

**SPECIAL MEETING OF THE BOARD OF DIRECTORS
TUESDAY, OCTOBER 13, 2020, 0930AM
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY
CONDUCTED VIA TELECONFERENCE**

PLEASE NOTE: PURSUANT TO GOVERNOR NEWSOM'S EXECUTIVE ORDER NOS. N-25-20 AND N-29-20, MEMBERS OF THE BOARD OF DIRECTORS AND STAFF WILL PARTICIPATE IN THIS MEETING VIA A TELECONFERENCE. IN THE INTEREST OF MAINTAINING APPROPRIATE SOCIAL DISTANCING, THE AUTHORITY ENCOURAGES THE PUBLIC TO PARTICIPATE AND TO PROVIDE COMMENTS ON AGENDA ITEMS OR OTHER SUBJECT MATTER WITHIN THE JURISDICTION OF THE BOARD OF DIRECTORS' BY JOINING:

Link: <https://global.gotomeeting.com/join/435604181>

Audio Only: [+1 \(646\) 749-3122](tel:+16467493122)

Access Code: 435-604-181

A. CALL TO ORDER

B. ROLL CALL BY ACTING EXECUTIVE DIRECTOR

1. Board of Directors

C. PUBLIC DISCUSSION

In the interest of maintaining appropriate social distancing, members of the Board of Directors, and staff will participate in this meeting via teleconference. The Authority encourages the public to participate by using one of the following options for public comments:

- Email your public comment to cchoi@rcc911.org by 7:30 AM, the day of the meeting to have your comment available to Executive Committee and the public.
- Call (310) 973-1802 ext.100 and leave a message by 7:30 AM, the day of the meeting.

D. BOARD OF DIRECTORS' GENERAL BUSINESS

1. Resolution Amending Article X (Finances) of the Bylaws and to Modify the Method of Assessment and Approving the Cost Allocation Policy

APPROVE

E. BOARD OF DIRECTORS' COMMENTS

F. ADJOURNMENT

Posting Date/Time:

October 12, 2020 0730AM

Signature:



John Krok, Acting Executive Director

If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA"), please contact schedule@rcc911.org prior to the meeting for assistance.

D-1



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: October 13, 2020

ITEM NUMBER: D-1

TO: Board of Directors

FROM: John Krok, Acting Executive Director *JTK*

SUBJECT: Revised Technical Services Division Workload Support Charges

ATTACHMENTS:

1. Amended Cost Allocation Policy
2. Tracked Changes Amended Cost Allocation Policy
3. Original Cost Allocation Policy
4. Resolution

RECOMMENDATION

Staff recommends the Board of Directors adopt a resolution establishing the methodology of calculating Workload Support Charges in the Cost Allocation Policy.

DISCUSSION

In September 2020, the Board of Directors adopted an amended Cost Allocation Policy to modify the Technical Services Division (“TSD”) Workload Support Charges methodology from labor hours to percentage of labor hours.

Based on the policy, TSD costs are divided into two major categories: Dedicated Support and Workload Support. Dedicated Support charges are derived by each agency’s corresponding percentage of police and fire vehicles that are anticipated to be active in inventory (either in-service or pending commissioning/decommissioning) during the assessment year. Accounting and billing for Dedicated Support occurs as part of the annual assessment process.

Accounting and billing for Workload Support Charges will occur on a quarterly basis. For FY2020/21, the first quarter billing will be made available in October 2020.

FISCAL IMPACT

Any labor hours performed for outside agencies will not be charged to the Member or Contract Cities and will generate revenue based on Resolution No. 335 (Schedule of Fees and Charges) that was adopted July 21, 2020.

D-1 Attachment 1

EXHIBIT “A”

Cost Allocation Policy

Section 1. Background. This Cost Allocation Policy is based on the Matrix Consulting Group’s *Report on the Cost of Services and Cost Allocation Study – August 2019* that was accepted by the Executive Committee on August 20, 2019.

Section 2. Updating of Policy. In accordance with the consultant’s recommendations, the assessment methodologies and corresponding cost allocation model that serve as the foundation of this Cost Allocation Policy should be updated every 5-7 years or when a new agency begins to receive, or an existing agency ceases to receive, services from the Authority.

Section 3. Total Fiscal Year Costs. As established by the Authority’s Budgetary Policy, staff shall develop a preliminary fiscal year operating and capital outlay budget for presentation to the Executive Committee in February of each year. This budget will include the total costs to operate the Authority for the fiscal year (“Total Fiscal Year Costs”). Based on this preliminary budget, staff shall separate the Total Fiscal Year Costs into the following three categories:

1. Administrative costs
2. Operations Department costs
3. Technical Services Division costs

Each agency shall be assessed its proportionate share of Operations Department and Technical Services Division costs, including commensurate allocations of indirect Administrative costs, as part of the fiscal year budget adopted by the Board of Directors in March of each year.

Section 4. Administrative Costs. The portion of the Total Fiscal Year Costs relating to the Authority’s Administration shall be determined to be its Administrative costs. Such costs shall include:

1. Personnel Costs: Administration Department salaries and benefits
2. Operating Costs: Administration Department supplies, equipment, and services
3. Fixed Assets: Annual depreciation costs associated with building and equipment
4. Capital Outlay: Any capital improvement program expenses
5. Reallocation of Technical Services Costs: Any Authority-wide costs budgeted in the Technical Services Division
6. Revenue Offsets: Reimbursement and investment earnings revenues

Section 4.A. Administrative Functions. Administrative costs shall be allocated to the following four functional areas:

| Function | Allocation of Administrative Costs |
|--|------------------------------------|
| Authority-wide support | 14% |
| Financial support | 10% |
| Personnel and support services support | 54% |
| Operations support | 22% |
| Total | 100% |

Section 4.B. Allocation of Administrative Costs. Administrative costs from the four functional areas shall be allocated between the Operations Department and the Technical Services Division in accordance with the following schedule:

| Function | Operations Department | Technical Services Division | Total |
|--|-----------------------|-----------------------------|-------------|
| Authority-wide support | 81% | 19% | 100% |
| Financial support | 50% | 50% | 100% |
| Personnel and support services support | 92% | 8% | 100% |
| Operations support | 100% | 0% | 100% |

Section 5. Operations Department Costs. The portion of the Total Fiscal Year Costs relating to dispatching services shall be determined to be the Operations Department costs. Such costs shall include:

1. Personnel Costs: Operations Department salaries and benefits
2. Operating Costs: Operations Department supplies, equipment, and services
3. Revenue Offsets: Reimbursement revenues
4. Incoming Indirect Support: Administrative costs and support received from the Technical Services Division

Section 5.A. Operations Department Functions. As part of the annual budget development process, the Executive Director shall develop a staffing allocation plan that allocates Communications Operator staffing between the Operations Department’s three functional areas of Call-Taking, Police Dispatch and Fire Dispatch. All Operations Department costs shall be allocated according to this staffing allocation plan.

Beginning in Fiscal Year 2020-2021 and until a modified staffing allocation plan is recommended by the Executive Director and approved by the Executive Committee, the staffing allocation plan and corollary allocation of Operations Department costs between the three functional areas is as follows:

| Function | Position Allocations | Allocation of Operations Department Costs |
|-----------------|----------------------|---|
| Call-Taking | 3.5 | 32% |
| Police Dispatch | 6.0 | 55% |
| Fire Dispatch | 1.5 | 13% |
| Total | 11.0 | 100% |

Section 5.B. Allocation of Operations Department Costs. The allocation of Operations Department costs between its three functional areas shall be in accordance with the following schedules:

| Call-Taking | Percent of Call-Taking Allocation | Percent of Total Operations Department Costs |
|---------------------|--|---|
| 9-1-1 Calls | 60% | 19% |
| Non-Emergency Calls | 40% | 13% |
| Total | 100% | 32% |

Call-Taking charges will be derived by each agency’s corresponding percentage of 9-1-1 calls and non-emergency calls. In developing the Call-Taking allocations, a rolling three-year average of calls for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

| Police Dispatch | Percent of Police Dispatch Allocation | Percent of Total Operations Department Costs |
|------------------------|--|---|
| Assigned Staff | 70% | 39% |
| CAD Incident Volume | 30% | 16% |
| Total | 100% | 55% |

For Police Dispatch, Assigned Staff costs for each agency will be determined by the assessment year’s staffing allocation plan. CAD Incident Volume charges will be derived by each agency’s corresponding percentage of all police calls for service. In developing the CAD Incident Volume allocation, a rolling three-year average of calls for service for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

| Fire Dispatch | Percent of Fire Dispatch Allocation | Percent of Total Operations Department Costs |
|----------------------|--|---|
| Assigned Staff | 70% | 9% |
| CAD Incident Volume | 30% | 4% |
| Total | 100% | 13% |

For Fire Dispatch, Assigned Staff costs for each agency will be determined by the assessment year’s staffing allocation plan. CAD Incident Volume charges will be derived by each agency’s corresponding percentage of all fire calls for service. In developing the CAD Incident Volume allocation, a rolling three-year average of calls for service for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

Section 6. Technical Services Division Costs. The portion of the Total Fiscal Year Costs relating to vehicle upfitting services shall be determined to be the Technical Services Division costs. Such costs shall include:

1. Personnel Costs: Technical Services Division salaries and benefits
2. Operating Costs: Technical Services Division supplies, equipment, and services
3. Excluded Costs: Certain line items relating to Authority-wide functions and support

- 4. Revenue Offsets: Reimbursement revenues
- 5. Incoming Indirect Support: Administrative costs

Section 6.A. Technical Services Division Functions. The Technical Services Division costs shall be allocated to the following two functional areas:

| Function | Allocation of Technical Services Division Costs |
|-------------------|---|
| Dedicated Support | 50% |
| Workload Support | 50% |
| Total | 100% |

Section 6.B. Allocation of Technical Services Division Costs. The Technical Services Division’s functional costs will be allocated in accordance with the following schedules:

| Dedicated Support | Percent of Dedicated Support Allocation | Percent of Total Technical Services Division Costs |
|----------------------------------|---|--|
| Number of Police & Fire Vehicles | 100% | 50% |
| Total | 100% | 50% |

Dedicated Support charges will be derived by each agency’s corresponding percentage of police and fire vehicles that are anticipated to be active in inventory (either in-service or pending commissioning/decommissioning) during the assessment year. All such vehicles shall be listed on each agency’s “Active Vehicle Inventory List” and certified annually by its Chief of Police or Fire Chief. Accounting of and billing for Dedicated Support will occur as part of the annual assessment process.

| Workload Support | Percent of Workload Support Allocation | Percent of Total Technical Services Division Costs |
|-----------------------|--|--|
| Number of Labor Hours | 100% | 50% |
| Total | 100% | 50% |

Beginning in Fiscal Year 2020-2021, Workload Support charges will be derived by each agency’s corresponding percentage of labor hours associated with vehicle installation and repair work orders. Accounting of and billing for Workload Support will occur on a quarterly basis.

Section 7. Cost Adjustment Surcharge for Contract Agencies. In addition to the assessments for Operations Department and Technical Services Division costs, each contract agency shall be required to pay any cost adjustment surcharge as established by a resolution of the Executive Committee. This cost adjustment surcharge can be assessed in order to fund future costs related to unfunded liabilities associated with the California Public Employees’ Retirement System (“CalPERS”), Other Post-Employment Benefits (“OPEB”) and/or long-term capital improvement needs, which are not currently accounted for in annual budgets. The aforementioned resolution shall specify the source(s) of costs for the surcharge, provide for surcharge funds to accumulate in a separate restricted fund, and designate parameters and conditions under which surcharge funds may be expended.

Section 8. Policy Exceptions. This policy shall be not be applicable to any contract agency that has entered into an agreement with the Authority which authorizes a specific assessment amount that is less than this policy would otherwise require.

D-1 Attachment 2

EXHIBIT “A”

Cost Allocation Policy

Section 1. Background. This Cost Allocation Policy is based on the Matrix Consulting Group’s *Report on the Cost of Services and Cost Allocation Study – August 2019* that was accepted by the Executive Committee on August 20, 2019.

Section 2. Updating of Policy. In accordance with the consultant’s recommendations, the assessment methodologies and corresponding cost allocation model that serve as the foundation of this Cost Allocation Policy should be updated every 5-7 years or when a new agency begins to receive, or an existing agency ceases to receive, services from the Authority.

Section 3. Total Fiscal Year Costs. As established by the Authority’s Budgetary Policy, staff shall develop a preliminary fiscal year operating and capital outlay budget for presentation to the Executive Committee in February of each year. This budget will include the total costs to operate the Authority for the fiscal year (“Total Fiscal Year Costs”). Based on this preliminary budget, staff shall separate the Total Fiscal Year Costs into the following three categories:

1. Administrative costs
2. Operations Department costs
3. Technical Services Division costs

Each agency shall be assessed its proportionate share of Operations Department and Technical Services Division costs, including commensurate allocations of indirect Administrative costs, as part of the fiscal year budget adopted by the Board of Directors in March of each year.

Section 4. Administrative Costs. The portion of the Total Fiscal Year Costs relating to the Authority’s Administration shall be determined to be its Administrative costs. Such costs shall include:

1. Personnel Costs: Administration Department salaries and benefits
2. Operating Costs: Administration Department supplies, equipment, and services
3. Fixed Assets: Annual depreciation costs associated with building and equipment
4. Capital Outlay: Any capital improvement program expenses
5. Reallocation of Technical Services Costs: Any Authority-wide costs budgeted in the Technical Services Division
6. Revenue Offsets: Reimbursement and investment earnings revenues

Section 4.A. Administrative Functions. Administrative costs shall be allocated to the following four functional areas:

| Function | Allocation of Administrative Costs |
|--|------------------------------------|
| Authority-wide support | 14% |
| Financial support | 10% |
| Personnel and support services support | 54% |
| Operations support | 22% |
| Total | 100% |

Section 4.B. Allocation of Administrative Costs. Administrative costs from the four functional areas shall be allocated between the Operations Department and the Technical Services Division in accordance with the following schedule:

| Function | Operations Department | Technical Services Division | Total |
|--|-----------------------|-----------------------------|-------------|
| Authority-wide support | 81% | 19% | 100% |
| Financial support | 50% | 50% | 100% |
| Personnel and support services support | 92% | 8% | 100% |
| Operations support | 100% | 0% | 100% |

Section 5. Operations Department Costs. The portion of the Total Fiscal Year Costs relating to dispatching services shall be determined to be the Operations Department costs. Such costs shall include:

1. Personnel Costs: Operations Department salaries and benefits
2. Operating Costs: Operations Department supplies, equipment, and services
3. Revenue Offsets: Reimbursement revenues
4. Incoming Indirect Support: Administrative costs and support received from the Technical Services Division

Section 5.A. Operations Department Functions. As part of the annual budget development process, the Executive Director shall develop a staffing allocation plan that allocates Communications Operator staffing between the Operations Department’s three functional areas of Call-Taking, Police Dispatch and Fire Dispatch. All Operations Department costs shall be allocated according to this staffing allocation plan.

Beginning in Fiscal Year 2020-2021 and until a modified staffing allocation plan is recommended by the Executive Director and approved by the Executive Committee, the staffing allocation plan and corollary allocation of Operations Department costs between the three functional areas is as follows:

| Function | Position Allocations | Allocation of Operations Department Costs |
|-----------------|----------------------|---|
| Call-Taking | 3.5 | 32% |
| Police Dispatch | 6.0 | 55% |
| Fire Dispatch | 1.5 | 13% |
| Total | 11.0 | 100% |

Section 5.B. Allocation of Operations Department Costs. The allocation of Operations Department costs between its three functional areas shall be in accordance with the following schedules:

| Call-Taking | Percent of Call-Taking Allocation | Percent of Total Operations Department Costs |
|---------------------|--|---|
| 9-1-1 Calls | 60% | 19% |
| Non-Emergency Calls | 40% | 13% |
| Total | 100% | 32% |

Call-Taking charges will be derived by each agency’s corresponding percentage of 9-1-1 calls and non-emergency calls. In developing the Call-Taking allocations, a rolling three-year average of calls for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

| Police Dispatch | Percent of Police Dispatch Allocation | Percent of Total Operations Department Costs |
|------------------------|--|---|
| Assigned Staff | 70% | 39% |
| CAD Incident Volume | 30% | 16% |
| Total | 100% | 55% |

For Police Dispatch, Assigned Staff costs for each agency will be determined by the assessment year’s staffing allocation plan. CAD Incident Volume charges will be derived by each agency’s corresponding percentage of all police calls for service. In developing the CAD Incident Volume allocation, a rolling three-year average of calls for service for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

| Fire Dispatch | Percent of Fire Dispatch Allocation | Percent of Total Operations Department Costs |
|----------------------|--|---|
| Assigned Staff | 70% | 9% |
| CAD Incident Volume | 30% | 4% |
| Total | 100% | 13% |

For Fire Dispatch, Assigned Staff costs for each agency will be determined by the assessment year’s staffing allocation plan. CAD Incident Volume charges will be derived by each agency’s corresponding percentage of all fire calls for service. In developing the CAD Incident Volume allocation, a rolling three-year average of calls for service for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

Section 6. Technical Services Division Costs. The portion of the Total Fiscal Year Costs relating to vehicle upfitting services shall be determined to be the Technical Services Division costs. Such costs shall include:

1. Personnel Costs: Technical Services Division salaries and benefits
2. Operating Costs: Technical Services Division supplies, equipment, and services
3. Excluded Costs: Certain line items relating to Authority-wide functions and support

4. Revenue Offsets: Reimbursement revenues
5. Incoming Indirect Support: Administrative costs

Section 6.A. Technical Services Division Functions. The Technical Services Division costs shall be allocated to the following two functional areas:

| Function | Allocation of Technical Services Division Costs |
|-------------------|---|
| Dedicated Support | 50% |
| Workload Support | 50% |
| Total | 100% |

Section 6.B. Allocation of Technical Services Division Costs. The Technical Services Division’s functional costs will be allocated in accordance with the following schedules:

| Dedicated Support | Percent of Dedicated Support Allocation | Percent of Total Technical Services Division Costs |
|----------------------------------|---|--|
| Number of Police & Fire Vehicles | 100% | 50% |
| Total | 100% | 50% |

Dedicated Support charges will be derived by each agency’s corresponding percentage of police and fire vehicles that are anticipated to be active in inventory (either in-service or pending commissioning/decommissioning) during the assessment year. All such vehicles shall be listed on each agency’s “Active Vehicle Inventory List” and certified annually by its Chief of Police or Fire Chief. Accounting of and billing for Dedicated Support will occur as part of the annual assessment process.

| Workload Support | Percent of Workload Support Allocation | Percent of Total Technical Services Division Costs |
|---|--|--|
| Number of Labor Hours Work Orders | 100% | 50% |
| Total | 100% | 50% |

~~Beginning in~~ For Fiscal Year 2020-2021, Workload Support charges will be derived by each agency’s corresponding percentage of labor hours associated with vehicle installation and repair work orders. Accounting of and billing for Workload Support will occur on a quarterly basis.

~~Beginning in Fiscal Year 2021-2022, the Authority anticipates changing the calculation of Workload Support charges from a three-year average of work orders to the actual percentage of labor hours associated with vehicle installation and repair work orders. The Executive Director shall present recommendations on implementing this anticipated change to the Executive Committee by September 30, 2020.~~

Section 7. Cost Adjustment Surcharge for Contract Agencies. In addition to the assessments for Operations Department and Technical Services Division costs, each contract agency shall be required to pay any cost adjustment surcharge as established by a resolution of the Executive Committee. This cost adjustment surcharge can be assessed in order to fund future costs related to unfunded liabilities

associated with the California Public Employees' Retirement System ("CalPERS"), Other Post-Employment Benefits ("OPEB") and/or long-term capital improvement needs, which are not currently accounted for in annual budgets. The aforementioned resolution shall specify the source(s) of costs for the surcharge, provide for surcharge funds to accumulate in a separate restricted fund, and designate parameters and conditions under which surcharge funds may be expended.

Section 8. Policy Exceptions. This policy shall be not be applicable to any contract agency that has entered into an agreement with the Authority which authorizes a specific assessment amount that is less than this policy would otherwise require.

D-1 Attachment 3

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4. Capital Outlay: Any capital improvement program expenses
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6. Revenue Offsets: Reimbursement and investment earnings revenues

Section 4.A. Administrative Functions. Administrative costs shall be allocated to the following four functional areas:

| Function | Allocation of Administrative Costs |
|--|------------------------------------|
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| Financial support | 10% |
| Personnel and support services support | 54% |
| Operations support | 22% |
| Total | 100% |

Section 4.B. Allocation of Administrative Costs. Administrative costs from the four functional areas shall be allocated between the Operations Department and the Technical Services Division in accordance with the following schedule:

| Function | Operations Department | Technical Services Division | Total |
|--|-----------------------|-----------------------------|-------------|
| Authority-wide support | 81% | 19% | 100% |
| Financial support | 50% | 50% | 100% |
| Personnel and support services support | 92% | 8% | 100% |
| Operations support | 100% | 0% | 100% |

Section 5. Operations Department Costs. The portion of the Total Fiscal Year Costs relating to dispatching services shall be determined to be the Operations Department costs. Such costs shall include:

1. Personnel Costs: Operations Department salaries and benefits
2. Operating Costs: Operations Department supplies, equipment, and services
3. Revenue Offsets: Reimbursement revenues
4. Incoming Indirect Support: Administrative costs and support received from the Technical Services Division

Section 5.A. Operations Department Functions. As part of the annual budget development process, the Executive Director shall develop a staffing allocation plan that allocates Communications Operator staffing between the Operations Department’s three functional areas of Call-Taking, Police Dispatch and Fire Dispatch. All Operations Department costs shall be allocated according to this staffing allocation plan.

Beginning in Fiscal Year 2020-2021 and until a modified staffing allocation plan is recommended by the Executive Director and approved by the Executive Committee, the staffing allocation plan and corollary allocation of Operations Department costs between the three functional areas is as follows:

| Function | Position Allocations | Allocation of Operations Department Costs |
|-----------------|----------------------|---|
| Call-Taking | 3.5 | 32% |
| Police Dispatch | 6.0 | 55% |
| Fire Dispatch | 1.5 | 13% |
| Total | 11.0 | 100% |

Section 5.B. Allocation of Operations Department Costs. The allocation of Operations Department costs between its three functional areas shall be in accordance with the following schedules:

| Call-Taking | Percent of Call-Taking Allocation | Percent of Total Operations Department Costs |
|---------------------|--|---|
| 9-1-1 Calls | 60% | 19% |
| Non-Emergency Calls | 40% | 13% |
| Total | 100% | 32% |

Call-Taking charges will be derived by each agency's corresponding percentage of 9-1-1 calls and non-emergency calls. In developing the Call-Taking allocations, a rolling three-year average of calls for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

| Police Dispatch | Percent of Police Dispatch Allocation | Percent of Total Operations Department Costs |
|------------------------|--|---|
| Assigned Staff | 70% | 39% |
| CAD Incident Volume | 30% | 16% |
| Total | 100% | 55% |

For Police Dispatch, Assigned Staff costs for each agency will be determined by the assessment year's staffing allocation plan. CAD Incident Volume charges will be derived by each agency's corresponding percentage of all police calls for service. In developing the CAD Incident Volume allocation, a rolling three-year average of calls for service for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

| Fire Dispatch | Percent of Fire Dispatch Allocation | Percent of Total Operations Department Costs |
|----------------------|--|---|
| Assigned Staff | 70% | 9% |
| CAD Incident Volume | 30% | 4% |
| Total | 100% | 13% |

For Fire Dispatch, Assigned Staff costs for each agency will be determined by the assessment year's staffing allocation plan. CAD Incident Volume charges will be derived by each agency's corresponding percentage of all fire calls for service. In developing the CAD Incident Volume allocation, a rolling three-year average of calls for service for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

Section 6. Technical Services Division Costs. The portion of the Total Fiscal Year Costs relating to vehicle upfitting services shall be determined to be the Technical Services Division costs. Such costs shall include:

1. Personnel Costs: Technical Services Division salaries and benefits
2. Operating Costs: Technical Services Division supplies, equipment, and services
3. Excluded Costs: Certain line items relating to Authority-wide functions and support
4. Revenue Offsets: Reimbursement revenues
5. Incoming Indirect Support: Administrative costs

Section 6.A. Technical Services Division Functions. The Technical Services Division costs shall be allocated to the following two functional areas:

| Function | Allocation of Technical Services Division Costs |
|-------------------|---|
| Dedicated Support | 50% |
| Workload Support | 50% |
| Total | 100% |

Section 6.B. Allocation of Technical Services Division Costs. The Technical Services Division’s functional costs will be allocated in accordance with the following schedules:

| Dedicated Support | Percent of Dedicated Support Allocation | Percent of Total Technical Services Division Costs |
|----------------------------------|---|--|
| Number of Police & Fire Vehicles | 100% | 50% |
| Total | 100% | 50% |

Dedicated Support charges will be derived by each agency’s corresponding percentage of police and fire vehicles that are anticipated to be active in inventory (either in-service or pending commissioning/decommissioning) during the assessment year. All such vehicles shall be listed on each agency’s “Active Vehicle Inventory List” and certified annually by its Chief of Police or Fire Chief. Accounting of and billing for Dedicated Support will occur as part of the annual assessment process.

| Workload Support | Percent of Workload Support Allocation | Percent of Total Technical Services Division Costs |
|-----------------------|--|--|
| Number of Work Orders | 100% | 50% |
| Total | 100% | 50% |

For Fiscal Year 2020-2021, Workload Support charges will be derived by each agency’s corresponding percentage of vehicle installation and repair work orders. Accounting of and billing for Workload Support will occur on a quarterly basis.

Beginning in Fiscal Year 2021-2022, the Authority anticipates changing the calculation of Workload Support charges from a three-year average of work orders to the actual percentage of labor hours associated with vehicle installation and repair work orders. The Executive Director shall present recommendations on implementing this anticipated change to the Executive Committee by September 30, 2020.

Section 7. Cost Adjustment Surcharge for Contract Agencies. In addition to the assessments for Operations Department and Technical Services Division costs, each contract agency shall be required to pay any cost adjustment surcharge as established by a resolution of the Executive Committee. This cost adjustment surcharge can be assessed in order to fund future costs related to unfunded liabilities associated with the California Public Employees’ Retirement System (“CalPERS”), Other Post-Employment Benefits (“OPEB”) and/or long-term capital improvement needs, which are not currently accounted for in annual budgets. The aforementioned resolution shall specify the source(s) of costs for the surcharge,

provide for surcharge funds to accumulate in a separate restricted fund, and designate parameters and conditions under which surcharge funds may be expended.

Section 8. Policy Exceptions. This policy shall be not be applicable to any contract agency that has entered into an agreement with the Authority which authorizes a specific assessment amount that is less than this policy would otherwise require.

D-1 Attachment 4

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY AMENDING ARTICLE X (FINANCES) OF THE BYLAWS TO MODIFY THE METHOD OF ASSESSMENT AND APPROVING A COST ALLOCATION POLICY IN CONNECTION THEREWITH

WHEREAS, Article IV of the Authority's Bylaws grants the Board of Directors full control and management of the affairs of the Authority, and also establishes the Board of Directors as the governing body of the Authority with plenary powers to take such actions necessary and appropriate to accomplish the general purposes of the Authority;

WHEREAS, Article IV Section G of the Authority's Bylaws grants the Board of Directors the power to make all policy decisions and determinations for the Authority;

WHEREAS, Article X of the Authority's Bylaws requires a review and revision of its assessment formula whenever the Executive Committee determines that there is a material change in the operational costs of the Authority;

WHEREAS, the Executive Committee approved an agreement with Matrix Consulting Group for consulting services related to a Comprehensive Cost of Service and Allocation Study on February 19, 2019;

WHEREAS, the Executive Committee accepted the recommendations of the Matrix Consulting Group's study on August 20, 2019, with the exception of modifying the implementation horizon for Recommendation #10 from 3-5 years to 12 months and revisiting the possibility of implementing Recommendations #11 through #19 after the Authority's policy on non-current liabilities has been considered by the Executive Committee, and directed staff to develop a cost allocation policy based on the study;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Bay Regional Public Communications Authority:

SECTION 1. Cost Allocation Policy. The Cost Allocation Policy identified as Exhibit "A" of this resolution is hereby adopted.

SECTION 2. Amendment to Bylaws. Article X (Finances) of the Bylaws, is hereby amended in its entirety to read as provided in Exhibit "B" to this resolution.

SECTION 3. Agreements with Contract Agencies. All future agreements with contract agencies shall utilize the Cost Allocation Policy as the basis for their assessment charges and, to the extent possible, conform with the tenets of the policy.

SECTION 4. Resolution 324, passed and adopted September 17, 2019, and all amendments thereof are hereby repealed.

SECTION 5. This resolution shall become effective immediately, and shall remain in full force and effect until the further order of the Board of Directors.

Passed, approved, and adopted in a meeting held on the 13th day of October, 2020 by the following vote:

Ayes: Noes:

Absent:

Abstain:

Hildy Stern, Chair
Board of Directors

John Krok, Secretary
Board of Directors

EXHIBIT “A”

Cost Allocation Policy

Section 1. Background. This Cost Allocation Policy is based on the Matrix Consulting Group’s *Report on the Cost of Services and Cost Allocation Study – August 2019* that was accepted by the Executive Committee on August 20, 2019.

Section 2. Updating of Policy. In accordance with the consultant’s recommendations, the assessment methodologies and corresponding cost allocation model that serve as the foundation of this Cost Allocation Policy should be updated every 5-7 years or when a new agency begins to receive, or an existing agency ceases to receive, services from the Authority.

Section 3. Total Fiscal Year Costs. As established by the Authority’s Budgetary Policy, staff shall develop a preliminary fiscal year operating and capital outlay budget for presentation to the Executive Committee in February of each year. This budget will include the total costs to operate the Authority for the fiscal year (“Total Fiscal Year Costs”). Based on this preliminary budget, staff shall separate the Total Fiscal Year Costs into the following three categories:

1. Administrative costs
2. Operations Department costs
3. Technical Services Division costs

Each agency shall be assessed its proportionate share of Operations Department and Technical Services Division costs, including commensurate allocations of indirect Administrative costs, as part of the fiscal year budget adopted by the Board of Directors in March of each year.

Section 4. Administrative Costs. The portion of the Total Fiscal Year Costs relating to the Authority’s Administration shall be determined to be its Administrative costs. Such costs shall include:

1. Personnel Costs: Administration Department salaries and benefits
2. Operating Costs: Administration Department supplies, equipment, and services
3. Fixed Assets: Annual depreciation costs associated with building and equipment
4. Capital Outlay: Any capital improvement program expenses
5. Reallocation of Technical Services Costs: Any Authority-wide costs budgeted in the Technical Services Division
6. Revenue Offsets: Reimbursement and investment earnings revenues

Section 4.A. Administrative Functions. Administrative costs shall be allocated to the following four functional areas:

| Function | Allocation of Administrative Costs |
|--|------------------------------------|
| Authority-wide support | 14% |
| Financial support | 10% |
| Personnel and support services support | 54% |
| Operations support | 22% |
| Total | 100% |

Section 4.B. Allocation of Administrative Costs. Administrative costs from the four functional areas shall be allocated between the Operations Department and the Technical Services Division in accordance with the following schedule:

| Function | Operations Department | Technical Services Division | Total |
|--|-----------------------|-----------------------------|-------------|
| Authority-wide support | 81% | 19% | 100% |
| Financial support | 50% | 50% | 100% |
| Personnel and support services support | 92% | 8% | 100% |
| Operations support | 100% | 0% | 100% |

Section 5. Operations Department Costs. The portion of the Total Fiscal Year Costs relating to dispatching services shall be determined to be the Operations Department costs. Such costs shall include:

1. Personnel Costs: Operations Department salaries and benefits
2. Operating Costs: Operations Department supplies, equipment, and services
3. Revenue Offsets: Reimbursement revenues
4. Incoming Indirect Support: Administrative costs and support received from the Technical Services Division

Section 5.A. Operations Department Functions. As part of the annual budget development process, the Executive Director shall develop a staffing allocation plan that allocates Communications Operator staffing between the Operations Department’s three functional areas of Call-Taking, Police Dispatch and Fire Dispatch. All Operations Department costs shall be allocated according to this staffing allocation plan.

Beginning in Fiscal Year 2020-2021 and until a modified staffing allocation plan is recommended by the Executive Director and approved by the Executive Committee, the staffing allocation plan and corollary allocation of Operations Department costs between the three functional areas is as follows:

| Function | Position Allocations | Allocation of Operations Department Costs |
|-----------------|----------------------|---|
| Call-Taking | 3.5 | 32% |
| Police Dispatch | 6.0 | 55% |
| Fire Dispatch | 1.5 | 13% |
| Total | 11.0 | 100% |

Section 5.B. Allocation of Operations Department Costs. The allocation of Operations Department costs between its three functional areas shall be in accordance with the following schedules:

| Call-Taking | Percent of Call-Taking Allocation | Percent of Total Operations Department Costs |
|---------------------|--|---|
| 9-1-1 Calls | 60% | 19% |
| Non-Emergency Calls | 40% | 13% |
| Total | 100% | 32% |

Call-Taking charges will be derived by each agency’s corresponding percentage of 9-1-1 calls and non-emergency calls. In developing the Call-Taking allocations, a rolling three-year average of calls for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

| Police Dispatch | Percent of Police Dispatch Allocation | Percent of Total Operations Department Costs |
|------------------------|--|---|
| Assigned Staff | 70% | 39% |
| CAD Incident Volume | 30% | 16% |
| Total | 100% | 55% |

For Police Dispatch, Assigned Staff costs for each agency will be determined by the assessment year’s staffing allocation plan. CAD Incident Volume charges will be derived by each agency’s corresponding percentage of all police calls for service. In developing the CAD Incident Volume allocation, a rolling three-year average of calls for service for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

| Fire Dispatch | Percent of Fire Dispatch Allocation | Percent of Total Operations Department Costs |
|----------------------|--|---|
| Assigned Staff | 70% | 9% |
| CAD Incident Volume | 30% | 4% |
| Total | 100% | 13% |

For Fire Dispatch, Assigned Staff costs for each agency will be determined by the assessment year’s staffing allocation plan. CAD Incident Volume charges will be derived by each agency’s corresponding percentage of all fire calls for service. In developing the CAD Incident Volume allocation, a rolling three-year average of calls for service for each agency, as of December 31, shall be used, except in cases where three years of reliable data is not available. In such cases, a two-year average, one year of actual data, or an annual projection may be used.

Section 6. Technical Services Division Costs. The portion of the Total Fiscal Year Costs relating to vehicle upfitting services shall be determined to be the Technical Services Division costs. Such costs shall include:

1. Personnel Costs: Technical Services Division salaries and benefits
2. Operating Costs: Technical Services Division supplies, equipment, and services
3. Excluded Costs: Certain line items relating to Authority-wide functions and support

4. Revenue Offsets: Reimbursement revenues
5. Incoming Indirect Support: Administrative costs

Section 6.A. Technical Services Division Functions. The Technical Services Division costs shall be allocated to the following two functional areas:

| Function | Allocation of Technical Services Division Costs |
|-------------------|---|
| Dedicated Support | 50% |
| Workload Support | 50% |
| Total | 100% |

Section 6.B. Allocation of Technical Services Division Costs. The Technical Services Division’s functional costs will be allocated in accordance with the following schedules:

| Dedicated Support | Percent of Dedicated Support Allocation | Percent of Total Technical Services Division Costs |
|----------------------------------|---|--|
| Number of Police & Fire Vehicles | 100% | 50% |
| Total | 100% | 50% |

Dedicated Support charges will be derived by each agency’s corresponding percentage of police and fire vehicles that are anticipated to be active in inventory (either in-service or pending commissioning/decommissioning) during the assessment year. All such vehicles shall be listed on each agency’s “Active Vehicle Inventory List” and certified annually by its Chief of Police or Fire Chief. Accounting of and billing for Dedicated Support will occur as part of the annual assessment process.

| Workload Support | Percent of Workload Support Allocation | Percent of Total Technical Services Division Costs |
|-----------------------|--|--|
| Number of Labor Hours | 100% | 50% |
| Total | 100% | 50% |

Beginning in Fiscal Year 2020-2021, Workload Support charges will be derived by each agency’s corresponding percentage of labor hours associated with vehicle installation and repair work orders. Accounting of and billing for Workload Support will occur on a quarterly basis.

Section 7. Cost Adjustment Surcharge for Contract Agencies. In addition to the assessments for Operations Department and Technical Services Division costs, each contract agency shall be required to pay any cost adjustment surcharge as established by a resolution of the Executive Committee. This cost adjustment surcharge can be assessed in order to fund future costs related to unfunded liabilities associated with the California Public Employees’ Retirement System (“CalPERS”), Other Post-Employment Benefits (“OPEB”) and/or long-term capital improvement needs, which are not currently accounted for in annual budgets. The aforementioned resolution shall specify the source(s) of costs for the surcharge, provide for surcharge funds to accumulate in a separate restricted fund, and designate parameters and conditions under which surcharge funds may be expended.

Section 8. Policy Exceptions. This policy shall be not be applicable to any contract agency that has entered into an agreement with the Authority which authorizes a specific assessment amount that is less than this policy would otherwise require.

EXHIBIT "B"

Amendment to Bylaws

ARTICLE X FINANCES

(Article Renumbered by Resolution 31, 6/26/80,
Formerly Article X)

- A. Fiscal Year.** The fiscal year of the Authority shall begin July 1 of each year. If more than fifty percent of the finances for the Authority during any twelve-month period are provided by grant funds, the fiscal year may be modified by the Board of Directors to coincide with the contract period of such grant.
- B. Budget Submission and Adoption.** The Authority budget of the following fiscal year shall be submitted by the Executive Director to the Executive Committee in February of each year and the Board of Directors in March of each year. The Board of Directors shall approve and adopt the annual budget for the Authority not later than March 31 of each year. The annual budget shall include the necessary funds with which the Authority shall obtain and maintain workers' compensation insurance, liability insurance and other such insurance as deemed necessary by the Executive Committee to fully protect the Authority and each of the member agencies. Said insurance shall be obtained and maintained in force at all times during the effective term of this Agreement.
- C. Yearly Membership Assessment.** Each year, concurrent with the adoption of the annual budget, the Board of Directors shall fix membership assessments for all member agencies in the amounts sufficient to provide the funds required by the budget and shall advise the legislative body of each member agency thereof on or before May 1 of each year. Said assessments shall be due and payable to the Authority by each member agency quarterly, July 15 (35% of total due); October 15 and January 15 (25%) and April 15 (15%). If any member agency fails to pay its entire assessment prior to the foregoing date, such agency shall be deemed in default for the purposes of Paragraph "E" hereof.

The amount of each member agency's assessment shall be determined in accordance with the formula set forth in Paragraph "D" hereof. (Amended by Resolution 31, 6/26/80 and Resolution 73 (12/21/83.)

D. Method of Assessment.

(Phase III assessment schedule deleted by Resolution 31, 7/02/80;
Phase IV assessment schedule deleted by Resolution 54, 12/16/81;
Amended by Resolution 262, 1/15/08.)

Computation of assessments to be paid by the member agencies for the operation and maintenance of the Authority shall be as follows:

1. Beginning Fiscal Year 2008-2009, the annual budgeted expenditures and indebtedness incurred by the Authority shall be divided among the member

agencies in accordance with the formula based 100% 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% |

2. Beginning Fiscal Year 2020-2021, each member shall pay an assessment that is the total of the sum of the Member Cost Allocation Assessment, the Deficit Assessment, and the Debt Assessment, as such terms are defined below.
 - a. The "Member Cost Allocation Assessment" shall mean an amount that is determined by dividing the annual budgeted expenditures among the member agencies in accordance with the Cost Allocation Policy, adopted by resolution of the Board of Directors. To allow cost increases for the City of Manhattan Beach to be phased in over a four year period, for each fiscal year through fiscal year 2022-23, the Member Cost Allocation Assessment shall be further adjusted as follows:
 - i. For Fiscal Year 2020-2021, the City of Manhattan Beach will receive an 11.95% discount on its Member Cost Allocation Assessment. The City of Gardena will pay a 4.93% premium on its Member Cost Allocation Assessment. The City of Hawthorne will pay a 5.30% premium on its Member Cost Allocation Assessment.
 - ii. For Fiscal Year 2021-2022, the City of Manhattan Beach will receive a 7.97% discount on its Member Cost Allocation Assessment. The City of Gardena will pay a 3.33% premium on its Member Cost Allocation Assessment. The City of Hawthorne will pay a 3.50% premium on its Member Cost Allocation Assessment.
 - iii. For Fiscal Year 2022-2023, the City of Manhattan Beach will receive a 3.98% discount on its Member Cost Allocation Assessment. The City of Gardena will pay a 1.69% premium on its Member Cost Allocation Assessment. The City of Hawthorne will pay a 1.73% premium on its Member Cost Allocation Assessment.
 - b. The "Deficit Assessment" shall mean an amount that represents each member's Ownership Share (defined below) of the sum of the following: any budgeted expenditures not covered by (i) the total amount of the Member Cost Allocation Assessments and (ii) all assessments paid by a non-member agency pursuant to contract.
 - c. The "Debt Assessment" shall mean an amount that represents each member's Ownership Share (defined below) of the annual cost of any indebtedness incurred by the Authority.

3. The "Ownership Share" shall mean:

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

This assessment formula shall be reviewed and revised whenever the Executive Committee determines that there is a material change in the operational costs of the Authority. A material change in operating costs shall mean such circumstances that would compel the Authority to substantially increase staffing levels to provide dispatch services to its members or to a new contracting or member agency. Individual member agency's communications equipment maintenance shall be paid for entirely by such member agency.

E. Default on Obligations. If any member agency fails to make payment of its membership assessment on the due date, the following penalties shall be imposed automatically:

Payment Received by the Authority

- 15 days past due - 5% of the amount due.

Payment Received by the Authority

- 30 days past due - 10% of the amount due.

The levying of a default membership assessment shall not limit the Authority's power to seek any other remedies in the law, or as contained in these Bylaws. (First paragraph added by Resolution 10, 5/19/77.)

Notwithstanding any other provision of the Agreement or the Bylaws to the contrary, an official representative or alternate from any member agency to the Board of Directors, Executive Committee, User Committee or any other Board or Committee of the Authority as may be established, shall not be eligible to vote on any matter before such Board or Committee during any period that such member agency is in default on any financial obligation to the Authority. During the existence of such default, such representative shall not be counted as a member of any such Board or Committee for purposes of determining a quorum or any requisite vote required pursuant to any provision of these Bylaws. After the initial five year mandatory term of membership as provided in the Agreement and these Bylaws, if a member agency remains in default on any obligation to the Authority for a period of more than ninety consecutive days thereafter, the membership of such agency shall automatically be terminated.

The Authority shall have the power to commence an action in its own name against any member agency in default to recover the amount of the obligation due to the Authority hereunder.

F. Treasurer and Controller. The Treasurer and Controller shall be the chief financial officer of the Authority and shall be appointed by, and hold office at the pleasure of, the Executive Committee. The Treasurer and Controller shall receive such compensation as may be fixed by the Executive Committee. Said controller and treasurer shall have the powers and duties as set forth in Sections 6505 and 6505.5 of the Government Code, any other provision of state law, an agreement, these Bylaws or as may be established by the Executive Committee.

- G. Property Custodian.** The Executive Committee shall, by resolution, designate the public officers or persons who have charge of, handle or have access to any property of the Authority and shall require such public officers or persons to file an official bond in an amount to be fixed by said resolution.
- H. Indemnification of Tort Liability.** Pursuant to Section 895 et seq. Of the Government Code of the State of California, each member agency shall be liable for any debts and liabilities imposed by law upon any one or more of the member agencies for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement in the same proportions as specified for membership assessments set forth in Paragraph D of Article VIII hereof. To achieve such purpose, each member agency hereby indemnifies and holds harmless the other member agencies for any loss, cost or expense that may be imposed upon such other member agencies in excess of such prorated liability. The rules for interpreting agreement of indemnity as set forth in Section 2778 of the Civil Code are hereby made a part of these Bylaws.