**100%**	**$1,785,363**	**$5,951,210**

As with Police Dispatching services, the allocation of the $1,401,021 in Fire Dispatch services costs were split between the actual number of staff assigned to each city (70%) and each city's proportional number of calls for service (30%). Such distribution used the fixed, actual costs incurred by the Authority for providing dedicated fire dispatching service to each city as the foundation of these expenses (70%). Calls for service volume was used to account for the surge capacity aspects of the Authority's consolidated dispatching capabilities (30%), as all agencies receive the benefit of having the support of the additional police and fire dispatchers for support of any major incidents.

Fire Dispatch	# Dedicated Dispatchers	%	Cost of Dedicated Dispatchers	# of Calls for Service	%	Cost of Calls for Service	Total Costs
Culver City[2]	0.50	33%	$326,905	7,280	49%	$206,913	**$533,818**
El Segundo	0.50	33%	$326,905	4,005	27%	$113,831	**$440,735**
Manhattan Beach	0.50	33%	$326,905	3,503	24%	$99,563	**$426,468**
Totals	**1.50**	**100%**	**$980,715**	**14,788**	**100%**	**$420,306**	**$1,401,021**

A summary of each city's allocation of Operations Department costs is as follows:

City	Call-Taking	Police Dispatch	Fire Dispatch	Total Costs
Culver City	$777,808	$1,034,371	$533,818	**$2,345,997**
El Segundo	$303,341	$880,758	$440,735	**$1,624,834**
Gardena	$734,727	$1,074,784	-	**$1,809,511**
Hawthorne	$1,089,668	$1,174,665	-	**$2,264,333**
Hermosa Beach	$182,601	$857,470	-	**$1,040,071**
Manhattan Beach	$360,522	$929,162	$426,468	**$1,716,152**
Totals	**$3,448,666**	**$5,951,210**	**$1,401,021**	**$10,800,898**

TECHNICAL SERVICES DIVISION

As it relates to the $1,587,390 in Technical Services costs, the consultant has recommended that vehicle upfitting costs be allocated according to each city's proportional number of job requests over three (3) years. The consultant advised this is the Authority's best option for allocating costs in the near-term, given its current labor tracking data limitations.

Job Requests	2016	2017	2018	3 Year Total	3 Year Average	%	Total Costs
Culver City	17	18	9	44	14.67	9%	**$150,205**
El Segundo	27	26	16	69	23.00	15%	**$235,548**
Gardena	42	20	15	77	25.67	17%	**$262,858**
Hawthorne	89	50	9	148	49.33	32%	**$505,234**
Hermosa Beach	20	11	9	40	13.33	9%	**$136,550**
Manhattan Beach	51	24	12	87	29.00	19%	**$296,996**
Totals	**246**	**149**	**70**	**465**	**155.00**	**100%**	**$1,587,390**

While this methodology does not correlate exactly to the Authority's costs (e.g., labor for simple repair requests are weighted the same as requests for full vehicle builds), it is based on actual work orders received from each city. As part of the study, Matrix has recommended that the Authority begin to track labor hours to more accurately allocate

[2] It is important to note that the proposed allocation of equal dedicated dispatching resources for all three fire agencies is based upon the current contract with Culver City, which is how the Communications Center is planned to be staffed in the coming months and no later than July 1, 2020. Once the Authority transitions to the INSB network, Culver City will then be on the same frequency as the other fire agencies and will be able to share a fire dispatcher. This would align with Culver City's contract of paying for shared fire dispatching services.

costs between its member and contract cities, with each city being charged its proportional share of actual costs associated with Technical Services work. The Authority would need to procure and implement a work order management system to fully realize the benefits associated with this recommendation.

SUMMARY OF PROPOSED COST ALLOCATIONS

The results of Matrix's cost allocation modeling reallocate the Authority's costs as follows:

City	Operations Allocation	Technical Services Allocation	Total Proposed Assessment	Proposed %
Culver City	$2,345,997	$150,205	$2,496,201	20%
El Segundo	$1,624,834	$235,548	$1,860,382	15%
Gardena	$1,809,511	$262,858	$2,072,369	17%
Hawthorne	$2,264,333	$505,234	$2,769,567	22%
Hermosa Beach	$1,040,071	$136,550	$1,176,621	9%
Manhattan Beach	$1,716,152	$296,996	$2,013,147	16%
TOTAL	**$10,800,898**	**$1,587,390**	**$12,388,288**	**100%**

Below is summary of how the proposed reallocation of costs compare to the current assessments established in the Fiscal Year 2019-2020 Adopted Budget, per the Authority's bylaws and the agreements with its contract cities:

City	Current Assessment	Current %	Proposed Assessment	Proposed %	$ Increase/ Decrease	% Increase/ Decrease
Culver City	$2,587,601	21%	$2,496,201	20%	($91,400)	-4%
El Segundo	$1,372,870	11%	$1,860,382	15%	$487,512	36%
Gardena	$2,391,301	19%	$2,072,369	17%	($318,932)	-13%
Hawthorne	$3,359,598	27%	$2,769,567	22%	($590,031)	-18%
Hermosa Beach	$975,208	8%	$1,176,621	9%	$201,413	21%
Manhattan Beach	$1,703,280	14%	$2,013,147	16%	$309,867	18%
TOTAL	**$12,389,858**	**100%**	**$12,388,288**	**100%**	**($1,570)**	**-**

COST ADJUSTMENT SURCHARGE

In addition to its annual operating expenditures, the Authority also has costs associated with unfunded liabilities in the California Public Employees' Retirement System ("CalPERS"), Other Post-Employment Benefits ("OPEB") obligations, and long-term capital improvement needs that are not currently accounted for in annual budgets. The project team identified $9,725,000 in such long-term costs, which totaled approximately $1,085,000 annually.

Cost Adjustment Categories	Total Cost	# of Years	Annual Cost
PERS Unfunded Liability	$6,800,000	10	$680,000
OPEB Liability	$2,800,000	10	$280,000
Capital Improvement Projects	$125,000	1	$125,000
TOTAL	**$9,725,000**		**$1,085,000**

Because the member agencies of Gardena, Hawthorne, and Manhattan Beach hold an ownership stake in the Authority, they are responsible for these additional long-term costs, which may take decades to fund and/or be fully realized. For this reason (and because of the structure of the agency's current agreements with its contract cities), these specific costs are currently being borne by member cities only, not contract cities.

To address this issue in the cost allocation model, the consultant developed a Cost Adjustment Surcharge that could be applied to contract agencies to help offset the Authority's future liabilities and long-term costs. Because the Authority's contract cities represent approximately 45% of Authority costs, Matrix determined that a maximum of nearly $485,000 in projected costs could be proportionately charged to contract cities annually. This equates to 9% of the proposed assessment allocations for the contract cities, the costs of which are summarized below:

City	Proposed Assessment	Cost Adjustment Surcharge	Total Assessment (with Surcharge for Contract Cities)
Culver City	$2,496,201	$218,624	$2,714,825
El Segundo	$1,860,382	$162,937	$2,023,320
Gardena	$2,072,369		$2,072,369
Hawthorne	$2,769,567		$2,769,567
Hermosa Beach	$1,176,621	$103,052	$1,279,673
Manhattan Beach	$2,013,147		$2,013,147
TOTAL	**$12,388,288**	**$484,613**	**$12,872,901**

A summary of how incorporating a maximum Cost Adjustment Surcharge of 9% into the proposed contract city assessments compares to the Authority's current assessments is as follows:

City	Current Assessment	Current %	Proposed Assessment (w/ Surcharge for Contract Cities)	Proposed %	$ Increase/ Decrease	% Increase/ Decrease
Culver City	$2,587,601	21%	$2,714,825	21%	$127,224	5%
El Segundo	$1,372,870	11%	$2,023,320	16%	$650,450	47%
Gardena	$2,391,301	19%	$2,072,369	16%	($318,932)	-13%
Hawthorne	$3,359,598	27%	$2,769,567	22%	($590,031)	-18%
Hermosa Beach	$975,208	8%	$1,279,673	10%	$304,465	31%
Manhattan Beach	$1,703,280	14%	$2,013,147	16%	$309,867	18%
TOTAL	**$12,389,858**	**100%**	**$12,872,901**	**100%**	**$483,043**	**4%**

If the Authority were to implement a Cost Adjustment Surcharge, the consultant recommends that surcharge funds be set aside in a restricted fund. This would segregate these funds from general operating funds and ensure their availability for appropriate uses when needs arise. This restricted fund would be established based upon approval of the Board of Directors and be reported upon annually during the budget process. A policy and procedure regarding appropriate and acceptable uses of this funding source would also need to be established to ensure that the funds are used only for designated purposes. For example, if the Authority determined there were a need for additional staffing, that need could not be paid out of this restricted funding source. However, if the

Authority desired to pay down an unfunded liability cost or fund a long-term capital project, this Cost Adjustment Surcharge fund could be used for such expenditures.

OPTIONS AVAILABLE TO THE AUTHORITY
Matrix's analysis of the Authority's costs and subsequent recommendations clearly show that there are feasible, defensible, and more equitable ways to allocate the Authority's costs among its member and contract cities. However, it is important to note that the results and recommendations of the consultant's study would be difficult to implement simultaneously in one year. These limitations relate to a number of factors, including:

1. Any reductions in assessments for Gardena and Hawthorne would need to coincide with commensurate increases from Manhattan Beach and/or contract cities.

2. Additional revenues from contract cities could not materialize until new agreements were adopted, at the earliest. While staff anticipates developing a successor agreement with El Segundo before its current contract expires in September 2020, the contracts with Culver City and Hermosa Beach do not expire until March 2022 and June 2028, respectively.

3. The proposed assessment increase of 47% (including the proposed surcharge) for El Segundo is significantly greater than the average increases of 1.9% per year that have occurred over the past 10 years.

4. The proposed assessment increase of 18% for Manhattan Beach is significantly greater than the average increases of 2.3% per year that have occurred over the past 10 years.

For the reasons outlined above, staff recommends that any plan to adopt the consultant's recommendations be implemented over a multi-year period. Such incremental implementation would allow for the reallocation of assessment payments between the member cities to change in a planned and deliberate manner over an established, mutually agreeable period. In addition, increases to contract city assessments could be timed and anticipated to coincide with the expiration and subsequent renegotiation of contract city agreements.

With the above recommendation in mind, the follow options are available to the Executive Committee:

1. Receive and file this report.

2. Direct staff to work with the consultant to address any questions or issues identified by the Executive Committee and return with updated information at a later date.

3. Direct staff to develop a plan to implement the recommendations of the Comprehensive Cost of Service and Allocation Study over a multi-year period. This implementation plan could include the following action steps:

    a. Adopt a cost allocation policy resolution that incorporates the study's recommended cost allocation methodology, with or without the proposed Cost Adjustment Surcharge of up to 9%.

b. Amend the Authority's bylaws as necessary to adjust the assessment formula for member cities.

c. Begin negotiations with the City of El Segundo to develop a successor agreement in conformance with the cost allocation policy by December 31, 2019.

d. Develop a quote for Consolidation of 9-1-1 Emergency Communications Services for the City of Redondo Beach in conformance with the cost allocation policy.

e. Begin negotiations with the City of Culver City to develop a successor agreement in conformance with the cost allocation policy by December 31, 2020.

f. Begin negotiations with the City of Hermosa Beach to develop a successor agreement in conformance with the cost allocation policy by December 31, 2027.

FISCAL IMPACT

None at this time. If the Authority were to fully implement the consultant's recommendations, nearly $485,000 in additional annual revenue could be generated in future years to assist with paying expenses associated with unfunded pension and OPEB liabilities and long-term capital costs.

E-2
Attachment 2

Report on the Cost of Services and Cost Allocation Study

SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY

matrix consulting group

August 2019

Table of Contents

APPENDICES:

1. Introduction and Executive Summary

The Matrix Consulting Group was contracted to perform a cost of services analysis for the South Bay Regional Public Communications Authority (SBRPCA) and develop a cost allocation plan. This analysis and the approach suggested in this report address the way in which the three member agencies (Gardena, Hawthorne, and Manhattan Beach), and three contracted agencies (Culver City, El Segundo, and Hermosa Beach) share the costs associated with the operations of the Authority.

1 OVERVIEW OF THE STUDY

The South Bay Regional Public Communications Authority was created in 1977 and is a Joint Powers Authority (JPA) owned between the cities of Gardena, Hawthorne, and Manhattan Beach. The Authority provides public safety dispatching services to the three member agencies as well as to the three contracted agencies – Culver City, El Segundo, and Hermosa Beach.

This study examines the current state and methodology of cost allocation at the Authority and outlines new methodologies for allocating the costs of call-taking and dispatch, technical services, and administrative costs. The study also provides alternative allocation methodologies, recommendations on best practices for cost allocations, and operational policies and procedures recommendations.

If implemented as recommended, the results of this analysis would allow the Authority to more accurately account for the services that it is providing to member and contracted agencies and improve the transparency of its cost allocation model. Additionally, the results would tie annual assessments more closely to actual expenditures and provide the Authority with a model for evaluating the fiscal impact of expanding (or reducing) its contract agency clientele.

2 STUDY SCOPE AND METHODOLOGIES

In this study, the Matrix Consulting Group's project team utilized a wide variety of data collection and analytical techniques. The project team conducted the following data collection and analytical activities:

- Developed an in-depth understanding of issues impacting key areas. To gain understanding of the various operations, processes, organizational structure, and issues, the project team conducted multiple interviews with staff. Interviews focused on the roles/responsibilities of staff, levels of services provided by each section, resources available to perform those services, and understanding of current and potential issues.

- The project team developed a profile document that captured staffing levels, current allocation methodologies, and an overview of services provided by Operations and Technical Services. This document was utilized as a base point of comparison for future analysis and comparison for all recommendations and has been included as Appendix B of this report.

- Conducted a comparative survey of other regional dispatch centers to compare how the Authority currently allocates for its services compared to other agencies. The results of this comparative analysis have been included as Appendix A to this Report.

- Collected data from the Authority and the different jurisdictions regarding different potential allocation metrics such as number of police officers/firefighters, calls for service, call duration, work order requests for technical services, etc. The data was collected for three fiscal years to account for any anomalies in the data. This data was used as the basis for the development of the cost allocation model.

- Reviewed and evaluated policies and procedures regarding purchasing and billing of Technical Services parts and labor. This also included discussion of any potential fees or charges for service.

Based on the previously mentioned activities and initial findings, the project team analyzed issues, explored alternative allocation metrics, and developed recommendations to create a more efficient and effective process. The analysis resulted in recommendations to processes, cost allocation calculation, and implementation of revised results.

3 SUMMARY OF RECOMMENDATIONS

Based on the assessment and analysis, there are a variety of recommendations for each topic covered in this assessment that are discussed in detail throughout this report. These are consolidated into the following table which shows the recommendation.

Summary of Recommendations

#	Recommendation
	Current Allocation Methodology
1	The current allocation methodology should be altered and reevaluated to, at a minimum, separately calculate the costs for Dispatch and Technical Services.
2	Annual increases for assessments should be based upon revised allocation methodology rather than cost factors (CPI or budget increases).

#	Recommendation
3	Contracts with contracted agencies should be altered to include a provision that assessments shall be reevaluated if there are any material changes to Agency Operations; to be consistent with member agencies.
4	Assessment methodologies should be reevaluated every 5-7 years to incorporate any major changes in technology, staffing, operations, and organizational structure.
	Administrative Functions
5	Costs associated with Authority Administration including fixed assets, capital outlay, and revenue offsets should be allocated to Technical Services and Operations to accurately account for these services.
	Operations Department
6	Three layers of operation functions should be developed – Police Dispatching, Fire Dispatching, and Call-Taking; to appropriately capture the true services being provided in the Communications Center.
7	The three functional areas of Police Dispatching, Fire Dispatching, and Call-Taking should be allocated based upon number of dedicated dispatchers for each agency, calls for service for each agency, and 911 and Non-Emergency Call volume for each agency.
8	The recommended level of weighting of allocation metrics is as follows: - Police Dispatching: 70% Dedicated Police Dispatchers; 30% Police Calls for Service - Fire Dispatching: 70% Dedicated Fire Dispatchers; 30% Fire Calls for Service - Call-Taking: 60% 911 Calls; 40% Non-Emergency calls These weights should be reevaluated if there are any major changes in operational practices for the Authority.
	Technical Services Division
9	Costs associated with Technical Services should be allocated 50% based on number of job requests and 50% based upon the vehicle inventory (police and fire) for each jurisdiction.
10	In the next 3-5 years, the Technical Services Division should start tracking labor hours and utilize that data in lieu of job requests to allocate the variability in workload among member and contracted agencies.
	Cost Adjustment Surcharge
11	The Authority has several unfunded liabilities, which are currently only borne by the member agencies. A portion of the costs of the unfunded liabilities should be passed onto the contracted agencies. For FY19-20 the estimated annual unfunded liability costs are approximately $1.085 million.
12	The proportionate share of the unfunded liability to be borne by the contracted agencies should be determined based upon a measurable metric such as their total assessment value compared to member agencies proposed assessments. This results in a recommended allocation of 46% of unfunded liability costs that should be borne by contracted agencies.
13	The Authority should implement a cost adjustment surcharge of no greater than 9% of total proposed assessment allocation to contract agencies to recover costs associated with unfunded liabilities.

#	Recommendation
14	The Authority should review the cost adjustment surcharge calculation to ensure its agreement with all assumptions and the methodology behind the calculation.
15	The Authority should determine an appropriate cost adjustment surcharge rate between 0-9% to be applied to the proposed assessment for contract agencies.
16	The Authority approved cost adjustment surcharge should be documented in a policy and procedure document, including outlining the assumptions behind the calculation and the reasoning for choosing the specific rate amount.
17	The Authority should update and review its contract language with contracted agencies to ensure at a minimum the following: - There is no limit on the annual increase amount - Annual changes in cost are based upon actual service metrics (i.e. dedicated dispatchers, calls for service, job requests, etc.) - Cost Adjustment surcharge - Reevaluation of assessment and methodology if there is a material change in the Authority This ensures that the contract provides greatest flexibility to Authority and transparency to contract agencies.
18	The revenue collected under the unfunded liability cost adjustment surcharge should be stored and accounted for through a separate restricted fund at the Authority.
19	The Authority should develop policies and procedures regarding the establishment of the cost adjustment surcharge restricted fund, as well as appropriate use of fund money.
	Future Allocations/Operations Recommendations
20	The Authority should utilize the Cost Allocation Model provided to annually re-calculate and update the assessments for member and contracted agencies.
21	The Authority should develop informational documentation (1-2 pages), which clearly outlines the methodology employed by the Authority to calculate assessment amounts.
22	The Authority should convert the assessment of all wireless billing charges from fourth quarter charges to quarterly assessments to align with all other reimbursement and assessment charges.
23	The addition of a new contracted agency should require the collection of key pieces of information such as types of services (i.e. police vs. fire), calls for service, emergency call volume, and number of vehicles to be serviced, to accurately estimate the proposed assessment amount and impact to existing member and contracted agencies.
24	The addition of a new contracted agency mid-fiscal year should not only result in pro-rated assessment for the new agency, but also any credits to existing member or contracted agencies due to changes or reductions in their assessments.
25	The Authority should continue its practice of estimating annual assessment amounts, without reconciliation or “trueing-up” of costs for contracted and member agencies

#	Recommendation
	Technical Services Division Cost of Services Analysis
26	The Authority should continue to charge a mark-up to external agencies for parts. This markup should be no less than 10% of the cost of the billable parts.
27	The Authority should review the markup information and determine if there should be a markup percentage applied for member and contract agencies, and if so, what percentage (up to 10%) should be applied to member and contracted agencies.
28	The Authority has the ability to charge the maximum fully burdened blended hourly rate of $162.85 to fully recover for Technical Service staff support provided to external agencies.
29	The Authority should review and determine through which methodology (Cost Allocation or Time and Materials) it would like to charge the contracted and member agencies. If Cost Allocation, there would be no separate charges for labor for member and contracted agencies, as that would be accounted for through the assessment. If Time and Materials, then Technical Services would be excluded from the assessment calculation and member and contracted agencies would only be billed for Technical Services through an invoicing process. The Assessment calculation would only include the cost for dispatching and administrative support functions.
30	If the Authority chooses time and materials, it should review the fully burdened hourly rate and determine if all components (direct, supplies indirect, and authority overhead) should be charged and recovered through the fully burdened hourly rate. The Authority has the option to choose to charge a rate lower than the fully burdened hourly rate.
31	The parts markup percentage and fully burdened hourly rate should be reviewed and updated every year to account for the most accurate cost. The updates should be based upon actual salaries, benefits, billable hours, and operating expense increases.

The numerical results in this report are meant to be representative of projected costs they are not meant to replace any existing assessment calculations. Any changes to the assessment methodology must be reviewed and approved by the Authority.

The detailed narrative and analysis regarding each of these recommendations is contained in the body of the report.

2. Current Allocation Methodology

The Matrix Consulting Group reviewed the Authority's current allocation methodology and process in order to determine if the process is transparent, and if the methodology allowed for fair and equitable distribution of costs to member and contract agencies. The following sections discuss the current cost allocation methodology and potential opportunities for improvement to the current allocation methodology.

1 CURRENT ALLOCATION PROCESS

While a more detailed description of current cost allocation practices can be found in the profile provided as an appendix to this document, the Authority currently allocates the costs of service to member and contract agencies separately. Member agencies have an ownership stake in the Authority and are responsible for costs related to its annual operations, long-term capital needs, and unfunded liabilities. Their allocation of cost is based on their ownership stake as established in January of 2008. Barring an instance of a material change[1] in the Authority's operating costs, this allocation remains the same. The ownership stake of member agencies is shown in the following table:

Jurisdiction	Percentage of Ownership
Hawthorne	45.07%
Gardena	32.08%
Manhattan Beach	22.85%

Contracted agencies do not have an ownership stake in the Authority, and their costs have historically been assessed according to a separate methodology. The total calls for service from a new contracted agency were calculated as a percentage of the total call volume for the Authority when the calls from that agency are added. The table below provides an example of this from 2017, with Culver City as the new agency:

Agency	Police Calls	Fire Calls	Total	Percentage
Hawthorne Police	85,032		85,032	31.97%
Gardena Police	72,170		72,170	27.14%
Manhattan Beach Police and Fire	45,015	3,200	48,215	18.13%
Culver City Police and Fire	54,889	5,644	60,533	22.76%
Total	**257,106**	**8,844**	**265,950**	**100.00%**

[1] Material Change refers to items such as change in number of contracted agencies or types of services being provided by the authority. For example, if a new agency comes on board and/or if a contracted agency goes from having police and fire to only police dispatching services.

This allocation is changed annually based on the Authority's budget increase and the CPIU for Los Angeles County. Any budget changes which are not covered by the change in allocation to contract agencies are borne by the member agencies.

Additionally, three types of costs are passed directly from the Authority to its member and contract agencies:

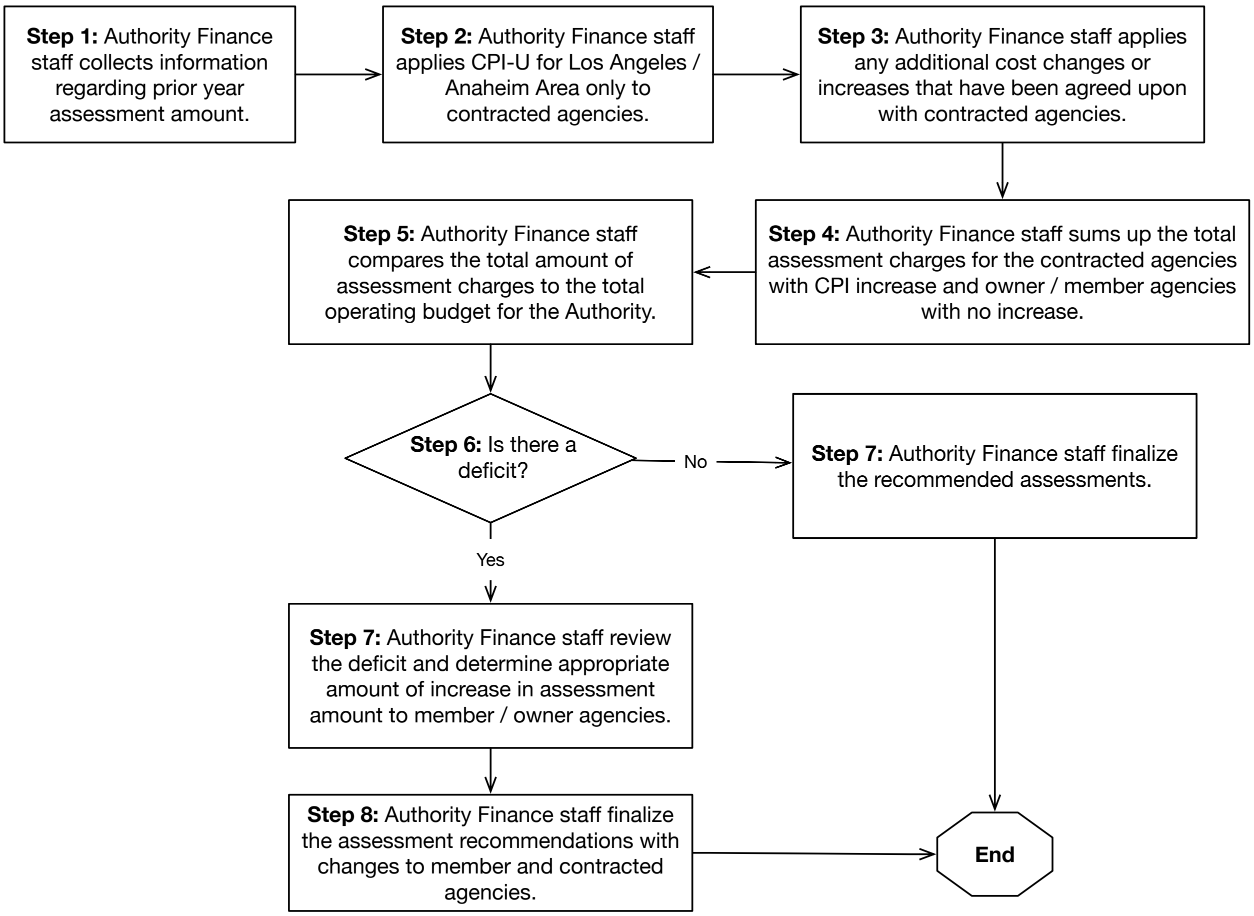
1. **Wireless Service Charges:** The wireless service charges incurred are for data services provided by the carrier to the police or fire department unit's mobile computers. The Authority pays these bills as they are received and charges the billed amount back to member and contract agencies who specifically utilize this service.

2. **Technical Services Parts:** The cost of the parts utilized in technical services job requests. The actual cost of parts and materials used by this unit for each member and contract agency is charged directly to the agency.

3. **Medical Director:** Per Los Angeles County Emergency Medical Services Agency regulations all fire departments are required to procure the services of a Medical Director. Therefore, the Authority has an agreement with a medical director, which is used by both member and contract agencies. These costs are passed directly onto those agencies which utilize the service.

The costs noted above are passed on in three different ways. The wireless service charges are billed for at the end of the year with the fourth quarter assessment billing, the parts charges are billed for as the costs are incurred by the Authority, and the medical director services are billed for separately.

While the basis for the development of the initial assessment amount of the member and contracted agencies has been different, the annual calculation of this assessment amount has also been different. The following flowchart provides an overview of the Authority's methodology for determining the annual assessment amount:



As the flowchart indicates, the contracted agencies would always receive an increase in the cost dependent upon the CPI-U and contract provisions; whereas the member agencies would only receive increases or changes in their amounts depending upon if there is still an operational budget deficit, which is not covered by existing assessment amounts for those agencies.

2 CONTRACTS

The project team also reviewed the current contracts in place with the three contracted agencies – Hermosa Beach, Culver City, and El Segundo. The following table highlights the key information from the contract relevant to the calculation of the assessment.

Agency Name:	Hermosa Beach	Culver City	El Segundo
Contract Start Date:	July 1, 2018	March 1, 2017	October 1, 2010
Contract End Date:	June 30, 2028	March 1, 2022	September 30, 2020
Initial Contract Amount:	$1,094,259	$2,262,798	$1,150,000

Agency Name:	Hermosa Beach	Culver City	El Segundo
Annual Increases:	Based off of 1/5th of $394,187 (increase between $700,072 and $1,094,259) as well as the following: - Avg of previous 3 yrs. budget % (not to exceed 5%) Plus - CPIU for LA County and Surrounding Areas – (not to be less than 0%)	Average of the previous 3 years' budget increase (not to exceed 5%) and the previous calendar year CPIU for LA County (not to be less than 0%).	Increase/Decrease by CIP-U for LA County, Orange, and Riverside (not to exceed 5%)
Additional Cost Provisions:			$15,000 for maintenance of transmitter equipment at the City Sites

As the table indicates, both Hermosa and El Segundo are on 10 year contracts whereas Culver City is on a five year contract. All of the contracts have a built-in provision for annual increases, with El Segundo having the special caveat of potential decreases. This is especially relevant as part of the contract period for El Segundo was during the economic recession when there was a possibility for negative CPIU in the LA County/ Orange/ Riverside regions.

The benefits of having contracts that are fixed for five or ten years is that it provides the Authority, as well as the contracted agencies, with stability regarding the services being provided. However, it also has the impact of being locked into specific rate increases or decreases.

3 OPPORTUNITIES FOR IMPROVEMENT WITH EXISTING METHODOLOGY

The prior two sections provided insight regarding not only how the initial assessments were determined, but also how they are further allocated and determined annually, as well as any contract provisions the Authority is tied to as changes occur in the methodology. The project team reviewed all of this information in the context of best practices for dispatch agency allocation services as well as specific operational needs of the Authority and identified certain key areas for improvement:

1. **Single Allocation Basis:** Currently, the Authority utilizes a singular allocation basis for determining the initial assessment for both member agencies and contracted agencies. The use of a singular allocation basis assumes that the basis is appropriate and reflective of all services being provided by the Authority to those agencies. The Authority provides two distinct services – Operations (Dispatch) and Technical Services. The use of ownership share and calls for service does not consider both of these services. Therefore, a distinction must be made between

Technical Services and Operations to allow for appropriate allocation of support of services.

2. **Annual Contract City Assessment Increases Are Based on Cost Factors:** As shown in the flowchart, the annual calculation of the assessment amount is not based upon the services being received, but rather cost factors as defined by CPIU and average operating expense increases. Therefore, these annual increases do not necessarily correlate to the services being received on an annual basis. For example, the initial assessment may have been determined based upon calls for service in an anomalous year for one or some of the agencies, and instead of the costs being reconciled as calls increase or decrease, the annual assessment is always increasing. This type of methodology does not allow for the Authority to accurately reflect the cost of its services to member and contracted agencies.

3. **No Provision for Contract Changes:** The Authority's bylaws allow for there to be changes in the methodology being assessed to the member agencies, if there are material changes in the Authority's operating budget. This type of language should be added to the contracts with the contracted agencies to allow for re-evaluation in annual assessment amount as agencies are added or removed from the Authority.

4. **Reevaluation of Assessment/Allocation Methodology:** Beyond the mandated reevaluation of allocation methodology, as there are changes to the number of contracted or member agencies, a policy should be adopted to allow for reevaluation of methodology every five-seven (5-7) years. This timeframe is usually sufficient enough where there have been major operational, technological, or organizational changes resulting in the need for determining if the current methodology is still appropriate and reflective of the services being provided.

As these points demonstrate there are several key opportunities for improvement that have been identified by the project team. These points along with the exploration of a more transparent and accurate allocation methodology will be the focus of this analysis.

Recommendation #1: The current allocation methodology should be altered and reevaluated to, at a minimum, separately calculate the costs for Dispatch and Technical Services.

Recommendation #2: Annual increases for assessments should be based upon revised allocation methodology rather than cost factors (CPI or budget increases).

Recommendation #3: Contracts with contracted agencies should be altered to include a provision that assessments shall be reevaluated if there are any material changes to Agency Operations; to be consistent with member agencies.

Recommendation #4: Assessment methodologies should be reevaluated every 5-7 years to incorporate any major changes in technology, staffing, operations, and organizational structure.

3. Allocation of Administrative Functions

The administrative function of the Authority includes those staff in management and supervisory roles, financial functions, and clerical or administrative assistant positions. These staff oversee operations, represent the Authority to stakeholders and the public, perform accounting and human resources functions, and generally ensure that line-level staff are equipped and directed in order to maximize their effectiveness. The following subsections provide an overview of services and the proposed methodology for the allocation of these services to the primary users and beneficiary of these services.

1 OVERVIEW

Under the current model, the administrative function is accounted for through communications operations and technical services and allocated the same way, based on calls for service. This methodology does not consider the specific types of services and support the administrative staff and cost centers provide to the internal Authority.

Administrative functions do not provide services directly to member or contracted agencies, or to the public. Rather, they support the communications and technical support functions, which in turn provide those services to the member agencies. The purpose of any cost allocation methodology is to accurately capture the costs associated with providing services. As such, administrative costs are not allocated directly to the member and contracted agencies, rather, they are allocated to the dispatching and technical services functions, which in turn are allocated to the member and contracted agencies.

2 ALLOCATION OF ADMINISTRATIVE COSTS

There are six major cost categories associated with Administrative Costs for the Authority:

1. **Personnel Costs:** These are the salaries, benefits, retirement, workers' compensation, and other employee related costs associated with not only administrative employees (Executive Director, Finance & Performance Audit Manager, Executive Assistant, etc.), but also Authority-wide expenses for certain employee costs.

2. **Operating Costs:** The operating costs are line item expenditures associated with ensuring appropriate operations of the Authority and include items such as recruitment costs, auditing services, Computer Aided Dispatch (CAD) system costs, technology support, maintenance, etc.

3. **Fixed Assets:** The Authority owns a variety of equipment associated with dispatching services. Per Office of Management and Budget (OMB) guidelines,

cost allocation can include the cost associated with annual actual depreciation incurred for buildings and equipment. This type of cost is meant to account for replacement of those items. The project team accounted for approximately $689,000 of annual depreciation costs associated with building and equipment.

4. **Capital Outlay:** The Authority currently does not have a separate capital expenses program; as such a minimal amount of cost is budgeted annually for capital-related expenses. These expenses rather than being categorized to a specific functional area as they benefit both Technical Services and Dispatch have been included in the Administrative cost category.

5. **Reallocation of Technical Services Costs:** The Authority currently budgets line-items in the Technical Services Division, which are meant to be Authority-wide costs. These costs such as CAD-Tiburon costs, as well as costs associated with the maintenance of outside equipment and towers should be allocated through the Administration Division. As such, the project team worked with Authority staff to recognize these line items and reallocate them through Administration. .

6. **Revenue Offsets:** The last category included in Administration is related to revenue offsets associated with items such as investment earnings and fees from medical directors. Per cost allocation guidelines, if there are specific revenues being provided to help offset the costs, then those offsets should be included in order to minimize the risk of over-allocation of expenses. Therefore, to be as fair and defensible as possible, the project team included the revenue offsets specifically coded to Administration.

These six categories are anticipated to total $3,385,925 in FY 19-20. The costs associated with the Administrative function could be allocated based upon a singular allocation basis or metric; however, as the purpose of this analysis is to most accurately capture the support, the administrative functions were divided into the following four categories:

- **Authority-Wide Support:** Costs apportioned to this function represent services, supplies, and staff support which benefits the Authority as a whole, including both Communications and Technical Services operations and staff.

- **Financial Support:** Costs apportioned to this function relate to staffing and services which are financial in nature, including banking services, audits, and general financial support.

- **Personnel and Support Services Support:** Costs apportioned to this function relate to supporting Agency employees, including administration of benefits, recruitments and promotions, as well as other support services that are based upon employee support such as facility maintenance, electricity, etc.

- **Operations Support:** Costs apportioned to this function relate to those administrative line items which are only in relation to dispatch activities and do not provide any support to the Technical Services Division.

The costs associated with each function are based on the personnel costs of administrative staff assigned to each respective function, as well as operating costs specifically relating to a function. The subdivision of costs is shown in the following table:

Function	Cost
Authority-Wide Support	$481,176
Financial Support	$350,187
Personnel & Support Services Support	$1,818,756
Operations Support	$735,806
Total	**$3,385,925**

These four functional areas are allocated in different proportions to the communications function and the technical services function. The following subsections detail how costs associated with each function were allocated between Operations (Dispatching) and Technical Services.

1 Authority-Wide Support

Administrative costs which are not clearly focused on employee relations or financial support are considered general or "Authority-Wide", and are allocated based on the Authority's respective expenditures for Operations and Technical Services. This is a fairly standardized methodology for allocating these costs; as the logic is that the more expenses associated with a certain department or division, the greater the amount of time and support is provided to that department or division. The more expenses can correlate to more staffing, contractual costs, and generally higher potential of risk associated with that division. The following table illustrates this allocation based upon expenses.

Division	Expenditures	Allocation %	Indirect Cost
Operations	$8,249,961	81%	$388,541
Technical Services	$1,966,920	19%	$92,634
Total	**$10,216,881**	**100%**	**$481,176**

As the table shows, the support provided under Authority-Wide is allocated 81% to Operations and 19% to Technical Services. These support percentages were reviewed with Authority staff to ensure that they were reflective of the overall level and effort of support provided to each service area.

2 Financial Support

The cost of providing financial support to the Authority is proposed to being allocated equally between Operations and Technical Services. While the financial support provided to Operations is in relation to the annual assessment calculation and the wireless charges, there is support provided all year round related to invoicing for Technical services. As such, during discussion with Authority staff, it was determined that these costs should be allocated equally between the two divisions. This split is shown in the following table.

Division	% of Support	Allocation %	Indirect Cost
Operations	0.5	50%	$175,093
Technical Services	0.5	50%	$175,093
Total	**1.0**	**100%**	**$350,187**

As the table shows, the total cost of financial support services is allocated equally to Operations and Technical Services. Similar to authority-wide support, this allocation support was reviewed to ensure that it was appropriate and reflective of support provided.

3 Personnel and Support Services Support

As discussed, the personnel and support services function is meant to capture the support associated with recruitment, hiring, grievances, disciplinary issues, and training. As such all of the elements of this function are directly related to the employee count of the Authority and therefore, these costs were allocated based upon the number of employees per Division. The following table shows this calculation.

Division	# of FTE	Allocation %	Indirect Cost
Operations	61.00	92%	$1,680,972
Technical Services	5.00	8%	$137,785
Total	**66.00**	**100%**	**$1,818,756**

Approximately 92% of the Authority's employees are in the Operations Department; hence, the majority of the employee relation support is being allocated to the Operations Department. In discussion with Authority staff, this support level seemed reflective as the primary effort provided by staff in this area is in relation to recruiting, hiring, onboarding, and training dispatchers/call-takers.

4 Operations Support

The Operation Support function is representative of support provided by Authority which is directly related to dispatch services; as such, these costs have been allocated only to Operations. The following table shows this calculation.

Division	Direct to Operations	Allocation %	Indirect Cost
Operations	100%	100%	$735,806
Technical Services	0%	0%	$0
Total	**100%**	**100%**	**$735,806**

As the table indicates there is a direct cost of approximately $736,000 that is allocated from the Administration budget to the Operations Department.

3 SUMMARY TOTALS

Based on the analysis shown above, the total allocation of administrative services to Operations is $2,980,413, and the total for Technical Services is $405,512. The table below illustrates the total allocation and the overall percentage of support to each division.

Division	Allocated Cost	% Of Support
Operations	$2,980,413	88%
Technical Services	$405,512	12%
Total	**$3,385,925**	**100%**

These allocations to Operations and Technical Services equate to 88% and 12% respectively. The total costs allocated to Operations and Technical Services are then further allocated out to each member agency and contracted agency based upon those respective areas of service.

Currently, the Authority does not account for these services separately. In order to accurately account for costs associated with Operations and Technical Services the Authority should allocate these costs separately to these divisions. This type of methodology ensures that the Authority is able to truly consider the indirect costs for Operations and Technical Services.

Recommendation #5: Costs associated with Authority Administration, including fixed assets, capital outlay, and revenue offsets should be allocated to Technical Services and Operations to accurately account for these services.

4. Allocation of Operations Costs

The Operations Department consists of the staffing and expenditures associated with calls and dispatching police and fire units from the member and contracted agencies. This division is the core purpose of the Authority. The following subsections discuss the total operation costs to be allocated, the different allocation metrics considered, the proposed weighting of allocation metrics, and the results of the proposed allocation.

1 TOTAL OPERATIONS COSTS TO BE ALLOCATED

Similar to the Administrative Division, the project team collected information regarding the total expenses to be allocated for the Operations Department. The Operations Department has four main types of expenses that were included:

1. **Personnel Costs:** These are the salaries, benefits, retirement, workers' compensation, and other employee related costs associated with the call-takers and dispatchers in the center.

2. **Operating Costs:** The operating costs are line item expenditures associated with the functioning of the dispatch center and consists of items such as membership dues, publications, office supplies, and training costs.

3. **Revenue Offsets:** There are specific revenue offsets that the dispatch center receives, and similar to administrative costs, in order to ensure fair allocation of costs, these offsets were applied to the total expenses to be allocated.

4. **Incoming Indirect Support:** The indirect support calculated in the previous section from the Administrative Division is added to the total direct expenses for Operations to ensure that both direct and indirect expenses for operations are being allocated to the contracted and member agencies. Additionally, support received from the Technical Services Division staff as it relates to equipment and facility maintenance for dispatch operations have been factored into this cost component.

These four categories are anticipated to total $11,259,284 in FY 19-20. The costs associated with the Operations function could be allocated based upon a singular allocation basis or metric or multiple metrics and service areas.

2 SELECTION OF ALLOCATION METRICS

To develop a methodology for allocating the costs of operations, the project team considered a number of factors which might be used to calculate the appropriate proportions of costs to be borne by member and contract cities. Some of these are used in other emergency communications centers to allocate costs to their member agencies. For each of these factors, the project team evaluated how accurately they represent the actual costs incurred to provide service to each agency. The following bullet points discuss the factors considered.

- **Population:** The population of each city was considered as a potential proxy for cost allocation, under the reasoning that the greater a city's population, the more calls for service it would generate. Accurate population statistics are fairly easy to gather and provide a direct point of comparison between cities. However, population neglects the fact that some cities receive dispatch services for both police and fire departments from the Authority, while others use only police dispatch services. It also fails to account for differences in calls-per-capita between cities. Population was therefore determined to be a poor metric for cost allocation.

- **Assessed Value:** The total value of property assessments by Los Angeles County was considered as a method for allocating costs. This data is readily available, and this metric is used by some other joint dispatch centers. It spreads costs roughly based on users' ability to pay, with the reasoning that those with the highest property values would be most able to pay for service. It does not, however, correlate in any meaningful way with the costs of service incurred to the Authority, so it was determined to be a poor metric for cost allocation in this study.

- **Agency Staffing:** The number of staff at police and fire agencies was explored as a metric for allocating the Authority's costs. This metric is readily available, and unlike population and assessed value, accounts for the fact that the Authority serves both police and fire departments in some cities, and only police in others. It could also be reasoned that larger departments would handle more calls, and thus require more work on the part of the Authority. This correlation is not direct, however, and the number of calls for each agency can just as easily be determined. Additionally, a larger department does not mean more staff time or expenditure for the Authority; whether a police department has 30 line staff or 100 line staff, it still has one dedicated dispatcher. For these reasons, agency staffing was abandoned as a potential cost allocation metric.

- **Police/Fire CAD Incidents:** The number of computer-aided dispatch (CAD) incidents for each agency was considered as a possible cost allocation metric. Reports on this data can be produced easily by the Authority, and the dispatching of police and fire units is, at a granular level, the primary work of the organization. Additionally, the differences in the count of CAD incidents between cities directly correlate with a difference in the amount of time that dispatchers spend on each city. Because of this, it was determined that the volume of CAD incidents should be included as a metric for cost allocation.

- **Police/Fire Call Duration:** The average duration of CAD incidents for each respective police and fire agency was considered for use as a cost allocation metric. This data can be used to determine the amount of time, in minutes and seconds, that dispatchers spend on each member or contracted city. This data, however, is more difficult to obtain and calculate, and was ultimately not included as a cost allocation metric.

- **Agency Dispatchers Assigned:** The number of dispatchers assigned to each agency was considered as a factor to be used for cost allocation. Each City has one dedicated police dispatcher post, and those with fire dispatch service share a portion of a second dispatcher. Since personnel costs are the largest expenditure of the Authority (and in fact most organizations), the number of operational staff assigned to each city is an accurate representation of the cost of providing service to that city. This metric was therefore included in the cost allocation methodology.

- **Phone Call Volume:** The number of emergency and non-emergency calls originating in each city was considered as a cost allocation metric. This data is easy to obtain and directly reflects the proportion of emergency services requested in each member and contract city. It also corresponds with the amount of time spent by call-taking staff at the Authority on each respective city. Because of this, the volume of emergency and non-emergency calls from each agency is included as a factor in the cost allocation methodology.

Based on the considerations above, it was determined that it would be appropriate to divide the services provided by the Operations department into three critical areas:

1. **Police Services:** This is the support provided by the Operations department as it relates to dedicated dispatch support as well as readiness to respond to major incidents. This service is specific to police activities only.

2. **Fire Services:** This is the support provided by the Operations department as it relates to dedicated dispatch support as well as readiness to respond to major incidents specific to Fire operations. This is called out separately as not all of the member or contracted agencies utilize fire services.

3. **Call-Taking:** This is the support provided by the Operations department as it relates to answering 911 and Non-Emergency calls for member and contracted agencies.

Based upon these three critical areas, it was determined that the most appropriate metrics by which to allocate the costs of Operations in the new methodology would be as follows: the number of emergency (911) calls, the number of non-emergency (seven-digit) calls, the number of police and fire CAD incidents, and the number of assigned police and fire dispatchers. All of these metrics are fairly standardized when considering other dispatching agencies throughout the country. Additionally, the use of these metrics allows the agency to capture the nuances of the services being provided.

Recommendation #6: Three layers of operation functions should be developed – Police Dispatching, Fire Dispatching, and Call-Taking; to appropriately capture the true services being provided in the Communications Center.

Recommendation #7: The three functional areas of Police Dispatching, Fire Dispatching, and Call-Taking should be allocated based upon number of dedicated dispatchers for each agency, calls for service for each agency, and 911 and Non-Emergency Call volume for each agency.

3 WEIGHTING OF ALLOCATION METRICS

With the most appropriate factors selected, the project team worked with Authority staff to determine the appropriate weight of each allocation metric associated with each dispatching functional area. The purpose of weighting the metrics is to most accurately and fairly spread the cost between police dispatching, fire dispatching, and call-taking. The following subsections discuss how each of the selected metrics is weighted and measured.

(1) Weight of Operations Functions

The first step in weighting the impact of each cost allocation metric is to determine the proportional impact which should be assigned to each of the three primary operations functions: police dispatch, fire dispatch, and call-taking. The relative weight assigned to each of these three functions was determined based on the number of staff assigned to each of them per shift[2].

- Police dispatch is the most straightforward of the three functions. There are six (6) positions assigned to this function at all times: one for each city.
- Fire dispatch is comprised of one and a half (1.5) positions. One of these functions is the primary dispatcher for the three participating fire agencies, and the other serves as a backup tactical channel.
- There are three and a half (3.5) positions dedicated to call-taking who handle incoming emergency and non-emergency calls to the dispatch center.

[2] The staffing assignments utilized for the development of the cost allocation analysis are presumed to go into effect July 1, 2020. The use of staffing assumptions that align with contract requirements as well as the direction the Authority is headed in allows the model to be as accurate and defensible as possible.

The following table shows the staffing and weighted percentages of each of these three functions. The percentages directly align with the percentage of communications staff dedicated to each function.

Function	Positions	Percentage
Police Dispatch	6	55%
Fire Dispatch	1.5	13%
Call-Taking	3.5	32%
Total	**11**	**100%**

As the table shows, police dispatching services represents just over half (55%) of the services provided by the Operations department. Call-taking services associated with both emergency and non-emergency phone calls represents almost a third (32%) of the services provided, with fire dispatching representing 13% of the services. If staffing changes in coming years and different numbers of positions are assigned to each function, the weight of these functions can easily be adjusted to align with the relative staffing of each service area.

(2) Police Dispatch

As shown above, 55% of Communications costs relate to police dispatch services. The support provided to member and contract agencies for Police services is dependent upon two major factors:

- **Dedicated Dispatch Services:** This reflects the dedicated staffing each agency receives to coordinate and dispatch police related incidents.

- **Calls for Service:** This reflects the additional support provided to each agency relating to overflow dispatching and readiness to serve in response to major events, where additional dispatchers beyond dedicated staff provide support.

In discussions with Authority staff, and dispatch supervisors, it was determined that dedicated police dispatch services should be weighted at 70%, and calls for service weighted at 30%. This weighting assumes that dedicated staffing should be the majority of an agencies' costs, as these costs are fixed. However, all agencies also receive the benefit of having the support of the additional dispatchers for support of any major incidents. The following table illustrates the breakout of police dispatch.

Allocation Basis	Percent of Police Dispatch Allocation	Percent of Total Operations Allocation
Assigned Staff	70%	39%
CAD Incident Volume	30%	16%
Police Allocation Total	**100%**	**55%**

As the table shows, 38% of total costs for the Operations Department would be allocated according to the number of assigned police dispatch staff, while 16% would be allocated according the number of police CAD incidents.

(3) Fire Dispatch

As outlined previously, approximately 18% of Operations costs relate to fire dispatch services. Similar to police dispatch, support provided to member and contract agencies for fire services is dependent upon two major factors:

- **Dedicated Dispatch Services:** This reflects the dedicated staffing each agency receives to coordinate and dispatch fire related incidents.

- **Calls for Service:** This reflects the additional support provided to each agency relating to overflow dispatching, as well as major events, where additional dispatchers beyond dedicated staff provide support for fire or medical related incidents.

In discussions with Authority staff and dispatch supervisors, it was determined that as with police dispatch services, fire dispatch services should also be weighted at 70%, and calls for service weighted at 30%. This weighting assumes that dedicated staffing should be the majority of an agencies' costs, while also accounting for the impact of higher call for services. The following table illustrates the breakout of fire dispatch.

Allocation Basis	Percent of Fire Dispatch Allocation	Percent of Total Operations Allocation
Assigned Staff	70%	9%
CAD Incident Volume	30%	4%
Fire Allocation Total	**100%**	**13%**

As the table shows, 9% of total costs for the Operations Department would be allocated according to the number of assigned fire dispatch staff, while 4% would be allocated according the number of fire CAD incidents.

(4) Call-Taking

With three (3) positions assigned to call-taking, a total of 27% of Operations Department costs would be allocated based on call-taking metrics. Call-taking services can be broken out into two main call types:

- **911 Calls:** This reflects calls that come through 911 and need to be immediately answered, routed, and or dispatched.

- **Non-Emergency Calls:** This reflects non-emergency calls (seven digit) which are not required to be answered immediately, as they are received on non-emergency lines, and are typically requests for non-emergency services and can be calls that ultimately are transferred to other agencies or other departments.

In discussions with Authority staff, and dispatch supervisors, it was determined that 911 call-taking services should be weighted at 60%, as they are higher priority and non-emergency calls weighted at 40%. The following table depicts the weighting and allocation based on these metrics.

Allocation Basis	Percent of Call-Taking Allocation	Percent of Total Operations Allocation
Emergency Calls	60%	19%
Non-Emergency Calls	40%	13%
Call-Taking Allocation Total	**100%**	**32%**

As the table shows, 19% of total costs for the Operations Department would be allocated according to the number of incoming emergency calls, while 13% would be allocated according to the number of non-emergency calls.

(5) Summary

Based upon these three different functional areas and the proposed split of 70-30 for dedicated dispatch and readiness to serve, as well as split of 60-40 for Emergency and Non-Emergency Calls, the project team calculated the overall support and proposed cost being allocated by Operations for the six different functional areas. The following table shows this calculation

Allocation Basis	Percent of Total Operations Allocation	Proposed Operations Cost
Police – Dedicated Dispatch	39%	$4,343,326
Police – Calls for Service	16%	$1,860,997
Fire – Dedicated Dispatch	9%	$1,022,428
Fire – Calls for Service	4%	$438,183
Call-Taking Emergency Calls	19%	$2,157,210
Call-Taking Non-Emergency Calls	13%	$1,438,140
Operations Allocation Total	**100%**	**$11,259,284**

As the table indicates the largest source of operations support is being allocated to Police services. This is reflective of the staffing provided in the dispatch center. It is important to note, that the allocation model created allows for Authority staff to update and make changes to these splits and percentages as any changes occur in the operational procedures of the Dispatch center. For example, if there are changes to the staffing of each of the three service areas, the agency may choose to update the split of 55%, 32%, and 13% (between Police, Call-Taking, and Fire). Alternatively, if there are changes in the level of support; meaning that even though there are dedicated dispatchers for each agency, but the primary driver of support is agency call volume, as high volume agencies are getting more than 1 dedicated dispatcher, the weighting of 70% dedicated dispatch and 30% calls for volume may need to be reevaluated.

Recommendation #8: The recommended level of weighting of allocation metrics is as follows:

- Police Dispatching: 70% Dedicated Police Dispatchers; 30% Police Calls for Service
- Fire Dispatching: 70% Dedicated Fire Dispatchers; 30% Fire Calls for Service
- Call-Taking: 60% 911 Calls; 40% Non-Emergency calls

These weights should be reevaluated if there are any major changes in operational practices for the Authority.

4 ALLOCATION OF DISPATCHER COSTS TO AGENCIES

Once the project team established the appropriate support to be allocated to each functional area, there needed to be appropriate metrics established to allocate these functions to the member and contracted agencies. The following subsections show the allocation basis utilized for each of the functional areas and the proposed results of this allocation.

1 Police Support

The following points detail the allocation metrics used to allocate costs associated with Police Dispatch between the dedicated dispatch and calls for service functions.

- **Dedicated Police Dispatch:** The following table illustrates the cost allocation methodology for the portion of operations costs (39%) which are to be allocated based on the number of assigned police dispatch positions, including number of dispatchers for each agency, allocation percentage, and resulting costs.

City	# of Dedicated Police Dispatchers	% Allocation	Operations Allocation
Culver City	1.00	17%	$723,721
El Segundo	1.00	17%	$723,721
Gardena	1.00	17%	$723,721
Hawthorne	1.00	17%	$723,721
Hermosa Beach	1.00	17%	$723,721
Manhattan Beach	1.00	17%	$723,721
Total	**6.00**	**100%**	**$4,342,326**

As the table shows, each agency has one full-time dedicated police dispatcher, so costs to be allocated according to this methodology would be split evenly across all six agencies, resulting in $723,721 for each member and contracted agency.

- **Police Calls for Service:** The following table shows the cost allocation methodology for the 16% of operations costs which are to be allocated based on the number of police CAD incidents (calls for service). The table shows the 2018 volume of police calls for service originating in each jurisdiction, the corresponding percentage of all police calls for service, and resulting costs.

City	Police Calls for Service	% Allocation	Operations Allocation
Culver City	61,536	19%	$354,469
El Segundo	33,739	10%	$194,349
Gardena	68,849	21%	$396,594
Hawthorne	86,923	27%	$500,707
Hermosa Beach	29,525	9%	$170,074
Manhattan Beach	42,498	13%	$244,803
Total	**323,070**	**100%**	**$1,860,997**

As the table shows, the allocation of operations costs differs from one agency to the next, depending on the volume of police calls for service captured in the CAD system. With 86,923 calls for service, Hawthorne has the highest proportion of call volume and as such bears the highest portion of this cost.

Overall, based upon the two functional areas within the police, the following table shows the summary of the percentage of support, and the total allocation by operations:

City	% Allocation	Operations Allocation
Culver City	17%	$1,078,190
El Segundo	15%	$918,070
Gardena	18%	$1,120,315
Hawthorne	20%	$1,224,428
Hermosa Beach	14%	$893,795
Manhattan Beach	16%	$968,524
Total	**100%**	**$6,203,323**

As the table indicates, generally speaking all of the agencies are within 2-5% of each other as it relates to the support received regarding Police Dispatch services. The largest proportion of costs are associated with Hawthorne and Gardena and that is due to their large call volume.

If the number of dedicated dispatch positions or the volume of police calls for service fluctuate in future years, the allocation methodology for each of these metrics can be adjusted accordingly to reflect the updated support being provided to contracted and member agencies.

2 Fire Dispatch

The following points detail the allocation metrics used to allocate costs associated with Fire Dispatch between the dedicated dispatch and calls for service functions.

- **Dedicated Fire Dispatch:** The following table shows the cost allocation methodology for the 9% of operations costs which are to be allocated based on fire dispatching metrics. The table shows the number of dedicated fire dispatch positions assigned to each participating agency, associated allocation percentage, and resulting costs.

City	# of Dedicated Fire Dispatchers	% Allocation	Operations Allocation
Culver City	.50	33%	$340,809
El Segundo	.50	33%	$340,809
Manhattan Beach	.50	33%	$340,809
Total	**1.50**	**100%**	**$1,022,428**

As the table shows, only the cities of Culver City, El Segundo, and Manhattan Beach receive fire dispatch services. All three agencies share fire dispatching resources; hence they receive equal support[3].

- **Fire Calls for Service:** The following table shows the allocation of the 4% of communications costs which are to be apportioned based on the volume of fire CAD incidents (calls for service) for each agency. The table shows the 2018 volume of fire calls for service originating in each jurisdiction, the corresponding percentage of all fire calls for service, and resulting costs.

City	# of Operational Fire Calls for Service	# of Non-Operational Fire Calls for Service	# of Total Fire Calls for Service	% Allocation	Operations Allocation
Culver City	6,585	695	7,280	49%	$215,714
El Segundo	2,807	1,198	4,005	27%	$118,672
Manhattan Beach	3,367	136	3,503	24%	$103,797
Total	**12,759**	**2,029**	**14,788**	**100%**	**$438,183**

As the table shows, the allocation for each city varies. Culver City accounts for nearly half of all fire calls for service, and their allocation of cost is $215,714. El Segundo and Manhattan Beach account for smaller percentages of fire calls for service, and thus take on smaller portions of the cost allocation.

[3] The proposed allocation metric of equal dedicated dispatching resources for all three fire agencies is based upon the current contract with Culver City. Once the Authority transitions to the INSB network, Culver City will then be on the same frequency as other fire agencies to enable them to share a fire dispatcher. This would align with Culver City's contract of paying for shared fire dispatching services.

Overall, the total support related to Fire dispatching is allocated to the contracted and member agencies as follows:

City	% Allocation	Operations Allocation
Culver City	38%	$556,523
El Segundo	32%	$459,481
Manhattan Beach	30%	$444,607
Total	**100%**	**$1,460,611**

As the table indicates, the largest proportion of fire support is associated with Culver City as it has the largest call volume; while El Segundo and Manhattan Beach are fairly similar in their level of calls.

If the number of dedicated fire dispatch positions or the volume of fire calls for service fluctuate in future years, the allocation methodology for each of these metrics can be adjusted accordingly to reflect the updated support being provided.

3 Call-Taking

The following points detail the allocation metrics used to allocate costs associated with Call-Taking services between the 911 and non-emergency functions.

- **911 Calls:** The following table shows the methodology of cost allocation for the 19% of operations costs to be allocated according to the number of emergency 911 calls received from each agency. The table shows 2018 call volume, associated percentage of 911 calls, and resulting costs allocated to each agency.

City	# of 911 Calls	% Allocation	Operations Allocation
Culver City	16,464	17%	$356,980
El Segundo	9,068	9%	$196,617
Gardena	23,757	24%	$515,110
Hawthorne	38,936	39%	$844,228
Hermosa Beach	4,229	4%	$91,695
Manhattan Beach	7,037	7%	$152,579
Total	**99,491**	**100%**	**$2,157,210**

As the table shows, the volume of incoming emergency calls varies by agency. Hawthorne generates more calls than any other city, with 39% of incoming emergency calls translating into $844,228 of total operations costs. Other cities have smaller call volumes; Hermosa Beach has the smallest 911 call volume, and accounts for $91,695 of communications costs.

- **Non-Emergency Calls:** The following table shows the allocation of the 13% of operations costs which are spread among the participating agencies based on their non-emergency call volume, the number of seven-digit calls which their residents make to the Authority. The table shows the call volume, the percent of non-emergency calls, and the corresponding operations costs to be allocated.

City	# of Non-Emergency Calls	% Allocation	Operations Allocation
Culver City	73,046	32%	$453,911
El Segundo	19,251	8%	$119,626
Gardena	40,371	17%	$250,867
Hawthorne	46,956	20%	$291,786
Hermosa Beach	15,879	7%	$98,673
Manhattan Beach	35,931	16%	$223,277
Total	**231,434**	**100%**	**$1,438,140**

As the table shows, Culver City generates nearly a third of all non-emergency calls, and thus bears the largest percentage of allocated costs ($453,911). The cities of El Segundo and Hermosa Beach have the lowest call volumes, and account for $119,626 and $98,673 of the call taking costs respectively.

Similar to Police and Fire, the project team calculated the overall support and projected operations allocation to the member and contracted agencies for the Call-Taking functional area. The following table shows by jurisdiction, the resulting percentage of support, and the proposed operations allocation for call-taking.

City	% Allocation	Operations Allocation
Culver City	23%	$810,891
El Segundo	9%	$316,243
Gardena	21%	$765,977
Hawthorne	32%	$1,136,015
Hermosa Beach	5%	$190,368
Manhattan Beach	10%	$375,856
Total	**100%**	**$3,595,350**

As the table indicates the largest percentages of support for call-taking are associated with Hawthorne, Culver City, and Gardena. Agencies such as Hermosa Beach, El Segundo, and Manhattan Beach have lower emergency and non-emergency call volumes.

If the number of emergency or non-emergency calls fluctuate in future years, the allocation methodology for each of these metrics can be adjusted accordingly to reflect updated support.

4 ALLOCATION OF OPERATIONS COSTS - SUMMARY

The following table summarizes the results of the proposed allocation methodology for operations costs. It shows the total cost for each agency according to the different metrics used.

City	Police Support	Fire Support	Call-Taking Support	Total Operations
Culver City	$1,078,190	$556,523	$810,891	$2,445,604
El Segundo	$918,070	$459,481	$316,243	$1,693,794
Gardena	$1,120,315	$0	$765,977	$1,886,293
Hawthorne	$1,224,428	$0	$1,136,015	$2,360,443
Hermosa Beach	$893,795	$0	$190,368	$1,084,163
Manhattan Beach	$968,524	$444,607	$375,856	$1,788,987
Total	**$6,203,323**	**$1,406,611**	**$3,595,350**	**$11,259,284**

Overall, Operations allocated approximately $11.3 million to member and contract agencies. Based upon the total costs allocated, the largest proportion of support is received by Culver City at $2.45 million followed by Hawthorne at $2.36 million.

5. Allocation of Technical Services Costs

The Authority's Technical Services Division works on vehicles for each of the participating agencies, upfitting them with equipment related to emergency response and communications work and making repairs as necessary. This includes lights, sirens, gun racks, communications equipment, and other use-specific upfitting which goes beyond traditional body work. The following subsections provide an overview of the current methodology for capturing Technical Services costs, the total costs to be allocated for Technical Services, the proposed allocation metrics considered, the resulting proposed allocation, and miscellaneous fees and charges for Technical Services.

1 CURRENT ALLOCATION METHODOLOGY

As discussed in the overview of the current methodology, the support provided by Technical Services is accounted for in two different manners:

1. **Direct Parts:** The cost of any parts purchased as it relates to Technical services job requests are passed on directly to the member or contracted agencies. There is no mark-up on these parts.

2. **Labor:** The cost of the labor associated with processing the technical services requested are accounted for through the Authority's overall assessment and are not billed separately to the member/contracted agencies.

As the points demonstrate there are currently two different components of Technical Services and they are being accounted for separately and distinctly. For any non-member or non-contracted agency to which the Technical Services Division provides support, costs are billed at time and materials. The time is based on a fully burdened billable hourly rate and the materials account for direct costs as well as a markup associated with managing the process of acquiring those parts.

Due to the unique nature of Technical services, it is not appropriate to allocate it in the same manner as operations, as the level of call volume or number of dispatchers does not correlate to the work provided by Technical Services staff. Therefore, as discussed in the current methodology chapter, these costs must be broken out separately in the assessment calculation and allocated utilizing different metric(s).

2 TOTAL TECHNICAL SERVICES COSTS TO BE ALLOCATED

Similar to the Operations Department, the Technical Services Division is a separate budgetary unit within the Authority. The costs to be allocated for Technical Services consist of the following five major categories:

1. **Personnel Costs:** These are the salaries, benefits, retirement, workers' compensation, and other employee related costs associated with the technical services specialists.

2. **Operating Costs:** The operating costs are line item expenditures associated with the functioning of the technical services center related to items such as uniforms, purchasing of parts, towers, etc.

3. **Excluded Costs:** There are certain line items in the operating cost component of the Technical Services Division, which are related to Authority-wide functions and support and as such should not be allocated through Technical Services. These line items associated with CAD costs and equipment / tower maintenance were excluded from Technical Services and allocated to the Administration Division.

4. **Revenue Offsets:** There are specific revenue offsets that the technical service center receives, and similar to administrative costs in order to ensure fair allocation of costs, these offsets were applied to the total expenses to be allocated. The most important of these revenue offsets is the billing of parts; as this ensures that member and contracted agencies are only charged once for the parts costs.

5. **Incoming Indirect Support:** The indirect support calculated from the Administrative Division is added to the total direct expenses for Technical Services to ensure that both direct and indirect expenses for these services are being allocated to the contracted and member agencies.

These four categories are anticipated to total $1,252,432 in FY 19-20. The costs associated with the Technical Services function could be allocated based upon a singular allocation basis or metric or multiple metrics and service areas.

3 SELECTION AND WEIGHTING OF ALLOCATION METRICS

The project team considered three separate metrics for determining how the costs associated with Technical Services work should be allocated. The following points discuss these metrics and the project team's decisions about each of them.

- **Job Volume:** The number of job requests submitted by each agency was the first consideration. This metric is easy to track and generally correlates with the amount of time dedicated to each agency. The more job requests results in more time being spent with that agency. However, it does not account for the different sizes of job request; upfitting a new police cruiser counts as one job, the same as doing a single light replacement.

- **Invoice Amounts:** The total amount invoiced to agencies was the second consideration. Because the only costs billed to agencies are the cost of parts, this metric would simply use the compiled cost of parts over the course of the year and allocate the total costs of technical services in the same proportions. Job costs don't easily correlate to staff efforts, as a minor low dollar parts may need to be replaced, but due to the location of the part, it could take several staff hours. Conversely, an expensive part, may take minimal staff hours to install. Additionally, depending upon the philosophy of certain agencies, parts may be salvaged from other vehicles and utilized; while other agencies might request all new parts. As such, the invoice amounts are less dependent upon staff effort and more dependent upon the types of equipment and spending philosophy of each contracted or member agency.

- **Vehicle Count:** The total number of vehicles in each agency was considered as a basis for cost allocation, since it would roughly correlate with the amount of services required from the technical services staff. The more vehicles an agency has, the more need it has to utilize Technical Services to help upfit its fleet appropriately. However, this methodology assumes that all vehicles are the same and does not consider whether a vehicle is police cruiser, undercover police car, or fire engine.

As the points demonstrate all three metrics are able to generate some nexus between service provided and the service received; however, the two metrics with the strongest nexus is the number of job requests and the number of vehicles associated with each agency. The number of job requests, barring the use of labor hours, most accurately captures the level of effort spent by staff based upon variability in workload. The vehicle count and inventory helps the Authority capture the fixed workload associated with the Technical Services staff. The depth and breadth of a jurisdiction's vehicle inventory directly correlates to the possibility and need for upfitting and maintaining those vehicles.

Similar to the Operations Department, the project team worked with Authority staff to determine the appropriate allocation split between job requests and vehicle inventory. The decision was made to utilize an even split of 50-50; as that would most fairly allow the allocation model to capture the variability in workload based upon job requests, but also allocate costs based upon the higher likelihood of vehicles being serviced for those agencies with a larger inventory.

The Authority is in the process of improving its tracking on parts and labor costs for Technical services. The best allocation metrics for Technical Services would be the use of labor hours (which would most accurately capture the support being provided as one job request could take 2 hours or 2 weeks to complete) and the use of vehicle inventory. In the next 3-5 years, Technical services should start to track labor hours and convert to utilizing that as an allocation metric in lieu of job requests. The use of this metric would most accurately capture the support spent for each member and contracted agency.

Recommendation #9: Costs associated with Technical Services should be allocated 50% based on number of job requests and 50% based upon the vehicle inventory (police and fire) for each jurisdiction.

Recommendation #10: In the next 3-5 years, the Technical Services Division should start tracking labor hours and utilize that data in lieu of job requests to allocate the variability in workload among member and contracted agencies.

4 ALLOCATION OF TECHNICAL SERVICES COSTS

As discussed in the previous section, the Technical Services Division is being proposed to be allocated based upon two allocation metrics: job requests and vehicle inventory. However, the staff in Technical Services Division does not only provide vehicle upfitting services. The staff also provides support services to the Operations Department in the form of facility maintenance, radio tower maintenance, etc. Therefore, the Technical Services Division costs are being proposed to be allocated through the following three functional areas:

- **Technical Support – Workload Support:** The workload support function measures the support provided by Technical Services Division staff as it relates to the variability in requests that are received throughout the year for upfitting and servicing the different vehicles. These costs were determined as 45% of personnel expenses and indirect costs and 50% of direct services and supplies expenses.

- **Technical Support – Dedicated Support:** The dedicated support function measures the support provided by Technical Services Division staff as it relates to the fixed costs associated with each jurisdiction's vehicle inventory. The greater the inventory the higher likelihood of that jurisdiction being serviced. These costs were determined as 45% of personnel expenses and indirect costs and 50% of direct services and supplies expenses.

- **Operations Support:** The Operations Support function measures the support provided Technical Services staff as it relates to facility and radio tower maintenance, which is in direct relation to dispatch services provided by the agency. These costs were calculated as 10% of personnel and indirect expenses. No direct expenses were coded to this functional area.

Based upon these three functional areas, the project team allocated the $1.25 million in expenses. The following table shows how the allocation support was broken out between the three different functional areas:

Allocation Basis	Percent of Total Tech Svcs. Allocation	Proposed Tech. Svcs. Cost
Tech Support – Workload Support	45%	$564,502
Tech Support – Dedicated Support	45%	$564,502
Operations Support	10%	$123,428
Technical Services Allocation Total	**100%**	**$1,252,432**

The following subsections show the allocation breakout for each of these three functional areas.

(1) Technical Support – Workload Support

As discussed in the previous section, while the ideal metric for measuring workload support is actual labor hours, as the division does not currently track that information, the project team utilized job requests as a proxy. Due to the cyclical nature of Technical Services, as not all vehicles or equipment would require support every year, the project team reviewed multiple years of job request data in order to determine if a singular year or multiple years of data should be used to develop the allocation methodology. The following table shows the count of job requests for each agency over the last three calendar years.

City	2016 Job Count	2017 Job Count	2018 Job Count	3 yr Job Total	3 yr Job Average
Culver City	17	18	9	44	14.67
El Segundo	27	26	16	69	23.00
Gardena	42	20	15	77	25.67
Hawthorne	89	50	9	148	49.33
Hermosa Beach	20	11	9	40	13.33
Manhattan Beach	51	24	12	87	29.00
Total	**246**	**149**	**70**	**465**	**155.00**

As the table indicates, job requests vary significantly from year to year. For example, Hawthorne goes from having 89 job requests in 2016 to only 9 job requests in 2018; similarly, Manhattan Beach goes from 51 requests to 12 requests. As such, a three-year average is recommended in order to smooth the allocation and avoid dramatic swings in costs from year to year. The three-year time period allows for enough time to have passed to require an upgrade to existing equipment and/or the need for installing new equipment.

The following table shows the three-year average of job requests for each agency, the allocation percentage, and corresponding cost associated with Technical Services which would be allocated to each agency as a result.

City	3-Year Average Job Count	% Allocation	Technical Services Allocation
Culver City	14.67	9%	$53,415
El Segundo	23.00	15%	$83,765
Gardena	25.67	17%	$93,477
Hawthorne	49.33	32%	$179,669
Hermosa Beach	13.33	9%	$48,559
Manhattan Beach	29.00	19%	$105,617
Total	**155.00**	**100%**	**$564,502**

As the table shows, Hawthorne has the greatest average number of job requests, resulting in $179,669 in Technical Services cost allocation. Hermosa Beach ($48,559) and Culver City ($53,415) have low averages, resulting in the least amount of costs associated with Technical services.

(2) Technical Support – Dedicated Support

Along with the variability in workload requests on a year-to-year basis, the project team also utilized the variable of vehicle inventory to capture the support to a jurisdiction based upon the number of total vehicles likely to be serviced or upfitted by the Authority. The larger the vehicle inventory, the greater the likelihood that the specific jurisdiction will require services from the Authority. It is important to note that for jurisdictions which receive both Police and Fire services, both Police and Fire vehicles are included in the inventory count. The following table shows the breakout of vehicle inventory by jurisdiction:

City	# of Police Vehicles	# of Fire Vehicles	Total Vehicles
Culver City	102	21	123
El Segundo	55	21	76
Gardena	89	0	89
Hawthorne	107	0	107
Hermosa Beach	43	0	43
Manhattan Beach	115	18	133
Total	**511**	**60**	**571**

As the table above demonstrates only those jurisdictions to which the Authority provides fire services had fire vehicles included in their vehicle inventory count. While fire and police vehicles are very different in nature, as it relates to the potential to be serviced from the Technical Services Division staff there was no differentiation created. Therefore, each vehicle, whether police or fire was weighted in the same manner.

Based upon the information from the previous table, the following table shows the total number of vehicles by jurisdiction, the resulting allocation percentage and technical services allocation:

City	# of Vehicles	% Allocation	Technical Services Allocation
Culver City	123.00	22%	$121,600
El Segundo	76.00	13%	$75,135
Gardena	89.00	16%	$87,987
Hawthorne	107.00	19%	$105,782
Hermosa Beach	43.00	8%	$42,511
Manhattan Beach	133.00	23%	$131,486
Total	**571.00**	**100%**	**$564,502**

As the table indicates, the agencies with the largest number of vehicles to have the likelihood of being serviced are Manhattan Beach and Culver City as they receive both Police and Fire Services from the authority. Hermosa Beach not only has the smaller inventory but also only receives Police dispatching services from the Authority.

(3) Operations Support

The final function for allocating Technical Services is the support provided in relation to Dispatching services. These costs have been allocated directly to the Operations Department and have been filtered through to the jurisdictions based upon how the costs for Operations are allocated. As discussed earlier in this chapter, the costs allocated to Operations from Technical Services represent approximately 10% of the total Technical Services division's expenses. The following table shows by cost category, the percentage of cost allocated to the Operations Department:

Cost Category	Total Dollar Amount	% Allocation	Total Operations Allocation
Personnel Costs	$738,770	10%	$78,377
Operating Costs	$1,183,150	0%	$0
Excluded Costs	$470,000	0%	$0
Revenue Adjustments	$650,000	0%	$0
Incoming Admin Support	$405,512	10%	$40,551
Total	**$1,252,432**	**10%**	**$123,428**

As the table above indicates, the only costs allocated to the Operations Department from Technical services were related to personnel costs for staff time spent in relation to maintenance of communication sites, as well as incoming admin support. As the majority of the incoming administrative support was related to the number of personnel and work performed by personnel, a portion of that support was also allocated to operations.

The following table demonstrates that the $123,428 calculations for the Operations Support function are allocated directly to the Operations Department.

Dept / Division	Direct to Operations	% Allocation	Technical Services Allocation
Operations	100%	100%	$123,428
Total	**100%**	**100%**	**$123,428**

The costs of $123,428 are passed onto the individual member and contracted through the Operations Department allocation based upon 911 calls, non-emergency calls, dedicated police and fire dispatchers, and police and fire calls for service.

5 ALLOCATION OF TECHNICAL SERVICES COSTS - SUMMARY

The following table summarizes the results of the proposed allocation methodology for the technical services division costs. It shows the total cost for each agency according to the different metrics used.

City	3 yr Avg of Job Requests	# of Vehicles	Total Technical Services
Culver City	$53,415	$121,600	$175,015
El Segundo	$83,765	$75,135	$158,900
Gardena	$93,477	$87,987	$181,464
Hawthorne	$179,669	$105,782	$285,452
Hermosa Beach	$48,559	$42,511	$91,070
Manhattan Beach	$105,617	$131,486	$237,103
Total	**$564,502**	**$564,502**	**$1,129,004**

Overall, Technical Services allocated approximately $1.1 million to member and contract agencies. Based upon the total costs allocated, the largest proportion of support is received by Hawthorne at $285,452 followed by Manhattan Beach at $237,103.

6. Proposed Assessment Cost Allocation Results

The following sections outline the costs which would be allocated to each of the member and contract agencies under the proposed methodology developed for the Assessment calculation based upon the changes to Administrative, Operations, and Technical Services Allocations. The following subsections show the proposed allocation results and compare the current and proposed results under the recommended assessment methodology.

1 ALLOCATION RESULTS

Including all personnel costs, operating costs, revenue offsets, capital costs, and fixed assets, the Authority's FY 19-20 costs total $12,388,288. As outlined in the previous chapters, these costs were allocated to member and contract agencies based on the type of services (Operations and Technical Services), as well as specific metrics that reflect how those services impact staffing and support provided by the Authority. The following table outlines the results of a cost allocation study for each contract and member agency, broken down by Operations and Technical Services allocations.

City	Operations Allocation	Technical Services Allocation	Total Allocation	% of Authority Cost
Culver City	$2,445,604	$175,015	$2,620,619	21%
El Segundo	$1,693,794	$158,900	$1,852,694	15%
Gardena	$1,886,293	$181,464	$2,067,757	17%
Hawthorne	$2,360,443	$285,452	$2,645,895	21%
Hermosa Beach	$1,084,163	$91,070	$1,175,233	9%
Manhattan Beach	$1,788,987	$237,103	$2,026,090	16%
TOTAL	**$11,259,284**	**$1,129,004**	**$12,388,288**	**100%**

As shown in the table above, the Cities of Hawthorne and Culver City receive the highest total allocation of Authority costs at 21%, which equates to $2,645,895 and $2,620,619 respectively. The City of Hermosa Beach receives the lowest allocation ($1,175,233) of Authority costs at 9%.

2 COMPARISON OF CURRENT AND PROPOSED ALLOCATIONS

As discussed earlier in this report, the Authority currently uses a singular metric (calls for service) to allocate all services provided by the Authority. Furthermore, once costs have been allocated, the resulting numbers are then increased by an annual percentage according to contracts, rather than re-evaluating costs annually. The following table shows how the current allocation of Authority costs for FY 19-20 compares to the proposed allocation of Authority costs for FY 19-20.

Jurisdiction	Current Assessment	Current %	Proposed Assessment	Proposed %	$ Increase/ Decrease	% Increase/ Decrease
Culver City	$2,587,601	21%	$2,620,619	21%	$33,018	1%
El Segundo	$1,372,870	11%	$1,852,694	15%	$479,824	35%
Gardena	$2,391,301	19%	$2,067,757	17%	($323,544)	-14%
Hawthorne	$3,359,598	27%	$2,645,895	21%	($713,703)	-21%
Hermosa Beach	$975,208	8%	$1,175,233	9%	$200,025	21%
Manhattan Beach	$1,703,280	14%	$2,026,090	16%	$322,810	19%
Total	**$12,389,858**	**100%**	**$12,388,288**	**100%**	**($1,570)**	**0%**

For FY 19-20, the Authority allocated $12,389,858 in costs to member and contract agencies excluding direct charges for materials and parts from Technical Services, as well as direct costs associated with Operations such as wireless data and medical director services. While the overall difference between the total costs being allocated currently and the proposed allocation is only $1,570, each agency sees a significant change in allocated costs (except for Culver City). The largest dollar value change is for Hawthorne, for which the costs would decline by approximately $714,000. The largest percentage change between current and proposed would be El Segundo; which would see a 35% increase in costs.

The numerical results shown in this section of the report are meant to indicate the true cost of providing services to each member and contracted agency based upon the metrics discussed. These costs are based on FY19-20 expenses and metrics primarily from 2018, with the exception of Technical Services job requests for whom the project team utilized a 3 year average (2016, 2017, and 2018). The nature of cost allocation is that it is calculated based off of a fixed point in time and usually utilizes prior year statistics to inform future costs and trends.

The results of this analysis do not indicate an immediate change in assessment amounts. The Authority already has determined the assessment amount for FY19-20, based upon existing methodology and contract provisions. The calculations in this study are meant to be reflective of utilizing a more detailed cost allocation approach.

7. Cost Adjustment Surcharge

The previous chapters have discussed how the Authority currently allocates budgeted costs, and provides options and recommendations for improving allocations to more fairly allocate costs between member and contract agencies. However, the Authority also has unfunded liabilities associated with Public Employees' Retirement System (PERS), Other Post-Employment Benefits (OPEB) and long-term capital improvement needs which are not currently accounted for in annual budgets.

The unfunded liabilities associated with PERS and OPEB are common to most municipal organizations and agencies in California. The member agencies of Gardena, Hawthorne, and Manhattan Beach hold a stake in the Authority, and are responsible for additional financial liabilities such as maintaining reserves, funding capital improvement projects, and paying for OPEB and PERS liabilities for staff if a contract agency should leave the Authority. For this reason, there are currently specific costs being borne by member agencies, but not by contracted agencies. Therefore, the project team worked with Authority staff to consider the creation of a Cost Adjustment Surcharge that could be applied to contract agencies to help offset future liabilities.

The following subsections look at current unfunded liabilities, development of a Cost Adjustment Surcharge, impacts to contract agencies, and the implementation of the Cost Adjustment Surcharge.

1 CURRENT UNFUNDED LIABILITIES

In discussions with Authority staff, the three major funding liabilities facing the Authority are PERS, OPEB and CIP's. These liabilities could total $9,725,000 over the next 10 years. The project team worked with Authority staff to derive the 10 year life for the PERS and OPEB liabilities. The typical timeframe for the risk and liability associated with PERS and OPEB varies from 10-50 years depending upon the fiscal risk nature of the agency. However, due to the typical structuring of 10 year contracts by the Authority, with contractual agencies having the ability to end their contractual relationship at the end of that term without assuming any of the liability, the 10 year figure was derived. This estimate is meant to enable the Authority to annualize its risk factor, rather than the member agencies assuming the risk of the full liability. The following table outlines each cost component, its projected cost, the number of years for which that cost is meant to cover, and the resulting annual cost.

Cost Adjustment Categories	Total Projected Cost	# of years	Annual Cost
PERS Unfunded Liability	$6,800,000	10	$680,000
OPEB Liability	$2,800,000	10	$280,000
Capital Improvement Projects	$125,000	1	$125,000
TOTAL	**$9,725,000**		**$1,085,000**

As shown in the table above, PERS is projected to cost $6,800,000 and OPEB is expected to cost $2,800,000 over the next ten years. Unfunded CIP's are only expected to cost $125,000 over the next year. Looking at these costs on an annual basis, the Authority should be setting aside $1,085,000 annually to fund these liabilities.

Recommendation #11: The Authority has several unfunded liabilities, which are currently only borne by the member agencies. A portion of the costs of the unfunded liabilities should be passed onto the contracted agencies. For FY19-20 the estimated annual unfunded liability costs are approximately $1.085 million.

2 COST ADJUSTMENT CALCULATION

Once annual liability costs were calculated, the project team looked at determining the appropriate amount of liability that should be funded by contract agencies; as it is not defensible nor equitable for all unfunded liability costs to be passed onto contract agencies. There were two steps involved in this calculation: First the amount of liability that should be borne by contract agencies needed to be determined, and then a surcharge was developed. The following subsections outline these calculations.

(1) Share of Liability Borne by Contract Agencies

When looking at how best to apportion costs between contract and member agencies, the most equitable way is to look at the overall proportion of Authority costs. Based on the proposed allocation of costs outlined in this report, contract agencies represent approximately 46% of Authority costs, while member agencies represent 54%. The following table outlines this assumption.

Jurisdiction	Proposed Assessment	% of Cost
Culver City	$2,620,619	
El Segundo	$1,852,694	
Hermosa Beach	$2,067,757	
Total Contract Agencies	**$5,648,546**	**46%**
Gardena	$2,067,757	
Hawthorne	$2,645,895	
Manhattan Beach	$1,175,233	
Total Member Agencies	**$6,739,741**	**54%**
Total Authority Costs	**$12,388,288**	**100%**

Based on the proposed assessment of Authority costs, contract agencies represent $5.6 million of the total costs, while member agencies account for $6.7 million. Using these proportions, contract agencies should bear approximately 46% of the Authority's unfunded liabilities. The following table calculates these costs.

Cost Adjustment Categories	Annual Cost	% Borne by Contract Agencies	Annual Contract Agency Cost
PERS Unfunded Liability	$680,000	46%	$310,052
OPEB Liability	$280,000	46%	$127,668
Capital Improvement Projects	$125,000	46%	$56,995
TOTAL	**$1,085,000**		**$494,715**

The total annual cost associated with unfunded liabilities that should be borne by contract agencies is approximately $495,000.

Recommendation #12: The proportionate share of the unfunded liability to be borne by the contracted agencies should be determined based upon a measurable metric such as their total assessment value compared to member agencies proposed assessments. This results in a recommended allocation of 45% of unfunded liability costs that should be borne by contracted agencies.

(2) Cost Adjustment Surcharge

A cost adjustment surcharge was developed by looking at the ratio of unfunded costs to allocated costs. The following table outlines this calculation.

Annual Contract Agency Liability	$494,715	**9%**
Annual Contract Agency Assessment	$5,648,546	

Based on the proportionality of costs identified above, a 9% surcharge could be applied to contract agency assessments in order to collect funds to offset unfunded liabilities.

Recommendation #13: The Authority should implement a cost adjustment surcharge of no greater than 9% of total proposed assessment allocation to contract agencies to recover costs associated with unfunded liabilities.

3 COST ADJUSTMENT SURCHARGE IMPACTS

If the Authority were to adopt and implement a 9% surcharge, applicable to contract agencies, funds could be raised to offset unfunded liabilities. The following table shows how this surcharge would increase contract agency costs, as well as the resulting change in share of Authority costs.

City	Proposed Allocation	Cost Adjustment	Total Allocation	% of Cost
Culver City	$2,496,201	$229,521	$2,850,140	22%
El Segundo	$1,860,382	$162,264	$2,014,958	16%
Gardena	$2,072,369		$2,067,757	16%
Hawthorne	$2,769,567		$2,645,895	21%
Hermosa Beach	$1,176,621	$102,930	$1,278,163	10%
Manhattan Beach	$2,013,147		$2,026,090	16%
TOTAL	**$12,388,288**	**$494,715**	**$12,883,003**	**100%**

As outlined in the table above, Culver City would see the greatest increase in Authority costs, with a cost adjustment of $229,521, while Hermosa Beach would see the smallest increase, with a cost adjustment of $102,930. The following table shows how the inclusion of the cost adjustment surcharge would compare to the current Authority assessment.

Jurisdiction	Current Assessment	Current %	Proposed Assessment	Proposed %	$ Increase/ Decrease	% Increase/ Decrease
Culver City	$2,587,601	21%	$2,850,140	22%	$262,539	10%
El Segundo	$1,372,870	11%	$2,014,958	16%	$642,088	47%
Gardena	$2,391,301	19%	$2,067,757	16%	($323,544)	-14%
Hawthorne	$3,359,598	27%	$2,645,895	21%	($713,703)	-21%
Hermosa Beach	$975,208	8%	$1,278,163	10%	$302,955	31%
Manhattan Beach	$1,703,280	14%	$2,026,090	16%	$322,810	19%
Total	**$12,389,858**	**100%**	**$12,883,003**	**100%**	**$493,145**	**4%**

Should the Authority implement a cost adjustment surcharge, contract cities would see a larger increase than was discussed between the current assessment and the proposed methodology. Culver City would still see the least increase of costs of $262,539, while El Segundo would see the greatest increase of $642,088.

4 ADOPTION AND IMPLEMENTATION

The Authority should review the costs included for recovery, determine an appropriate surcharge level, and address contract agency agreements when appropriate to implement any surcharges.

1 Surcharge Adoption

The cost adjustment surcharge developed through this study is based on projected costs, and assumes an equitable distribution of liability between member and contract agencies. The Authority would need to review all assumptions associated with this calculation, including:

- **Adjustment Categories:** The cost adjustment categories only account for PERS and OPEB Unfunded liabilities and additional capital projects. As the Authority continues to refine its financial projection models, there might be additional cost adjustment categories to be considered.

- **Projected Costs:** The costs included in this analysis are meant to be estimated projected costs of future unfunded liabilities. The Authority is in the midst of constantly adjusting and refining these estimates. As more accurate estimates become available the cost adjustment surcharge should be updated.

- **Length of Liability:** The project team has utilized standardized life of liability calculations; however, as the costs and cost categories are further defined, these lengths should be reviewed for accuracy.

- **Proportion of Liability Borne by Contract Agencies:** The recommended proportion of liability to be shared or borne by contract agencies is based upon the total assessments of contracted compared to member agencies. However, as there are changes to member agencies or contract agencies, this proportion should be evaluated. Additionally, the Authority should determine if it would like to use different criteria for determining this share.

Assuming the Authority agrees with the basis of the cost adjustment surcharge to account for unfunded liabilities, as well as the cost assumptions utilized, the Authority would then need to determine the appropriate surcharge amount. The project team has calculated a justifiable and defensible cost adjustment surcharge of 9% to be applied to the total assessments calculated for the contracted agencies. This 9% is the maximum surcharge that could be applied based upon the assumptions outlined in this section. The Authority has the authority to apply a surcharge at any rate between 0% (no surcharge) to a high of 9%.

Recommendation #14: The Authority should review the cost adjustment surcharge calculation to ensure its agreement with all assumptions and the methodology behind the calculation.

Recommendation #15: The Authority should determine an appropriate cost adjustment surcharge rate between 0-9% to be applied to the proposed assessment for contract agencies.

2 Surcharge Implementation

Once the Authority determines the appropriate surcharge amount, the Finance and Executive staff should update their policies and procedures documentation to outline this surcharge amount, the methodology and basis for it, and the reasoning behind the specific surcharge amount chosen. This is not only best practice, but ensures that if there are any operational or procedural changes regarding the unfunded liabilities, it has clearly documented the portion of the liability that was chosen to be recovered through this cost adjustment surcharge.

Additionally, while the Authority can choose to adopt and implement a cost adjustment surcharge, it may not be feasible to implement the surcharge immediately, as each contract agency has an agreement with the Authority regarding when and by how much costs can increase annually. Therefore, the Authority would need to determine what costs it would like to recover and develop a plan for implementation with each contract agency. The results of this analysis have revealed that there may be the need for the Authority to restructure its contracts with the contracted agencies to ensure that the contract:

- does not limit the total annual cost increases
- ensures annual cost increases are based on actual services provided (i.e. updates to cost allocation model)
- accounts for the Authority adopted surcharge application
- accounts for any re-evaluation of new methodology if there are "material changes"[4] to the Authority

This type of language change would allow the greatest flexibility to the Authority, as well as ensure contracted agencies that their increases in costs are tied directly to increases/ changes in Authority operating expenses (not a regional CPI factor) as well as any changes to unfunded liabilities. The inclusion of the "material changes" clause also ensures that the same criteria for updating contracted agencies is in place as is for the member agencies. This promotes consistency in methodology changes and ensures that any new assessment charges are applied across all agencies.

Beyond developing an implementation plan for each contract agency, the Authority should also develop a plan for setting collected surcharge funds aside in a restricted fund. This would ensure that the Authority keeps these funds separate from general operating funds, and if and when there is the need to pay for those future liabilities there is specific funding set aside for those needs.

This restricted fund would need to be created and established based upon Authority approval and be reported upon annually during the budget process. A policy and procedure regarding appropriate and acceptable uses of this funding source should also be established to ensure that the funds are being used for identified purposes. For example, if there is a need for additional staffing, that should not be paid out of this funding source; however, if there is the need to pay down some unfunded liability costs, then those funds should be taken from this cost adjustment surcharge fund.

[4] The use of "material changes" is deliberate to be consistent with the language utilized in the Authority's bylaws.

Recommendation #16: The Authority approved cost adjustment surcharge should be documented in a policy and procedure document, including outlining the assumptions behind the calculation and the reasoning for choosing the specific rate amount.

Recommendation #17: The Authority should update and review its contract language with contracted agencies to ensure at a minimum the following:

> ***- There is no limit on the annual increase amount***
> ***- Annual changes in cost are based upon actual service metrics (i.e. dedicated dispatchers, calls for service, job requests, etc.)***
> ***- Cost Adjustment surcharge***
> ***- Reevaluation of assessment and methodology, if there is a material change in the Authority***

This ensures that the contract provides greatest flexibility to Authority and transparency to contract agencies.

Recommendation #18: The revenue collected under the unfunded liability cost adjustment surcharge should be stored and accounted for through a separate restricted fund at the Authority.

Recommendation #19: The Authority staff should develop policies and procedures regarding the establishment of the cost adjustment surcharge restricted fund, as well as appropriate use of fund money.

8. Future Allocation / Operational Recommendations

The primary focus of the analysis was to help the Authority identify the most defensible and streamlined approach for allocating its services to contracted and member agencies. However, a secondary focus of this analysis was, upon conclusion of this study, the results be used to enable the Authority to continue to meet best practices regarding dispatch and technical services cost allocation. Therefore, this chapter of the report was developed to provide recommendations specifically related to future operational and allocation needs for the Authority. The following subsections discuss the annual re-calculation of assessments, development of simplified methodology explanation documentation, billing for wireless services, the changes in composition of contracted agencies, and the reconciliation of assessment costs.

1 ANNUAL RE-CALCULATION OF ASSESSMENTS

While the Authority currently does recalculate assessments annually, this recalculation is limited to cost factor increases and not based upon actual service levels or expenses of the Authority. Therefore, the project team recommends, that per best management practices and cost allocation guidelines, the Authority should annually update its cost allocation model to ensure that assessments are fair, accurate, and representative of services being received.

The annual reevaluation of the key service driver metrics also ensures that if there are changes in dispatch or technical services operations, those are captured and passed along appropriately to all member and contracted agencies. The annual update to the assessment would require reviewing the following key factors annually:

- Review annual operating expenses for the Authority for Administrative, Technical Services, and Operations, to ensure that costs are appropriately spread to all agencies.
- Review of dedicated dispatch positions by agency for police and fire services.
- Update the number of police calls for service and fire calls for service by agency.
- Update the volume of non-emergency and emergency (911) calls by agency.
- Review/update as necessary technical services job requests, including evaluating the continued need for utilizing averages.

The project team has provided the Authority with a cost allocation model, in which staff would be able to enter these updated metrics as well as updated cost information and recalculate on an annual basis the total assessment (with or without approved cost adjustment surcharge) annually.

Recommendation #20: The Authority should utilize the Cost Allocation Model provided to annually re-calculate and update the assessments for member and contracted agencies.

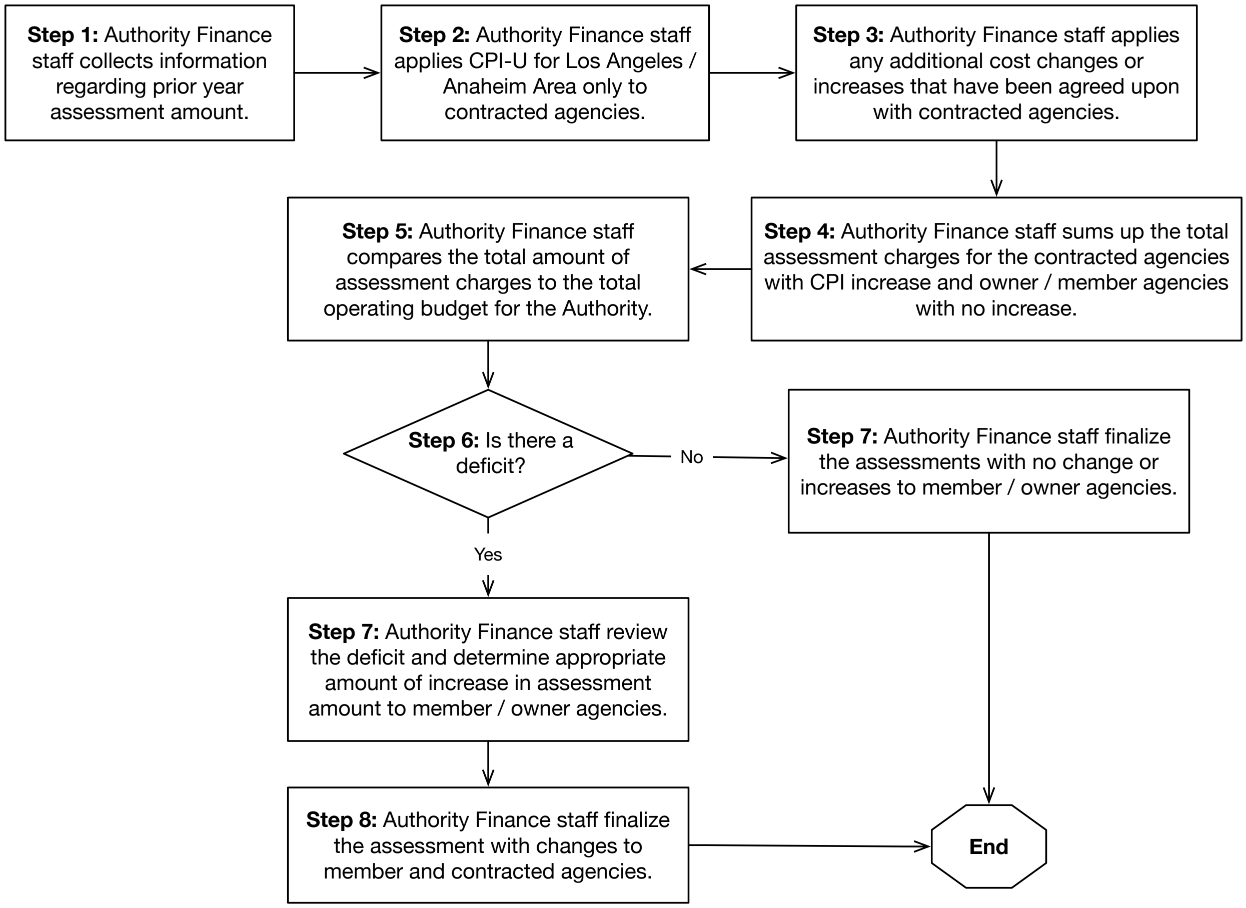
2 TRANSPARENCY OF COST ALLOCATION

As part of the evaluation of the cost allocation of assessment charges by the Authority to its member and contracted agencies, the project team interviewed the contract agencies. The key theme and focus of this interview was a lack of understanding and transparency regarding the current allocation methodology in use by the Authority. Therefore, one of the key recommendations of this analysis is that the Authority should develop an informational page or brochure that clearly outlines its current and proposed methodology.

The purpose of this documentation is that it can be provided to any of the current internal agencies (member or contracted agencies) as well as any potential agencies to demonstrate the methodology that the Authority utilizes for determining its annual assessment amount.

The current methodology in use by the Authority is fairly simplified as it relates to determining or calculating the annual increase amounts. The primary source of complication in this methodology relates to the calculation of the original or base assessment amount as that is the only amount that can be traced to calls for service volume. As such, the methodology is based on two different layers; Year 1 the contracted agency is charged based upon calls for service volume, and all future years it is charged based upon annual cost factor increases.

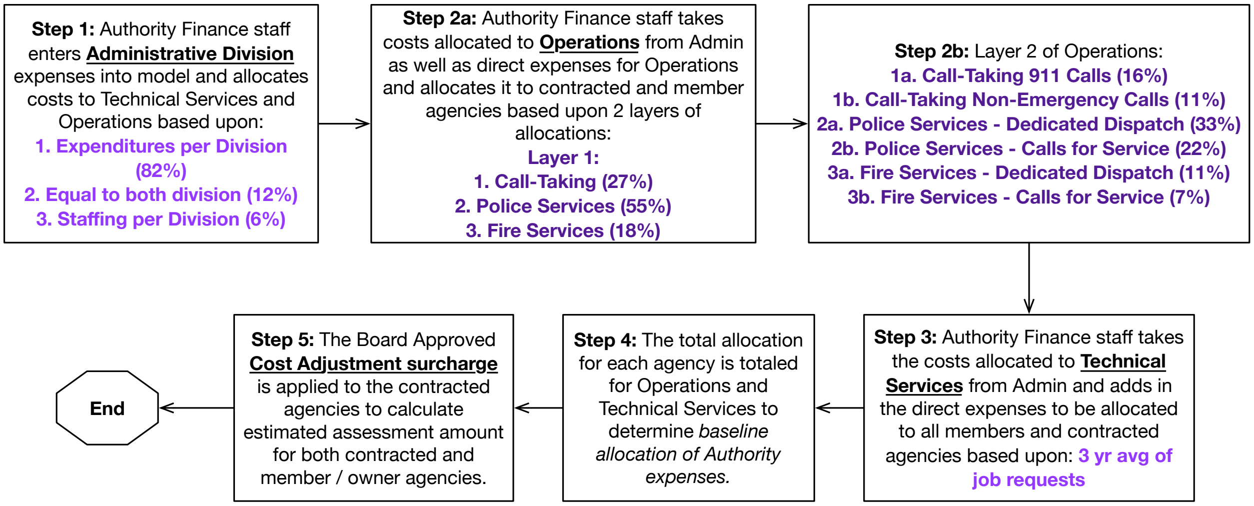
The following flowchart shows a visual representation of the current methodology employed by the Authority as it relates to current contracted and member agencies.



As the flowchart demonstrates, it is clear how the annual assessment amount is determined for all existing agencies; however, it is not very clear to any potential agencies, how their assessment could potentially be determined.

The proposed allocation methodology recommended through this study takes a much more granular approach and is directly related to the services provided to each of the jurisdictions. Additionally, one of the key recommendations of this analysis is that there should be annual updates to the Cost Allocation Model to ensure that any increases in costs are due to expense increases, as well as service level provision and not just on regional cost factors.

The following flowchart prepared by the project team outlines the steps for the proposed allocation methodology.



As the proposed flowchart indicates that not only does it cut the number of steps from 7 or 8 steps to a total of 5 steps, it also clearly indicates to any internal and external agencies the key drivers of the allocation calculation, as well as that there are essentially three layers of allocation:

Layer 1: Agency Administrative Costs – these are allocated to Operations and Technical Services.

Layer 2: Allocation of Operations to Call-Taking, Police, and Fire Services; Allocation of Technical Services to agencies based upon 3 year average of job requests.

Layer 3: Allocation of Call-Taking among 911 and Non-Emergency Calls; and Police/ Fire among Dedicated Dispatch and Calls for Service for each respectively.

This type of documentation would be critical for the Authority to develop and update as any proposed changes occur to the methodology, such as changes in the percentage of support between the functional areas, and/or if there are changes to the types of metric utilized.

> ***Recommendation #21: The Authority should develop informational documentation (1-2 pages), which clearly outlines the methodology employed by the Authority to calculate assessment amounts.***

3 QUARTERLY WIRELESS DATA SERVICE CHARGES

The authority currently assesses member and contract agencies for the cost of wireless data service on an annual basis. This differs from the assessment of other costs, which occurs quarterly. The Authority should align the assessment of costs for wireless services with the assessment of other costs by prorating the expense and charging member and contract cities on a quarterly basis rather than annually. This not only promotes consistency of allocation charges of wireless services; but it also ensures that there is no danger of loss of wireless bills, as wireless bills are only available from the wireless companies for the prior 3-4 months; subsequently, they have to be requested from their headquarters. Therefore, the cost of the wireless bills should be calculated and assessed quarterly.

Recommendation #22: The Authority should convert the assessment of all wireless billing charges from fourth quarter charges to quarterly assessments to align with all other assessment charges.

4 CHANGE IN AUTHORITY CONTRACTED/MEMBER AGENCIES

SBRPCA currently comprises of three (3) member agencies and three (3) contracted agencies. However, there is the ability for the Authority to gain and lose contracted agencies. Therefore, there should be a clear policy and procedure established for determining the re-calculation or re-evaluation of total assessments for the member and contracted agencies in the event of the addition or subtraction of an agency.

The project team recommends that if a new agency is interested in contracting with the Authority, it should calculate its proposed assessment amount as if it is an existing agency; therefore, it would need to determine the following key elements:

1. The types of services being requested – Police Only or Police and Fire
2. Any increased direct expenses, associated with acquisition of any additional staff
3. The number of dedicated dispatcher(s) assigned to the agency for each service
4. The non-emergency (if they have that) and emergency call volume for the agency
5. The calls for service (CAD) incident data for the agency
6. Size of Agency Fleet to be potentially serviced by Technical Services

While the first five components can be utilized to drop into the allocation model and calculate the updated resulting allocation for the proposed new agency, for Technical services it would be slightly more complicated. As such, the size of the fleet can be used to approximate to which existing agency the proposed agency is most similar and utilize an average of labor hours or job requests for that agency to estimate the technical services charges.

Inputting this information into the Cost Allocation model would enable the Authority to not only estimate the assessment for the proposed agency, but also determine how this would impact existing contracted and member agencies allocations. As per the earlier recommendations, the addition of a new agency would result in a “material change” to the Authority’s operations and recalculation of assessments for member and contracted agencies.

Additionally, if an agency is requesting to contract with the Authority mid-year, the policy and procedure should specify the pro-rating (similar to what was done for Culver City) for not only the proposed agency; but also credits to existing member and contracted agencies for any changes in their proposed assessment amounts.

Recommendation #23: The addition of a new contracted agency should require the collection of key pieces of information such as types of services (i.e. police vs. fire), calls for service, emergency call volume, and number of vehicles to be serviced, to accurately estimate the proposed assessment amount and impact to existing member and contracted agencies.

Recommendation #24: The addition of a new contracted agency mid-fiscal year should not only result in pro-rated assessment for the new agency, but also any credits to existing member or contracted agencies due to changes or reductions in their assessments.

5 RECONCILIATIONS OF ASSESSMENT AMOUNTS

The Authority currently calculates the annual assessment for each of the member and contracted agencies starting in January as part of the budget development process. Due to the nature of cost allocation, typically prior years' information is being used to estimate future costs. Some larger agencies choose to account for this difference in costs, by reconciling at the end of the fiscal year the true costs that should have been paid by each contracted and member agency based upon actual expenses and activity incurred in that fiscal year.

The practice of reconciliation of costs, does ensure that the Authority accurately recovers its costs from each member and contracted agency. However, the reconciliation process can be time-consuming for Authority staff, as well as result in causing potential volatility in regards to assessment projections for member and contracted agencies. An example of potential volatility would be: Agency A was estimated to pay $100,000 in the Assessment, and the reconciliation process reveals that it actually owed $120,000 then there would be a $20,000 additional bill to the agency or that would be tacked onto the next year's allocation. Similarly, that would mean Agency B was estimated to pay $100,000 but it only incurred $80,000; meaning it either receives a check of $20,000 in credits, or that $20,000 credit is accounted for in the following fiscal year. If these credits and increases are accounted for in the next fiscal year, this would result in the assessments no longer purely being based upon the different allocation drivers. This would result in complicating the transparency component of cost allocation further.

Based upon these factors, the project team recommends that the Authority should continue its current practice of estimating assessment amounts at the beginning of the fiscal year and there should be no reconciliation of costs. The only time there should be any reconciliation considered, is if/when there is a new agency added and all agencies assessments are affected.

Recommendation #25: The Authority should continue its practice of estimating annual assessment amounts, without reconciliation or "trueing-up" of costs for contracted and member agencies.

9. Technical Services Division Cost of Services Analysis

As briefly discussed in the allocation metrics section and the current methodology, the best practice for Technical Services Division is to bill for time and materials. Santa Clara County Communications Agency is one of the few agencies surveyed through the comparative survey; which also has a Technical Services component. Their Technical Services Division is fully reimbursable based upon the fully burdened hourly rates, parts costs, and markup on parts costs.

If the Technical Services Division were to transition to the billing of time and materials for its services, including services to member and contracted agencies, their costs would not be included in the assessment amount. The Technical services labor, materials, and any other overhead related costs would be removed from the assessment calculation and amounts. The member and contracted agencies would, similar to the current process of being billed for parts, be billed for both parts and labor. The removal of Technical Services from the assessment calculation would eliminate any danger of potentially double-charging any member or contracted agency.

For any miscellaneous or external services that Technical Services provides, it should have fully burdened hourly rate(s) as well as an established rate mark-up methodology in place. This type of methodology does not require the Authority to develop a pre-established fee schedule or rate sheet; rather, agencies are billed directly based upon the services that they receive. The following subsections discuss the methodology used by the project team to develop the two key components to charge for miscellaneous services.

1 PARTS

As part of the scope of services of this analysis, the project team was asked to evaluate best practices related to purchasing and acquisition of parts for Technical Services. The typical best practice for parts is to not only charge directly for those parts, but to also account for administrative overhead associated with the acquisition of those parts.

Currently, the Technical Services Division staff is responsible for putting together quotes based upon the scope of work. These quotes require staff to contact multiple vendors, determine the best and most cost efficient deal for the Authority, as well as the member or contracted agency; and if there are any parts that can be surplussed, calculate the appropriate credit to the member or contracted agency. Therefore, there is a significant amount of administrative work, which should be factored into determining the markup percentage on parts.

The following table shows the total administrative cost calculated for parts and invoicing support:

Category	Amount
Public Safety Communications Specialist II – Salaries & Benefits	$153,823
Total % of time spent on administrative support for parts	40%
TOTAL ADMINISTRATIVE COST	**$61,529**

Based upon the table the PSC Specialist II (the lead Technical Services Division position) spends approximately 40% of their time managing the parts and invoicing process. As such, the direct administrative cost for this position is approximately $61,500.

In order to calculate the total markup percentage, the project team took the total administrative cost and divided it by the projected cost for parts in FY19-20. The following table shows the markup percentage calculation:

Category	Amount
Total Administrative Cost	$61,529
FY19-20 Projected Parts Cost	$600,000
Parts Markup %	**10%**

As the table indicates, the proposed parts markup percentage being calculated for the Authority is at 10%. The typical range for parts markup ranges from a low of 5% to a high of 20%. Therefore, the Authority at 10% seems to be within the acceptable range of typical markups seen for parts.

It is recommended that at a minimum the authority begin to utilize this 10% markup on external agencies such as El Camino Community College. However, best practices would dictate that this markup should also be applied to internal agencies (member agencies and contracted agencies).

Due to this being a shift from the current practice of not marking up internal agencies, the project team would recommend that the Authority have a discussion with member and contracted agencies before implementing the internal markup policy. Additionally, the 10% noted above is merely meant to reflect the maximum amount of markup that could be charged. The Authority may choose to adopt a policy that has different markups for internal agencies versus external agencies.

Overall, the Authority should review the information in this report and document if there would be a markup, the percentage, and if there is no markup then that should be documented as well, per best practices. This enables the Authority, to review historical information and purposes behind not marking up parts and services.

Recommendation #26: The Authority should continue to charge a mark-up on external agencies for parts. This markup should be no less than 10% of the cost of the billable parts.

Recommendation #27: The Authority should review the markup information and determine if there should be a markup percentage applied for member and contract agencies, and if so, what percentage (up to 10%) should be applied to member and contracted agencies.

2 LABOR

The second component to the miscellaneous fees and charges for Technical Services is related to the cost of labor. In order for the Authority to fully recover the costs for its services, it must ensure that not only all of the direct costs associated with parts are included, but also the cost associated with labor. Including labor costs would require tracking time. Currently, the Technical Services Division only tracks time on job requests or work orders for external entities.

The project team calculated fully burdened hourly rates for Technical Services Division staff. These fully burdened hourly rates have the following components:

- **Salaries and Benefits (Direct Costs):** This cost component refers to the actual salaries and benefits paid to the staff in Technical Services.

- **Billable Hours:** The staff in Technical Services work approximately 2,080 hours a year; however, they are not billable for all of those hours. The billability of staff depends upon holidays, vacations, sick leave, and mandatory breaks. Additionally, due to the nature of being available for this type of work, there is some unbillable time also built into this calculation. The project team reviewed the Authority's MOU and calculated the following for billable hours:

Category	Amount
Total Annual Hours	2,080
Holidays[5]	116
Vacation	144
Sick	96
Breaks (45 min per day)	187.5
Subtotal Hours	***543.5***
Subtotal Net Available Hours	*1,536.5*
Billability Rate[6]	87%
Total Billable Hours	**1,336.75**

As the table indicates, the total billable hours being utilized for the fully burdened hourly rate are approximately 1,336.75 hours. This represents an overall productivity or billable rate of 64%. On average when calculating productivity and billable rates, the rate ranges from a low of 60% to a high of 70%. Utilizing a rate of 64% is somewhere in the middle and ties to the Authority's operations.

[5] Assumes 14.5 days of holidays, which includes floating/administrative holidays
[6] The rate meant to account for time actually actively spent working on equipment, infrastructure, or vehicles.

- **Operating Expenses Overhead:** This cost component spreads the costs associated with general supplies, uniforms, and other line item costs that are necessary for Technical Services staff to operate effectively. Any operating costs not directly related to the operations of Technical Services were excluded such as costs associated with CAD Tiburon and equipment and maintenance of Towers. Additionally, any revenue offsets associated with parts were also excluded.

- **Authority-Wide Overhead:** The last component of the fully burdened rate is the authority-wide overhead. This is the cost that is calculated from the Administrative Division in support of all of the Technical Services activities. Including this cost component ensures that the Authority does not need to account for time spent by Finance staff to review, approve, issue, and collect invoices, or support staff to answer phones and questions regarding invoices, etc. This is a fairly standardized overhead component and is in lieu of a Citywide Overhead or Countywide Overhead calculation.

Based upon these different cost components, the following table shows the fully burdened hourly rate for Technical Services.

Cost Component	Public Safety Communications Specialist II	Public Safety Communications Specialist I	Technical Services Position Blend
Direct Cost Per Hour	$115.07	$99.04	$102.25
Operating Expenses Per Hour	$6.00	$6.00	$6.00
Authority-Wide Overhead Per Hour	$54.60	$54.60	$54.60
FULLY BURDENED RATE	**$175.67**	**$159.64**	**$162.85**

As the table indicates there are two positions within Technical Services. The primary difference between these two positions is their direct cost per hour. In order to ensure the most streamlined and consistent use of hourly rates, the project team is proposing a blended fully burdened hourly. The blended rate of $162.85 would help recover the costs associated with direct employee costs, billable hours, services and supplies, as well as authority overhead.

Similar to the parts discussion, the Authority should utilize this fully burdened hourly rate to bill any external entities to allow for the greatest amount of cost recovery possible. However, as it relates to billing internal customers – member or contracted agencies, a policy decision should be made by the Authority regarding the appropriate cost recovery level for the fully burdened rate.

The Authority has the ability to charge at any rate up to $162.85 for its Technical Services Division staff. For example, to be competitive in the market, the Authority may only choose to recover for its direct and operating expenses per hour, which would reduce the hourly rate from $162.85 to $108.25 per hour.

As the Technical Services Division starts to track time spent per job request (internal or external) there are two options for the Authority:

1. **Option #1 – Allocate Technical Services through Cost Allocation:** This option assumes that the only change from tracking time would be that instead of utilizing number of job requests, the Authority would utilize the amount of labor hours to allocate to member and contracted jurisdictions. This would mean that the Authority is capturing the labor cost through the assessment calculation. Member and contracted agencies **would not be billed for labor separately** under this methodology. The labor hours would only be used for allocation purposes.

2. **Option #2 – Bill Time and Materials:** This option assumes that once the Authority starts tracking time spent on internal activities, that similar to external clients it would bill internal agencies (member and contract agencies) based upon the fully burdened hourly rate and parts (including markup). This would mean that the Authority is removing Technical Services from the assessment calculation and member and contracted agencies would only be billed for actual time spent (labor hours) and parts for Technical Services. There would **be no Technical Services as part of the assessment calculation**, to mitigate any danger of double-charging member or contracted agencies.

For Option #2, the Authority has the ability to adopt different hourly rates and markup percentages that would be used to bill to the member or contracted agencies relative to external agencies, as discussed above.

Utilizing either of these options would enable the Authority to recover for its costs. The Cost Allocation methodology is more predictable and defined; whereas billing for time and materials is harder to budget for from the perspective of the contracted or member agencies.

Recommendation #28: The Authority has the ability to charge the maximum fully burdened blended hourly rate of $162.85 to fully recover for Technical Service staff support provided to external agencies.

Recommendation #29: The Authority should review and determine through which methodology (Cost Allocation or Time and Materials) it would like to charge the contracted and member agencies.

If Cost Allocation, there would be no separate charges for labor for member and contracted agencies, as that would be accounted for through the assessment.

If Time and Materials, then Technical Services would be excluded from the assessment calculation and member and contracted agencies would only be billed for Technical Services through an invoicing process. The Assessment calculation would only include the cost for dispatching and administrative support functions.

Recommendation #30: If the Authority chooses time and materials, it should review the fully burdened hourly rate and determine if all components (direct, supplies indirect, and authority overhead) should be charged and recovered through the fully burdened hourly rate. The Authority has the option to choose to charge a rate lower than the fully burdened hourly rate.

3 SUMMARY OF TECHNICAL SERVICES CHARGES

Overall, in order for the Authority to accurately recover for its miscellaneous fees and services it provides through Technical Services it should apply a 10% markup on parts and utilize the fully burdened hourly rate of $162.85 per hour for its specialists. The rates calculated in this study are based upon a fixed point in time (FY19-20); as such, these rates should be reviewed and updated every year based upon proposed increases in operating expense, labor costs, and any changes in billable hour assumptions. Utilizing this type of rate and markup would enable the Authority to more accurately recover for its charges. Additionally, if there are any services that are added or expanded, the time and materials methodology allows for the Authority to fully recover its costs for those services.

Recommendation #31: The parts markup percentage and fully burdened hourly rate should be reviewed and updated every year to account for the most accurate cost. The updates should be based upon actual salaries, benefits, billable hours, and operating expense increases.

Appendix A: Profile of Authority Operations

The purpose of this document is to provide an overview of the South Bay Regional Public Communications Authority's (SBRPCA) operations, as well as the current cost allocation methodology and service rates being charged by the Authority for its call-taking, dispatch, and technical services. Information contained in this document was developed based on the work conducted by the project team, including interviews with staff, data collected by the project team, and review of existing processes for cost allocation and reimbursement.

The descriptive document that follows does not attempt to include all steps of the cost allocation methodology. Rather, it provides an overview and serves as the "base line" or "status quo" against which recommendations are made for developing and implementing alternate cost allocation methodologies.

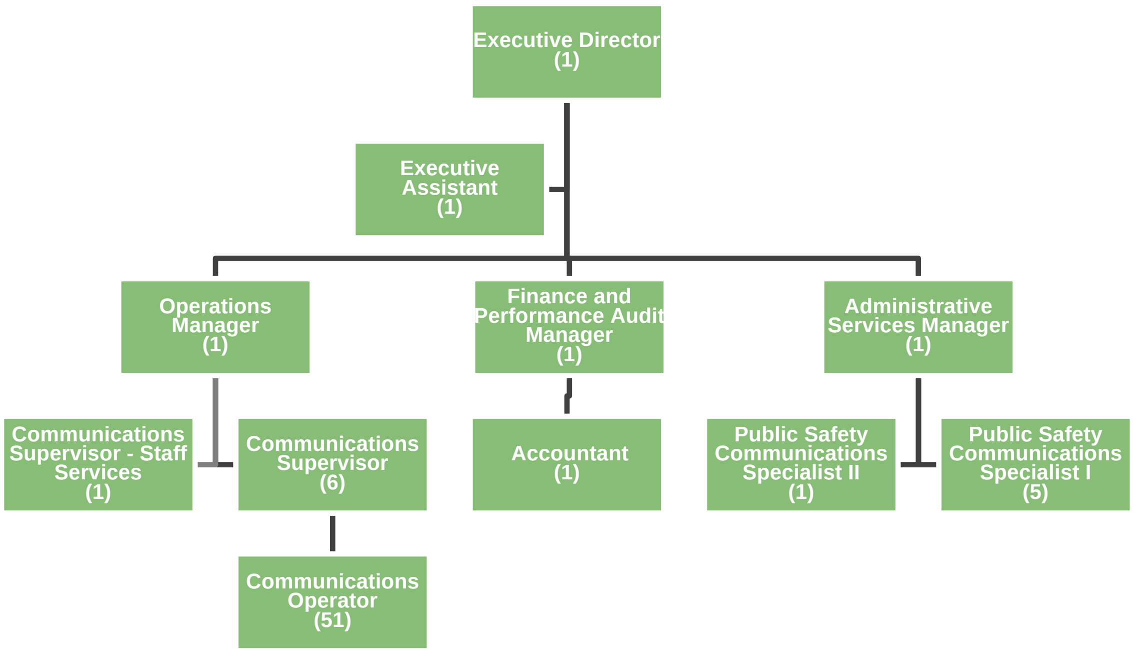
1 AGENCY OVERVIEW

The South Bay Regional Public Communications Authority (SBRPCA) is a 911 call-taking and dispatch center created in 1977, which provides emergency communications services and some other technical and fleet-related services. It is a joint powers authority owned by the cities of Hawthorne, Gardena, and Manhattan Beach; while also providing services on a contract basis to Hermosa Beach, El Segundo, and Culver City. Annual incident volume processed by the Authority across the six municipalities approximates 300,000 incidents on average.

The Authority is led by an Executive Director who is appointed by the Executive Committee, which consists of the City Managers from each of the member cities. Budgetary control is exercised by the Board of Directors, which consists of one City Councilmember from each of the member cities. Police and fire chiefs from member cities also sit on a User Committee and provide guidance related to day-to-day operations as they impact emergency responders in the region.

2 CURRENT ORGANIZATIONAL STRUCTURE

The following organizational chart summarizes the personnel structure and reporting relationships within the Authority for the current fiscal year (FY18-19).



As the previous chart shows, there are three primary departments reporting to the Executive Director. The following points outline the key functions and responsibilities of each division.

- **Operations Department:** This group is responsible for providing emergency communications / dispatch services to police and fire agencies. This involves staffing and managing the dispatch floor, taking 911 and non-emergency seven-digit calls and responding to text-to-911 messages, dispatching police and fire personnel, monitoring radio channels, and accessing case records.

- **Finance:** The Finance and Performance Audit Manager and the Accountant are responsible for overseeing accounts payable and receivable, conducting payroll, making journal entries and doing reconciliations, and billing contract agencies. It also includes developing the Authority's annual budget and contracting for fiscal and performance audits.

- **Administrative Services Department:** This group is responsible for managing recruitment and onboarding of new staff, tracking expenses for operations and building maintenance, managing human-resources related tasks for the Authority's staff, and maintaining the website. This department also includes technical services division, who build out and repair the member and contract agencies' police cars and other emergency vehicles.

Together, these three services and the staff within them comprise the Authority's organizational structure.

3 CURRENT STAFFING LEVELS

The following table shows by position the total number of employees authorized for the Authority by major functional area and position title for the current fiscal year and for the next fiscal year.

Position	FY18-19 FTE	FY19-20 Proposed FTE
Administration		
Executive Director	1	1
Operations Manager	1	1
Administrative Services Manager	1	1
Executive Assistant	1	1
Finance & Performance Audit Manager	1	1
Accountant	1	1
Information Technology Manager	1	0
Operations		
Communications Operator	51	54
Communications Supervisor	7	7
Technical Services		
Lead Communications Technician	1	0
Public Safety Communications Specialist II	1	1
Public Safety Communications Specialist I	5	4
Total	**72**	**72**

As the table shows, there are a total of 72 authorized positions for both the current and next fiscal year. The primary difference in the positions has to do with elimination of the Information Technology Manager (contracted out) and the Lead communications Technician position. The Public Safety Communications Specialist I position is vacant and also scheduled for elimination in FY19-20. Staff will look at evaluating the current workload to determine if there is the need for an additional position. In lieu of those three eliminations, the Authority was able to increase the number of Communication Operators to handle current workload.

4 ADMINISTRATION AND SUPPORT STAFF OVERVIEW

The Authority has 6 full-time positions dedicated as Administrative and Support staff positions. The purpose of these positions is primarily to provide internal support to the Operations and Technical Services staff. The role of the six administrative positions are outlined in the following points:

- **Executive Director:** The role of the Executive Director is to provide general oversight and day-to-day management of the Authority. The Director is responsible for making fiscal and policy decisions and implementing policy direction received from the Executive Committee and the Board of Directors.

- **Operations Manager:** The Operations Manager is responsible for the oversight of the Dispatch and Call-taking component of the Authority's organizational structure. The Manager oversees the Call Center supervisors, participates in recruitment, testing, evaluations, trainings, and assignments of job duties.

- **Administrative Services Manager:** The Administrative Services Manager, along with overseeing the Technical Services Division, also serves as the Human Resources Manager for the Authority. In the role of Human Resources Manager, the Administrative Services Manager oversees recruitment, on-boarding, testing, interviewing, benefits, retirement, discipline, etc.

- **Executive Assistant:** The Executive Assistant reports to the Executive Director but also provides support to the Executive Committee, Board of Directors, the Police and Fire Task Forces, as well as the Administrative Services Manager. The Executive Assistant also prepares agenda packets and minutes for the Executive Committee, Board of Directors, User Committee, Police Task Force, Fire Task Force, and INSB Technical Committee. Additionally, as part of support to the Administrative Services Manager, the Executive Assistant also assists with recruitment in scheduling tests and interviews.

- **Finance and Performance Audit Manager:** The Finance and Performance Audit Manager position is responsible for the financial oversight of the Authority, including the development and calculation of the assessments to the member and contracted agencies. The position manages the development of the annual budgeting process and the contract for annual financial reports, and also performs the work of the accountant during times when the accountant is on leave or absent.

- **Accountant:** The Accountant reports to the Finance and Performance Audit Manager and is responsible for processing all Authority financial transactions, which includes – payroll, accounts payable (bills), and accounts receivable (any payments). The primary bills being processed are associated with wireless companies for the wireless data charges, as well as generating invoices for Technical Services Division work for external stakeholders and outside entities.

As the points demonstrate, the positions in the Administrative section of the organization primarily serve to support the internal employees of the Authority.

5 DISPATCH OPERATIONS OVERVIEW

The largest component of the Authority, and the primary purpose of the authority, is to provide call-taking and dispatch support to its member and contracted agencies.

All operations staff work a total of 80 hours over a 2-week pay period. The table below shows the shift schedule:

Day 1	12 hour shift	**Day 8**	12 hour shift
Day 2	12 hour shift	**Day 9**	12 hour shift
Day 3	12 hour shift	**Day 10**	12 hour shift
Day 4	8 hour shift	**Day 11**	off
Day 5	off	**Day 12**	off
Day 6	off	**Day 13**	off
Day 7	off	**Day 14**	off

The Authority staffs its communications center operations according to an established number of positions, with total floor staffing ranging from 11 to 13 at a given time. The following points describe the active positions on the floor:

- **Police Dispatch (6):** Six staff function as police dispatchers: one for each of the six police departments served by the Authority (Gardena, Culver City, El Segundo, Manhattan Beach, Hermosa Beach, and Hawthorne). These staff alert officers of calls for service, check on officers during incidents, update CAD/RMS case data in real time, and run license plates and background checks. Manhattan and Hermosa Beach have a single combined dispatcher for the two departments four days per week, but this arrangement is being phased out over a period of three years. Beginning on July 1, 2019, the combined dispatching was reduced to two days per week. By Fiscal Year 2020/2021, the combined dispatching arrangement will be eliminated. On days when these two dispatch seats are combined, a call-taker position operates as the parking and animal control dispatcher for Hermosa Beach and Manhattan Beach.

- **Fire Dispatch (2):** Two staff function as fire dispatchers: one for Culver City[7] and one combined for Manhattan Beach and El Segundo. These staff dispatch fire units to incidents, coordinate backup, and create/update CAD/RMS cases in real time. In the time between dispatch incidents for fire departments, these two staff function as call-takers, answering incoming 911 and non-emergency seven-digit calls to the Authority.

[7] The INSB project is near completion and that project will enable Culver City Fire Department to be part of the Fire Main network, which will allow them to share fire dispatching services, per their contract.

- **911 Call-Taker (1-2):** Staff assigned to this position answer incoming 911 and non-emergency seven-digit calls. One of the dedicated call-takers assists the fire dispatcher on a backup/tactical channel when a major incident requires switching related communications to a dedicated channel.

- **Relief (1):** One position rotates from station to station, relieving call-takers and dispatchers for their required breaks. This position serves as a dedicated call-taker during non-break times.

- **Supervisors (1-2):** One or two supervisors are active on the floor at all times.

As the points demonstrate, the staff assigned for each shift have a variety of functions and services to perform. It is important to obtain a clear understanding of these services, as these services are the primary basis for the assessments to the member and contract agencies.

6 TECHNICAL SERVICES DIVISION OVERVIEW

The Technical Services Division is primarily responsible for the upfitting of patrol and fire vehicles as well as any maintenance on items related to communication and dispatch on vehicles. Regular maintenance of the vehicle such as tire rotation, oil changes, etc. are performed by the agencies themselves.

The Technical Services Division is overseen by the Administrative Services Manager and consists of one (1) Public Safety Specialist II and five (5) Public Safety Specialist I's. The Division operates Monday through Friday between the hours of 6am-4pm with at least two staff members on site during those hours.

Unlike Dispatch and the Call center, the Technical Services Division is work-order based. A member or contracted agency will submit a work order request to the Public Safety Specialist II identifying the type of work that needs to be completed. Depending upon the scope of work requested, the Public Safety Specialist II will put together a pre-invoice of parts that need to be ordered and the total cost associated with those parts and provide that quote to the member or contract agency. The member or contract agency reviews and approves the quote and once that is approved, the Public Safety Specialists can begin to order the parts and then perform the work on the vehicle as requested.

While the bulk of the activity associated with the Technical Services Division is for member and contract agencies, the Division does conduct some work for outside agencies, including the Redondo Beach Police Department, the El Camino College Police Department, federal agencies, as well as the San Diego Zoo. For El Camino Community College and these external agencies, the division is able to bill for not only parts but also for any labor spent on upgrading or upfitting the vehicles with appropriate communication gear.

All invoices for parts (member and contract agencies) and parts and labor (for El Camino Community College) are generated by Technical Services, and reviewed and distributed for payment by staff in Finance (Accountant).

The division is also responsible for the maintenance and oversight of the contracts regarding the technical infrastructure for communications and dispatch services. The Division currently manages a contracted third party vendor for the radio towers; however, if there are any issues with the radio towers, the Administrative Services Manager and Technical Services Division staff have to get involved. Currently, the support for Technical Services is captured as part of the larger assessment charged to the member and contract agencies and it is not accounted for separately.

7 BUDGET INFORMATION

In addition to the staffing level information, the project team also collected data regarding expenditures and revenue associated with the Authority. The following table shows revenues received for FY17-18, estimated revenues for FY18-19, and proposed revenues for FY19-20.

Revenues	FY17/18 Actual	FY18/19 Estimated	FY19/20 Adopted
ASSESSMENTS			
Member Cities			
Gardena	$2,391,301	$2,391,301	$2,391,301
Hawthorne	$3,359,598	$3,359,598	$3,359,598
Manhattan Beach	$1,703,280	$1,703,280	$1,703,280
Contract Cities			
Hermosa Beach	$700,072	$828,439	$975,208
El Segundo	$1,294,928	$1,330,766	$1,372,870
Culver City	$2,360,551	$2,507,365	$2,587,601
Total	**$11,809,730**	**$12,120,749**	**$12,389,858**
OTHER REVENUES			
El Camino Community College	$790	$790	$790
Medical Director / Hermosa Beach	$12,500		
Medical Director / Manhattan Beach	$26,250	$27,000	$27,000
Medical Director / El Segundo	$26,250	$27,000	$27,000
Investment Earnings	$59,183	$57,173	$50,000
POST Reimbursements	$574	$600	$600
Unrealized Gain/Loss on Investments	$10,527	-$8,632	
Vending Machine Revenue			
Other Miscellaneous Revenues	$379	$4,862,935	$2,500
Total	**$136,452**	**$4,966,866**	**$107,890**

Revenues	FY17/18 Actual	FY18/19 Estimated	FY19/20 Adopted
OPERATIONS REVENUE			
DUI Reimbursement - Overtime	$2,275	$2,000	$2,000
Sprint Wireless Reimbursements	$80,257	$77,289	$77,289
Verizon Wireless Reimbursements	$10,869	$15,229	$15,229
Pink Patch Project		$356	
Total	**$93,401**	**$94,874**	**$94,518**
TECHNICAL SERVICES REVENUE			
Installation Labor		-$561	
Billable Parts Reimbursements	$710,838	$542,156	$600,000
GST Software Reimbursements	$47,574	$50,000	$50,000
ES Chat Software Reimbursements			
NetMotion Reimbursements			
GETAC Project Reimbursements			
Culver City Transition Reimbursement	$15,014		
Total	**$773,427**	**$591,595**	**$650,000**
GRANT REVENUE (FUND 20)			
20-80-433-4270 Grant Reimb/P25 Comm Repeater	$3,505,856	$5,000,000	
TOTAL ALL FUNDS	**$16,318,865**	**$22,774,084**	**$13,242,267**

As the table indicates, the revenue for FY18/19 is estimated to be significantly higher than FY17/18 or FY19/20 due to the high amount of one-time miscellaneous revenue as well as $5 million in grant reimbursements.

The following table shows a summary of the Authority's expenditures (both operating and capital) by division and expenditure type for FY17-18, estimated expenditures for FY18-19, and proposed expenditures for FY19-20.

Expenditures	FY17/18 Actual	FY18/19 Estimated	FY19/20 Proposed
ADMINISTRATION			
Salaries & Benefits	$1,603,581	$1,027,428	$1,177,578
Supplies/Services/Equipment	$820,423	$1,137,374	$1,032,068
Total	**$2,424,005**	**$2,164,802**	**$2,209,646**
OPERATIONS			
Salaries & Benefits	$6,865,303	$7,627,464	$7,990,434
Supplies/Services/Equipment	$201,499	$230,240	$259,528
Total	**$7,066,802**	**$7,857,704**	**$8,249,962**
TECHNICAL SERVICES			
Salaries & Benefits	$823,697	$704,322	$783,770
Supplies/Services/Equipment	$1,736,794	$7,819,635	$1,183,150
Total	**$2,560,491**	**$8,523,957**	**$1,966,920**

Expenditures	FY17/18 Actual	FY18/19 Estimated	FY19/20 Proposed
CAPITAL OUTLAY			
Total Capital Outlay	$130,808	$17,500	$125,000
TOTAL EXPENDITURES	**$12,182,107**	**$18,563,963**	**$12,551,528**

As the revenue and expenditure tables show, the vast majority (92% in FY17-18) of non-grant revenue comes from assessments on the member and contract cities. The largest portion of resources (77% of non-capital expenditures in FY17-18) are spent on salaries and benefits. Operations, having the most staff by far, accounts for the largest portion of spending of any division, with well over 50% of total expenditures.

The following table shows the net revenues and expenses for the Authority for the last three fiscal years:

Category	FY17/18 Actual	FY18/19 Estimated	FY19/20 Proposed
Revenues	$16,318,865	$22,774,084	$13,242,267
Expenses	$12,182,107	$18,563,963	$12,551,528
NET IMPACT	**$4,136,758**	**$4,210,121**	**$690,739**

As the table indicates, the Authority has a positive net impact, much of this positive net impact is due to reimbursements from grants and miscellaneous revenue sources rather than through the use of assessments.

8 CURRENT COST ALLOCATION OVERVIEW

As part of the documentation of the existing operations of the Authority, the project team also reviewed the current cost allocation process in place for determining the costs to the member and contracted agencies. The following subsections outline the process and results associated with dispatch cost allocation to agencies as well as other costs and charges billed to member and contracted agencies.

9 DISPATCH COST ALLOCATION

SBRPCA has three member agencies – Gardena, Hawthorne, and Manhattan Beach; and it currently provides services to three contracted agencies – Culver City, El Segundo, and Hermosa Beach.

The current methodology in place for determining assessments is based separately for member agencies and contracted agencies.

1 Member Agencies

The current methodology in place for member agency's assessment was adopted by Board Resolution No. 262 in January 2008, and has not been updated since. The resolution states that the assessment for member agencies would be based upon share of ownership as follows:

Jurisdiction	Percentage
Hawthorne	45.07%
Gardena	32.08%
Manhattan Beach	22.85%

The largest share is borne by the City of Hawthorne, followed by Gardena, and then Manhattan Beach. Prior to 2008, the methodology was based on the usage of dispatch operations. This methodology was changed in 2008, as it was determined that it would result in discouraging officers from calling into the dispatch center.

The resolution from 2008 also identified that the methodology for the assessment would remain the same until there was a "material change in the Authority's operating costs". The material change was defined as a substantial change in staffing, or change in membership agencies or contracted agencies.

2 Contracted Agencies

For contracted agencies, the Authority utilizes a separate methodology from its member agencies. This methodology primarily relies on calls for service. When a new city wishes to become a customer of the Authority for 911 and dispatch services, a calculation is conducted to determine the share of overall calls for service which will be generated by the new city relative to the existing member agencies. The table below provides an example of this from 2017, with Culver City as the new agency:

Agency	Police Calls	Fire Calls	Total	Percentage
Hawthorne Police	85,032		85,032	31.97%
Gardena Police	72,170		72,170	27.14%
Manhattan Beach Police and Fire	45,015	3,200	48,215	18.13%
Culver City Police and Fire	54,889	5,644	60,533	22.76%
Total			**265,950**	**100.00%**

The percentage determined from this calculation is then applied to the anticipated budget for the Authority, which is modified to anticipate the addition of staff, supplies, and support associated with the addition of a new customer city. The table below illustrates this allocation, with the following figures used as the basis for calculation:

- **Adjusted Operations Budget**: $7,454,179 – this budget includes all of the operations costs (personnel, services and supplies) associated with the Authority for member and new contract agency, excluding existing contract cities.

- **Administrative Costs**: $2,487,360 – this amount reflects the administrative staff support and facility costs associated with the Authority.

Agency	Percentage	Operations Budget	Admin Costs	Total
Hawthorne Police	31.97%	$2,383,319	$795,282	$3,178,601
Gardena Police	27.14%	$2,022,817	$674,987	$2,697,804
Manhattan Beach Police and Fire	18.13%	$1,351,394	$450,942	$1,802,336
Culver City Police and Fire	22.76%	$1,696,649	$566,149	$2,262,798
Total	**100.00%**	**$7,454,179**	**$2,487,360**	**$9,941,539**

As the table indicates, the total costs associated with Culver City are projected to be approximately $2.3 million.

Once the initial assessment amount is determined based upon the calls for service and adjusted budget allocations, a secondary step is used to govern changes in the year-to-year assessments from each municipality. The structure is different for member cities and client cities.

- Client cities pay an assessment increase percentage which is equal to the average budget increase percentage for the Authority over the last three years (but not to exceed 5%) plus the CPIU for Los Angeles County and surrounding areas. The assessments for client cities may not decrease.[8]

- Member cities pay an assessment sufficient to achieve the Board of Director's desired fund balance target after client cities' assessments have been calculated. Depending on the budget outlook and the trend of the preceding three years, the assessments required of member cities may increase or decrease by as much as is necessary to meet the Board's target.[9]

In practice, this methodology has resulted in the following assessments over the last several years:

[8] B-11 New Client Assessment Policy
[9] FY19/20 Budget, pg. 25

Assessments	FY16/17 Actual	FY17/18 Actual	FY18/19 Estimated	FY19/20 Proposed
Member Cities				
Gardena	$ 2,391,301	$ 2,391,301	$ 2,391,301	$ 2,391,301
Hawthorne	$ 3,359,598	$ 3,359,598	$ 3,359,598	$ 3,359,598
Manhattan Beach	$ 1,703,280	$ 1,703,280	$ 1,703,280	$ 1,703,280
Contract Cities				
Hermosa Beach[10]	$ 671,081	$ 700,072	$ 828,439	$ 975,208
El Segundo	$ 1,271,063	$ 1,294,928	$ 1,330,766	$ 1,372,870
Culver City[11]	$ 754,266	$ 2,360,551	$ 2,507,365	$ 2,587,601
Total	**$ 10,150,589**	**$ 11,809,730**	**$ 12,120,749**	**$ 12,389,858**

As the table shows, member cities' assessments have remained unchanged for the last four years, while the assessments of client cities have experienced consistent incremental growth.

10 OTHER COSTS CHARGED TO AGENCIES

In addition to the cost of dispatch operations, the Authority initially bears the costs of wireless charges and materials for the work done by Technical Services staff, and charges them to the appropriate agency.

1 Wireless Services Charges

The wireless service charges incurred by calls from each member and contract city are billed to the Authority by their respective telecommunications providers (Sprint, Verizon, etc.) on a monthly basis. The Authority pays these bills as they are received. At the end of the year, the Authority charges each city for the total wireless charge associated with their usage of those services. This is done at the same time as the assessment billing for Q4. In FY18/19, wireless billings totaled $93,636.

2 Technical Services

The technical services unit generates costs associated with labor and benefits, capital expenditures, and parts and materials. The labor and benefits costs, as well as the capital outlay associated with maintaining the work space and equipment necessary for installing police packages on vehicles, are considered to be part of the Authority's general budget. Only the parts and materials used are charged to member and contract cities separate from their regular assessment. For El Camino College and other smaller customers of the division, the costs of labor are also charged in addition to the cost of parts.

[10] In 2017, the Authority determined that the rates paid by Hermosa Beach were lower than anticipated, so a new assessment amount was calculated based upon a revised methodology. The difference was amortized progressively over 5 years.
[11] Culver City contracted for services partway through the FY16-17 year.

Appendix B: Comparative Survey

As part of the Cost of Services and Cost Allocation Study, the project team conducted a comparative survey of other regional dispatch agencies. In conjunction with the Authority, the project team identified four agencies: Verdugo Dispatch Center, Orange County Communications, West Cities Police Communications, and Santa Clara County. However, the project team did not receive any information from Orange County Communications. The following table summarizes some key pieces of information received from the three agencies surveyed:

Category	Verdugo Fire	Santa Clara Communications	West Cities Police Comm.
Budget	$4.8m Operating	$25m Operating	$2.7m Operating
FTE's	1 Battalion Chief 1 Ops Manager 3 Admin 5 Supervisors 15 Dispatchers	104 Dispatchers 14 Admin Employees	12 Dispatchers 4 Lead Dispatchers 1 Manager 1 Director 1 Assistant
Agencies Served	3 owners: Glendale, Pasadena, Burbank. 11 contract: Alhambra, Arcadia, Monrovia, Montebello, Monterey Park, San Gabriel, San Marino, Sierra Madre, Vernon, South Pasadena, Bob Hope Airport	County-owned Serve the Sheriff's Department and other contract agencies: Contract Agencies: Cupertino Los Altos Hills Stanford Foothill De Anza West Valley College Los Altos Los Gatos Morgan Hill Monte Sereno Saratoga	Cypress PD, Los Alamitos PD, Seal Beach PD, Orange County Park Rangers.

Category	Verdugo Fire	Santa Clara Communications	West Cities Police Comm.
Governance Model	Enterprise fund of City of Glendale. Owned by Glendale, Burbank, and Pasadena. All three Fire Chiefs, City Managers, and Finance Directors meet annually. City Managers must approve budget before sending to Glendale Council. Battalion Chief oversees operations, reports to the 3 Fire Chiefs quarterly. Also have quarterly technical committee of IT and GIS staff from the 3 owner agencies. Also, a monthly task force of reps from all owner and contract agencies. Also, a finance committee that meets "quarterly" but hasn't much lately.	County Department	JPA owned by Cypress, Los Alamitos, and Seal Beach. OC Park Rangers are contracted. Led by Director. Reports to board (one council member from each city) Oversight committee is City Manager from each city. Approve items for voting by the board. Technical committee is composed of police chiefs, functions in advisory role.
Services Provided	Secondary PSAP – 911 calls for Fire/EMS transferred from Primary. Both Fire and EMS for *all* agencies served.	Primary PSAP; dispatch for Police, Fire / Med, and other services (PW, Parks, Probation, etc.)	Primary PSAP and dispatch for the police agencies.
Allocation Methodology	<u>Operations</u>: About half paid by owner cities using method weighted by population (15%), assessed value (15%), and annual incident volume (70%). Contract cities pay a flat per-incident rate (currently $69 per) which cannot increase more than 5% per year. <u>Capital</u>: CIP budget assessed equally to the 3 equity members according to 10-year plan.	2 Layers of Allocation: **Layer 1:** Allocation to Law, Fire, Medical, and Local Government based upon number of events. **Layer 2**: Within Law, Fire, and Local Government allocated based upon number of total activities for each agency.	Member cities each pay a set percentage. Percentage remains the same year to year and nobody can remember how it was originally set. OC Rangers are on a 5-year contract which goes up 5% per year.
Most Recent Update	Methodology in 2009, adjusted annually	Original methodology in 1990s; reevaluated in 2018	Methodology 1998, not adjusted since

As the table indicates, of the three agencies surveyed the one that resembles SBRPCA the most closely in terms of organizational structure is Verdugo Fire, as there are three owner agencies and 11 contracted agencies. However, in terms of staffing levels and terms of operating budget, the SBRPCA is much closer in size to the Santa Clara County 911 Center compared to the other agencies.

Important items to note from the comparative survey are the following:

- Allocation methodologies for all three agencies surveyed varied.

- Allocation methodology for Verdugo Fire is different for owner cities (based upon population, value, and incident volume); whereas contracted agencies are charged based upon a per incident rate.

- Allocation methodology for Santa Clara Communications prior to the reevaluation of the methodology in 2018 was based upon shift schedules and weighted activities. In 2018 this methodology was reviewed and it was determined that costs should be allocated first to the four different functional areas and then internally within each area based upon unweighted incident volume. The unweighted volume still captured support to those agencies, which required the greatest amount of support.

- The methodology for Verdugo has not been adjusted since 2009 and for West Cities Communication the original basis of the allocation methodology was established in 1998 and there have been no changes.

Based upon these points, it demonstrates that other than Santa Clara County Communications, which has had a recent reevaluation of its allocation methodology, many of the surrounding regional dispatch centers do not have an updated and defensible allocation methodology for dispatch and technical services. Additionally, as the other two agencies are significantly smaller in terms of budget and staffing to the SBRPCA, they are not comparable.

Overall, the current methodology in use by SBRPCA is different from other agencies, but its lack of consistency between member and contracted agencies is similar to Verdugo, and that it has not been updated or reevaluated is also a trend throughout all of the dispatch centers. Information from this comparative survey was primarily utilized to help evaluate potential allocation metrics for review; and to ensure that any metrics reviewed or considered were in line with other agencies.

E-2
Attachment 3

Comprehensive Cost of Service & Allocation Study
Multi-Year Implementation Plan
August 20, 2019

Item #	Target Date	Responsible Party	Action	Category
1	8/20/2019	Executive Committee	Accept the study's cost allocation methodology and direct staff to proceed with implementing the multi-year implementation plan	Policy
2	9/17/2019	Board of Directors	Adopt a cost allocation policy resolution that incorporates the study's recommended cost allocation methodology.	Policy
3	9/17/2019	Board of Directors	Adopt a resolution that modifies the assessment formula in the Authority's bylaws for member cities	Policy
4	9/17/2019	Executive Committee	Amend the budget policy resolution to address funding of non-current pension and Other Post-Employment Benefits (OPEB) liabilities	Policy
5	9/17/2019	Executive Committee	Designation of ad hoc committee to work with Executive Director to develop a successor agreement with the City of El Segundo	City of El Segundo
6	9/30/2019	Executive Director	Begin providing all cities with a summary of their Technical Services job requests and their proportionate labor hours on a quarterly basis.	Technical Services
7	10/1/2019	Executive Director	Negotiate a successor agreement with the City of El Segundo in conformance with the cost allocation policy	City of El Segundo
8	10/1/2019	Executive Director	Develop a quote for dispatch services for the City of Redondo Beach in conformance with the cost allocation policy	City of Redondo Beach
9	10/15/2019	Executive Committee	Adoption of a cost adjustment surcharge resolution	Policy
10	11/19/2019	Executive Committee	Approval of a successor agreement with the City of El Segundo	City of El Segundo
11	11/19/2019	Executive Committee	Approval of quote for dispatch services for the City of Redondo Beach in conformance with the cost allocation policy	City of Redondo Beach
12	2/18/2020	Executive Committee	Approval of Preliminary FY2020/21 Budget to include the first year of assessment formula changes for member cities	Annual Budget Process
13	3/17/2020	Board of Directors	Adoption of Recommended FY2020/21 Budget to include the first year of assessment formula changes for member cities	Annual Budget Process
14	7/1/2020	Executive Director	Begin negotiating a successor agreement with the City of Culver City in conformance with the cost allocation policy	City of Culver City
15	8/18/2020	Executive Director	Re-evaluate the cost allocation methodology for the Technical Services Division costs using 12 months of actual labor hours associated with work orders and present associated recommendations to the Executive Committee	Technical Services
16	9/15/2020	Board of Directors	Adopt any necessary amendments to the cost allocation policy resolution or bylaws that result from the re-evaluation of the cost allocation methodology for the Technical Services Division costs	Policy
17	11/17/2020	Executive Committee	Approval of a successor agreement with the City of Culver City	City of Culver City
18	1/1/2025	Executive Director	Reevaluate assessment methodologies to incorporate any major changes in technology, staffing, operations, & organizational structure	Policy

Item #	Target Date	Responsible Party	Action	Category
19	10/21/2025	Executive Committee	Review findings from reevaluation of assessment methodologies and direct staff to proceed appropriately	Policy
20	11/18/2025	Board of Directors	Adopt any necessary amendments to the cost allocation policy resolution or bylaws	Policy
21	7/1/2027	Executive Director	Begin negotiating a successor agreement with the City of Hermosa Beach in conformance with the cost allocation policy	City of Hermosa Beach
22	11/16/2027	Executive Committee	Approval of a successor agreement with the City of Hermosa Beach	City of Hermosa Beach

F

MINUTES OF A SPECIAL MEETING OF THE USER COMMITTEE **AUGUST 13, 2019**

1. CALL TO ORDER

The User Committee convened in a special session at 2:33PM on Tuesday, August 13, 2019, on the second-floor conference room of the South Bay Regional Public Communications Authority at 4440 West Broadway, Hawthorne, CA.

2. ROLL CALL

Present: Chief Thomas Kang, Gardena PD
Chief Michael Ishii, Hawthorne PD
Chief Daryn Drum, Manhattan Beach FD
Chief Derrick Abell, Manhattan Beach PD

Also Present: Chief Bill Whalen, El Segundo PD
Chief David White, Culver City FD
Lt. Andy Harrod, Manhattan Beach PD
Lt. Leon Lopez, Culver City PD
Lt. Landon Phillips, Hermosa Beach PD
Executive Director Erick B. Lee
Operations Manager Shannon Kauffman
Administrative Services Manager John Krok
Josh Armstrong, Hawthorne PD
Jennifer Petrusis, Richards Watson Gershon

3. POSTING OF THE AGENDA

Executive Director Lee confirmed posting of the agenda per the Brown Act requirements.

4. PUBLIC COMMENT

None.

5. GENERAL BUSINESS

6a. Policy for Pursuits of Suspects, Subjects, and Vehicles by Citizens

Operations Manager Kauffman presented the proposed policy for citizens pursuing suspects, subjects, or suspect vehicles. Ms. Petrusis explained the legal and liability aspects of the issues surrounding the proposed policy. After brief discussion, Chair Ishii moved to approve the policy and it was approved by unanimous voice vote.

6b. Performance Standards

Executive Director Lee presented proposed call answering and call processing performance standards to the Committee, explaining the rationale behind the proposed standards and the benefit such standards will have on overall public safety response times. After discussing the issues, the Committee accepted the standards and thanked staff for moving the agency in a more performance metric-oriented direction. Member Armstrong also provided updates on the state's plans for migrating to Next Generation 911 technologies.

6c. Update on INSB Project

Executive Director Lee provided update on the INSB Network project.

6d. Mark 43 CAD Project Update

Chief Ishii provided overview of Mark 43 CAD project and timeline.

6. COMMENTS FROM USER COMMITTEE MEMBERS

None.

7. COMMENTS FROM CONTRACT CITY REPRESENTATIVES

None.

8. COMMENTS FROM STAFF

None.

9. ADJOURNMENT

The meeting adjourned at 3:15PM.

G

Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: August 20, 2019

ITEM: G

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:

- UASI Grant Reimbursement
- Recruitment of Communications Operators
- INSB Network Project Update
- Agenda Items for the September 17, 2019 Meeting with the Board of Directors