

**REGULAR MEETING OF THE BOARD OF DIRECTORS, THE EXECUTIVE COMMITTEE  
AND THE USER COMMITTEE  
TUESDAY, JANUARY 18, 2022, 2:00 PM  
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, EXECUTIVE COMMITTEE, USER COMMITTEE, 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, EXECUTIVE COMMITTEE, AND/OR USER COMMITTEE BY JOINING:

<https://us02web.zoom.us/j/87115877514?pwd=WE0vNkl0Q1JDZ1NoZ2NTbHlHb09adz09>

**Meeting ID: 871 1587 7514**

**Passcode: 393077**

**A. CALL TO ORDER**

**B. ROLL CALL**

1. Board of Directors
2. Executive Committee
3. User Committee

**C. PUBLIC DISCUSSION**

In the interest of maintaining appropriate social distancing, members of the Board of Directors, Executive Committee, User Committee, 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 [choi@rcc911.org](mailto:choi@rcc911.org) by 7:30 AM, the day of the meeting to have your comment available to the Board of Directors, the Executive Committee, the User Committee, and to the public.

Call (310) 973-1802 ext.100 and leave a message by 7:30 AM, the day of the meeting.

All of your comments provided by the deadlines above will be available to the Board of Directors, Executive Committee, User Committee, and the public prior to the meeting.

In addition, you may participate by joining Zoom during the meeting by using the link above and using the "raise hand" button or entering \*9 on the phone's dial pad if you would like to make a comment.

**D. EXECUTIVE COMMITTEE CONSENT CALENDAR**

1. Minutes from November 16, 2021  
**APPROVE**
2. Check Register - December 2021  
**RECEIVE AND FILE**
3. AB 361 Findings for Special Brown Act Requirements for Teleconference Meetings  
**MAKE FINDINGS PURSUANT TO AB 361**

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

**F. EXECUTIVE COMMITTEE GENERAL BUSINESS**

1. Fiscal Year 2020-2021 Annual Financial Report  
**RECEIVE AND FILE**
2. FY22 Payment of the Actuarially Determined Net Trust Contribution to the Authority's Section 115 Trust for Other Post-Employment Benefits in the amount of \$192,692  
**RECOMMEND THE BOARD OF DIRECTORS APPROPRIATE FUNDS FROM THE ENTERPRISE FUND AND APPROVE THE PAYMENT**
3. FY22 Additional Discretionary Payment in the amount of \$281,864 towards Authority's CalPERS Pension Unfunded Actuarial Liability  
**RECOMMEND THE BOARD OF DIRECTORS APPROPRIATE FUNDS FROM THE ENTERPRISE FUND AND APPROVE THE PAYMENT**

**G. BOARD OF DIRECTORS CONSENT CALENDAR**

1. Minutes from September 21, 2021  
**APPROVE**
2. AB 361 Findings for Special Brown Act Requirements for Teleconference Meetings  
**MAKE FINDINGS PURSUANT TO AB 361**
3. FY22 Payment of the Actuarially Determined Net Trust Contribution to the Authority's Section 115 Trust for Other Post-Employment Benefits in the amount of \$192,692  
**APPROPRIATE FUNDS FROM THE ENTERPRISE FUND AND APPROVE THE PAYMENT**
4. FY22 Additional Discretionary Payment in the amount of \$281,864 towards Authority's CalPERS Pension Unfunded Actuarial Liability  
**APPROPRIATE FUNDS FROM THE ENTERPRISE FUND AND APPROVE THE PAYMENT**

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

**I. BOARD OF DIRECTORS GENERAL BUSINESS**

1. Fiscal Year 2021-2022 Mid-Year Budget Report  
**RECEIVE AND FILE**

**J. USER COMMITTEE GENERAL BUSINESS**

1. AB 361 Findings for Special Brown Act Requirements for Teleconference Meetings  
**MAKE FINDINGS PURSUANT TO AB 361**
2. Minutes from September 21, 2021  
**APPROVE**

**K. BOARD OF DIRECTORS, EXECUTIVE AND USER COMMITTEES' COMMENTS**

**L. EXECUTIVE COMMITTEE CLOSED SESSION AGENDA**

1. CONFERENCE WITH LABOR NEGOTIATOR  
Pursuant to Government Code Section 54957.6  
  
Agency Designated Representative: Executive Director and Liebert, Cassidy, Whitmore  
Employee Organization: The California Teamsters Public, Professional and Medical Employees Union Local 911

2. CONFERENCE WITH LABOR NEGOTIATOR  
Pursuant to Government Code Section 54957.6

Agency Designated Representative: Executive Director and Liebert, Cassidy, Whitmore  
Employee Organization: The Communication Workers of America

**M. ADJOURNMENT**

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Posting Date/Time: January 14, 2022 4:00PM

Signature:

A handwritten signature in blue ink, appearing to read "M. Liebert", is written over a horizontal line.

Executive Director

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## REGULAR JOINT MEETING OF THE EXECUTIVE COMMITTEE AND THE USER COMMITTEE

A. **CALL TO ORDER**

The Executive Committee convened in a regular joint meeting on November 16, 2021 at 2:01PM by teleconference. The User Committee did not meet due to lack of quorum.

B. **ROLL CALL**

Present: City Manager Clint Osorio, City of Gardena  
City Manager Bruce Moe, City of Manhattan Beach  
Chief Mike Ishii, Hawthorne Police Department  
Chief Mike Saffell, Gardena Police Department

Absent: Chief Derrick Abell, Manhattan Beach Police Department  
Chief Mike Lang, Manhattan Beach Fire Department

Also Present: Chief Kenneth Powell, Culver City Fire Department  
Captain Gary Tomatani, Hawthorne Police Department  
Josh Armstrong, Hawthorne Police Department  
Jennifer Petrusis, Richards Watson Gershon  
Laura Kalty, Liebert Cassidy Whitmore  
Ross Klun, Executive Director  
Shannon Kauffman, Operations Manager  
John Krok, Administrative Services Manager  
Vanessa Alfaro, Finance and Performance Audit Manager

C. **PUBLIC DISCUSSION**

Executive Director Klun brought to the attention of the Executive Committee that required immediate action by the Executive Committee and that came to the Authority after the agenda for the meeting was posted. Purchase order in the amount of \$30,604 for network firewall servers with a three year warranty would replace the current ones that expire shortly. Funding was budgeted with capital improvement.

Pursuant to Government Code section 54954.2(b)(2), the Executive Committee made the following two findings by a vote of 3 to 0 that there was a need to take immediate action on this matter and that the need for action came to the attention of the Authority after the agenda for the meeting was posted.

D. **EXECUTIVE COMMITTEE CONSENT CALENDAR**

Motion: Vice-Chair Moe moved to approve Consent Calendar, Items #1-4. The motion was seconded by Chief Ishii and passed by voice vote.

1. Minutes from October 19, 2021  
**APPROVE**
2. Check Register – October 2021  
**RECEIVE AND FILE**
3. Cash & Investments Report as of 9-30-2021  
**RECEIVE AND FILE**
4. AB 361 Findings for Special Brown Act Requirements for Teleconference Meetings  
**MAKE FINDINGS PURSUANT TO AB 361**

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

None.

F. **USER COMMITTEE CONSENT CALENDAR**

Due to lack of quorum, User Committee did not discuss Consent Calendar, Items #1-3.

1. Minutes from September 21, 2021  
**APPROVE**
2. Minutes from October 19, 2021  
**APPROVE**
3. AB 361 Findings for Special Brown Act Requirements for Teleconference Meetings  
**MAKE FINDINGS PURSUANT TO AB 361**

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

None.

H. **EXECUTIVE DIRECTOR'S REPORT**

Mr. Klun reported on the Culver City Successor Agreement, Authority's 457(b) plan with the Shuster Group, upcoming budget schedule and the current status of the Authority's Continuity of Operations Plan.

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

None.

J. **EXECUTIVE COMMITTEE CLOSED SESSION AGENDA**

The Executive Committee entered into closed session at 2:17PM to discuss the following item.

1. CONFERENCE WITH LABOR NEGOTIATOR  
Pursuant to Government Code Section 54957.6

Agency Designated Representative: Executive Director and Liebert, Cassidy, Whitmore  
Employee Organization: The Communications Workers of America

The Executive Committee returned from closed session at 3:08 PM with no action taken.

K. **ADJOURNMENT**

The meeting adjourned at 3:09PM.

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## Check Register FY 2021-22

December 2021

<u>Accounts Payable Check Issued Date</u>	<u>Total Check Amount</u>	<u>Notes</u>
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December 3, 2021	\$168,286.12	
December 10, 2021	\$53,975.99	
December 17, 2021	\$101,481.64	
December 24, 2021	\$174,208.73	
December 31, 2021	\$103,537.86	

Accounts Payable Total	\$601,490.34	
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<u>Payroll Checks Issued Date</u>	
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December 3, 2021	\$165,569.12
December 17, 2021	\$163,503.61
December 31, 2021	\$166,606.56

Payroll Total	\$495,679.29
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Bank : union UNION BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
20365	12/3/2021	00219	INTERNAL REVENUE SERVICE	Ben33318	12/3/2021	FEDERAL WITHHOLDING TAX	34,272.32	34,272.32
20366	12/3/2021	00223	EMPLOYMENT DEVEL DEPT	Ben33322	12/3/2021	STATE DISABILITY INSURANC	13,568.12	13,568.12
20367	12/3/2021	00222	STATE DISBURSEMENT UNIT	Ben33328	12/3/2021	SUPPORT: PAYMENT	184.62	184.62
20368	12/3/2021	00058	CALPERS	Ben33320	12/3/2021	PERS RETIREMENT: PAYMEN	39,093.08	39,093.08
20369	12/3/2021	00221	MISSIONSQUARE RETIREMEI	Ben33324	12/3/2021	DEFERRED COMPENSATION	13,720.86	13,720.86
20370	12/1/2021	00696	GUARDIAN	533654-12	11/18/2021	GUARDIAN - DENTAL, VISION,	7,392.35	7,392.35
20371	12/3/2021	00058	CALPERS	1000000166213	11/15/2021	HEALTH PREMIUMS - DECEM	57,865.52	57,865.52
56152	12/3/2021	00217	CALIFORNIA TEAMSTERS UN	Ben33314	12/3/2021	UNION DUES TEAMSTERS: P	1,752.00	1,752.00
56153	12/3/2021	00218	CWA LOCAL 9400	Ben33316	12/3/2021	UNION DUES CWA: PAYMENT	260.30	260.30
56154	12/3/2021	00996	WAGEWORKS INC., HEALTHE	Ben33326	12/3/2021	DEPENDENT CARE FSA: PAY	176.95	176.95
Sub total for UNION BANK:								168,286.12

Bank : union UNION BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
1876	12/10/2021	00012	CALIFORNIA WATER SERVICE	5550731926	11/30/2021	FIRE PROTECTION SERVICE	90.48	90.48
1877	12/10/2021	00651	FRONTIER	209-188-0077-04	12/1/2021	PHONE SERVICE 12/1/21 - 12	350.92	350.92
56155	12/10/2021	00297	AT&T, ATT CALNET	000017418540	12/3/2021	PHONE SERVICE 11/03/21-12	546.32	546.32
56156	12/10/2021	00064	AT&T, ATT PAYMENT CENTER	960 461-1623 55	12/1/2021	PHONE SERVICE 12/01/2021-	1,173.45	1,173.45
56157	12/10/2021	01004	BOB & MARC PLUMBING CO	S-104686	11/29/2021	HQ MAINTENANCE	218.00	
				S-104697	11/29/2021	HQ MAINTENANCE	41.25	259.25
56158	12/10/2021	00014	CDW GOVERNMENT, INC.	P433029	12/7/2021	REPLACEMENT FIREWALL DI	33,566.73	33,566.73
56159	12/10/2021	00017	CHEM PRO LABORATORY, IN	681428	11/23/2021	WATER TREATMENT SERVIC	86.50	86.50
56160	12/10/2021	00879	CROWN CASTLE	995495	12/1/2021	REDUNDANT INTERNET SER	1,100.00	1,100.00
56161	12/10/2021	00070	GAS COMPANY, THE	059 194 8982 2	12/7/2021	GAS SERVICE HQ/ 11/2/21-12	1,297.22	1,297.22
56162	12/10/2021	00940	HAWKINS, JAMES	120721	12/7/2021	TUITION REIMB/FY 2021-22	920.00	920.00
56163	12/10/2021	00799	LA UNIFORMS & TAILORING	10872	11/26/2021	UNIFORM SETS FOR COMMII	178.38	
				10812	11/26/2021	UNIFORM SETS FOR COMMII	171.77	350.15
56164	12/10/2021	00671	MARC R. COHEN, MD	FY21-22-05	12/1/2021	MEDICAL DIRECTOR SERVIC	2,541.67	2,541.67
56165	12/10/2021	00281	NOWDOCS INTERNATIONAL,	67263	11/24/2021	CHECK STOCK	198.48	198.48
56166	12/10/2021	00411	PITNEY BOWES	3105137428	11/25/2021	OFFICE EQUIPMENT LEASE	170.36	170.36
56167	12/10/2021	00144	SAXE-CLIFFORD PHD, SUSAN	21-1129-1	11/29/2021	PRE-EMPLOYMENT PSYCHO	3,555.00	3,555.00
56168	12/10/2021	00824	SMART JANITORIAL, COMPLE	18373	12/3/2021	HQ MAINTENANCE - CLEANIN	3,585.00	3,585.00
56169	12/10/2021	00803	SPARKLETTS	18193479 11262	11/26/2021	HQ MAINTENANCE - WATER I	43.00	43.00
56170	12/10/2021	00302	SPRINT	155018370-122	11/29/2021	DAC CHARGES/10-26 TO 11-2	211.24	
				107177860-127	11/27/2021	WIRELESS MODEMS/10-24 TO	85.98	297.22
56171	12/10/2021	00171	VERIZON WIRELESS	9893558872	11/23/2021	GPD DAC CHARGES/ 10/24/21	2,894.33	
				9893496309	11/23/2021	DAC CHARGES HPD/ 9/24/21-	423.68	
				9893125079	11/18/2021	CELL PH. CHGS: 10/19/21-11/	361.46	
				9893480344	11/23/2021	MODEM SVC. MBPD/ 10/24/21	78.02	3,757.49
56172	12/10/2021	00996	WAGeworks INC., HEALTHE	INV3209321	11/24/2021	MONTHLY COMPLIANCE FEE	86.75	86.75
Sub total for UNION BANK:							53,975.99	

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Bank : union UNION BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
20372	12/17/2021	00219	INTERNAL REVENUE SERVICE	Ben33363	12/17/2021	FEDERAL WITHHOLDING TAX	34,036.68	34,036.68
20373	12/17/2021	00223	EMPLOYMENT DEVEL DEPT	Ben33367	12/17/2021	STATE DISABILITY INSURANC	13,358.36	13,358.36
20374	12/17/2021	00222	STATE DISBURSEMENT UNIT	Ben33373	12/17/2021	SUPPORT: PAYMENT	184.62	184.62
20375	12/17/2021	00058	CALPERS	Ben33365	12/17/2021	PERS RETIREMENT: PAYMEN	37,878.94	37,878.94
20376	12/17/2021	00221	MISSIONSQUARE RETIREMEI	Ben33369	12/17/2021	DEFERRED COMPENSATION	13,803.79	13,803.79
56173	12/17/2021	00217	CALIFORNIA TEAMSTERS UN	Ben33359	12/17/2021	UNION DUES TEAMSTERS: P	1,782.00	1,782.00
56174	12/17/2021	00218	CWA LOCAL 9400	Ben33361	12/17/2021	UNION DUES CWA: PAYMENT	260.30	260.30
56175	12/17/2021	00996	WAGEWORKS INC., HEALTHE	Ben33371	12/17/2021	DEPENDENT CARE FSA: PAY	176.95	176.95
Sub total for UNION BANK:							101,481.64	

Bank : union UNION BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
1878	12/24/2021	00069	SOUTHERN CALIFORNIA EDI\$700440732476	12/15/2021	ELEC SERV 11/2/21 - 12/9/21	11,520.69	
			700383926852	12/18/2021	ELEC SERV PUNTA/ 11/18/21	798.77	
			700610392752	12/7/2021	ELECT SERV GRANDVIEW/ 1	211.02	12,530.48
1879	12/24/2021	00073	STATE BOARD OF EQUALIZAT012-6555960	12/24/2021	SALES & USE TAX 2021 Q4 PI	496.00	496.00
1880	12/24/2021	00012	CALIFORNIA WATER SERVICE4675328235	12/16/2021	WATER SERV HQ/ 11/16/21 - 1	185.00	185.00
1881	12/24/2021	00621	FIRST BANKCARD				
		00338	U.S. COMMUNICATIONS SERV20094960	11/2/2021	PARTS - BILLING	2,322.25	
		00338	U.S. COMMUNICATIONS SERV20094972	11/11/2021	PARTS - BILLING	1,748.69	
		00141	POWERPHONE INC 74457	10/27/2021	MANDATORY EMERGENCY M	645.00	
		00942	WAYFAIR 3657683926	11/1/2021	OFFICE FURNITURE	631.70	
		00942	WAYFAIR 3398969866	11/1/2021	OFFICE FURNITURE	525.59	
		01011	VARI SALES CORPORATION 31129	11/19/2021	OFFICE EQUIPMENT	435.49	
		00833	PRO-TUFF DECALS 426968272	11/9/2021	RECRUITMENT	425.10	
		01012	INSTITUTE FOR LOCAL GOVT37267919TG732	11/15/2021	LEADERSHIP TRAINING	400.00	
		00228	COSTCO MEMBERSHIP 285328177	11/22/2021	JANITORIAL SUPPLIES	357.55	
		00141	POWERPHONE INC 74661	11/9/2021	MANDATORY EMERGENCY M	329.00	
		00228	COSTCO MEMBERSHIP 285328185	11/18/2021	JANITORIAL SUPPLIES	314.83	
		00228	COSTCO MEMBERSHIP 285213324	11/3/2021	JANITORIAL SUPPLIES	295.40	
		00466	AMAZON MARKETPLACE 114-4174062-22	11/10/2021	OFFICE SUPPLIES	233.48	
		00610	DIRECTV 065190124X211	11/5/2021	CABLE SERVICE	231.99	
		00466	AMAZON MARKETPLACE 112-0856306-77	11/2/2021	OFFICE EQUIPMENT	183.00	
		00501	ULINE 62258932	11/19/2021	OFFICE EQUIPMENT	151.10	
		00600	CHEVRON G&M #186 E/7994416	11/23/2021	FUEL - VAN	145.44	
		00467	LOWES BUSINESS 80788170	11/1/2021	OFFICE SUPPLIES	138.23	
		00466	AMAZON MARKETPLACE 114-9683164-63	11/1/2021	OFFICE SUPPLIES	101.54	
		00761	BOX INV09531220	11/26/2021	SOFTWARE SERVICES	90.00	
		00466	AMAZON MARKETPLACE 113-3992551-51	10/29/2021	OFFICE SUPPLIES	83.26	
		00087	LIEBERT CASSIDY & WHITMO1994-401-1-71D	11/10/2021	MEETING	75.00	
		00466	AMAZON MARKETPLACE 113-3669881-18	11/1/2021	JANITORIAL SUPPLIES	56.27	
		00795	MEDIA TEMPLE 324775-40	11/26/2021	MONTHLY WEBSITE HOSTING	55.00	
		00466	AMAZON MARKETPLACE 112-4502821-21	11/2/2021	PARTS - BILLING	52.86	
		00466	AMAZON MARKETPLACE 111-0067051-65	10/31/2021	OFFICE SUPPLIES	30.95	
		00466	AMAZON MARKETPLACE 113-3316403-45	11/6/2021	OFFICE SUPPLIES	27.55	
		01009	UNITED STATES POSTAL SERo1683583861	11/18/2021	OFFICE SUPPLIES	24.60	

Bank : union UNION BANK		(Continued)						
Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
		00074 STAPLES INC.	9905890124-2	11/25/2021	TAX FORM ENVELOPES	23.14		
		00466 AMAZON MARKETPLACE	113-0198571-32	11/26/2021	OFFICE SUPPLIES	22.02		
		00074 STAPLES INC.	9905890124-1	11/23/2021	TAX FORMS	19.83		
		00466 AMAZON MARKETPLACE	113-1365698-57	11/16/2021	OFFICE SUPPLIES	16.54		
		00826 LA TIMES	122221	11/10/2021	LA TIMES MONTHLY SUBSCR	15.96		
		00466 AMAZON MARKETPLACE	114-5519391-89	11/4/2021	OFFICE SUPPLIES	12.16		
		00466 AMAZON MARKETPLACE	112-0525359-29	11/11/2021	OFFICE SUPPLIES	7.71		
		00466 AMAZON MARKETPLACE	112-1864298-38	11/11/2021	OFFICE SUPPLIES	5.94	10,234.17	
56176	12/24/2021	00297 AT&T, ATT CALNET	000017469292	12/13/2021	PHONE SERV 11/13/21-12/12/	2,736.01		
			000017473428	12/13/2021	PHONE SERV 11/13/21-12/12/	207.91		
			000017476492	12/13/2021	PHONE SERV 11/13/21-12/12/	206.03	3,149.95	
56177	12/24/2021	00014 CDW GOVERNMENT, INC.	M748028	10/27/2021	CDW-G BILLABLE PARTS	2,805.25	2,805.25	
56178	12/24/2021	00734 COMMANDSTAT ANALYTICS,	1201	12/6/2021	CRYSTAL REPORT BUILD - DI	157.50	157.50	
56179	12/24/2021	00225 COMMLINE INC	0339450-IN	12/13/2021	MONTHLY FEE FOR TECH SE	65,000.00	65,000.00	
56180	12/24/2021	00101 CORDOVA, TONY	122421	12/24/2021	RETIREE MED PREM/JAN 202	601.00	601.00	
56181	12/24/2021	00103 DIVINITY, TANJI	122421	12/24/2021	RETIREE MED PREM/JAN 202	570.78	570.78	
56182	12/24/2021	00651 FRONTIER	7002Z664-S-213	11/5/2021	PHONE SERV 11/05/21-12/04/	1,694.84		
			7002Z664-S-213	12/5/2021	PHONE SERV 12/05/21-1/04/2	122.50		
			Y002Z665-S-213	12/5/2021	PHONE SERV 12/05/21-1/04/2	83.64		
			Y002Z665-S-213	11/5/2021	PHONE SERV 11/05/21-12/04/	64.75	1,965.73	
56183	12/24/2021	00322 GEOSPATIAL TECHNOLOGIES	18223	12/13/2021	SOFTWARE MAINTENANCE S	13,173.00	13,173.00	
56184	12/24/2021	01013 GLAZE, REYNA	092021	9/20/2021	COBRA MEDICAL PREMIUM F	1,776.41	1,776.41	
56185	12/24/2021	00148 HAWTHORNE, CITY OF	IT-21-02-RCC	12/15/2021	COMPUTER SERVICES/ CAD	50,000.00	50,000.00	
56186	12/24/2021	00442 LAWSON PRODUCTS, INC.	9309093635	12/13/2021	LAWSON PRODUCTS BILLAB	206.29	206.29	
56187	12/24/2021	00087 LIEBERT CASSIDY & WHITMO	209348	11/30/2021	LEGAL SERVICES	3,471.00		
			209347	11/30/2021	LEGAL SERVICES	420.00	3,891.00	
56188	12/24/2021	00116 MEADORS, LATANYA	122421	12/24/2021	RETIREE MED PREM/JAN 202	527.48	527.48	
56189	12/24/2021	00047 MOTOROLA SOLUTIONS, INC.	8281287651	12/1/2021	MOTOROLA SOLUTIONS INC	51.82	51.82	
56190	12/24/2021	00577 NEW LOOK AUTO DETAIL	2556	12/8/2021	VEHICLE MAINTENANCE & D	105.00	105.00	
56191	12/24/2021	01005 ORKIN PEST CONTROL	223097309	12/9/2021	HQ MAINTENANCE	81.00	81.00	
56192	12/24/2021	00121 PINELA, ELIZABETH	122421	12/24/2021	RETIREE MED PREM/JAN 202	570.78	570.78	
56193	12/24/2021	00060 RIVERA, JOSE	122421	12/24/2021	RETIREE MED PREM/JAN 202	557.02	557.02	
56194	12/24/2021	00145 SETINA MFG CO INC	236589	12/7/2021	SETINA MANUFACTURING CO	936.91	936.91	
56195	12/24/2021	00460 SPECTRUM BUSINESS	1133787120421	12/4/2021	COMMUNICATION CONTRAC	1,900.00	1,900.00	
56196	12/24/2021	00034 STEVENS, GARY	122421	12/24/2021	RETIREE MED PREM/JAN 202	601.00	601.00	

Bank : union UNION BANK

(Continued)

<u>Check #</u>	<u>Date</u>	<u>Vendor</u>	<u>Invoice</u>	<u>Inv Date</u>	<u>Description</u>	<u>Amount Paid</u>	<u>Check Total</u>
56197	12/24/2021	00171	VERIZON WIRELESS	9893480343	11/23/2021 MODEM SVC. MBPD/ 10/24/21	604.79	604.79
56198	12/24/2021	00150	WATTCO	58515	12/13/2021 WATTCO BILLABLE PARTS	154.84	154.84
56199	12/24/2021	00063	WHELEN ENGINEERING CO., 031515	12/3/2021	WHELEN ENGINEERING CO E	273.20	273.20
56200	12/24/2021	00735	XEROX FINANCIAL SERVICES2967565	12/10/2021	OFFICE EQUIPMENT LEASE	1,102.33	1,102.33
Sub total for UNION BANK:							174,208.73

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Bank : union UNION BANK

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
20377	12/31/2021	00219	INTERNAL REVENUE SERVICE	Ben33449	12/31/2021	FEDERAL WITHHOLDING TAX	34,203.70	34,203.70
20378	12/31/2021	00223	EMPLOYMENT DEVEL DEPT	Ben33453	12/31/2021	STATE DISABILITY INSURANC	13,535.86	13,535.86
20379	12/31/2021	00222	STATE DISBURSEMENT UNIT	Ben33459	12/31/2021	SUPPORT: PAYMENT	184.62	184.62
20380	12/31/2021	00058	CALPERS	Ben33451	12/31/2021	PERS RETIREMENT: PAYMEN	37,879.29	37,879.29
20381	12/31/2021	00221	MISSIONSQUARE RETIREMEI	Ben33455	12/31/2021	DEFERRED COMPENSATION	12,844.86	12,844.86
56201	12/31/2021	00002	AFLAC	Ben33447	12/31/2021	AFLAC INSURANCE: PAYMEN	4,712.93	4,712.93
56202	12/31/2021	00996	WAGeworks INC., HEALTHE	Ben33457	12/31/2021	DEPENDENT CARE FSA: PAY	176.60	176.60
Sub total for UNION BANK:							103,537.86	

D-3





# Staff Report

South Bay Regional Public Communications Authority

**MEETING DATE:** January 18, 2022

**ITEM:** D-3

**TO:** Executive Committee

**FROM:** M. Ross Klun, Executive Director

**SUBJECT:** AB 361 FINDINGS FOR SPECIAL BROWN ACT  
REQUIREMENTS FOR TELECONFERENCE MEETINGS

## **SUMMARY:**

Staff has placed this item on the agenda to give the Executive Committee an opportunity to make findings specific in AB 361 (2021) for special Brown Act requirements for teleconference meetings. These special requirements give local public agencies greater flexibility to conduct teleconference meetings when there is a declared state of emergency and either social distancing is mandated or recommended, or an in-person meeting would present imminent risks to the health and safety of attendees.

## **RECOMMENDATION:**

Staff recommends that the Executive Committee make the following findings so that meetings of the Executive Committee will be subject to the AB 361 special Brown Act requirements for teleconference meetings: 1) the Executive Committee has reconsidered the circumstances of the COVID-19 state of emergency; and 2) state and local officials continue to recommend measures to promote social distancing.

## **BACKGROUND**

On March 4, 2020, Governor Newsom proclaimed a state of emergency to exist in California due to the spread of COVID-19. The Governor subsequently issued numerous executive orders suspending or modifying state laws to facilitate the response to the emergency. Among other things, these executive orders superseded certain Brown Act requirements and established special rules to give local public agencies greater flexibility to conduct teleconference meetings. The special rules included provisions allowing local public agencies to conduct teleconference meetings without having to provide a physical location from which the public may attend or comment, without having to use teleconference locations that are publicly accessible, and without having to identify teleconference locations on the agenda. Those special rules expired September 30, 2021.

On September 16, 2021, in anticipation of the then-imminent expiration of his special rules for teleconference meetings, the Governor signed AB 361. In key part, this bill amends

the Brown Act to establish special requirements for teleconference meetings if a legislative body of a local public agency makes two findings pursuant to Government Code section 54953(e)(3). Like the special rules in the Governor's executive orders, the special Brown Act requirements in AB 361 include provisions allowing public agencies to conduct teleconference meetings without having to provide a physical location from which the public may attend or comment, without having to use teleconference locations that are public accessible, and without having to identify teleconference locations on the agenda. The AB 361 special Brown Act requirements are scheduled to be repealed on January 1, 2024.

In order for a local public agency to be subject to the AB 361 Brown Act requirements for teleconference meetings, a legislative body of a local public agency first must make a finding that it has "reconsidered" the circumstances of a declared state of emergency. Second, the legislative body must find that such emergency continues to directly impact the ability of the legislative body's members to meet in person. Alternatively, for the second finding, the legislative body must find that state or local officials continue to impose or recommend social distancing measures. These findings must be made within 30 days after the legislative body teleconferences for the first time under AB 361 and every 30 days thereafter.

The COVID-19 state of emergency declaration is still in effect. Furthermore, the State of California and the County of Los Angeles have recommended measures to promote social distancing. Thus, the California Division of Occupational Safety and Health still requires that employers provide training on the effectiveness of physical distancing in the workplace. Additionally, the Los Angeles County Department of Public Health still encourages people at risk for severe illness or death from COVID-19 to take protective measures such as social distancing and, for those not yet fully vaccinated, to physically distance from others whose vaccination status is unknown. The County Health Department also continues to recommend that employers take steps to support physical distancing.

#### **FISCAL IMPACT**

None.

F-1



# Staff Report

## South Bay Regional Public Communications Authority

**MEETING DATE:** January 18, 2022

**ITEM:** F-1

**TO:** Executive Committee

**FROM:** Ross Klun, Executive Director  
Vanessa Alfaro, Finance & Performance Audit Manager

**SUBJECT:** FISCAL YEAR 2020-2021 ANNUAL FINANCIAL REPORT

**ATTACHMENTS:** 1. Audited Annual Financial Report for the Fiscal Year Ended June 30, 2021

### **RECOMMENDATION**

Staff recommends the Executive Committee to receive and to file the attached audited Financial Statements for the Fiscal Year Ended June 30, 2021.

### **BACKGROUND**

The Authority's Budgetary Policy (Resolution No. 321) requires the Executive Director to present fiscal year-end audited financial statements to the Executive Committee at the Committee's regularly scheduled meeting in February of each year or sooner.

The Pun Group LLP, the Authority's independent auditing firm, has completed the audit of the Authority's fiscal activities for the fiscal year ended June 30, 2021. Accordingly, the Authority's Financial Statements for the period have been finalized.

### **DISCUSSION**

The auditors have rendered an unqualified opinion on the Authority's Financial Statements for the Fiscal Year Ended June 30, 2021. In their opinion, the financial statements present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The Authority's net position was \$3,042,006 for the fiscal year ended June 30, 2021 reflecting a decrease of approximately 34.87% since June 30, 2020. The change in net position is primarily the result of a reduction in billed assessments. Due to the economic downturn related to the global COVID-19 pandemic, member cities requested use of FY20 surplus funds to offset FY21 assessments. In September 2020, the Board of Directors

approved the use of \$1.3 million from the Enterprise fund to offset member cities' assessments for FY21. Operating revenues for the Authority decreased 19.69% to \$10,731,249 and operating expenses decreased by 10.06% to \$11,662,717. The decrease in operating revenues and expenses in FY21 is due to a combination of the following factors: a reduction in billed assessments to member cities, implementation of the Cost Allocation Policy, a reduction of the operating budget due to the COVID-19 emergency, and consolidation of police dispatching services for the cities of Manhattan Beach and Hermosa Beach.

As illustrated in the Required Supplementary Information (RSI) of the financial statements, the Authority's net pension liability increased by \$789,698 to \$8,125,094 as of June 30, 2021 for the measurement date of June 30, 2020. Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year and any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of members. Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. For the year ending June 30, 2021, the Authority recognized pension expense in the amount of \$577,903.

Additionally, as required under GASB Statement No. 75, the Net Other Postemployment Benefits (OPEB) liability is reported in the Statement of Net Position in the amount of \$3,471,647 using a June 30, 2020 measurement date, an increase of \$721,564 from the previous fiscal year. The net OPEB liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2020. The Authority currently funds OPEB obligations on a pay-as-you-go basis (i.e., as medical insurance premiums become due) and records a liability for the difference between pay-as-you-go and the actuarially determined cost of the benefit plan. For fiscal year 2021, the Authority recognized OPEB expense in the amount of \$250,816 with pay-as-you-go contributions comprising of \$82,889 of the total OPEB expense.

In the September 8, 2020 meeting, the Board of Directors approved a resolution to establish a Section 115 trust for OPEB liabilities with the CERBT program with an initial transfer of \$250,000 held as an OPEB reserve in the Enterprise Fund. The Section 115 trust was established and funded as of June 30, 2021, thus, its impact on the Authority's net OPEB liability will reflect in the Annual Financial Report for the year ended June 30, 2022. Staff expects to bring recommendations to the Board of Directors for ongoing contribution options (i.e. a funding policy) in the coming months.

Under the budgetary policy adopted by the Executive Committee, the unreserved Fund 10 Enterprise Fund balance shall be eligible to be remitted to each member in proportion to each member's ownership share in the Authority, in accordance with its Bylaws, based on the fiscal year-end audited financial statements. The unreserved cash balance as of Fiscal Year 2020-2021 is \$3,753,131.

Fund 10 - Enterprise Fund	
<b>Beginning Balance</b>	
<b>Cash Available as of June 30, 2021</b>	<b>\$ 4,983,367</b>
Operating and Capital Reserve	(1,230,236)
<b>Available Cash</b>	<b>\$ 3,753,131</b>
Gardena - 32.08%	1,204,004
Hawthorne - 45.07%	1,691,536
Manhattan Beach - 22.85%	857,590

In order to plan for funding upcoming technology costs and non-current liabilities in future years, staff recommends that the projected Fund 10 Enterprise Fund unreserved cash balance be retained until such policies are developed.

### **FISCAL IMPACT**

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

F-1

Attachment 1

# **South Bay Regional Public Communications Authority**

Hawthorne, California

## **Annual Financial Report**

*For the Years Ended June 30, 2021 and 2020*







**Board of Directors as of June 30, 2021**

<b>Name</b>	<b>City Represented</b>	<b>Title</b>
Rodney Tanaka	City of Gardena	Member
Hildy Stern	City of Manhattan	Member
Alex Monteiro	City of Hawthorne	Member

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

**South Bay Regional Public Communications Authority**  
**Annual Financial Report**  
**For the Years Ended June 30, 2021 and 2020**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the South Bay Regional Public Communications Authority (the "Authority"), as of and for the year ended June 30, 2021 and 2020 of the business-type activities, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of June 30, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

200 E. Sandpointe Ave., Suite 600, Santa Ana, California 92707

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[www.pungroup.cpa](http://www.pungroup.cpa)

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

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on the Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Contributions – Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits on pages 3 to 6 and 38 to 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*The PwC Group, LLP*

Santa Ana, California  
December 9, 2021

**South Bay Regional Public Communications Authority**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Years Ended June 30, 2021 and 2020**

---

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the South Bay Regional Public Communications Authority (Authority) provides an introduction to the financial statements of the Authority for the years ended June 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In 2021, the Authority's net position decreased 34.87%, or \$1,628,380, due primarily to a reduction of \$1.3 million in billed assessments to member cities in light of the economic downturn related to the global COVID-19 pandemic.
- In 2020, the Authority's net position decreased 4.8%, or \$233,082, due primarily to an increase in the net pension liability of over three quarters of a million dollars.
- In 2021, the Authority's operating revenues decreased 19.69% or \$2,630,845, due to a combination of the reduction in billed assessments to member cities, a change in the method of assessment to the Cost Allocation Policy, and a reduction of the operating budget and consolidation of police dispatching services between the cities of Manhattan Beach and Hermosa Beach.
- In 2020, the Authority's operating revenues increased 4% or \$519,235, due primarily to a combined increase in assessments of over \$250,000 from client cities and increase in demand from member and client cities for vehicle outfitting services by the Technical Services department.
- In 2021, the Authority's operating expenses decreased 10.06% or \$1,304,853 due primarily to the elimination of unfilled vacancies after the consolidation of police dispatching for the cities of Manhattan Beach and Hermosa Beach and planned reduction in the operating budget due to the COVID-19 emergency.
- In 2020, the Authority's operating expenses plus depreciation expense decreased 15.4% or \$2,490,721 due primarily to non-recurring purchases in FY19 for various communication equipment projects.

**Overview of the Financial Statements**

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

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

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

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

**South Bay Regional Public Communications Authority**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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

**Notes to the Basic Financial Statements**

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

**Financial Analysis of the Authority**

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

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

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

**Condensed Statements of Net Position**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>Assets:</b>			
Current assets	\$ 5,514,814	\$ 5,934,406	\$ 5,866,572
Capital assets, net	8,688,104	9,165,625	9,776,435
<b>Total assets</b>	<u>14,202,918</u>	<u>15,100,031</u>	<u>15,643,007</u>
<b>Deferred outflows of resources</b>	<u>3,129,376</u>	<u>2,403,064</u>	<u>2,303,885</u>
<b>Liabilities:</b>			
Current liabilities	1,305,328	1,011,249	2,292,840
Noncurrent liabilities	12,000,032	10,544,712	9,778,868
<b>Total liabilities</b>	<u>13,305,360</u>	<u>11,555,961</u>	<u>12,071,708</u>
<b>Deferred inflows of resources</b>	<u>984,928</u>	<u>1,276,748</u>	<u>971,715</u>
<b>Net position:</b>			
Investment in capital assets	8,688,104	9,165,625	9,776,435
Unrestricted (Deficit)	(5,646,098)	(4,495,238)	(4,872,966)
<b>Total net position</b>	<u>\$ 3,042,006</u>	<u>\$ 4,670,387</u>	<u>\$ 4,903,469</u>

**South Bay Regional Public Communications Authority  
Management's Discussion and Analysis (Unaudited) (Continued)  
For the Years Ended June 30, 2021 and 2020**

As noted earlier, net positions may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources by \$3,042,006 and \$4,670,387 as of June 30, 2021 and 2020.

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

At the end of fiscal year 2021 and 2020, the Authority shows a negative balance in its unrestricted net position of (\$5,645,098) and (\$4,495,238) respectively, which is due primarily to the net pension liability on the statement of net position of \$8,125,094 and \$7,335,396, and the net other post-employment benefits liability of \$3,471,647 and \$2,750,083, respectively. The Executive Committee in collaboration with the Board of Directors, have taken action to reserve aspects of the unrestricted net position for specified purposes such as operating reserves and future other post-employment benefits funding. During fiscal year 2021, the Board of Directors approved the establishment of a Section 115 Trust to prefund other post-employment benefits. The Board of Directors also approved an initial transfer to the trust of \$250,000 from reserves previously held in the Authority's Enterprise Fund for this purpose.

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

	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>Revenues:</b>			
Operating revenues	\$ 10,731,249	\$ 13,362,094	\$ 12,842,859
Non-operating revenues	8,509	102,602	1,590,362
Total revenues	<u>10,739,758</u>	<u>13,464,696</u>	<u>14,433,221</u>
<b>Expenses:</b>			
Operating expenses	11,662,717	12,967,570	15,463,621
Depreciation expense	705,422	730,208	724,878
Total expenses	<u>12,368,139</u>	<u>13,697,778</u>	<u>16,188,499</u>
<b>Change in net position</b>	<u>(1,628,381)</u>	<u>(233,082)</u>	<u>(1,755,278)</u>
<b>Net Position:</b>			
Beginning of year	<u>4,670,387</u>	<u>4,903,469</u>	<u>6,658,747</u>
End of year	<u><u>\$ 3,042,006</u></u>	<u><u>\$ 4,670,387</u></u>	<u><u>\$ 4,903,469</u></u>

The Statement of Revenues, Expenses, and Changes in Net Position show how the Authority's net position changed during the fiscal year. In the case of the Authority, net position decreased by \$1,628,381 and \$233,082, respectively, as of June 30, 2021 and 2020.

In 2021, a closer examination of the sources of changes in net position reveals that the Authority's total revenues decreased by \$2,724,938 due primarily to a reduction in assessment billings to member cities approved by the Board of Directors in light of the economic downturn related to the global COVID-19 pandemic, a change to the method of assessment to the Cost Allocation Policy, and the consolidation of police dispatching services between the cities of Manhattan Beach and Hermosa Beach.

In 2020, a closer examination of the sources of changes in net position reveals that the Authority's total revenues decreased by \$968,525 due primarily to the occurrence of non-recurring grant revenue in FY19. Likewise, total expenses decreased by \$2,490,721 due largely to the completion of a multiple-year project associated with grant funding.



**South Bay Regional Public Communications Authority  
Management's Discussion and Analysis (Unaudited) (Continued)  
For the Years Ended June 30, 2021 and 2020**

---

**Capital Asset Administration**

Capital assets balances consisted of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Non-depreciable assets	\$ 495,554	\$ 495,554
Depreciable assets	15,801,202	15,778,899
Accumulated depreciation	<u>(7,608,652)</u>	<u>(7,108,828)</u>
Total capital assets, net	<u>\$ 8,688,104</u>	<u>\$ 9,165,625</u>

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

**Conditions Affecting Current Financial Position**

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

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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# South Bay Regional Public Communications Authority

## Statements of Net Position

June 30, 2021 and 2020

ASSETS	Business-Type Activities	
	2021	2020
<b>Current assets:</b>		
Cash and investments	\$ 4,984,223	\$ 5,620,962
Accounts receivable	428,092	216,474
Accrued interest receivable	3,995	13,358
Prepaid items	13,375	6,682
Materials and supplies inventory	85,129	76,930
<b>Total current assets</b>	<u>5,514,814</u>	<u>5,934,406</u>
<b>Noncurrent assets:</b>		
Capital assets, not being depreciated	495,554	495,554
Capital assets, being depreciated, net	8,192,550	8,670,071
<b>Total noncurrent assets</b>	<u>8,688,104</u>	<u>9,165,625</u>
<b>Total assets</b>	<u>14,202,918</u>	<u>15,100,031</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	2,199,673	2,213,393
Deferred outflows of resources related to other postemployment benefits	929,703	189,671
<b>Total deferred outflows of resources</b>	<u>3,129,376</u>	<u>2,403,064</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	338,940	148,138
Accrued salaries and benefits	407,048	336,598
Member deposits and unearned revenue	424,909	373,435
Compensated absences, due within one year	134,431	153,078
<b>Total current liabilities</b>	<u>1,305,328</u>	<u>1,011,249</u>
<b>Noncurrent liabilities:</b>		
Compensated absences, due within more than one year	403,291	459,233
Net pension liability	8,125,094	7,335,396
Net other postemployment benefits liability	3,471,647	2,750,083
<b>Total noncurrent liabilities</b>	<u>12,000,032</u>	<u>10,544,712</u>
<b>Total liabilities</b>	<u>13,305,360</u>	<u>11,555,961</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	458,834	684,349
Deferred inflows of resources related to other postemployment benefits	526,094	592,399
<b>Total deferred inflows of resources</b>	<u>984,928</u>	<u>1,276,748</u>
<b>NET POSITION</b>		
Investment in capital assets	8,688,104	9,165,625
Unrestricted (Deficit)	(5,646,098)	(4,495,238)
<b>Total net position</b>	<u>\$ 3,042,006</u>	<u>\$ 4,670,387</u>

**South Bay Regional Public Communications Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2021 and 2020**

	<b>Business-Type Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating revenues:</b>		
Assessments revenues	\$ 9,579,431	\$ 12,389,859
Charges for services	1,050,239	799,834
Reimbursement revenue	100,602	103,446
Other revenue	977	68,955
<b>Total operating revenues</b>	<b>10,731,249</b>	<b>13,362,094</b>
<b>Operating expenses:</b>		
Administration	2,495,579	2,993,069
Operations	7,375,895	7,870,618
Technical services	1,743,879	2,103,883
Other projects	47,364	-
Depreciation expense	493,816	518,602
Depreciation expense -- grant funded	211,606	211,606
<b>Total operating expenses</b>	<b>12,368,139</b>	<b>13,697,778</b>
<b>Operating loss</b>	<b>(1,636,890)</b>	<b>(335,684)</b>
<b>Nonoperating revenues:</b>		
Investment income	8,509	102,602
<b>Total nonoperating revenues</b>	<b>8,509</b>	<b>102,602</b>
<b>Changes in net position</b>	<b>(1,628,381)</b>	<b>(233,082)</b>
<b>Net position:</b>		
Beginning of year	4,670,387	4,903,469
End of year	<u>\$ 3,042,006</u>	<u>\$ 4,670,387</u>

# South Bay Regional Public Communications Authority

## Statements of Cash Flows For the Years Ended June 30, 2021 and 2020

	<b>Business-Type Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Cash receipts for dispatching services	\$ 10,571,105	\$ 13,730,966
Cash paid to vendors and suppliers for materials and services	(2,462,138)	(4,616,086)
Cash paid for salaries and wages	(8,535,678)	(8,978,832)
<b>Net cash provided by (used in) operating activities</b>	<b>(426,711)</b>	<b>136,048</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(227,902)	(119,398)
Capital grant received	-	1,494,144
<b>Net cash provided by capital and related financing activities</b>	<b>(227,902)</b>	<b>1,374,746</b>
<b>Cash flows from investing activities:</b>		
Interest received	17,872	109,773
<b>Net cash provided by investing activities</b>	<b>17,872</b>	<b>109,773</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(636,741)</b>	<b>1,620,567</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	5,620,962	4,000,395
End of year	<u>\$ 4,984,223</u>	<u>\$ 5,620,962</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>		
<b>Operating loss</b>	<b>\$ (1,636,890)</b>	<b>\$ (335,684)</b>
<b>Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:</b>		
Depreciation expense	705,422	730,208
<b>Operating assets, deferred outflows of resources, liabilities and deferred inflows of resources</b>		
(Increase) decrease in accounts receivable	(211,618)	(4,563)
(Increase) decrease prepaid items	(6,693)	28,349
(Increase) decrease materials and supplies inventory	(8,199)	27,632
(Increase) decrease pensions related deferred outflows of resources	13,720	(32,399)
(Increase) decrease OPEB related deferred outflows of resources	(740,032)	(66,780)
Increase (decrease) accounts payable and accrued expenses	190,802	(1,674,479)
Increase (decrease) accrued salaries and benefits	70,450	776
Increase (decrease) member deposits and unearned revenue	51,474	373,435
Increase (decrease) compensated absences	(74,589)	74,707
Increase (decrease) net pension liability	789,698	764,964
Increase (decrease) net other postemployment benefits liability	721,564	(55,151)
Increase (decrease) pensions related deferred inflows of resources	(225,515)	66,766
Increase (decrease) OPEB related deferred inflows of resources	(66,305)	238,267
<b>Total adjustments</b>	<b>1,210,179</b>	<b>471,732</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (426,711)</b>	<b>\$ 136,048</b>

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## **NOTES TO THE BASIC FINANCIAL STATEMENTS**



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**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies**

***Organization and Operations of the Reporting Entity***

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

***Basis of Presentation***

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

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

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

***Use of Estimates***

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results most likely will differ from those estimates.

***Cash and Cash Equivalents***

For the purpose of the statements of cash flows, the Authority considers cash and cash equivalents as cash on hand, demands deposits and short-term investments with original maturity of three months or less from the date of acquisition.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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

***Investments***

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

***Accounts Receivable***

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

***Prepaid Items***

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

***Materials and Supplies Inventory***

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

***Capital Assets***

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

***Deferred Outflows of Resources and Deferred Inflows of Resources***

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

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

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

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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

***Compensated Absences***

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

***Pensions***

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

The following timeframes are used for pension reporting:

For the year ended June 30, 2021

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

For the year ended June 30, 2020

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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

***Other Postemployment Benefits ("OPEB")***

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

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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

***Other Postemployment Benefits (“OPEB”) (Continued)***

The following timeframes are used for OPEB reporting:

For the year ended June 30, 2021

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

For the year ended June 30, 2020

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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

***Net Position***

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

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

**Restricted** – This component of net position consists of external constraints placed on net position imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There is no restricted net position reported by the Authority at June 30, 2021 and 2020.

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

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 2 – Cash and Investments**

Cash and Cash Equivalent at June 30, 2021 and 2020 consisted of the following:

Description	June 30, 2021	June 30, 2020
Cash on hand	\$ 500	\$ 500
Demand deposits with financial institutions	694,218	1,073,829
Investments	4,289,505	4,546,633
Total cash and investments	<u>\$ 4,984,223</u>	<u>\$ 5,620,962</u>

***Demand Deposits***

At June 30, 2021 and 2020, the carrying amount of the Authority's demand deposits was \$694,218 and \$1,073,829, respectively, and the financial institution balance was \$755,482 and \$1,117,660, respectively. The differences of \$61,264 and \$43,831 at June 30, 2021 and 2020, respectively, represent outstanding checks, deposits-in-transit and/or other reconciling items.

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

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

***Authorized Investments and Investment Policy***

The Authority has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions. Investments are to be made in the following areas:

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

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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

***Custodial Credit Risk***

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

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

As of June 30, 2021, and 2020 none of the Authority's deposits and investments was exposed to custodial credit risk.

***Investments***

The Authority's investments as of June 30, 2021 and 2020 were as follows:

Investments	Credit Rating	Maturity - 12 Months or Less	
		June 30, 2021	June 30, 2020
California Local Agency Investment Fund (LAIF)	Not Rated	\$ 4,289,505	\$ 4,546,633

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

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

The Authority's investments with LAIF at June 30, 2021 and 2020, included a portion of the pool funds invested in structured notes and asset-backed securities:

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

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

The Authority had \$4,289,505 and \$4,546,663 invested in LAIF, which had invested 2.31% and 3.37% of the pooled investment funds at June 30, 2021 and June 30, 2020, respectively, in structured notes and medium-term asset-backed securities. The investment in LAIF is reported at amortized cost.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 3 – Capital Assets**

A summary of changes in the capital assets for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<b>Nondepreciable assets:</b>				
Land and easements	\$ 495,554	\$ -	\$ -	\$ 495,554
<b>Total nondepreciable assets</b>	495,554	-	-	495,554
<b>Depreciable assets:</b>				
Buildings and improvements	6,389,356	-	-	6,389,356
Vehicles and equipment	9,389,543	227,902	(205,599)	9,411,846
<b>Total depreciable assets</b>	15,778,899	227,902	(205,599)	15,801,202
<b>Accumulated depreciation:</b>				
Buildings and improvements	(2,881,277)	(232,067)	-	(3,113,344)
Vehicles and equipment	(4,227,551)	(473,356)	205,599	(4,495,308)
<b>Total accumulated depreciation</b>	(7,108,828)	(705,423)	205,599	(7,608,652)
<b>Total depreciable assets, net</b>	8,670,071	(477,521)	-	8,192,550
<b>Total capital assets, net</b>	\$ 9,165,625	\$ (477,521)	\$ -	\$ 8,688,104

Depreciation Expense for the year ended June 30, 2021 was charged as follows:

Authority depreciable assets	\$ 493,817
UASI Grant and other equipments	211,606
	<u>\$ 705,423</u>

A summary of changes in the capital assets for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Nondepreciable assets:</b>				
Land and easements	\$ 495,554	\$ -	\$ -	\$ 495,554
<b>Total nondepreciable assets</b>	495,554	-	-	495,554
<b>Depreciable assets:</b>				
Buildings and improvements	6,389,356	-	-	6,389,356
Vehicles and equipment	9,270,145	119,398	-	9,389,543
<b>Total depreciable assets</b>	15,659,501	119,398	-	15,778,899
<b>Accumulated depreciation:</b>				
Buildings and improvements	(2,702,179)	(179,098)	-	(2,881,277)
Vehicles and equipment	(3,676,441)	(551,110)	-	(4,227,551)
<b>Total accumulated depreciation</b>	(6,378,620)	(730,208)	-	(7,108,828)
<b>Total depreciable assets, net</b>	9,280,881	(610,810)	-	8,670,071
<b>Total capital assets, net</b>	\$ 9,776,435	\$ (610,810)	\$ -	\$ 9,165,625



**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 3 – Capital Assets (Continued)**

Depreciation Expense for the year ended June 30, 2020 was charged as follows:

Authority depreciable assets	\$ 518,602
UASI Grant and other equipments	211,606
	<u>\$ 730,208</u>

**Note 4 – Member Deposits and Unearned Revenue**

As of June 30, 2021 and June 30, 2020, the City of El Segundo prepaid its fiscal year 2021-22 first-quarter installment and its fiscal year 2020-21 first-quarter installment to the Authority in the amount \$424,909 and \$374,435, respectively.

**Note 5 – Compensated Absences**

A summary of changes in compensated absences for the year ended June 30, 2021 and 2020 is as follows:

<u>Year Ended</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>	<u>Due in More Than One Year</u>
June 30, 2021	<u>\$ 612,311</u>	<u>\$ 641,600</u>	<u>\$ (716,189)</u>	<u>\$ 537,722</u>	<u>\$ 134,431</u>	<u>\$ 403,291</u>
June 30, 2020	<u>\$ 537,604</u>	<u>\$ 741,682</u>	<u>\$ (666,975)</u>	<u>\$ 612,311</u>	<u>\$ 153,078</u>	<u>\$ 459,233</u>

**Note 6 – Deferred Compensation Savings Plan**

For the benefit of its employees, the Authority participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Authority is in compliance with this legislation. Therefore, these assets are not the legal property of the Authority, and are not subject to claims of the Authority's general creditors and are not included in the accompanying financial statements. Market value of all plan assets held in trust by ICMA-RC Services, LLC at June 30, 2021 and 2020 was \$6,273,869 and \$4,541,539, respectively.

**Note 7 – Defined Benefit Pension Plan**

***General Information about the Pension Plans***

**Plan Description**

The Authority contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2019 and 2018 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 7 – Defined Benefit Pension Plan (Continued)**

***General Information about the Pension Plans (Continued)***

***Members Covered by Benefit Terms***

At June 30, 2019 and 2018, valuation dates, the following members were covered by the benefit terms:

Plan Members	2019			2018		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Active members	39	7	19	41	8	15
Transferred and terminated members	76	9	19	81	7	11
Retired members and beneficiaries	73	1	-	68	1	-
<b>Total plan members</b>	<b>188</b>	<b>17</b>	<b>38</b>	<b>190</b>	<b>16</b>	<b>26</b>

***Benefits Provided***

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 55 with at least five (5) years of credited service. Public Employee Pension Reform Act (PEPRA) miscellaneous members become eligible for service retirement upon attainment of age 62 with at least five (5) years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the highest average annual compensation during any consecutive 12-or 36-month period of employment. Retirement benefits for classic miscellaneous employees are calculated as 2% of the highest average annual compensation during any consecutive 12-or 36-month period of employment. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final three (3) year compensation.

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

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the Authority to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

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

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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**Note 7 – Defined Benefit Pension Plan (Continued)**

***General Information about the Pension Plans (Continued)***

**Contributions**

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

For the measurement period ended June 30, 2020, the active member contribution rates for the Classic Miscellaneous Plan Tier 1, Tier 2 and the PEPRM Miscellaneous Plan are 7.00%, 7.00% and 6.25% of annual pay, respectively, and the employer contribution rates are 10.221%, 8.081% and 6.985% of annual payroll, respectively.

For the measurement period ended June 30, 2019, the active member contribution rates for the Classic Miscellaneous Plan Tier 1, Tier 2 and the PEPRM Miscellaneous Plan are 7.00%, 7.00% and 6.25% of annual pay, respectively, and the employer contribution rates are 9.409%, 7.634% and 6.842% of annual payroll, respectively.

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

**Actuarial Methods and Assumptions Used to Determine the Total Pension Liability**

The June 30, 2019 and 2018 valuations were rolled forward to determine the June 30, 2020 and 2019 total pension liabilities, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>1</sup>The mortality table used in 2020 was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

The mortality table used in 2019 was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to December 2017 Experience Study Report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 7 – Defined Benefit Pension Plan (Continued)**

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

*Change of Assumption*

In 2020 and 2019, there were no changes of assumptions.

*Long-Term Expected Rate of Return*

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

*Long-Term Expected Rate of Return (Continued)*

The expected real rates of return by asset class are as followed:

<b>Asset Class<sup>1</sup></b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10<sup>2</sup></b>	<b>Real Return Years 11+<sup>3</sup></b>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

<sup>1</sup>In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments, Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup>An Expected inflation of 2.00% used for this period

<sup>3</sup>An Expected inflation of 2.92% used for this period

*Discount Rate*

The discount rate used to measure the 2020 and 2019 total pension liabilities was both 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 7 – Defined Benefit Pension Plan (Continued)**

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

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

The following presents the Authority's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate for the June 30, 2020 and 2019 Measurement Date as follows:

Measurement Date	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
June 30, 2020	\$ 12,887,352	\$ 8,125,094	\$ 4,190,189
June 30, 2019	\$ 11,895,559	\$ 7,335,396	\$ 3,571,303

***Pension Plan Fiduciary Net Position***

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

***Proportionate Share of Net Pension Liability and Pension Expense***

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance as of June 30, 2019 (Valuation Date)	\$ 33,903,792	\$ 26,568,396	\$ 7,335,396
Balance as of June 30, 2020 (Measurement Date)	35,786,116	27,661,022	8,125,094
<b>Net Changes during 2019-2020</b>	<b>\$ 1,882,324</b>	<b>\$ 1,092,626</b>	<b>\$ 789,698</b>
Balance as of June 30, 2018 (Valuation Date)	\$ 31,777,327	\$ 25,206,895	\$ 6,570,432
Balance as of June 30, 2019 (Measurement Date)	33,903,792	26,568,396	7,335,396
<b>Net Changes during 2018-2019</b>	<b>\$ 2,126,465</b>	<b>\$ 1,361,501</b>	<b>\$ 764,964</b>

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement periods ended June 30, 2020 and 2019.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2019 and 2018). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 7 – Defined Benefit Pension Plan (Continued)**

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

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

- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2020 and 2019). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2020 and 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement periods (2019-2020 and 2018-2019).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the Authority's share of risk pool actuarial accrued liability at the beginning of measurement period.

The Authority's proportionate share of the net pension liability was as follows:

2021		2020	
<u>Measurement Date</u>		<u>Measurement Date</u>	
June 30, 2019	0.071590%	June 30, 2018	0.068180%
June 30, 2020	0.074680%	June 30, 2019	0.071590%
Change - Increase		Change - Increase	
(Decrease)	<u>0.003090%</u>	(Decrease)	<u>0.003410%</u>

For the years ended June 30, 2021 and 2020, the Authority recognized pension expense in the amount of \$1,656,594 and \$1,756,446, respectively.

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

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the measurement date ended June 30, 2020 and 2019 are both 3.8 years, which was obtained by dividing the total service years of 548,581 and 530,470 (the sum of remaining service lifetimes of the active employees) by 145,663 and 140,593 (the total number of participants: active, inactive, and retired), respectively.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 7 – Defined Benefit Pension Plan (Continued)**

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

***Deferred Outflows of Resources and Deferred Inflows of Resources***

At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 1,078,691	\$ -	\$ 957,115	\$ -
Adjustment due to differences in proportions	460,903	-	397,018	-
Differences between expected and actual experience	418,710	-	509,474	(39,474)
Differences between projected and actual earnings on pension plan investments	241,369	-	-	(128,245)
Difference between actual and proportionate share of employer contributions	-	(400,883)	-	(392,634)
Changes in assumptions	-	(57,951)	349,786	(123,996)
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 2,199,673</b>	<b>\$ (458,834)</b>	<b>\$ 2,213,393</b>	<b>\$ (684,349)</b>

Deferred outflows of resources related to pensions resulting from Authority's contributions subsequent to the measurement date in the amount of \$1,078,691 and \$957,115 will be recognized as a reduction of the collective net pension liability in the years ending June 30, 2022 and 2021, respectively.

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

Year Ending June 30,	Deferred Outflows / (Inflows) of Resources	Year Ending June 30,	Deferred Outflows / (Inflows) of Resources
	2021		2020
2022	\$ 119,522	2021	\$ 536,040
2023	237,624	2022	(50,981)
2024	189,235	2023	60,954
2025	115,767	2024	25,916
2026	-	2025	-
Thereafter	-	Thereafter	-
<b>Total</b>	<b>\$ 662,148</b>	<b>Total</b>	<b>\$ 571,929</b>

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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**Note 8 – Other Postemployment Benefits (“OPEB”)**

***General Information about the OPEB Plan***

***Plan Description***

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

***Teamsters (Communications Operators):***

- 10 years of service – will get \$200/mo. from retirement date till age 65
- 15 years of service – will get \$300/mo. from retirement date till age 65
- 20 years of service – will get \$500/mo. from retirement date till age 65

Those who retired prior to July 1, 2008, shall continue to receive \$582 per month, until age 65 as long as the Authority remains in the Public Employees’ Medical & Hospital Care Act (PEMHCA); if no longer in PEMHCA, they will receive above depending on years of service. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$143 and \$139 per month for 2021 and 2020 calendar year, respectively.

***Teamsters (Communications Technicians):***

- 10 years of service – will get \$200/mo. from retirement date till age 65
- 15 years of service – will get \$300/mo. from retirement date till age 65
- 20 years of service – will get \$500/mo. from retirement date till age 65

Those who retire prior to July 1, 2008, shall continue to receive \$960 per month, until age 65 as long as the Authority remains in PEMHCA; if no longer in PEMHCA, they will receive above depending on years of service. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$143 and \$139 per month for 2021 and 2020 calendar year, respectively.

***CWA (Communications Supervisors):***

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

Those who retire from the Authority before July 1, 2014 receive \$750 per month, until age 65 as long as the Authority remains in PEMHCA, or the above if no longer in PEMHCA. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$143 and \$139 per month for 2021 and 2020 calendar year, respectively.

***Management & Confidential***

Management and confidential employees receive a benefit of \$40 times the number of years of service as a monthly benefit from their retirement date until the age of 65 (with minimum 10 years of service with the Authority). Those who retire before July 1, 2019 with a minimum 10 years of service shall receive \$960 per month until age 65 as long as the Authority remains in PEMHCA, or the above if no longer in PEMHCA. This includes the minimum contribution required under Government Code Section 22892(b) of PEMHCA, \$143 and \$139 per month for 2021 and 2020 calendar year, respectively.



**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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**Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)**

***General Information about the OPEB Plan (Continued)***

***Plan Description (Continued)***

***All Bargaining Groups***

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

***Employees Covered by the Benefit Term***

The following employees were covered by the benefit terms at June 30, 2019 valuation date:

	<u>2019</u>
Active employees	65
Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to, but not yet receiving benefits	<u>6</u>
Total	<u><u>84</u></u>

***Contributions***

The contribution requirements of plan members and the Authority is established and may be amended by the Authority’s Management or the Board of Directors. For the years ended June 30, 2021 and 2020, the average contribution rate was not applicable. Employees are not required to contribute to the plan. The Authority made contributions on pay-as-you-go basis. During the year ended June 30, 2021, the Authority established an irrevocable trust with California Employers' Retiree Benefit Trust (CERBT) and pre-funded \$250,000. The pre-funded amount is reported as part of the contribution made after measurement date.

***Net OPEB Liability***

The Authority’s 2021 and 2020 net OPEB liabilities were measured as of June 30, 2020 and 2019, respectively, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2019.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)**

***General Information about the OPEB Plan (Continued)***

**Actuarial Assumptions**

Total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	June 30, 2019			
Contribution Policy	No Pre-funding			
Discount Rate	2.21% at June 30, 2020 (Bond Buyer 20-year index)			
	3.50% at June 30, 2019 (Bond Buyer 20-year index)			
Expected Long-term Rate of Return on investment	N/A			
General Inflation	2.75% per annum			
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study			
Mortality Improvement	Mortality projected fully generation with Scale MP-17 for post-retirement mortality			
Salary increases	Aggregate 3% annually			
	Merit - CalPERS 1997-2015 Experience Study			
Medical Trend	Non Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years			
	Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years			
PEHHCA Minimum Increase	4.25% annually			
Participation at Retirement	Actives: Based on the supplemental benefit amount			
	Suppl Benefit	Participation	Suppl Benefit	Participation
	\$0-\$99	50.0%	\$300-\$499	85.0%
	\$100-\$199	75.0%	\$500+	90.0%
	\$200-\$299	80.0%		
	Retirees: Based on current coverage			
Spouse Coverage	Actives: current election if covered, 20% if waived			
	Retirees: current election			

**Discount Rate**

The discount rates of 2.21% and 3.50% were used during measurement periods June 30, 2020 and 2019, respectively. The Authority used the Bond Buyer 20-Bond GO index along with the assumed long-term inflation assumption to set the discount rate.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)**

***Net OPEB Liability (Continued)***

**Change in Total OPEB Liability**

	2021		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019 (measurement date)	\$ 2,750,082	\$ -	\$ 2,750,082
Changes Recognized for the Measurement Period:			
Service Cost	156,598	-	156,598
Interest on the total OPEB liability	100,283	-	100,283
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	547,573	-	547,573
Contribution from the employer	-	83,145	(83,145)
Net investment income	-	-	-
Administrative expenses	-	(256)	256
Benefit payments	(82,889)	(82,889)	-
Net changes during measurement 2019-2020	721,565	-	721,565
Balance at June 30, 2020 (measurement date)	\$ 3,471,647	\$ -	\$ 3,471,647
	2020		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018 (measurement date)	\$ 2,805,233	\$ -	\$ 2,805,233
Changes Recognized for the Measurement Period:			
Service Cost	138,260	-	138,260
Interest on the total OPEB liability	111,541	-	111,541
Change of benefit terms	5,100	-	5,100
Difference between expected and actual experience	(304,572)	-	(304,572)
Changes in assumptions	117,179	-	117,179
Contribution from the employer	-	122,891	(122,891)
Net investment income	-	-	-
Administrative expenses	-	(232)	232
Benefit payments	(122,659)	(122,659)	-
Net changes during measurement 2018-2019	(55,151)	-	(55,151)
Balance at June 30, 2019 (measurement date)	\$ 2,750,082	\$ -	\$ 2,750,082

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)**

***Net OPEB Liability (Continued)***

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

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement periods ended June 30, 2020 and June 30, 2019:

Measurement Date	Plan's Total OPEB Liability		
	Discount Rate -1% (1.21%)	Current Discount Rate (2.21%)	Discount Rate +1% (3.21%)
June 30, 2020	\$ 4,033,951	\$ 3,471,647	\$ 3,019,995
Measurement Date	Discount Rate -1% (2.50%)	Current Discount Rate (3.50%)	Discount Rate +1% (4.50%)
	June 30, 2019	\$ 3,151,988	\$ 2,750,082
			\$ 2,420,597

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

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement periods ended June 30, 2020 and June 30, 2019:

Measurement Date	Plan's Total OPEB Liability		
	Healthcare Cost Trend Rate -1%	Current Healthcare Cost Trend Rate	Healthcare Cost Trend Rate +1%
June 30, 2020	\$ 2,931,348	\$ 3,471,647	\$ 4,191,400
June 30, 2019	\$ 2,380,764	\$ 2,750,082	\$ 3,228,848

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

For the years ended June 30, 2021 and June 30, 2020, the Authority recognize OPEB expense in the amounts of \$250,816 and \$199,481, respectively. At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 335,588	\$ -	\$ 83,145	\$ -
Changes in assumptions	594,115	(276,898)	106,526	(315,515)
Differences between expected and actual experience	-	(249,196)	-	(276,884)
Total	\$ 929,703	\$ (526,094)	\$ 189,671	\$ (592,399)

The Expected Average remaining service Lifetime (“EARSL”) is calculated by dividing the total future service years by total number of covered participants in the plan. The EARSL for the plan at the beginning of measurement period June 30, 2020 and June 30, 2019 are both 11.1 years, which was obtained by dividing the total services years of 863 by 78 covered participants.

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)**

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

Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Deferred outflows of resources related to OPEB resulting from Authority’s contributions subsequent to the measurement date in the amounts of \$355,588 and \$83,145 will be recognized as a reduction of the net OPEB liability in the years ending June 30, 2022 and 2021, respectively.

Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources	Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources
	2021		2020
2022	\$ (6,321)	2021	\$ (55,652)
2023	(6,321)	2022	(55,652)
2024	(6,321)	2023	(55,652)
2025	(6,321)	2024	(55,652)
2026	(6,321)	2025	(55,652)
Thereafter	99,626	Thereafter	(207,613)
Total	<u>\$ 68,021</u>	Total	<u>\$ (485,873)</u>

**Note 9 – Conduit Debt**

The Authority issued three series of bonds to finance the costs of acquisition, construction, installation, and equipping of main facility with emergency communications equipment (the “Project”) in January 2001 on behalf of the Cities of Gardena, Hawthorne, and Manhattan Beach. The 2001 Revenue Bonds Series A in the amount of \$3,060,000 (Gardena), the 2001 Variable Rate Demand Revenue Bonds Series B in the amount of \$4,300,000 (Hawthorne), and the 2001 Variable Rate Demand Revenue Bonds Series C in the amount of \$2,180,000 (Manhattan Beach), are payable from the revenues derived primarily from project financing and operating by the Cities of Gardena, Hawthorne, and Manhattan Beach, respectively.

In 2007, the Authority issued the 2007 Refunding Revenue Bonds, Series A in the amount of \$2,800,000 to fully refund the 2001 Revenue Bond Series A on behalf of the City of Gardena. The outstanding balances of the 2007 Refunding Revenue Bonds Series A were \$1,430,000 and \$1,540,000 as of June 30, 2021 and 2020, respectively. The 2001 Revenue Bonds, Series B, were fully refunded by the City of Hawthorne’s private placement in 2016. The 2001 Revenue Bonds, Series C, were paid off by the City of Manhattan Beach.

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

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Note 10 – Assessment Revenues**

For the year ended June 30, 2021 and 2020, the assessment from member and nonmember cities consisted of the following Gardena, Hawthorne, Manhattan Beach, Hermosa Beach, El Segundo, and Culver City.

Cities	2021		2020	
	Assessment Charged	Surplus	Net Assessment	Assessment Charged
Gardena	\$ 2,083,118	\$ 417,040	\$ 1,666,078	\$ 2,391,301
Hawthorne	2,552,293	585,910	1,966,383	3,359,598
Manhattan Beach	1,387,975	342,500	1,045,475	1,703,280
Hermosa Beach	742,528	-	742,528	975,208
El Segundo	1,493,738	-	1,493,738	1,372,871
Culver City	2,665,229	-	2,665,229	2,587,601
Total	<u>\$ 10,924,881</u>	<u>\$ 1,345,450</u>	<u>\$ 9,579,431</u>	<u>\$ 12,389,859</u>

**Note 11 – Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is insured for all risks of loss through insurance companies. The following is a summary of the insurance policies carried by the Authority as of June 30, 2021:

Insurance Risk	Coverage per Incident	Coverage in Aggregate	Deductible
Commercial general liability	\$ 3,000,000	\$ 3,000,000	\$ 15,000
Automobile	1,000,000	-	-
Earthquake	5,000,000	-	25,000
Professional liability	3,000,000	-	35,000
Umbrella excess liability	7,000,000	7,000,000	-
Workers' compensation	1,000,000	-	-
Property	25,000,000	-	10,000
Cyber liability	2,000,000	25,000,000	5,000
Deadly weapons protection	500,000	500,000	10,000
Crime	1,000,000	-	2,500
Garagekeeper liability	50,000	450,000	1,000

**South Bay Regional Public Communications Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

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**Note 12 – Commitments and Contingencies**

***Litigation***

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

## **REQUIRED SUPPLEMENTARY INFORMATION**



**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios**  
**For the Years Ended June 30, 2021 and 2020**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement date	June 30, 2014 <sup>1</sup>	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Authority's proportion of the net pension liability	0.059500%	0.059500%	0.064949%	0.067677%	0.068180%
Authority's proportionate share of the net pension liability	\$ 4,084,007	\$ 4,084,007	\$ 5,620,134	\$ 6,711,657	\$ 6,570,432
Authority's covered payroll	\$ 4,485,167	\$ 4,665,871	\$ 4,773,439	\$ 5,184,067	\$ 5,270,919
Authority's proportionate share of the net pension liability as a percentage of covered payroll	91.06%	87.53%	117.74%	129.47%	124.65%
Plan's fiduciary net position as a percentage of the plan's total pension liability	79.82%	78.40%	74.06%	73.31%	75.26%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14.

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

---

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement date	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Authority's proportion of the net pension liability	<u>0.071590%</u>	<u>0.074680%</u>
Authority's proportionate share of the net pension liability	<u>\$ 7,335,396</u>	<u>\$ 8,125,094</u>
Authority's covered payroll	<u>\$ 5,408,034</u>	<u>\$ 5,838,063</u>
Authority's proportionate share of the net pension liability as a percentage of covered payroll	<u>135.64%</u>	<u>139.17%</u>
Plan's fiduciary net position as a percentage of the plan's total pension liability	<u>75.26%</u>	<u>75.10%</u>

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions**  
**For the Years Ended June 30, 2021 and 2020**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	2013-14 <sup>1</sup>	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 480,107	\$ 507,694	\$ 553,317	\$ 634,790	\$ 692,687
Contribution in relation to the actuarially determined contribution	(480,107)	(507,694)	(553,317)	(634,790)	(692,687)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 4,485,167	\$ 4,665,871	\$ 4,773,439	\$ 5,184,067	\$ 5,270,919
Contributions as a percentage of covered payroll	10.70%	10.88%	11.59%	12.25%	13.14%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14.

**Notes to the Schedule:**

Change in Benefit Terms: There were no changes to benefit terms.

Change of Assumptions: In 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Actuarially determined contribution	\$ 807,058	\$ 957,115	\$ 1,078,691
Contribution in relation to the actuarially determined contribution	<u>(807,095)</u>	<u>(957,115)</u>	<u>(1,078,691)</u>
Contribution deficiency (excess)	<u>\$ (37)</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	<u>\$ 5,408,034</u>	<u>\$ 5,838,063</u>	<u>\$ 6,005,530</u>
Contributions as a percentage of covered payroll	<u>14.92%</u>	<u>16.39%</u>	<u>17.96%</u>

**Notes to the Schedule:**

Change in Benefit Terms: There were no changes to benefit terms.

Change of Assumptions: In 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios**  
**For the Years Ended June 30, 2021 and 2020**

Measurement Period	Last Ten Fiscal Years			
	2016-2017 <sup>1</sup>	2017-2018	2018-2019	2019-2020
<b>Total OPEB Liability</b>				
Service Cost	\$ 163,778	\$ 143,129	\$ 138,260	\$ 156,598
Interest on the total OPEB liability	88,136	103,266	111,541	100,283
Changes in benefit terms	-	-	5,100	-
Difference between expected and actual experience	-	-	(304,572)	-
Changes in assumptions	(307,074)	(113,847)	117,179	547,573
Contribution from the employer	-	-	-	-
Benefit payments	(126,836)	(137,416)	(122,659)	(82,889)
<b>Net changes in total OPEB liability</b>	<b>(181,996)</b>	<b>(4,868)</b>	<b>(55,151)</b>	<b>721,565</b>
<b>Total OPEB liability, beginning</b>	<b>2,992,097</b>	<b>2,810,101</b>	<b>2,805,233</b>	<b>2,750,082</b>
<b>Total OPEB liability, ending (a)</b>	<b>\$ 2,810,101</b>	<b>\$ 2,805,233</b>	<b>\$ 2,750,082</b>	<b>\$ 3,471,647</b>
<b>Plan fiduciary net position:</b>				
Employer contribution	\$ 126,836	\$ 137,416	\$ 122,891	\$ 83,145
Employee contributions	-	-	-	-
Net investment income	-	-	-	-
Administrative expenses	-	-	(232)	(256)
Benefit payments	(126,836)	(137,416)	(122,659)	(82,889)
Other	-	-	-	-
<b>Net changes in fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position, beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<b>\$ 2,810,101</b>	<b>\$ 2,805,233</b>	<b>\$ 2,750,082</b>	<b>\$ 3,471,647</b>
<b>Plan's fiduciary net position as a percentage of the total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered employee payroll</b>	<b>\$ 5,996,321</b>	<b>\$ 7,010,558</b>	<b>\$ 6,722,179</b>	<b>\$ 7,264,866</b>
<b>Plan Net OPEB liability as a percentage of covered employee payroll</b>	<b>46.86%</b>	<b>40.01%</b>	<b>40.91%</b>	<b>47.79%</b>

<sup>1</sup>Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-2017.

**South Bay Regional Public Communications Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions – Other Postemployment Benefits**  
**For the Years Ended June 30, 2021 and 2020**

**Last Ten Fiscal Years**

**Other Postemployment Benefits ("OPEB")**

Fiscal year	2016-17 <sup>1</sup>	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	\$ 126,836	\$ 140,536	\$ 122,891	\$ 83,145	\$ 85,588
Contribution in relation to the actuarially determined contribution	(126,836)	(140,536)	(122,891)	(83,145)	(335,588)
Contribution deficiency / (excess)	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Authority's covered payroll <sup>2</sup>	\$ 5,996,321	\$ 7,010,558	\$ 6,722,179	\$ 7,264,866	\$ 7,482,812
Contributions as a percentage of covered payroll	2.12%	2.00%	1.83%	1.14%	1.14%

<sup>2</sup>Payroll was assumed to increase by the 3.00 percentage payroll growth assumption from 2019-20 to 2020-21.

Notes to Schedule:

Valuation date:	June 30, 2019
Methods and assumptions used to determine contribution rates:	
Contribution Policy:	No pre-funding
Inflation:	2.75% per year
Investment return/discount rate:	2.21% at June 30, 2020 (Bond Buyer 20-year index) 3.50% at June 30, 2019 (Bond Buyer 20-year index)
Medical Trend	Non Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Payroll increase:	Aggregate 3% annually with merit - CalPERS 1997-2015 Experience Study
Mortality:	CalPERS 1997-2015 Experience Study

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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the South Bay Regional Public Communications Authority, California (the "Authority") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Authority's basic financial statements, and have issued our report thereon dated December 9, 2021.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



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

### **Purpose of this Report**

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

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

Santa Ana, California  
December 9, 2021

F-2



# Staff Report

## South Bay Regional Public Communications Authority

**MEETING DATE:** January 18, 2022

**ITEM NUMBER:** F-2

**TO:** Executive Committee

**FROM:** Ross Klun, Executive Director  
Vanessa Alfaro, Finance & Performance Audit Manager

**SUBJECT:** FY22 Payment of the Actuarially Determined Net Trust Contribution to the Authority's Section 115 Trust for Other Post-Employment Benefits in the amount of \$192,679.

**ATTACHMENTS:** 1. Actuarial Valuation as of June 30, 2021

### **RECOMMENDATION**

Staff recommends that the Executive Committee recommend that the Board of Directors appropriate funds from the Enterprise Fund and approve a payment of the Actuarially Determined Net Trust Contribution to the Authority's Section 115 Trust for Other Post-employment Benefits ("OPEB") in the amount of \$192,679 for Fiscal Year 2021-2022.

### **BACKGROUND**

The Authority provides certain limited healthcare benefits to eligible retirees known as OPEB benefits. The Authority funds these OPEB expenses as they become due, commonly referred to as "pay-as-you-go." While pay-as-you-go is a common financial practice, it ignores future employer costs for employees that have earned the benefits but have not retired, which results in a growing unfunded liability. As of June 30, 2021, the Authority's OPEB liability totaled \$3,471,647.

- September 2019: Staff presented information to the Executive Committee about the Authority's unfunded pension and OPEB liabilities and options for addressing these growing liabilities.
- February 2020: During the Executive Committee meeting, staff was directed to provide additional information about Section 115 trust providers for OPEB liabilities.
- July 2020: Staff presented options for Section 115 trust providers to the Executive Committee and committee members agreed that CalPERS' CERBT program

offered the best combination of costs, investment returns, and industry experience. The Executive Committee elected to recommend the CERBT program for consideration by the Board of Directors, with initial funding of \$250,000 held in the Authority's Enterprise Fund as an OPEB reserve since October 2011.

- September 2020: The Board of Directors approved a resolution to establish a Section 115 trust for OPEB liabilities with the CERBT program with an initial transfer of \$250,000 and delegated selection of the investment strategy to the Authority Treasurer.
- June 2021: The Section 115 trust was established and funded as of June 30, 2021, thus, its impact on the Authority's net OPEB liability will reflect in the financial statements for the year ended June 30, 2022.

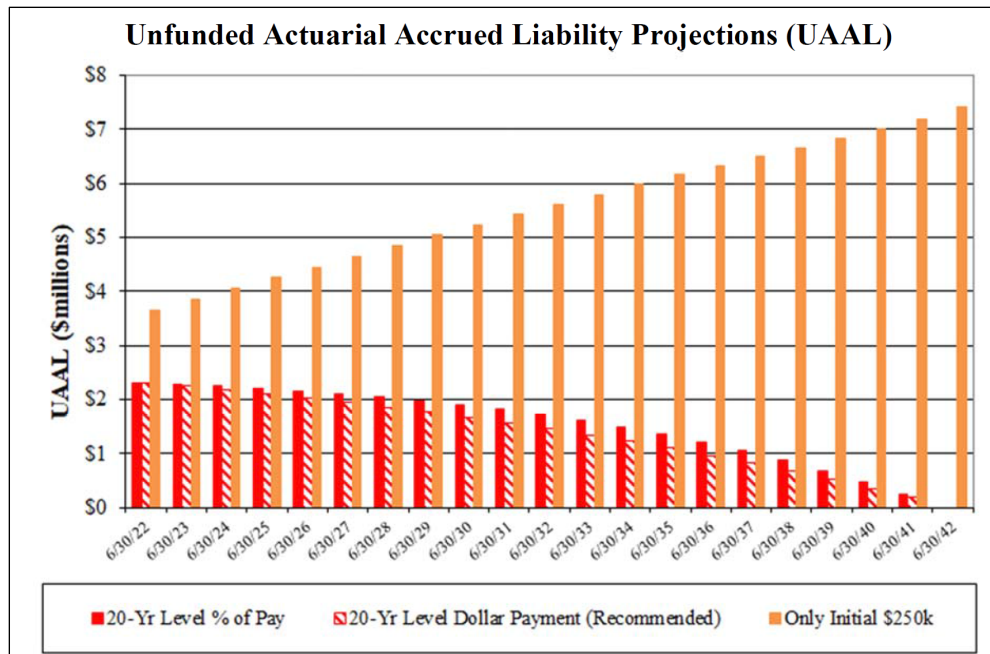
## **DISCUSSION**

Utilizing the direction provided by the Executive Committee during the February 2020 meeting, staff worked with the Authority's actuary, Bartel Associates, LLC ("Bartel") to develop a strategy for addressing OPEB liabilities. Bartel completed an actuarial valuation for the Authority's Retiree Healthcare Plan as of June 30, 2021. The valuation used the Authority's current CERBT strategy selection, Strategy 2, a discount rate of 5.5% and a 20-year level dollar amortization period to calculate the Actuarially Determined Contribution ("ADC") for fully funding the Authority's Actuarially Accrued Liability ("AAL") for OPEB. Using these assumptions, the Authority's AAL as of June 30, 2021 is \$2,560,062 and approximately 10% funded after the initial contribution to the trust.

The graph below shows the Authority's unfunded OPEB liability under three different scenarios:

- 1) No additional funding other than the initial trust contribution of \$250,000
- 2) A 20-year level percent of pay amortization period
- 3) A 20-year level dollar amortization period

The 20-year level dollar amortization period is recommended due to its slightly higher interest savings.



For Fiscal Year 2021-22, the recommended net trust contribution is \$192,679.

<u><b>Actuarially Determined Net Trust Contribution</b></u>			
	2021/22	2022/23	2023/24
■ Actuarially Determined Contribution	\$298,470	\$300,428	\$302,653
■ Minus: Implied Subsidy benefit payment	27,047	29,932	38,687
■ Minus: Estimated cash benefit payments paid by Authority, net of Trust reimbursements	78,744	77,805	84,314
■ Recommended net Trust contribution	192,679	192,691	179,652

The unreserved (available) Enterprise Fund balance as of June 30, 2021 is \$3,753,131 and staff recommends its use for the net trust contribution for Fiscal Year 2021-22.

Staff will bring a recommendation to the Board of Directors to amend the Authority's Budgetary Policy to include the ability to make the net trust contribution following each year there is a budgetary surplus for a period of 20 years or until the trust is fully funded, whichever occurs first. In the event no surplus exists in a given fiscal year, unreserved available balance would be utilized for the net trust contribution. For example, a budgetary surplus for fiscal year ending June 30, 2022, would allow for the trust contribution for FY2022-23. However, if there is no surplus or it is insufficient, unreserved available balance would be utilized for the trust contribution. The revision to the Budgetary Policy will be presented to the Executive Committee in February and, if recommended, to the Board of Directors in March for their approval and adoption.

### **FISCAL IMPACT**

The Enterprise fund balance will decrease by \$192,679 upon transfer to the Section 115 trust.

F-2

Attachment 1



**SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS  
AUTHORITY  
RETIREE HEALTHCARE PLAN**

**BARTHEL**  
ASSOCIATES, LLC

June 30, 2021 Actuarial Valuation  
Plan Funding for 2021/22, 2022/23 and 2023/24

**Mary Elizabeth Redding, Vice President**  
Kateryna Doroshenko, Actuarial Analyst  
Michelle Shen, Actuarial Analyst  
**Bartel Associates, LLC**

January 5, 2022

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## BENEFIT SUMMARY

<b>Basic Benefit</b>	■ Eligibility	<b>■ Retire directly from the Authority under CalPERS</b> <ul style="list-style-type: none"> <li>• Age 50 (52 for Miscellaneous PEPPRA members) and 5 years of service or</li> <li>• Disability retirement</li> </ul>			
	■ Benefit Amount	<b>■ Authority contributes monthly the PEMHCA minimum benefit (\$143/month in 2021 and \$149/month in 2022)</b>			
<b>Supplemental Benefit</b>	■ Benefit Description	<b>■ Total Authority contribution is not to exceed retiree single premium</b> <b>■ Council members, elected officials and part-time employees are not eligible</b> <b>■ Service retirement eligibility must be met at the time of retirement if disabled</b> <b>■ Spouse and surviving spouse are not eligible</b>			
	■ Monthly Supplemental Contributions (Tier 1)	<b>■ Including PEMHCA minimum amounts, benefit is paid for eligible retirees up to the following caps until age 65:</b> <div style="display: flex; justify-content: space-between;"> <div>Teamster Grp A Retired &lt; 7/1/21 \$750<sup>1</sup></div> <div>Teamster Grp B Retired &lt; 7/1/21 \$960</div> <div>CWA Retired &lt; 7/1/14 \$750</div> <div>Mgmt &amp; Conf Retired &lt; 7/1/19 &amp; Svc ≥ 10 \$960</div> </div>			
	■ Monthly Supplemental Contributions (Tier 2)	<b>■ Benefit is paid in addition to PEMHCA minimum amounts until age 65:</b> <div style="display: flex; justify-content: space-between;"> <div>Authority Group A, B Service 10-14 15-19 20+</div> <div>Retired ≥ 7/1/21 and Group C, D \$200<sup>2</sup> \$300 \$500</div> <div>CWA Retired ≥ 7/1/14 \$0 \$250 \$450</div> <div>Mgmt &amp; Conf Retired ≥ 7/1/19 &amp; Svc ≥ 10 Yrs Svc × \$40</div> </div>			

<sup>1</sup> Group A retirees who retired before 7/1/08 receive \$582.33.

<sup>2</sup> Group C employees hired after 7/1/14 and Group D employees need 15 years of Authority service to receive the benefit.



January 5, 2022



## BENEFIT SUMMARY

■ Groups				
		<u>DOH &lt; 10/25/2011</u>	<u>10/25/2011 ≤ DOH &lt; 11/30/2018</u>	<u>DOH ≥ 11/30/2018</u>
	Communications Operators	Group A	Group C	Group D
	Technical Services	Group B	Group C	Group D



January 5, 2022

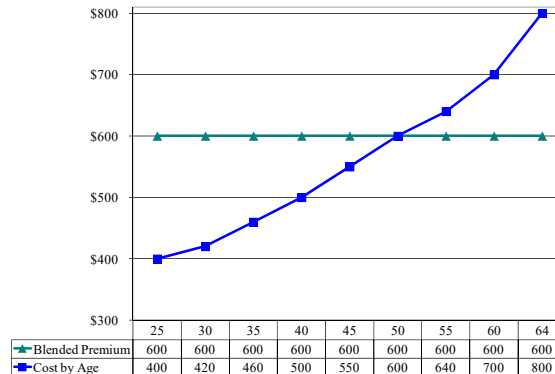




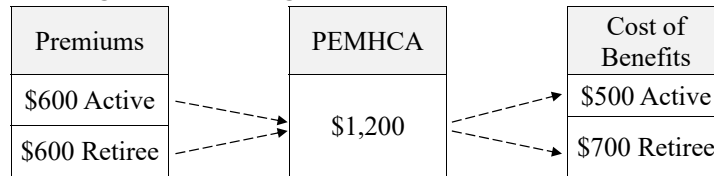
## IMPLIED SUBSIDY

### Implied Subsidy

- For PEMHCA, employer cost for allowing retirees to participate at active rates
  - General trend:



- Sample active age 40, retire age 60:



January 5, 2022



## IMPLIED SUBSIDY

### Implied Subsidy

- GASB defers to actuarial standards of practice
- Previous Actuarial Standards of Practice No. 6<sup>3</sup> (ASOP 6) allowed community rated plans to value liability using premiums, resulting in no implied subsidy
- In May 2014, Actuarial Standards Board released revised ASOP 6:
  - Requires implied subsidy valued for community rated plans such as PEMHCA
  - Timing: effective with all valuations on or after March 31, 2015 with earlier implementation encouraged
- June 30, 2017 and later valuations include the implied subsidy

<sup>3</sup> Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions.



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## PARTICIPANT STATISTICS

### Participant Statistics

	6/30/17	6/30/19	6/30/21
■ Actives	57	65	67
• Counts			
• Average			
➤ Age	41.4	40.5	39.5
➤ Authority Service	11.3	11.6	10.7
➤ CalPERS Service	12.9	13.7	12.2
➤ Pay	n/a	n/a	\$87,000
• Total Payroll	n/a	n/a	5,824,000
■ Retirees (covered only)			
• Counts	12	13	17
• Average			
➤ Age	63.2	65.6	65.4
➤ Retirement Age <sup>4</sup>	55.3	59.2	58.9

<sup>4</sup> Service retirees only.



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## PARTICIPANT STATISTICS

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## ACTUARIAL ASSUMPTIONS HIGHLIGHTS

### Discount Rate

#### ■ CERBT Investment Options

	Strategy 1	Strategy 2	Strategy 3
Global Equity	59%	40%	22%
Fixed Income	25%	43%	49%
TIPS	5%	5%	16%
Commodities	3%	4%	5%
REITs	<u>8%</u>	<u>8%</u>	<u>8%</u>
Total	100%	100%	100%

#### ■ Authority currently in Strategy 2.



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## ACTUARIAL ASSUMPTIONS HIGHLIGHTS

### Discount Rate

#### ■ Future expected returns

- Stochastic simulations of geometric average returns over 20 years
- 5,000 trials
- 2.50% inflation assumption
- Projections based on 5 independent Investment Advisors 2021 10-year Capital Market Assumptions and where available, investment advisors anticipated long-term trends:
- Confidence levels:

	Strategy 1	Strategy 2	Strategy 3
50% Confidence Level	6.25%	<b>5.50%</b>	4.75%
55% Confidence Level	5.75%	5.25%	4.50%
60% Confidence Level	5.50%	5.00%	4.25%

- Recommend 5.50% discount rate



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### ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Valuation Date	■ June 30, 2019 ■ n/a	■ June 30, 2021 ■ 2021/22, 2022/23 and 2023/24 contributions
■ Discount Rate	■ 3.50% - no pre-funding	■ 5.50% - pre-funded with CalPERS diversified trust Strategy 2
■ Payroll Increases	■ Aggregate increase – 3.00% ■ Merit increase – CalPERS 1997 – 2015 Experience Study	■ Aggregate increase – 2.75% ■ Merit increase – CalPERS 1997 – 2015 Experience Study
■ General Inflation	■ 2.75%	■ 2.50%
■ PEMHCA Minimum Increase	■ 4.25% annually	■ 4.00% annually



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### ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2019 Valuation			June 30, 2021 Valuation		
■ Medical Trend	<u>Year</u>	<u>Increase from Prior Year</u>		<u>Year</u>	<u>Increase from Prior Year</u>	
		<u>Non-Medicare</u>	<u>Medicare</u>		<u>Non-Kaiser</u>	<u>Medicare</u>
	2019-2020	Actual premiums		2021	Actual premiums	
	2021	7.25%	6.30%	2021		
	2022	7.00%	6.10%	2022	6.75%	5.85%
	↓	↓	↓	↓	↓	↓
	2030	5.20%	4.70%	2030	4.95%	4.45%
	2031-2035	5.05%	4.60%	2031-2035	4.80%	4.35%
	2036-2045	4.90%	4.50%	2036-2045	4.65%	4.25%
	2046-2055	4.75%	4.45%	2046-2055	4.50%	4.20%
	2056-2065	4.60%	4.40%	2056-2065	4.35%	4.15%
	2066-2075	4.30%	4.20%	2066-2075	4.05%	3.95%
	2076+	4.00%	4.00%	2076+	3.75%	3.75%
■ CERBT Fee	■ n/a			■ 0.05% of Market Value of Assets		
■ PEMHCA Administrative Fee	■ n/a			■ 0.26% of premium (5-year average) ■ Included in the Actuarially Determined Contributions		



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# **ACTUARIAL ASSUMPTIONS HIGHLIGHTS**

Assumption	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Mortality, Disability, Termination	■ CalPERS 1997-2015 Experience Study	■ Same
■ Mortality Improvement	■ CalPERS 1997-2015 Experience Study ■ Mortality Improvement Scale MP-2019	■ CalPERS 1997-2015 Experience Study ■ Mortality Improvement Scale MP-2020
■ Service Retirement	■ CalPERS 1997 – 2015 Experience Study <u>Expected Retirement Age</u> 2%@55                      58.8 2%@60                      58.2 2%@62                      59.5	■ CalPERS 1997 – 2015 Experience Study <u>Expected Retirement Age</u> 2%@55                      58.8 2%@60                      58.2 2%@62                      60.5
■ Spouse Participation	■ Actives: current election if covered, 20% if waived ■ Retirees: current election	■ Same



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# **ACTUARIAL ASSUMPTIONS HIGHLIGHTS**

Assumption	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Participation at Retirement	■ Based on the supplemental benefit amount  <u>Supplemental Benefit</u> <u>Participation</u> \$0-\$99                      50% \$100-\$199                      75% \$200-\$299                      80% \$300-\$499                      85% \$500+                      90%	■ Same
■ Age-related Claims Costs for Medicare Advantage Plans	■ Included for participants hired before 6/1/2010	■ Due to age-risk adjusted federal subsidies to Medicare Advantage plans, no age-based claims costs were included for these plans (Anthem Medicare Preferred, Kaiser Senior Advantage, UnitedHealthcare Group Medicare Advantage)



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## ACTUARIAL METHODS

	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Cost Method	■ Entry Age Normal	■ Same
■ Amortization Method	■ n/a	■ Level dollar
■ Amortization Period	■ n/a	■ UAAL – 20-year fixed (closed) period
■ Assets	■ n/a	■ Market value of assets
■ Actuarially Determined Contributions Timing	■ n/a	■ Payable at the end of the year



## ACTUARIAL METHODS

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## ASSETS

### Market Value of Trust Assets (MVA)

	2020/21
■ MVA Beginning of Year	\$ -
• Contributions	250,000
• Benefit Payments	-
• Administrative Expenses	(5)
• Investment Earnings Net of Investment Expenses	186
■ MVA End of Year	250,181



## ASSETS

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## RESULTS

### Funded Status

	6/30/19 (3.50% DR)	6/30/21 (5.50% DR)
<b>■ Present Value of Benefits</b>		
• Actives (future retirees)	\$4,136,719	\$2,652,397
• Retirees	<u>825,087</u>	<u>1,075,497</u>
• Total	4,961,806	3,727,894
<b>■ Actuarial Accrued Liability (AAL)</b>		
• Actives (future retirees)	1,924,995	1,484,565
• Retirees	<u>825,087</u>	<u>1,075,497</u>
• Total	2,750,082	2,560,062
<b>■ Market Value of Assets</b>	<u>-</u>	<u>250,181</u>
<b>■ Unfunded Actuarial Accrued Liability (UAAL)</b>	2,750,082	2,309,881
<b>■ Funded Status</b>	0%	9.8%
<b>■ Normal Cost for next FY</b>	162,078	104,672
<b>■ Administrative Expenses for next FY</b>	n/a	509
<b>■ Pay-as-you-go Cost for next FY (Cash + IS)</b>	86,209	105,792



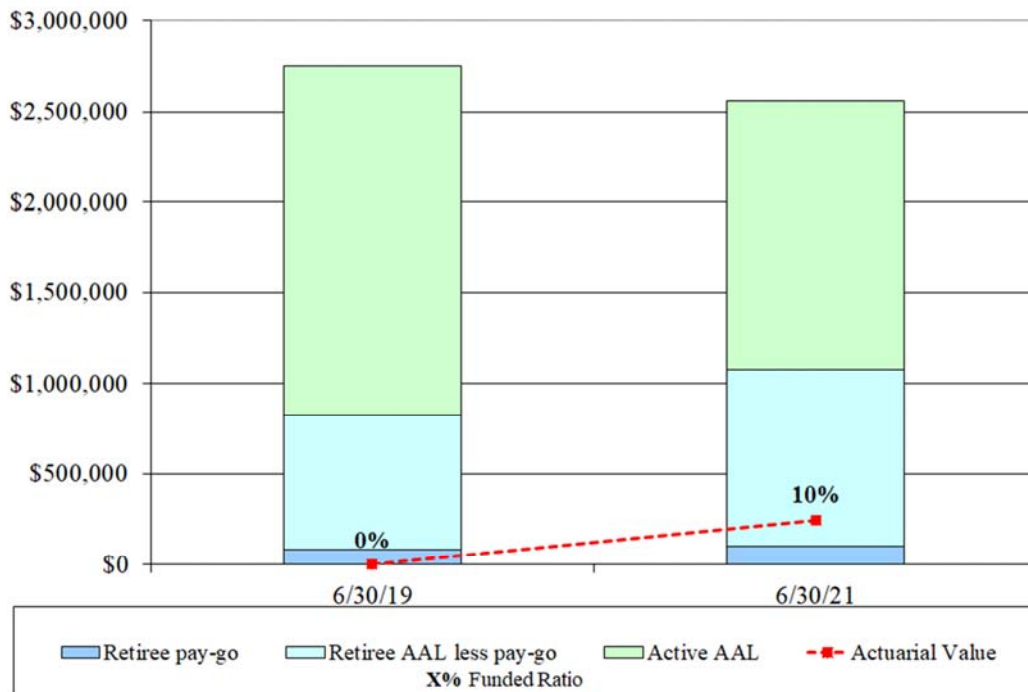
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## RESULTS

### Funded Status



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## RESULTS

### Actuarial Liability (Gain)/Loss Analysis

■ Actual 6/30/19 Actuarial Accrued Liability (AAL)		\$2,750,082
■ Expected 6/30/21 AAL		3,098,088
Plan Experience	• Premiums less than expected	(45,787)
	• Other/demographic experience <sup>5</sup>	<u>324,893</u>
	• Subtotal	279,106
Assumption Changes	• Discount rate and inflation change	(787,310)
	• Other: updated mortality improvement, claims aging curve and ACA excise tax removal	<u>(29,822)</u>
	• Subtotal	(817,132)
■ Total (Gains)/Losses		(538,026)
■ Actual 6/30/21 AAL		2,560,062

<sup>5</sup> Mainly 3 people retiring at unexpectedly young ages



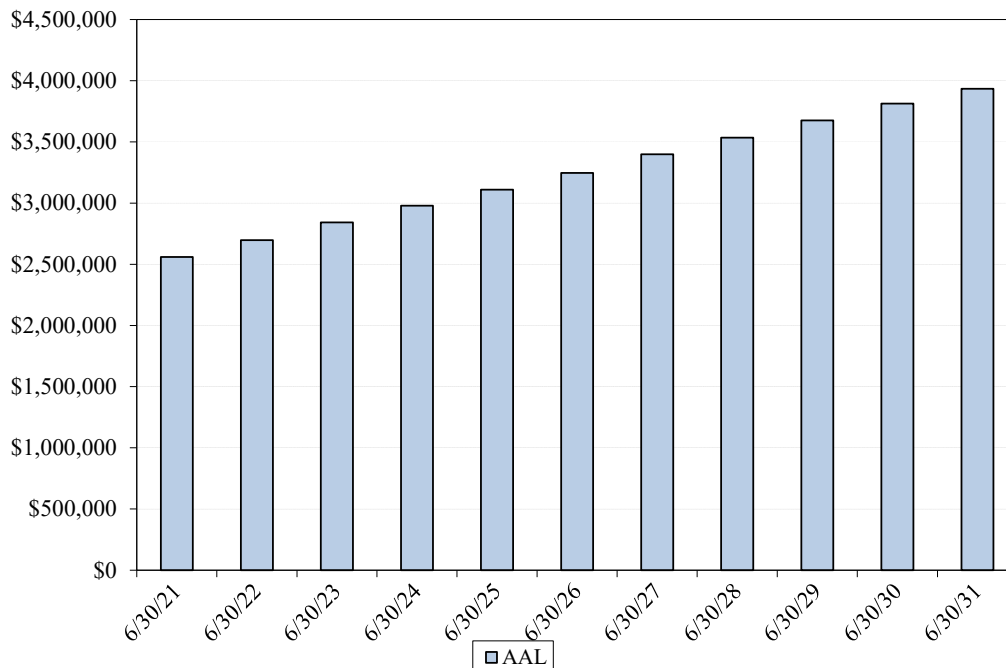
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## RESULTS

### 10-Year Projection Illustration Actuarial Accrued Liability



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## RESULTS

### Actuarially Determined Contributions (ADC)

	2021/22	2022/23	2023/24
■ <b>ADC - \$</b>			
• Normal Cost	\$104,672	\$106,499	\$108,560
• Administrative Expenses	509	639	803
• UAAL Amortization	<u>193,289</u>	<u>193,289</u>	<u>193,289</u>
• Total	298,470	300,428	302,653
■ <b>Projected Payroll</b>	5,984,305	6,148,873	6,317,967
■ <b>ADC - %</b>			
• Normal Cost	1.7%	1.7%	1.7%
• Administrative Expenses	0.0%	0.0%	0.0%
• UAAL Amortization	<u>3.3%</u>	<u>3.1%</u>	<u>3.1%</u>
• Total	5.0%	4.8%	4.8%



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## RESULTS

### Actuarially Determined Net Trust Contribution

	2021/22	2022/23	2023/24
■ Actuarially Determined Contribution	\$298,470	\$300,428	\$302,653
■ Minus: Implied Subsidy benefit payment	27,047	29,932	38,687
■ Minus: Estimated cash benefit payments paid by Authority, net of Trust reimbursements	<u>78,744</u>	<u>77,805</u>	<u>84,314</u>
■ Recommended net Trust contribution	192,679	192,691	179,652



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# ADDITIONAL RESULTS

## **Funding Projection** **20-years Level Dollar Amortization (Current)**

<b>Fiscal Year Ending</b>	<b>Cash BenPmt</b>	<b>Implied Subsidy BenPmt</b>	<b>Trust Pre Funding</b>	<b>Total Contribution</b>	<b>Actuarially Determined Contribution</b>	<b>Payroll</b>	<b>Contrib % of Payroll</b>
2022	\$78,744	\$27,047	\$192,679	\$298,470	\$298,470	\$5,984,305	5.0%
2023	77,805	29,932	192,691	300,428	300,428	6,148,873	4.8%
2024	84,314	38,687	179,652	302,653	302,653	6,317,967	4.8%
2025	90,956	49,660	164,198	304,814	304,814	6,491,711	4.7%
2026	90,278	52,044	164,725	307,047	307,047	6,670,233	4.6%
2027	85,250	52,301	171,516	309,067	309,067	6,853,665	4.5%
2028	95,162	67,714	148,258	311,134	311,134	7,042,141	4.4%
2029	102,055	65,076	145,802	312,933	312,933	7,235,800	4.3%
2030	108,483	71,504	135,188	315,175	315,175	7,434,784	4.2%
2031	122,888	82,308	112,416	317,612	317,612	7,639,241	4.2%



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# ADDITIONAL RESULTS

## **Funding Projection** **20-years Level Percent of Pay Amortization**

<b>Fiscal Year Ending</b>	<b>Cash BenPmt</b>	<b>Implied Subsidy BenPmt</b>	<b>Trust Pre Funding</b>	<b>Total Contribution</b>	<b>Actuarially Determined Contribution</b>	<b>Payroll</b>	<b>Contrib % of Payroll</b>
2022	\$78,744	\$27,047	\$154,185	\$259,976	\$259,976	\$5,984,305	4.3%
2023	77,805	29,932	158,454	266,191	266,191	6,148,873	4.3%
2024	84,314	38,687	149,788	272,789	272,789	6,317,967	4.3%
2025	90,956	49,660	138,829	279,445	279,445	6,491,711	4.3%
2026	90,278	52,044	143,974	286,296	286,296	6,670,233	4.3%
2027	85,250	52,301	155,509	293,060	293,060	6,853,665	4.3%
2028	95,162	67,714	137,127	300,003	300,003	7,042,141	4.3%
2029	102,055	65,076	139,680	306,811	306,811	7,235,800	4.2%
2030	108,483	71,504	134,214	314,201	314,201	7,434,784	4.2%
2031	122,888	82,308	116,731	321,927	321,927	7,639,241	4.2%



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## ADDITIONAL RESULTS

### Actuarial Obligations

	Cash Subsidy	Implied Subsidy	Total
<b>■ Present Value of Benefits</b>			
• Actives (future retirees)	\$1,558,484	\$1,093,913	\$2,652,397
• Retirees	<u>818,178</u>	<u>257,319</u>	<u>1,075,497</u>
• Total	2,376,662	1,351,232	3,727,894
<b>■ Actuarial Accrued Liability (AAL)</b>			
• Actives (future retirees)	867,683	616,882	1,484,565
• Retirees	<u>818,178</u>	<u>257,319</u>	<u>1,075,497</u>
• Total	1,685,861	874,201	2,560,062
<b>■ Market Value of Assets<sup>6</sup></b>	<u>164,750</u>	<u>85,431</u>	<u>250,181</u>
<b>■ Unfunded Liability (UAAL)</b>	1,521,110	788,770	2,309,881
<b>■ 2020/21 Normal Cost</b>	62,735	41,937	104,672
<b>■ 2020/21 Administrative Expenses</b>	509	-	509
<b>■ 2020/21 Pay-As-You-Go Cost (Cash + Implied Subsidy)</b>	78,744	27,047	105,792

<sup>6</sup> Allocated based on AAL



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## ADDITIONAL RESULTS

### Actuarially Determined Contribution (ADC) for FY 2020/21

	Cash Subsidy	Implied Subsidy	Total
<b>■ ADC - \$</b>			
• Normal Cost	\$62,735	\$41,937	\$104,672
• Administrative Expenses	509	-	509
• UAAL Amortization <sup>7</sup>	<u>127,285</u>	<u>66,004</u>	<u>193,289</u>
• Total ADC	190,529	107,941	298,470
<b>■ Total Payroll</b>	5,984,305	5,984,305	5,984,305
<b>■ ADC - % of Total Payroll</b>			
• Normal Cost	1.0%	0.7%	1.7%
• Administrative Expenses	0.0%	0.0%	0.0%
• UAAL Amortization	<u>2.1%</u>	<u>1.1%</u>	<u>3.3%</u>
• Total ADC	3.2%	1.8%	5.0%

<sup>7</sup> Allocated based on AAL



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## ADDITIONAL RESULTS

### Discount Rate Sensitivity

	<b>CERBT 1 6.25%</b>	<b>CERBT 2 5.50% (current)</b>	<b>CERBT 3 4.75%</b>
■ <b>Present Value of Benefits</b>	\$3,276,476	\$3,727,894	\$4,283,022
■ <b>Actuarial Accrued Liability (AAL)</b>			
• Actives (future retirees)	1,344,297	1,484,565	1,644,122
• Retirees	<u>1,010,186</u>	<u>1,075,497</u>	<u>1,149,966</u>
• Total	2,354,483	2,560,062	2,794,088
■ <b>Market Value of Assets</b>	<u>250,181</u>	<u>250,181</u>	<u>250,181</u>
■ <b>Unfunded Liability (UAAL)</b>	2,104,302	2,309,881	2,543,907
■ <b>ADC - \$</b>			
• Normal Cost	89,018	104,672	123,424
• Administrative Expenses	509	509	509
• UAAL Amortization	<u>187,203</u>	<u>193,289</u>	<u>199,825</u>
• Total ADC	276,731	298,470	323,758
■ <b>Total Payroll</b>	5,984,305	5,984,305	5,984,305
■ <b>ADC - % of Total Payroll</b>	4.6%	5.0%	5.4%



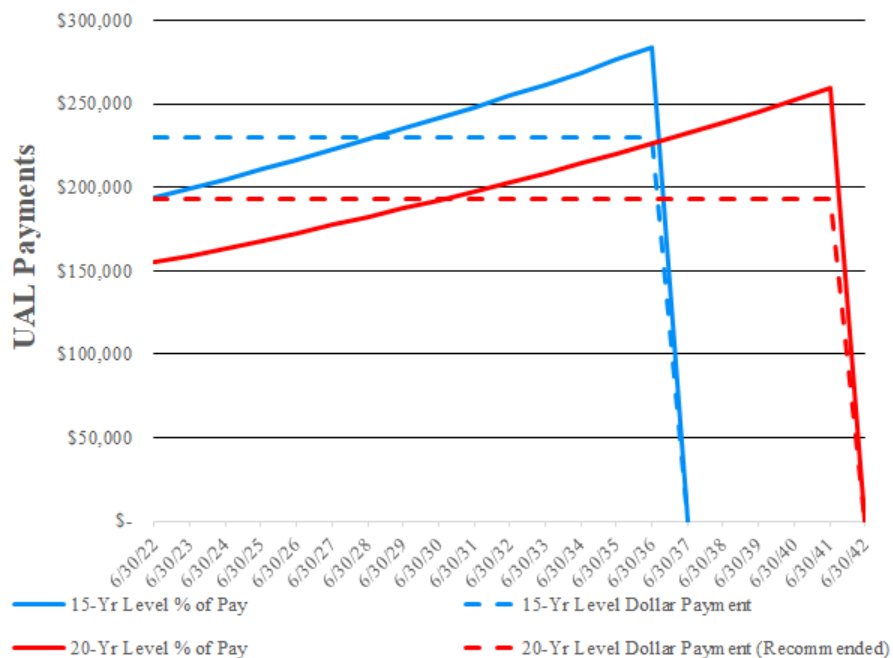
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## ADDITIONAL RESULTS

### Contribution Projections – Amortization Methods Comparison Projected UAL Payments (5.50% Discount Rate)



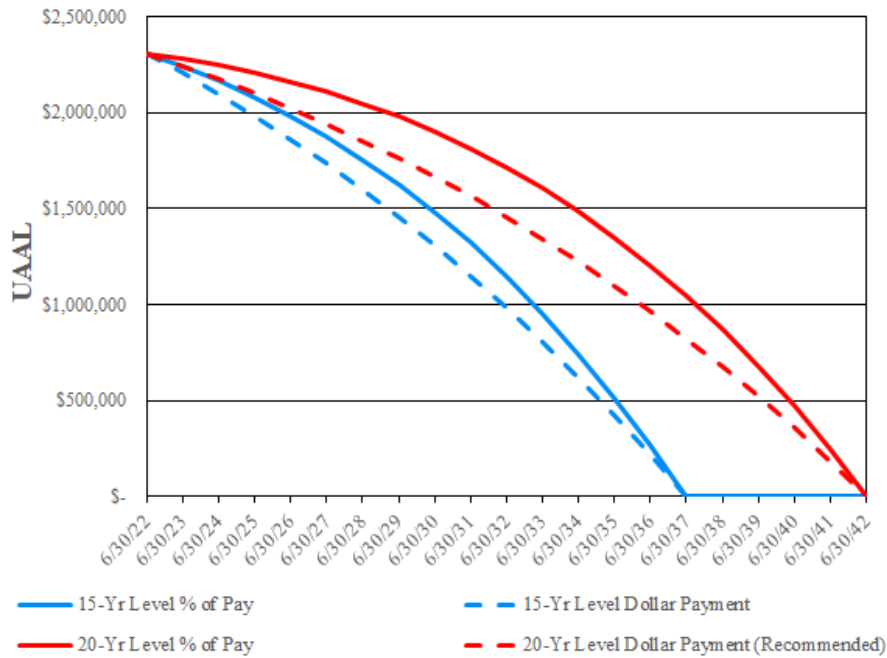
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## ADDITIONAL RESULTS

### Unfunded Actuarial Accrued Liability Projections (UAAL) Amortization Comparisons



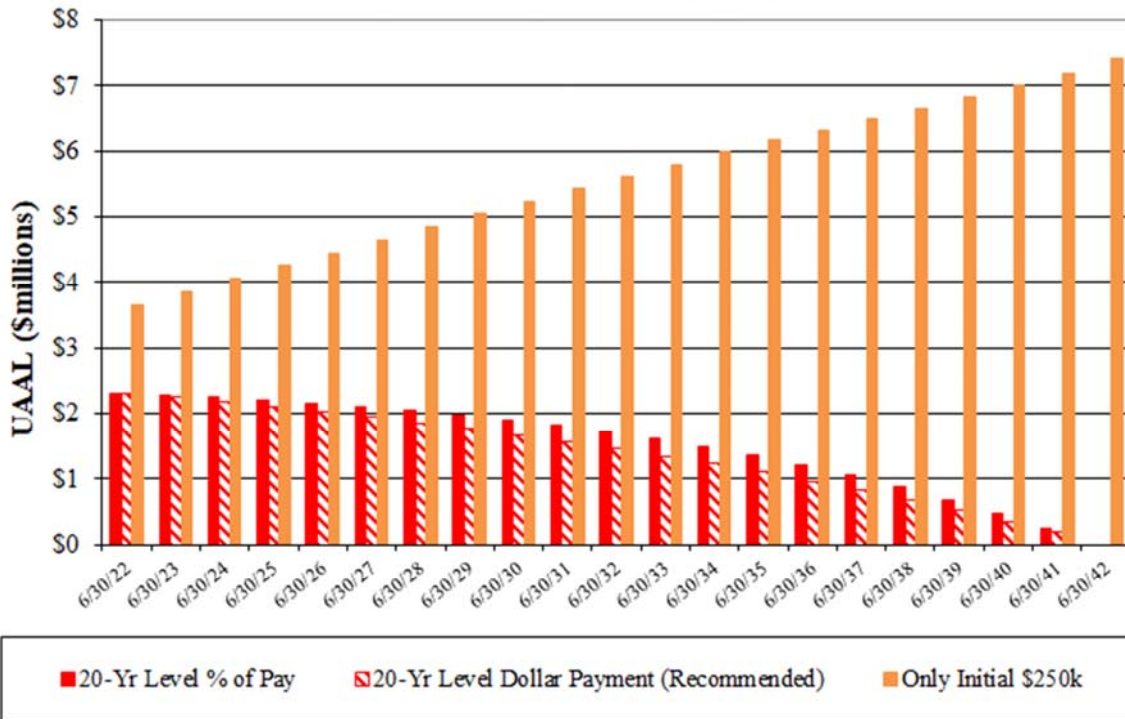
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## ADDITIONAL RESULTS

### Unfunded Actuarial Accrued Liability Projections (UAAL)



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## ADDITIONAL RESULTS

### Amortization Comparison

	20-Yr Level Dollar (recommended)	20-Yr Level Percent of Pay <sup>8</sup>
<b>■ 21/22 ADC - \$</b>		
• Normal Cost	\$104,672	\$104,672
• Administrative Expenses	509	509
• UAAL Amortization	<u>193,289</u>	<u>154,795</u>
• Total ADC	298,470	259,976
<b>■ Total Payroll</b>	5,984,305	5,984,305
<b>■ 21/22 ADC - % of Total Payroll</b>	5.0%	4.3%
<b>■ Unfunded Actuarial Accrued Liability</b>	2,309,881	2,309,881
<b>■ Total Interest Paid over 20 years</b>	<u>1,555,905</u>	<u>1,745,355</u>
<b>■ Total Payments over 20 years</b>	3,865,786	4,055,236

<sup>8</sup> Payments escalate 2.75% every year, approximately equal to expected total payroll growth.



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## ACTUARIAL CERTIFICATION

This report presents the South Bay Regional Public Communications Authority Retiree Healthcare Plan ("Plan") June 30, 2021 actuarial valuation. The purpose of this valuation is to:

- Determine the June 30, 2021 Benefit Obligations,
- Determine the Plan's June 30, 2021 Funded Status, and
- Calculate the 2021/22, 2022/23 and 2023/24 Actuarially Determined Contribution.

The report provides information intended for plan funding, but may not be appropriate for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

Information under Governmental Accounting Standards Board Statement No. 75 (GASBS 75) has been provided under a separate report.

The valuation is based on Plan provisions, participant data, and asset information provided by the Authority as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of my knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As a member of the American Academy of Actuaries meeting the Academy Qualification Standards, I certify the actuarial results and opinions herein.

Respectfully submitted,

*Mary Elizabeth Redding*

Mary Elizabeth Redding, FSA, EA, FCA, MAAA  
Vice President  
Bartel Associates, LLC  
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## PREMIUMS

### **2021 PEMHCA Monthly Medical Premiums** **Region 3**

Plan	Non-Medicare			Medicare		
	Single	Two Party	Family	Single	Two Party	Family
Anthem Select	\$639.10	\$1,278.20	\$1,661.66	\$383.37	\$766.74	\$1,150.11
Anthem Traditional	984.21	1,968.42	2,558.95	383.37	766.74	1,150.11
Blue Shield Access+	834.88	1,669.76	2,170.69	n/a	n/a	n/a
Blue Shield Trio	660.49	1,320.98	1,717.27	n/a	n/a	n/a
Health Net Salud y Más	412.88	825.76	1,073.49	n/a	n/a	n/a
Health Net SmartCare	691.48	1,382.96	1,797.85	n/a	n/a	n/a
Kaiser	669.84	1,339.69	1,741.60	324.48	648.96	973.44
UnitedHealthcare	720.89	1,441.78	1,874.31	311.56	623.12	934.68
PERS Choice	761.23	1,522.46	1,979.20	349.97	699.94	1,049.91
PERS Select	459.94	919.88	1,195.84	349.97	699.94	1,049.91
PERSCare	1,036.07	2,072.14	2,693.78	381.25	762.50	1,143.75



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## DATA SUMMARY

### **Medical Plan Participation** **Non-Waived Participants**

Medical Plan	Actives	Retirees		
		< 65	≥ 65	Total
Anthem Select	6%	12%	0%	6%
Anthem Traditional	4%	0%	0%	0%
Blue Shield Access+	21%	0%	0%	0%
Blue Shield Trio	2%	0%	0%	0%
Health Net SmartCare	6%	0%	0%	0%
Kaiser	37%	38%	45%	41%
UnitedHealthcare	0%	12%	22%	18%
PERS Choice	9%	0%	11%	6%
PERS Select	13%	0%	0%	0%
PERSCare	2%	38%	22%	29%
Total	100%	100%	100%	100%



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## DATA SUMMARY

### Active Medical Coverage

Medical Plan	Single	2-Party	Family	Total
Anthem Select	3	-	-	3
Anthem Traditional	2	-	-	2
Blue Shield Access+	7	1	3	11
Blue Shield Trio	-	1	-	1
Health Net SmartCare	1	1	1	3
Kaiser	9	6	4	19
PERS Choice	1	1	3	5
PERS Select	3	-	4	7
PERSCare	1	-	-	1
Waived	-	-	-	15
Total	27	10	15	67



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## DATA SUMMARY

### Retiree Medical Coverage

#### Under Age 65

Medical Plan	Single	2-Party	Family	Total
Anthem Select	1	-	-	1
Kaiser	1	2	-	3
UnitedHealthcare	-	1	-	1
PERSCare	2	1	-	3
Total	4	4	-	8

### Retiree Medical Coverage

#### Over Age 65

Medical Plan	Single	2-Party	Family	Total
Kaiser	4	-	-	4
UnitedHealthcare	1	1	-	2
PERS Choice	1	-	-	1
PERSCare	2	-	-	2
Waived	-	-	-	7
Total	8	1	-	16



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## DATA SUMMARY

### Actives by Age and Authority Service

	Authority Service							
Age	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	Total
< 25	-	2	-	-	-	-	-	2
25-29	3	11	1	-	-	-	-	15
30-34	-	7	4	-	-	-	-	11
35-39	-	-	1	5	-	-	-	6
40-44	-	2	2	2	2	3	-	11
45-49	-	1	-	2	2	4	3	12
50-54	1	-	-	1	3	1	1	7
55-59	-	-	-	-	-	-	1	1
60-64	-	-	-	-	-	-	-	-
≥ 65	-	-	-	-	-	1	1	2
Total	4	23	8	10	7	9	6	67



January 5, 2022

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## DATA SUMMARY

### Retiree Medical Coverage by Age Group

Age	Single	2-Party	Family	Waived	Total
Under 50	-	-	-	-	-
50-54	-	2	-	-	2
55-59	1	-	-	-	1
60-64	3	2	-	-	5
65-69	4	1	-	3	8
70-74	3	-	-	1	4
75-79	1	-	-	2	3
80-84	-	-	-	1	1
Over 85	-	-	-	-	-
Total	12	5	-	7	24
Average Age	67.5	60.6	n/a	74.6	68.1



January 5, 2022

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# **ADDITIONAL ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2019 Valuation</b>	<b>June 30, 2021 Valuation</b>
■ Waived Retiree Re-election	■ None	■ Same
■ Surviving Spouse Coverage	■ Actives: current election if covered, 50% if waived ■ Retirees: current election	■ Same
■ Medicare Eligibility	■ 100% ■ Everyone eligible for Medicare will elect Part B coverage	■ Same
■ Spouse Age	■ Males 3 years older than females if spouse birth date not provided	■ Same
■ PPACA Excise tax	■ 2% load on implied subsidy	■ None due to December 2019 repeal of Excise Tax



January 5, 2022

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# **ADDITIONAL ACTUARIAL ASSUMPTIONS**

<b>Assumptions</b>	<b>June 30, 2021 Valuation</b>									
■ Medical Claims Costs 2021	■ Sample estimated monthly claims costs (Region 3):									
	Non-Medicare Eligible									
		Anthem Select		Anthem Traditional		Blue Shield Access+		Blue Shield Trio		Health Net SmartCare
	<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u> <u>F</u>
	25	\$235	\$412	\$334	\$585	\$275	\$482	\$218	\$381	\$235 \$411
	35	300	508	426	722	351	595	278	470	299 507
	45	428	623	608	886	501	729	397	577	427 621
	55	711	825	1,010	1,175	832	967	659	764	709 824
	60	897	938	1,274	1,335	1,049	1,099	831	869	895 936
	65	1,108	1,089	1,575	1,549	1,297	1,275	1,027	1,008	1,106 1,086
	Medicare Eligible									
	65	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a n/a
	70	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a n/a
	75	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a n/a
	80	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a n/a



January 5, 2022

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### ADDITIONAL ACTUARIAL ASSUMPTIONS

#### ■ Medical Claims Costs 2021

#### ■ Sample estimated monthly claims costs (Region 3):

Age	Non-Medicare Eligible									
	Kaiser		United Healthcare		PERS Choice		PERS Select		PERSCare	
	M	F	M	F	M	F	M	F	M	F
25	\$246	\$430	\$264	\$462	\$216	\$405	\$156	\$309	\$278	\$511
35	313	531	336	570	285	510	211	392	363	638
45	447	651	480	699	426	637	326	495	535	793
55	743	863	797	926	745	865	586	682	919	1,067
60	937	981	1,006	1,053	957	994	762	789	1,174	1,221
65	1,159	1,138	1,243	1,221	1,194	1,162	955	925	1,460	1,422
Medicare Eligible										
65	n/a	n/a	n/a	n/a	273	333	273	333	290	354
70	n/a	n/a	n/a	n/a	305	374	305	374	324	397
75	n/a	n/a	n/a	n/a	329	404	329	404	349	428
80	n/a	n/a	n/a	n/a	341	422	341	422	361	447



January 5, 2022

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### ADDITIONAL ACTUARIAL ASSUMPTIONS

#### ■ Actuarial Modeling

■ Our valuation was performed using and relying on ProVal, an actuarial model leased from WinTech. Our use of ProVal is consistent with its intended purpose. We have reviewed and understand ProVal and its operation, sensitivities and dependencies

#### ■ Data Quality

■ Our valuation used census data provided by the Authority and CalPERS OPEB data extract. We reviewed the data for reasonableness and resolved any questions with the Authority. We believe the resulting data can be relied on for all purposes of this valuation without limitation

#### ■ COVID-19

■ No adjustments to the assumptions have been made for COVID-19 since there is not yet enough data to evaluate the future impacts



January 5, 2022

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## ADDITIONAL ACTUARIAL ASSUMPTIONS

### ■ Basis for Assumptions

- No experience study performed for this Plan
- CalPERS 1997-2015 experience study was used
- Mortality improvement is a Society of Actuaries table
- Inflation based on our estimate for the Plan's long time horizon
- Capital market assumptions based on 2021 Bartel Associates stochastic analysis, taking into account capital market assumptions of investment advisory firms
- Short-term medical trend was developed in consultation with Axene Health Partners' healthcare actuaries. Long term medical trend developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends
- Medical coverage and participation based in part on Plan experience



## ADDITIONAL ACTUARIAL ASSUMPTIONS

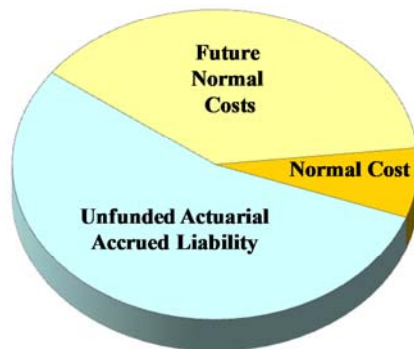
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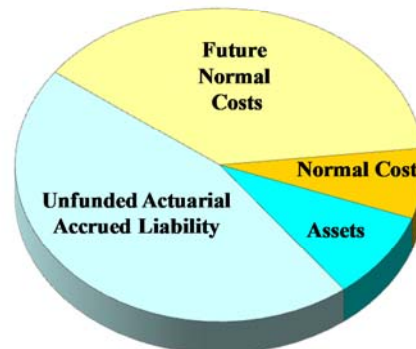
## DEFINITIONS

### Present Value of Benefits (PVB)

**Present Value of Benefits  
(Without Plan Assets)**



**Present Value of Benefits  
(With Plan Assets)**



#### **PVB - Present Value of all Benefits**

- Discounted value, at measurement date (valuation date) of all future expected benefit payments
- Expected benefit payments based on various actuarial assumptions



January 5, 2022

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## DEFINITIONS

#### ■ **AAL – Actuarial Accrued Liability / Actuarial Obligation**

- Discounted value at measurement date (valuation date) of benefits “earned” through measurement date based on actuarial cost method
- Portion of PVB “earned” at measurement

#### ■ **NC - Normal Cost**

- Value of benefits “earned” during current year
- Portion of PVB allocated to current year

#### ■ **Actuarial Cost Method**

- Determines how benefits are “earned” or allocated to each year of service
- Has no effect on PVB
- Has significant effect on Actuarial Obligations and Normal Cost

#### ■ **Pay-As-You-Go Cost (PayGo)**

- Cash Subsidy – Actual cash benefit payments to retirees
- Implied Subsidy – Difference between cost of retiree benefits and retiree premiums
- PayGo is the expected retiree benefit payments for the year while Normal Cost is the cost of benefits accrued by active employees during the year.



January 5, 2022

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# Staff Report

## South Bay Regional Public Communications Authority

**MEETING DATE:** January 18, 2022

**ITEM NUMBER:** F-3

**TO:** Executive Committee

**FROM:** Ross Klun, Executive Director  
Vanessa Alfaro, Finance & Performance Audit Manager

**SUBJECT:** FY22 Additional Discretionary Payment in the amount of \$281,864 towards Authority's CalPERS Pension Unfunded Actuarial Liability

**ATTACHMENTS:** 1. CalPERS Rate Plan 1232 UAL Lump Sum Payment Letter  
2. CalPERS Rate Plan 1232 UAL Projection

### **RECOMMENDATION**

Staff recommends that the Executive Committee recommend that the Board of Directors appropriate funds from the Enterprise Fund and approve an Additional Discretionary Payment ("ADP") in the amount of \$281,864 for Fiscal Year 2021-2022 towards the Authority's CalPERS pension Unfunded Actuarial Liability ("UAL").

### **BACKGROUND**

In September 2019, staff presented information to the Executive Committee about the Authority's unfunded pension and OPEB liabilities and options for addressing these growing liabilities.

During the February 2020 Executive Committee meeting, staff was directed to implement strategies to reduce the Authority's pension UAL. The direction included reducing the amortization period of the existing liability to 15 years and amending the Budgetary Policy to allow the Authority to make ADPs should any budgetary surplus become available beginning in FY20. The goal is to reach and maintain a 90% funded ratio to provide a more secure and stable pension plan, while reducing the chance of an overfunded plan in years that CalPERS achieves investment returns beyond its target.

Due to the economic downturn related to the global COVID-19 pandemic, member cities requested use of FY20 surplus funds to offset FY21 assessments. In September 2020, the Board of Directors approved the use of \$1.3 million from the Enterprise Fund to offset member cities' assessments for FY21 and thus, plans to address the pension UAL were postponed.



## DISCUSSION

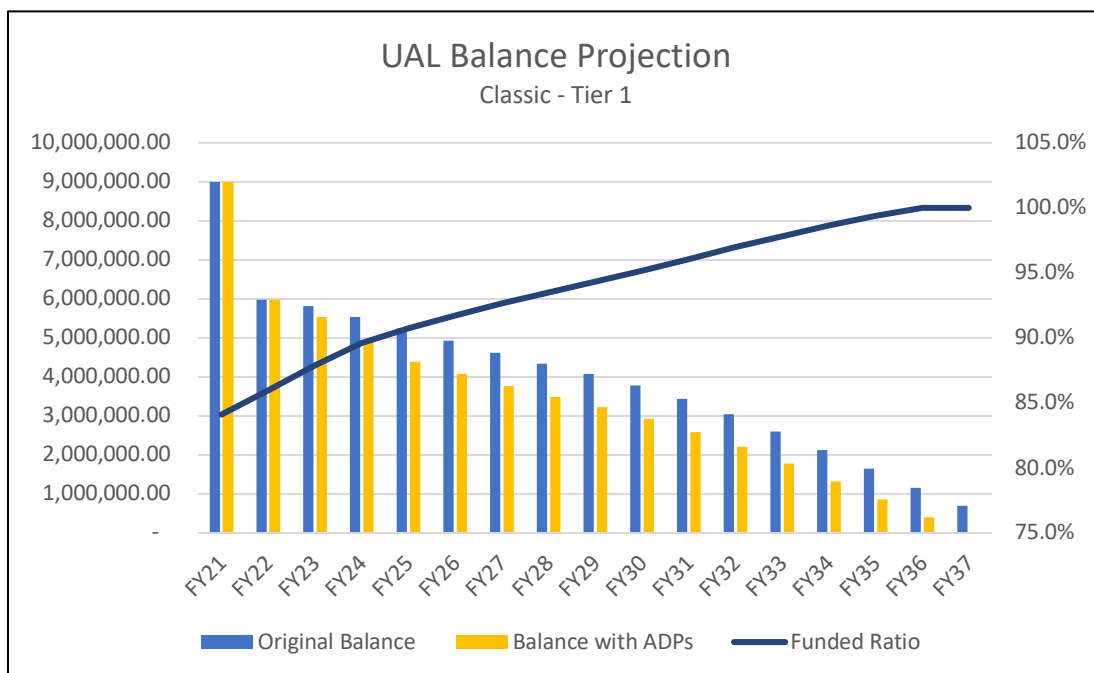
As of the last CalPERS valuation reports dated June 30, 2020 (released in July 2021), the Authority's UAL totaled \$9,152,115 apportioned as follows:

Rate Plan	UAL	%	Funded Ratio
Classic – Tier 1	\$8,990,520	98%	74.7%
Classic – Tier 2	\$77,635	1%	89.0%
PEPRA	\$83,960	1%	88.8%

Utilizing the direction provided by the Executive Committee during the February 2020 meeting, staff worked with the Authority's designated CalPERS actuary to calculate the Authority's ADP by utilizing a "soft" Fresh Start with a shortened amortization period of 15 years. Under such approach, the Authority would make ADPs following CalPERS's Fresh Start schedule without being contractually obligated to CalPERS to make these payments, thereby preserving flexibility for the Authority in future years.

Utilizing the 2019 valuation, the calculated ADP is \$281,864 for FY22 (Attachment 1). In collaboration with the CalPERS actuary, staff determined that applying the ADP to two amortization bases with the longest amortization periods produced the largest interest savings. The Authority's Classic (Tier 1) group's projected funded ratio reaches approximately 90% in FY25 when taking into account the ADPs, CalPERS' investment return of 21.3% for FY21, and a decrease in the discount rate to 6.8%. In other words, the Authority may reach its goal of a 90% funded ratio after just three years of ADPs with interest savings of approximately \$836,000 over the original payment schedule (Attachment 2). Assuming ongoing ADPs over 15 years towards the goal of 100% funded, savings could reach nearly \$2 million.

The graph below compares the UAL balance under the original payment schedule to the UAL balance with ADPs as well as the projected funded ratio for each fiscal year.



Due to CalPERS' investment return of 21.3% for FY21, Tier 2 and PEPRAs rate plans are expected to be over 90% funded in the next valuation and therefore, are not included in this year's ADP plan.

The unreserved (available) Enterprise Fund balance as of June 30, 2021 is \$3,753,131 and staff recommends its use for the CalPERS ADP for Fiscal Year 2021-22.

Staff will bring a recommendation to the Board of Directors to amend the Authority's Budgetary Policy to include the ability to make ADPs following the year there is a budgetary surplus until the plan reaches and maintains a 90% funded ratio. In the event no surplus exists in a given fiscal year, unreserved available balance would be utilized for the ADP. For example, a budgetary surplus for fiscal year ending June 30, 2022, would allow for the ADP for FY2022-23. However, if there is no surplus or it is insufficient, unreserved available balance would be utilized for the ADP. The revision to the Budgetary Policy will be presented to the Executive Committee in February and, if recommended, to the Board of Directors in March for their approval and adoption.

### **FISCAL IMPACT**

The Enterprise Fund balance will decrease by \$281,864 after payment to CalPERS.

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Attachment 1



**California Public Employees' Retirement System**

**Actuarial Office**

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

**888 CalPERS** (or 888-225-7377) | TTY: (877) 249-7442 | [www.calpers.ca.gov](http://www.calpers.ca.gov)

January 11, 2022

CalPERS ID: 2798992660  
Employer Name: SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY  
Rate Plan: MISCELLANEOUS PLAN [1232]

Re: Lump Sum Payment to reduce the Unfunded Accrued Liability

Dear Requestor:

As requested, information on the fiscal year 2022-23 employer contribution requirement following your lump sum payment is shown below.

**If you are aware of others interested in this information (e.g., payroll staff, county court employees, port districts), please inform them.**

The information is based on the most recent annual valuation and assumes payment by *January 21, 2022* and no further contractual or financing changes taking effect before June 30, 2022. The Unfunded Accrued Liability (UAL) will be reduced or eliminated by a lump sum payment in the amount of **\$281,864**. The payment will be applied to the Investment (Gain)/Loss 06/30/2016 and Non-Investment (Gain)/Loss 06/30/2018 base(s).

**There will be no change to your FY 2021-22 contributions.**

Valuation as of June 30, 2020	Pre-Payment	Post-Payment
Projected 6/30/2022 Total Unfunded Liability <sup>1</sup>	\$9,102,337	
Payment on January 21, 2022	\$281,864	
<b>Revised 6/30/2022 Total Unfunded Liability<sup>1</sup></b>		<b>\$8,812,232</b>
FY 2022-23 Employer Contributions		
Base Total Normal Cost for Formula	17.24%	17.24%
Surcharges for Class 1 Benefit		
a) FAC 1	0.55%	0.55%
Phase out of Normal Cost Difference	<u>0.00%</u>	<u>0.00%</u>
Plan's Total Normal Cost	17.79%	17.79%
Formula's Expected Employee Contribution Rate	<u>6.92%</u>	<u>6.92%</u>
Employer Normal Cost Rate	10.87%	10.87%
Payment on Investment (Gain)/Loss 06/30/2016	\$127,840	\$115,796
Payment on Non-Investment (Gain)/Loss 06/30/2018	\$6,050	\$0
Payment on all other bases	<u>\$567,913</u>	<u>\$567,913</u>
Employer Unfunded Liability Payment	\$701,803	\$683,709

The attached schedule of the plan's amortization bases includes the additional discretionary payment(s) listed above.

<sup>1</sup>Calculated amounts were projected from June 30, 2021 to June 30, 2022 based on a discount rate of 6.80% which will be used in the June 30, 2021 valuation, rather than the 7.00% used in the June 30, 2020 valuation.

	Fiscal Year
<b>Required Employer Contribution</b>	<b>2022-23</b>
Employer Normal Cost Rate	10.87%
<i>Plus</i>	
Required Payment on Amortization Bases	
<i>Paid either as</i>	
1) Monthly Payment	\$56,975.75
<i>Or</i>	
2) Annual Prepayment Option*	\$660,966
<p><i>The total minimum required employer contribution is the <b>sum</b> of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) <b>plus</b> the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (<b>which must be received in full no later than July 31</b>).</i></p>	

To initiate this payment, the enclosed Lump Sum Payment Request must be completed and returned to the CalPERS Fiscal Services Division with payment by Electronic Funds Transfer (EFT) or wire transfer by January 21, 2022. A copy should be sent to us.

If you have questions, please call 888 CalPERS (or 888-225-7377).



ALEX GRUNDER, ASA, MAAA  
Associate Pension Actuary, CalPERS

## Schedule of Amortization Bases

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
SHARE OF PRE-2013 POOL UAL	06/30/13	No Ramp		2.75%	15	1,759,743	145,205	1,732,724	149,198	1,696,362	153,301
NON-INVESTMENT (GAIN)/LOSS	06/30/13	100%	Up/Down	2.75%	23	(27,525)	(1,867)	(27,521)	(1,919)	(27,409)	(1,971)
INVESTMENT (GAIN)/LOSS	06/30/13	100%	Up/Down	2.75%	23	2,863,445	194,247	2,862,955	199,589	2,851,373	205,078
NON-INVESTMENT (GAIN)/LOSS	06/30/14	100%	Up/Down	2.75%	24	2,436	161	2,440	166	2,434	170
INVESTMENT (GAIN)/LOSS	06/30/14	100%	Up/Down	2.75%	24	(2,278,529)	(150,672)	(2,282,170)	(154,816)	(2,277,364)	(159,073)
ASSUMPTION CHANGE	06/30/14	100%	Up/Down	2.75%	14	1,348,391	128,217	1,310,150	131,743	1,263,092	135,366
NON-INVESTMENT (GAIN)/LOSS	06/30/15	100%	Up/Down	2.75%	25	(115,643)	(6,049)	(117,481)	(7,769)	(117,441)	(7,982)
INVESTMENT (GAIN)/LOSS	06/30/15	100%	Up/Down	2.75%	25	1,462,264	76,482	1,485,509	98,232	1,485,007	100,933
NON-INVESTMENT (GAIN)/LOSS	06/30/16	100%	Up/Down	2.75%	26	(221,274)	(8,696)	(227,768)	(11,913)	(230,945)	(15,301)
INVESTMENT (GAIN)/LOSS	06/30/16	100%	Up/Down	2.75%	26	1,848,746	72,653	1,903,005	231,562	1,793,104	115,796
ASSUMPTION CHANGE	06/30/16	100%	Up/Down	2.75%	16	555,487	30,243	563,087	41,433	558,558	53,216
NON-INVESTMENT (GAIN)/LOSS	06/30/17	80%	Up/Down	2.75%	27	(47,793)	(1,270)	(49,825)	(1,958)	(51,190)	(2,683)
INVESTMENT (GAIN)/LOSS	06/30/17	80%	Up/Down	2.75%	27	(957,900)	(25,463)	(998,614)	(39,244)	(1,025,963)	(53,765)
ASSUMPTION CHANGE	06/30/17	80%	Up/Down	2.75%	17	647,013	23,594	667,898	36,364	675,735	49,818
NON-INVESTMENT (GAIN)/LOSS	06/30/18	60%	Up/Down	2.75%	28	139,863	1,910	147,678	152,617	0	0
INVESTMENT (GAIN)/LOSS	06/30/18	60%	Up/Down	2.75%	28	(289,698)	(3,957)	(305,884)	(8,131)	(318,281)	(12,532)
METHOD CHANGE	06/30/18	60%	Up/Down	2.75%	18	275,892	5,144	289,883	10,571	298,671	16,292
ASSUMPTION CHANGE	06/30/18	60%	Up/Down	2.75%	18	1,013,234	18,891	1,064,619	38,822	1,096,893	59,834
NON-INVESTMENT (GAIN)/LOSS	06/30/19	No Ramp		0.00%	19	139,185	0	148,928	13,590	145,011	13,590
INVESTMENT (GAIN)/LOSS	06/30/19	40%	Up Only	0.00%	19	134,616	0	144,039	3,149	150,579	6,299
NON-INVESTMENT (GAIN)/LOSS	06/30/20	No Ramp		0.00%	20	111,209	0	118,994	0	127,086	11,619
INVESTMENT (GAIN)/LOSS	06/30/20	20%	Up Only	0.00%	20	627,358	0	671,273	0	716,920	15,704
<b>TOTAL</b>						<b>8,990,520</b>	<b>498,773</b>	<b>9,103,919</b>	<b>881,286</b>	<b>8,812,232</b>	<b>683,709</b>

This schedule assumes an additional discretionary payment is made in the amount and by the date stated on page 1 of this letter.

## Additional UAL Payment Request

Please complete and return this form by either mail or e-mail.

<b>Mail</b>	CalPERS – FRAS Cash and Payments Processing Unit P.O. Box 942703 Sacramento, CA 94229-2703
<b>E-mail</b>	FCSD_public_agency_wires@calpers.ca.gov

Payment may be made by EFT or wire transfer.

Payments may be made by Electronic Funds Transfer (EFT) through myCalPERS or by wire transfer through the State Treasurer's Office.

Visit the [Managing the Unfunded Accrued Liability](#) for payment instructions which are located on our website [www.calpers.ca.gov](http://www.calpers.ca.gov) under the **Employers** tab and **Actuarial Resources** section.

Employer Name: SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY

CalPERS ID: 2798992660

Member Group or Plan: MISCELLANEOUS PLAN

Rate Plan ID: 1232

Amount: **\$281,864**

Purpose:	Pay Down Unfunded Liability
Base(s) to which payment is applied:	Investment (Gain)/Loss 06/30/2016 and Non-Investment (Gain)/Loss 06/30/2018

In recognition of our payment please revise our required employer contribution effective July 1, 2022:

Name and Title (Please Print): \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

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Attachment 2



# CalPERS Rate Plan 1232

## UAL Projection

Fiscal Year  
Investment Return\*

2020 - 2021

21.3%

2021 - 2022

6.8%

Discount Rate:

6.80%

Inflation Rate:

2.30%

Payroll Growth Rate:

2.80%

Risk Mitigation:

Undo Risk Mitigation

21-22 ADP Amount

\$ 281,864

21 - 22 Payment Date

1/1/2022

Total Payments

\$ 8,364,211

Interest Paid

\$ 2,542,645

Total Savings

\$ 836,664

Funded Ratio 2020 val:  
74.7%

Original Schedule

Total ADP

(Valued Mid-year )

Schedule with ADP

Contribution

Difference

Projected Funded  
Ratio End of Year

	Balance	Payment		Balance	Payment		
2020-21	\$ 8,990,520	\$ 498,773	\$ 8,990,520	\$ 498,773	\$ 498,773	\$	84.1%
2021-22	\$ 5,988,173	\$ 600,568	\$ 5,988,173	\$ 600,568	\$ 600,568	\$ 281,864	86.0%
2022-23	\$ 5,821,566	\$ 701,803	\$ 5,821,566	\$ 5,530,414	\$ 683,642	\$ 243,402	87.9%
2023-24	\$ 5,540,306	\$ 654,226	\$ 5,540,306	\$ 4,929,669	\$ 619,343	\$ 192,279	89.6%
2024-25	\$ 5,240,943	\$ 647,046	\$ -	\$ 4,390,073	\$ 593,107	\$ (53,939)	90.7%
2025-26	\$ 4,928,644	\$ 617,018	\$ -	\$ 4,075,658	\$ 561,569	\$ (55,449)	91.7%
2026-27	\$ 4,626,140	\$ 584,466	\$ -	\$ 3,772,454	\$ 527,464	\$ (57,002)	92.7%
2027-28	\$ 4,336,707	\$ 537,093	\$ -	\$ 3,483,879	\$ 478,495	\$ (58,598)	93.5%
2028-29	\$ 4,076,549	\$ 559,123	\$ -	\$ 3,226,286	\$ 498,884	\$ (60,239)	94.3%
2029-30	\$ 3,775,934	\$ 581,769	\$ -	\$ 2,930,106	\$ 519,844	\$ (61,925)	95.2%
2030-31	\$ 3,431,473	\$ 605,050	\$ -	\$ 2,592,125	\$ 541,391	\$ (63,659)	96.1%
2031-32	\$ 3,039,529	\$ 628,983	\$ -	\$ 2,208,894	\$ 563,541	\$ (65,442)	97.0%
2032-33	\$ 2,596,201	\$ 618,489	\$ -	\$ 1,776,712	\$ 551,214	\$ (67,274)	97.8%
2033-34	\$ 2,133,572	\$ 606,718	\$ -	\$ 1,327,881	\$ 537,560	\$ (69,158)	98.6%
2034-35	\$ 1,651,647	\$ 579,054	\$ -	\$ 862,641	\$ 507,960	\$ (71,094)	99.4%
2035-36	\$ 1,165,541	\$ 531,678	\$ -	\$ 396,354	\$ 409,608	\$ (122,070)	100.0%
2036-37	\$ 695,340	\$ 444,404	\$ -	\$ -	\$ -	\$ (444,404)	100.0%
2037-38	\$ 283,358	\$ 164,393	\$ -	\$ -	\$ -	\$ (164,393)	100.0%
2038-39	\$ 132,736	\$ 102,058	\$ -	\$ -	\$ -	\$ (102,058)	100.0%
2039-40	\$ 36,291	\$ 37,505	\$ -	\$ -	\$ -	\$ (37,505)	100.0%
2040-41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2041-42	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2042-43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2043-44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2044-45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2045-46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2046-47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2047-48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2048-49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2049-50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2050-51	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2051-52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%

G-1

## MINUTES

SEPTEMBER 21, 2021

### SPECIAL MEETING OF THE BOARD OF DIRECTORS AND REGULAR JOINT MEETING OF THE EXECUTIVE COMMITTEE AND THE USER COMMITTEE

A. **CALL TO ORDER**

The Board of Directors convened in a special meeting and the Executive and User Committees convened in a regular joint meeting on September 21, 2021 at 2:01PM by teleconference.

B. **ROLL CALL**

Present: Mayor Pro Tem Hildy Stern, City of Manhattan Beach  
Mayor Pro Tem Rodney Tanaka, City of Gardena  
Councilmember Alex Monteiro, City of Hawthorne  
City Manager Clint Osorio, City of Gardena  
City Manager Bruce Moe, City of Manhattan Beach  
Chief Mike Ishii, Hawthorne Police Department  
Chief Mike Saffell, Gardena Police Department  
Chief Derrick Abell, Manhattan Beach Police Department

Absent: Manhattan Beach Fire Department  
Chief Kenneth Powell, Culver City Fire Department  
Interim Chief Jaime Bermudez, El Segundo Police Department

Also Present: Jennifer Petrusis, Richards Watson Gershon  
Ross Klun, Executive Director  
Shannon Kauffman, Operations Manager  
John Krok, Administrative Services Manager  
Vanessa Alfaro, Finance and Performance Audit Manager  
Laura Kalty, Liebert Cassidy Whitmore

C. **PUBLIC DISCUSSION**

None.

D. **BOARD OF DIRECTORS CONSENT CALENDAR**

Motion: Mayor Pro Tem Stern moved to approve Consent Calendar Item #1. The motion was seconded by Vice-Chair Tanaka and passed by unanimous voice vote.

1. Minutes from July 20, 2021

**APPROVE**

E. **ITEMS REMOVED FROM CONSENT CALENDAR**

None.

F. **BOARD OF DIRECTORS GENERAL BUSINESS**

1. Carryover for Fiscal Year 2020/21 Funds and Purchase Orders Totaling \$25,618.96

**APPROVE**

Motion: Vice-Chair Tanaka moved to approve the Carryover for Fiscal Year 2020/21 Funds and Purchase Orders Totaling \$25,618.96. The motion was seconded by Mayor Pro Tem Stern and passed by unanimous voice vote.

G. **EXECUTIVE COMMITTEE CONSENT CALENDAR**

Motion: Vice-Chair Moe moved to approve Consent Calendar, Items #1-4. The motion was seconded by Chair Osorio and passed by unanimous voice vote.

1. Minutes from August 17, 2021  
**APPROVE**
2. Check Register – August 2021  
**RECEIVE AND FILE**
3. Budget Performance Report – FY 2020-21 Q4  
**APPROVE**
4. Agreement with Bartel Associates, LLC for Actuarial Consulting Services  
**APPROVE**

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

None.

I. **USER COMMITTEE GENERAL BUSINESS**

1. Minutes from July 20, 2021  
**APPROVE**

Motion: Chief Ishii moved to approve the minutes from July 20, 2021. The motion was seconded by Chief Abell and passed by voice vote.

2. Minutes from August 17, 2021  
**APPROVE**

Motion: Chief Ishii moved to approve the minutes from August 17, 2021. The motion was seconded by Chief Abell and passed by voice vote.

J. **EXECUTIVE DIRECTOR'S REPORT**

Mr. Klun reported that on September 10, 2021, Bill Romesburg presented a contract draft to Mark43 CAD. It was confirmed that the first year would carry no fee and would commence on the third year. Vice- Chair Moe inquired after internal process once the contract is final. The Executive Committee would approve after legal review.

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

None.

L. **EXECUTIVE COMMITTEE CLOSED SESSION AGENDA**

The Executive Committee entered into closed session at 2:15PM to discuss the following item below:

1. CONFERENCE WITH LABOR NEGOTIATOR  
Pursuant to Government Code Section 54957.6

Agency Designated Representative: Executive Director and Liebert, Cassidy, Whitmore

Employee Organization: The California Teamsters Public, Professional and Medical Employees Union Local 911

The Executive Committee returned from closed session at 2:54PM with no actions taken.

M. **ADJOURNMENT**

The meeting adjourned at 2:54PM.

G-2



# Staff Report

South Bay Regional Public Communications Authority

**MEETING DATE:** January 18, 2022

**ITEM:** G-2

**TO:** Board of Directors

**FROM:** M. Ross Klun, Executive Director

**SUBJECT:** AB 361 FINDINGS FOR SPECIAL BROWN ACT  
REQUIREMENTS FOR TELECONFERENCE MEETINGS

## **SUMMARY:**

Staff has placed this item on the agenda to give the Board of Directors an opportunity to make findings specific in AB 361 (2021) for special Brown Act requirements for teleconference meetings. These special requirements give local public agencies greater flexibility to conduct teleconference meetings when there is a declared state of emergency and either social distancing is mandated or recommended, or an in-person meeting would present imminent risks to the health and safety of attendees.

## **RECOMMENDATION:**

Staff recommends that the Board of Directors make the following findings so that meetings of the Board of Directors will be subject to the AB 361 special Brown Act requirements for teleconference meetings: 1) the Board of Directors has reconsidered the circumstances of the COVID-19 state of emergency; and 2) state and local officials continue to recommend measures to promote social distancing.

## **BACKGROUND**

On March 4, 2020, Governor Newsom proclaimed a state of emergency to exist in California due to the spread of COVID-19. The Governor subsequently issued numerous executive orders suspending or modifying state laws to facilitate the response to the emergency. Among other things, these executive orders superseded certain Brown Act requirements and established special rules to give local public agencies greater flexibility to conduct teleconference meetings. The special rules included provisions allowing local public agencies to conduct teleconference meetings without having to provide a physical location from which the public may attend or comment, without having to use teleconference locations that are publicly accessible, and without having to identify teleconference locations on the agenda. Those special rules expired September 30, 2021.

On September 16, 2021, in anticipation of the then-imminent expiration of his special rules for teleconference meetings, the Governor signed AB 361. In key part, this bill amends

the Brown Act to establish special requirements for teleconference meetings if a legislative body of a local public agency makes two findings pursuant to Government Code section 54953(e)(3). Like the special rules in the Governor's executive orders, the special Brown Act requirements in AB 361 include provisions allowing public agencies to conduct teleconference meetings without having to provide a physical location from which the public may attend or comment, without having to use teleconference locations that are public accessible, and without having to identify teleconference locations on the agenda. The AB 361 special Brown Act requirements are scheduled to be repealed on January 1, 2024.

In order for a local public agency to be subject to the AB 361 Brown Act requirements for teleconference meetings, a legislative body of a local public agency first must make a finding that it has "reconsidered" the circumstances of a declared state of emergency. Second, the legislative body must find that such emergency continues to directly impact the ability of the legislative body's members to meet in person. Alternatively, for the second finding, the legislative body must find that state or local officials continue to impose or recommend social distancing measures. These findings must be made within 30 days after the legislative body teleconferences for the first time under AB 361 and every 30 days thereafter.

The COVID-19 state of emergency declaration is still in effect. Furthermore, the State of California and the County of Los Angeles have recommended measures to promote social distancing. Thus, the California Division of Occupational Safety and Health still requires that employers provide training on the effectiveness of physical distancing in the workplace. Additionally, the Los Angeles County Department of Public Health still encourages people at risk for severe illness or death from COVID-19 to take protective measures such as social distancing and, for those not yet fully vaccinated, to physically distance from others whose vaccination status is unknown. The County Health Department also continues to recommend that employers take steps to support physical distancing.

#### **FISCAL IMPACT**

None

G-3





# Staff Report

## South Bay Regional Public Communications Authority

**MEETING DATE:** January 18, 2022

**ITEM NUMBER:** G-3

**TO:** Board of Directors

**FROM:** Ross Klun, Executive Director  
Vanessa Alfaro, Finance & Performance Audit Manager

**SUBJECT:** FY22 Payment of the Actuarially Determined Net Trust Contribution to the Authority's Section 115 Trust for Other Post-Employment Benefits in the amount of \$192,679

**ATTACHMENTS:** 1. Actuarial Valuation as of June 30, 2021

### **RECOMMENDATION**

Staff recommends that the Board of Directors appropriate funds from the Enterprise Fund unreserved balance and approve a payment of the Actuarially Determined Net Trust Contribution to the Authority's Section 115 Trust for Other Post-employment Benefits ("OPEB") in the amount of \$192,679 for Fiscal Year 2021-2022.

### **BACKGROUND**

The Authority provides certain limited healthcare benefits to eligible retirees known as OPEB benefits. The Authority funds these OPEB expenses as they become due, commonly referred to as "pay-as-you-go." While pay-as-you-go is a common financial practice, it ignores future employer costs for employees that have earned the benefits but have not retired, which results in a growing unfunded liability. As of June 30, 2021, the Authority's OPEB liability totaled \$3,471,647.

- September 2019: Staff presented information to the Executive Committee about the Authority's unfunded pension and OPEB liabilities and options for addressing these growing liabilities.
- February 2020: During the Executive Committee meeting, staff was directed to provide additional information about Section 115 trust providers for OPEB liabilities.
- July 2020: Staff presented options for Section 115 trust providers to the Executive Committee and committee members agreed that CalPERS' CERBT program

offered the best combination of costs, investment returns, and industry experience. The Executive Committee elected to recommend the CERBT program for consideration by the Board of Directors, with initial funding of \$250,000 held in the Authority's Enterprise Fund as an OPEB reserve since October 2011.

- September 2020: The Board of Directors approved a resolution to establish a Section 115 trust for OPEB liabilities with the CERBT program with an initial transfer of \$250,000 and delegated selection of the investment strategy to the Authority Treasurer.
- June 2021: The Section 115 trust was established and funded as of June 30, 2021, thus, its impact on the Authority's net OPEB liability will reflect in the financial statements for the year ended June 30, 2022.

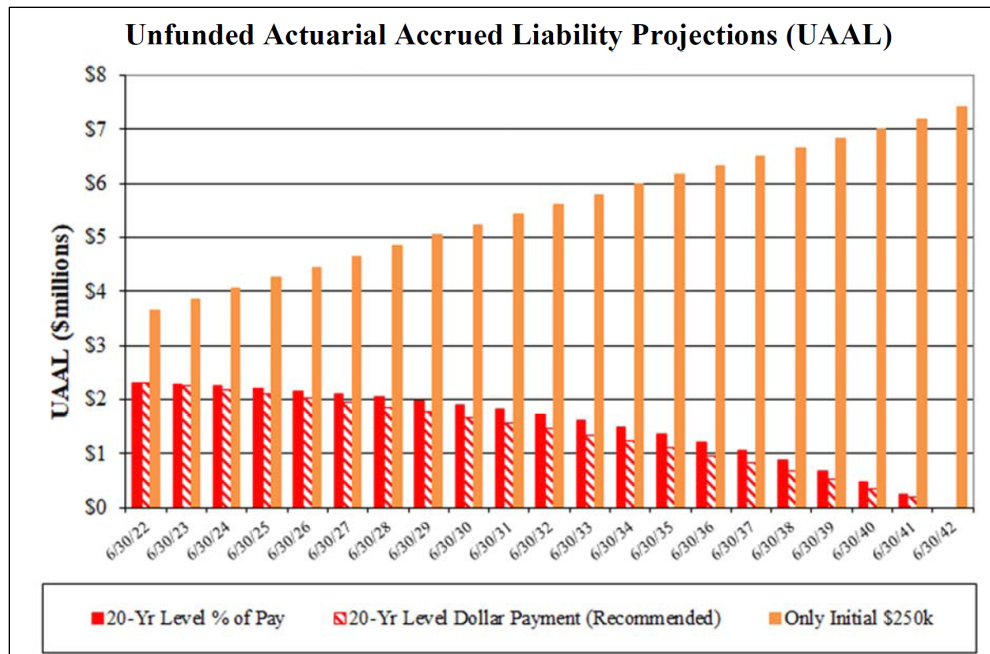
## **DISCUSSION**

Utilizing the direction provided by the Executive Committee during the February 2020 meeting, staff worked with the Authority's actuary, Bartel Associates, LLC ("Bartel") to develop a strategy for addressing OPEB liabilities. Bartel completed an actuarial valuation for the Authority's Retiree Healthcare Plan as of June 30, 2021. The valuation used the Authority's current CERBT strategy selection, Strategy 2, a discount rate of 5.5% and a 20-year level dollar amortization period to calculate the Actuarially Determined Contribution ("ADC") for fully funding the Authority's Actuarially Accrued Liability ("AAL") for OPEB. Using these assumptions, the Authority's AAL as of June 30, 2021 is \$2,560,062 and approximately 10% funded after the initial contribution to the trust.

The graph below shows the Authority's unfunded OPEB liability under three different scenarios:

- 1) No additional funding other than the initial trust contribution of \$250,000
- 2) A 20-year level percent of pay amortization period
- 3) A 20-year level dollar amortization period

The 20-year level dollar amortization period is recommended due to its slightly higher interest savings.



For Fiscal Year 2021-22, the recommended net trust contribution is \$192,679.

<u><b>Actuarially Determined Net Trust Contribution</b></u>			
	2021/22	2022/23	2023/24
■ Actuarially Determined Contribution	\$298,470	\$300,428	\$302,653
■ Minus: Implied Subsidy benefit payment	27,047	29,932	38,687
■ Minus: Estimated cash benefit payments paid by Authority, net of Trust reimbursements	78,744	77,805	84,314
■ Recommended net Trust contribution	192,679	192,691	179,652

The unreserved (available) Enterprise Fund balance as of June 30, 2021 is \$3,753,131 and staff recommends its use for the net trust contribution for Fiscal Year 2021-22.

Staff will bring a recommendation to the Board of Directors to amend the Authority's Budgetary Policy to include the ability to make the net trust contribution following each year there is a budgetary surplus for a period of 20 years or until the trust is fully funded, whichever occurs first. In the event no surplus exists in a given fiscal year, unreserved available balance would be utilized for the net trust contribution. For example, a budgetary surplus for fiscal year ending June 30, 2022, would allow for the trust contribution for FY2022-23. However, if there is no surplus or it is insufficient, unreserved available balance would be utilized for the trust contribution. The revision to the Budgetary Policy will be presented to the Executive Committee in February and, if recommended, to the Board of Directors in March for their approval and adoption.

### **FISCAL IMPACT**

The Enterprise fund balance will decrease by \$192,679 upon transfer to the Section 115 trust.

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Attachment 1



**SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS  
AUTHORITY  
RETIREE HEALTHCARE PLAN**

**BARTHEL**  
ASSOCIATES, LLC

June 30, 2021 Actuarial Valuation

Plan Funding for 2021/22, 2022/23 and 2023/24

**Mary Elizabeth Redding, Vice President**  
Kateryna Doroshenko, Actuarial Analyst  
Michelle Shen, Actuarial Analyst  
**Bartel Associates, LLC**

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## BENEFIT SUMMARY

<b>Basic Benefit</b>	■ Eligibility	<b>■ Retire directly from the Authority under CalPERS</b> <ul style="list-style-type: none"> <li>• Age 50 (52 for Miscellaneous PEPPRA members) and 5 years of service or</li> <li>• Disability retirement</li> </ul>			
	■ Benefit Amount	<b>■ Authority contributes monthly the PEMHCA minimum benefit (\$143/month in 2021 and \$149/month in 2022)</b>			
<b>Supplemental Benefit</b>	■ Benefit Description	<b>■ Total Authority contribution is not to exceed retiree single premium</b> <b>■ Council members, elected officials and part-time employees are not eligible</b> <b>■ Service retirement eligibility must be met at the time of retirement if disabled</b> <b>■ Spouse and surviving spouse are not eligible</b>			
	■ Monthly Supplemental Contributions (Tier 1)	<b>■ Including PEMHCA minimum amounts, benefit is paid for eligible retirees up to the following caps until age 65:</b> <div style="display: flex; justify-content: space-between;"> <div>Teamster Grp A Retired &lt; 7/1/21 \$750<sup>1</sup></div> <div>Teamster Grp B Retired &lt; 7/1/21 \$960</div> <div>CWA Retired &lt; 7/1/14 \$750</div> <div>Mgmt &amp; Conf Retired &lt; 7/1/19 &amp; Svc ≥ 10 \$960</div> </div>			
	■ Monthly Supplemental Contributions (Tier 2)	<b>■ Benefit is paid in addition to PEMHCA minimum amounts until age 65:</b> <div style="display: flex; justify-content: space-between;"> <div>Authority Group A, B Service 10-14 15-19 20+</div> <div>Retired ≥ 7/1/21 and Group C, D \$200<sup>2</sup> \$300 \$500</div> <div>CWA Retired ≥ 7/1/14 \$0 \$250 \$450</div> <div>Mgmt &amp; Conf Retired ≥ 7/1/19 &amp; Svc ≥ 10 Yrs Svc × \$40</div> </div>			

<sup>1</sup> Group A retirees who retired before 7/1/08 receive \$582.33.

<sup>2</sup> Group C employees hired after 7/1/14 and Group D employees need 15 years of Authority service to receive the benefit.



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## BENEFIT SUMMARY

■ Groups		<u>DOH &lt; 10/25/2011</u>	<u>10/25/2011 ≤ DOH &lt; 11/30/2018</u>	<u>DOH ≥ 11/30/2018</u>
	Communications Operators	Group A	Group C	Group D
	Technical Services	Group B	Group C	Group D



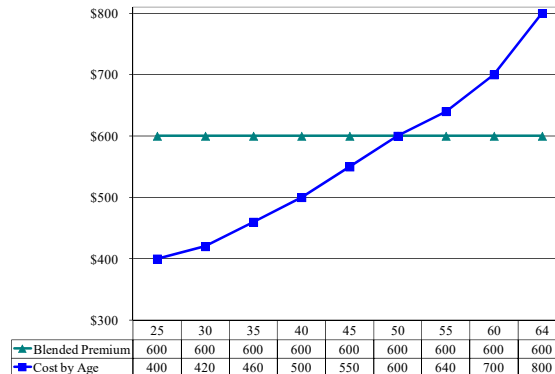
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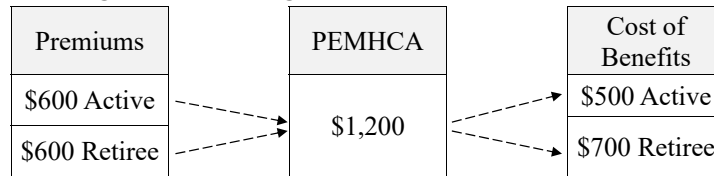
## IMPLIED SUBSIDY

### Implied Subsidy

- For PEMHCA, employer cost for allowing retirees to participate at active rates
  - General trend:



- Sample active age 40, retire age 60:



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## IMPLIED SUBSIDY

### Implied Subsidy

- GASB defers to actuarial standards of practice
- Previous Actuarial Standards of Practice No. 6<sup>3</sup> (ASOP 6) allowed community rated plans to value liability using premiums, resulting in no implied subsidy
- In May 2014, Actuarial Standards Board released revised ASOP 6:
  - Requires implied subsidy valued for community rated plans such as PEMHCA
  - Timing: effective with all valuations on or after March 31, 2015 with earlier implementation encouraged
- June 30, 2017 and later valuations include the implied subsidy

<sup>3</sup> Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions.



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## PARTICIPANT STATISTICS

### Participant Statistics

	6/30/17	6/30/19	6/30/21
■ Actives	57	65	67
• Counts			
• Average			
➤ Age	41.4	40.5	39.5
➤ Authority Service	11.3	11.6	10.7
➤ CalPERS Service	12.9	13.7	12.2
➤ Pay	n/a	n/a	\$87,000
• Total Payroll	n/a	n/a	5,824,000
■ Retirees (covered only)			
• Counts	12	13	17
• Average			
➤ Age	63.2	65.6	65.4
➤ Retirement Age <sup>4</sup>	55.3	59.2	58.9

<sup>4</sup> Service retirees only.



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## PARTICIPANT STATISTICS

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## ACTUARIAL ASSUMPTIONS HIGHLIGHTS

### Discount Rate

#### ■ CERBT Investment Options

	Strategy 1	Strategy 2	Strategy 3
Global Equity	59%	40%	22%
Fixed Income	25%	43%	49%
TIPS	5%	5%	16%
Commodities	3%	4%	5%
REITs	<u>8%</u>	<u>8%</u>	<u>8%</u>
Total	100%	100%	100%

#### ■ Authority currently in Strategy 2.



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## ACTUARIAL ASSUMPTIONS HIGHLIGHTS

### Discount Rate

#### ■ Future expected returns

- Stochastic simulations of geometric average returns over 20 years
- 5,000 trials
- 2.50% inflation assumption
- Projections based on 5 independent Investment Advisors 2021 10-year Capital Market Assumptions and where available, investment advisors anticipated long-term trends:
- Confidence levels:

	Strategy 1	Strategy 2	Strategy 3
50% Confidence Level	6.25%	<b>5.50%</b>	4.75%
55% Confidence Level	5.75%	5.25%	4.50%
60% Confidence Level	5.50%	5.00%	4.25%

- Recommend 5.50% discount rate



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# **ACTUARIAL ASSUMPTIONS HIGHLIGHTS**

<b>Assumption</b>	<b>June 30, 2019 Valuation</b>	<b>June 30, 2021 Valuation</b>
■ Valuation Date	■ June 30, 2019 ■ n/a	■ June 30, 2021 ■ 2021/22, 2022/23 and 2023/24 contributions
■ Discount Rate	■ 3.50% - no pre-funding	■ 5.50% - pre-funded with CalPERS diversified trust Strategy 2
■ Payroll Increases	■ Aggregate increase – 3.00% ■ Merit increase – CalPERS 1997 – 2015 Experience Study	■ Aggregate increase – 2.75% ■ Merit increase – CalPERS 1997 – 2015 Experience Study
■ General Inflation	■ 2.75%	■ 2.50%
■ PEMHCA Minimum Increase	■ 4.25% annually	■ 4.00% annually



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# **ACTUARIAL ASSUMPTIONS HIGHLIGHTS**

<b>Assumption</b>	<b>June 30, 2019 Valuation</b>			<b>June 30, 2021 Valuation</b>		
■ Medical Trend	<u>Year</u>	<u>Increase from Prior Year</u>		<u>Year</u>	<u>Increase from Prior Year</u>	
		<u>Non-Medicare</u>	<u>Medicare</u>		<u>Non-Kaiser</u>	<u>Medicare</u>
	2019-2020	Actual premiums		2021	Actual premiums	
	2021	7.25%	6.30%	2021		
	2022	7.00%	6.10%	2022	6.75%	5.85%
	↓	↓	↓	↓	↓	↓
	2030	5.20%	4.70%	2030	4.95%	4.45%
	2031-2035	5.05%	4.60%	2031-2035	4.80%	4.35%
	2036-2045	4.90%	4.50%	2036-2045	4.65%	4.25%
	2046-2055	4.75%	4.45%	2046-2055	4.50%	4.20%
	2056-2065	4.60%	4.40%	2056-2065	4.35%	4.15%
	2066-2075	4.30%	4.20%	2066-2075	4.05%	3.95%
	2076+	4.00%	4.00%	2076+	3.75%	3.75%
■ CERBT Fee	■ n/a			■ 0.05% of Market Value of Assets		
■ PEMHCA Administrative Fee	■ n/a			■ 0.26% of premium (5-year average) ■ Included in the Actuarially Determined Contributions		



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### ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Mortality, Disability, Termination	■ CalPERS 1997-2015 Experience Study	■ Same
■ Mortality Improvement	■ CalPERS 1997-2015 Experience Study ■ Mortality Improvement Scale MP-2019	■ CalPERS 1997-2015 Experience Study ■ Mortality Improvement Scale MP-2020
■ Service Retirement	■ CalPERS 1997 – 2015 Experience Study <u>Expected Retirement Age</u> 2%@55                      58.8 2%@60                      58.2 2%@62                      59.5	■ CalPERS 1997 – 2015 Experience Study <u>Expected Retirement Age</u> 2%@55                      58.8 2%@60                      58.2 2%@62                      60.5
■ Spouse Participation	■ Actives: current election if covered, 20% if waived ■ Retirees: current election	■ Same



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### ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Participation at Retirement	■ Based on the supplemental benefit amount  <u>Supplemental Benefit</u> <u>Participation</u> \$0-\$99                      50% \$100-\$199                      75% \$200-\$299                      80% \$300-\$499                      85% \$500+                          90%	■ Same
■ Age-related Claims Costs for Medicare Advantage Plans	■ Included for participants hired before 6/1/2010	■ Due to age-risk adjusted federal subsidies to Medicare Advantage plans, no age-based claims costs were included for these plans (Anthem Medicare Preferred, Kaiser Senior Advantage, UnitedHealthcare Group Medicare Advantage)



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## ACTUARIAL METHODS

	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Cost Method	■ Entry Age Normal	■ Same
■ Amortization Method	■ n/a	■ Level dollar
■ Amortization Period	■ n/a	■ UAAL – 20-year fixed (closed) period
■ Assets	■ n/a	■ Market value of assets
■ Actuarially Determined Contributions Timing	■ n/a	■ Payable at the end of the year



## ACTUARIAL METHODS

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## ASSETS

### Market Value of Trust Assets (MVA)

	2020/21
■ MVA Beginning of Year	\$ -
• Contributions	250,000
• Benefit Payments	-
• Administrative Expenses	(5)
• Investment Earnings Net of Investment Expenses	186
■ MVA End of Year	250,181



## ASSETS

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## RESULTS

### Funded Status

	6/30/19 (3.50% DR)	6/30/21 (5.50% DR)
■ <b>Present Value of Benefits</b>		
• Actives (future retirees)	\$4,136,719	\$2,652,397
• Retirees	<u>825,087</u>	<u>1,075,497</u>
• Total	4,961,806	3,727,894
■ <b>Actuarial Accrued Liability (AAL)</b>		
• Actives (future retirees)	1,924,995	1,484,565
• Retirees	<u>825,087</u>	<u>1,075,497</u>
• Total	2,750,082	2,560,062
■ <b>Market Value of Assets</b>	<u>-</u>	<u>250,181</u>
■ <b>Unfunded Actuarial Accrued Liability (UAAL)</b>	2,750,082	2,309,881
■ <b>Funded Status</b>	0%	9.8%
■ <b>Normal Cost for next FY</b>	162,078	104,672
■ <b>Administrative Expenses for next FY</b>	n/a	509
■ <b>Pay-as-you-go Cost for next FY (Cash + IS)</b>	86,209	105,792



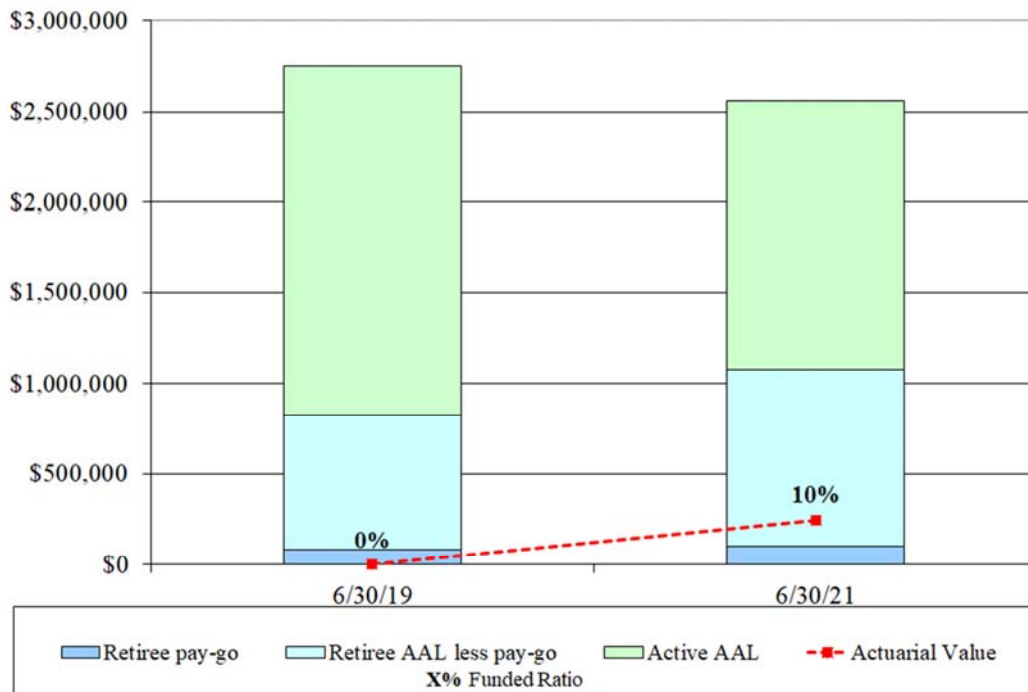
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## RESULTS

### Funded Status



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## RESULTS

### Actuarial Liability (Gain)/Loss Analysis

■ Actual 6/30/19 Actuarial Accrued Liability (AAL)		\$2,750,082
■ Expected 6/30/21 AAL		3,098,088
<b>Plan Experience</b>	• Premiums less than expected	(45,787)
	• Other/demographic experience <sup>5</sup>	<u>324,893</u>
	• Subtotal	279,106
<b>Assumption Changes</b>	• Discount rate and inflation change	(787,310)
	• Other: updated mortality improvement, claims aging curve and ACA excise tax removal	<u>(29,822)</u>
	• Subtotal	(817,132)
■ Total (Gains)/Losses		(538,026)
■ Actual 6/30/21 AAL		2,560,062

<sup>5</sup> Mainly 3 people retiring at unexpectedly young ages



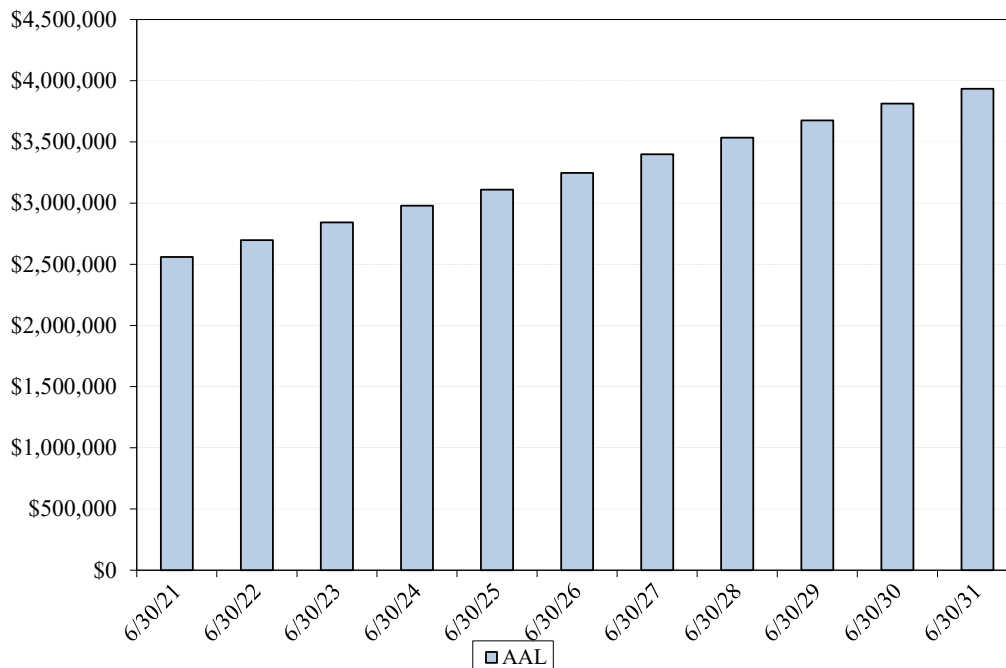
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## RESULTS

### 10-Year Projection Illustration Actuarial Accrued Liability



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## RESULTS

### Actuarially Determined Contributions (ADC)

	2021/22	2022/23	2023/24
■ <b>ADC - \$</b>			
• Normal Cost	\$104,672	\$106,499	\$108,560
• Administrative Expenses	509	639	803
• UAAL Amortization	<u>193,289</u>	<u>193,289</u>	<u>193,289</u>
• Total	298,470	300,428	302,653
■ <b>Projected Payroll</b>	5,984,305	6,148,873	6,317,967
■ <b>ADC - %</b>			
• Normal Cost	1.7%	1.7%	1.7%
• Administrative Expenses	0.0%	0.0%	0.0%
• UAAL Amortization	<u>3.3%</u>	<u>3.1%</u>	<u>3.1%</u>
• Total	5.0%	4.8%	4.8%



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## RESULTS

### Actuarially Determined Net Trust Contribution

	2021/22	2022/23	2023/24
■ Actuarially Determined Contribution	\$298,470	\$300,428	\$302,653
■ Minus: Implied Subsidy benefit payment	27,047	29,932	38,687
■ Minus: Estimated cash benefit payments paid by Authority, net of Trust reimbursements	<u>78,744</u>	<u>77,805</u>	<u>84,314</u>
■ Recommended net Trust contribution	192,679	192,691	179,652



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## ADDITIONAL RESULTS

### Funding Projection 20-years Level Dollar Amortization (Current)

Fiscal Year Ending	Cash BenPmt	Implied Subsidy BenPmt	Trust Pre Funding	Total Contribution	Actuarially Determined Contribution	Payroll	Contrib % of Payroll
2022	\$78,744	\$27,047	\$192,679	\$298,470	\$298,470	\$5,984,305	5.0%
2023	77,805	29,932	192,691	300,428	300,428	6,148,873	4.8%
2024	84,314	38,687	179,652	302,653	302,653	6,317,967	4.8%
2025	90,956	49,660	164,198	304,814	304,814	6,491,711	4.7%
2026	90,278	52,044	164,725	307,047	307,047	6,670,233	4.6%
2027	85,250	52,301	171,516	309,067	309,067	6,853,665	4.5%
2028	95,162	67,714	148,258	311,134	311,134	7,042,141	4.4%
2029	102,055	65,076	145,802	312,933	312,933	7,235,800	4.3%
2030	108,483	71,504	135,188	315,175	315,175	7,434,784	4.2%
2031	122,888	82,308	112,416	317,612	317,612	7,639,241	4.2%



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## ADDITIONAL RESULTS

### Funding Projection 20-years Level Percent of Pay Amortization

Fiscal Year Ending	Cash BenPmt	Implied Subsidy BenPmt	Trust Pre Funding	Total Contribution	Actuarially Determined Contribution	Payroll	Contrib % of Payroll
2022	\$78,744	\$27,047	\$154,185	\$259,976	\$259,976	\$5,984,305	4.3%
2023	77,805	29,932	158,454	266,191	266,191	6,148,873	4.3%
2024	84,314	38,687	149,788	272,789	272,789	6,317,967	4.3%
2025	90,956	49,660	138,829	279,445	279,445	6,491,711	4.3%
2026	90,278	52,044	143,974	286,296	286,296	6,670,233	4.3%
2027	85,250	52,301	155,509	293,060	293,060	6,853,665	4.3%
2028	95,162	67,714	137,127	300,003	300,003	7,042,141	4.3%
2029	102,055	65,076	139,680	306,811	306,811	7,235,800	4.2%
2030	108,483	71,504	134,214	314,201	314,201	7,434,784	4.2%
2031	122,888	82,308	116,731	321,927	321,927	7,639,241	4.2%



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## ADDITIONAL RESULTS

### Actuarial Obligations

	Cash Subsidy	Implied Subsidy	Total
<b>■ Present Value of Benefits</b>			
• Actives (future retirees)	\$1,558,484	\$1,093,913	\$2,652,397
• Retirees	<u>818,178</u>	<u>257,319</u>	<u>1,075,497</u>
• Total	2,376,662	1,351,232	3,727,894
<b>■ Actuarial Accrued Liability (AAL)</b>			
• Actives (future retirees)	867,683	616,882	1,484,565
• Retirees	<u>818,178</u>	<u>257,319</u>	<u>1,075,497</u>
• Total	1,685,861	874,201	2,560,062
<b>■ Market Value of Assets<sup>6</sup></b>	<u>164,750</u>	<u>85,431</u>	<u>250,181</u>
<b>■ Unfunded Liability (UAAL)</b>	1,521,110	788,770	2,309,881
<b>■ 2020/21 Normal Cost</b>	62,735	41,937	104,672
<b>■ 2020/21 Administrative Expenses</b>	509	-	509
<b>■ 2020/21 Pay-As-You-Go Cost (Cash + Implied Subsidy)</b>	78,744	27,047	105,792

<sup>6</sup> Allocated based on AAL



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## ADDITIONAL RESULTS

### Actuarially Determined Contribution (ADC) for FY 2020/21

	Cash Subsidy	Implied Subsidy	Total
<b>■ ADC - \$</b>			
• Normal Cost	\$62,735	\$41,937	\$104,672
• Administrative Expenses	509	-	509
• UAAL Amortization <sup>7</sup>	<u>127,285</u>	<u>66,004</u>	<u>193,289</u>
• Total ADC	190,529	107,941	298,470
<b>■ Total Payroll</b>	5,984,305	5,984,305	5,984,305
<b>■ ADC - % of Total Payroll</b>			
• Normal Cost	1.0%	0.7%	1.7%
• Administrative Expenses	0.0%	0.0%	0.0%
• UAAL Amortization	<u>2.1%</u>	<u>1.1%</u>	<u>3.3%</u>
• Total ADC	3.2%	1.8%	5.0%

<sup>7</sup> Allocated based on AAL



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## ADDITIONAL RESULTS

### Discount Rate Sensitivity

	<b>CERBT 1 6.25%</b>	<b>CERBT 2 5.50% (current)</b>	<b>CERBT 3 4.75%</b>
■ <b>Present Value of Benefits</b>	\$3,276,476	\$3,727,894	\$4,283,022
■ <b>Actuarial Accrued Liability (AAL)</b>			
• Actives (future retirees)	1,344,297	1,484,565	1,644,122
• Retirees	<u>1,010,186</u>	<u>1,075,497</u>	<u>1,149,966</u>
• Total	2,354,483	2,560,062	2,794,088
■ <b>Market Value of Assets</b>	<u>250,181</u>	<u>250,181</u>	<u>250,181</u>
■ <b>Unfunded Liability (UAAL)</b>	2,104,302	2,309,881	2,543,907
■ <b>ADC - \$</b>			
• Normal Cost	89,018	104,672	123,424
• Administrative Expenses	509	509	509
• UAAL Amortization	<u>187,203</u>	<u>193,289</u>	<u>199,825</u>
• Total ADC	276,731	298,470	323,758
■ <b>Total Payroll</b>	5,984,305	5,984,305	5,984,305
■ <b>ADC - % of Total Payroll</b>	4.6%	5.0%	5.4%



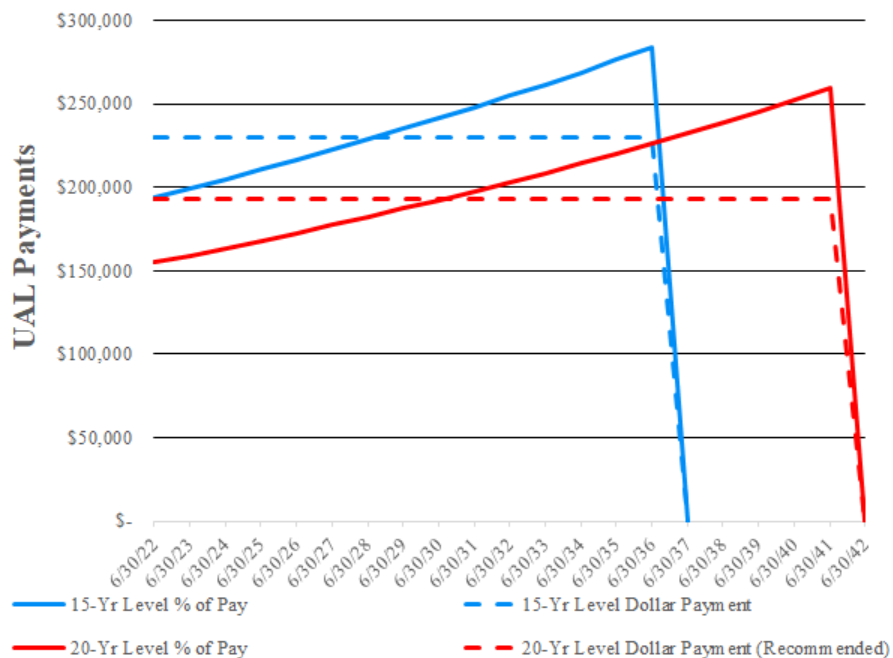
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## ADDITIONAL RESULTS

### Contribution Projections – Amortization Methods Comparison Projected UAL Payments (5.50% Discount Rate)



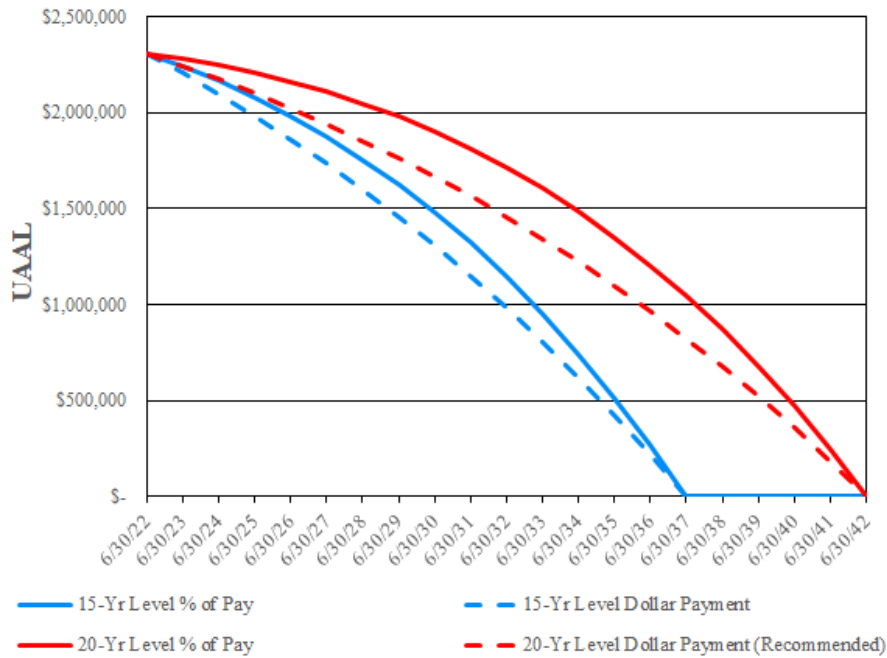
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## ADDITIONAL RESULTS

### Unfunded Actuarial Accrued Liability Projections (UAAL) Amortization Comparisons



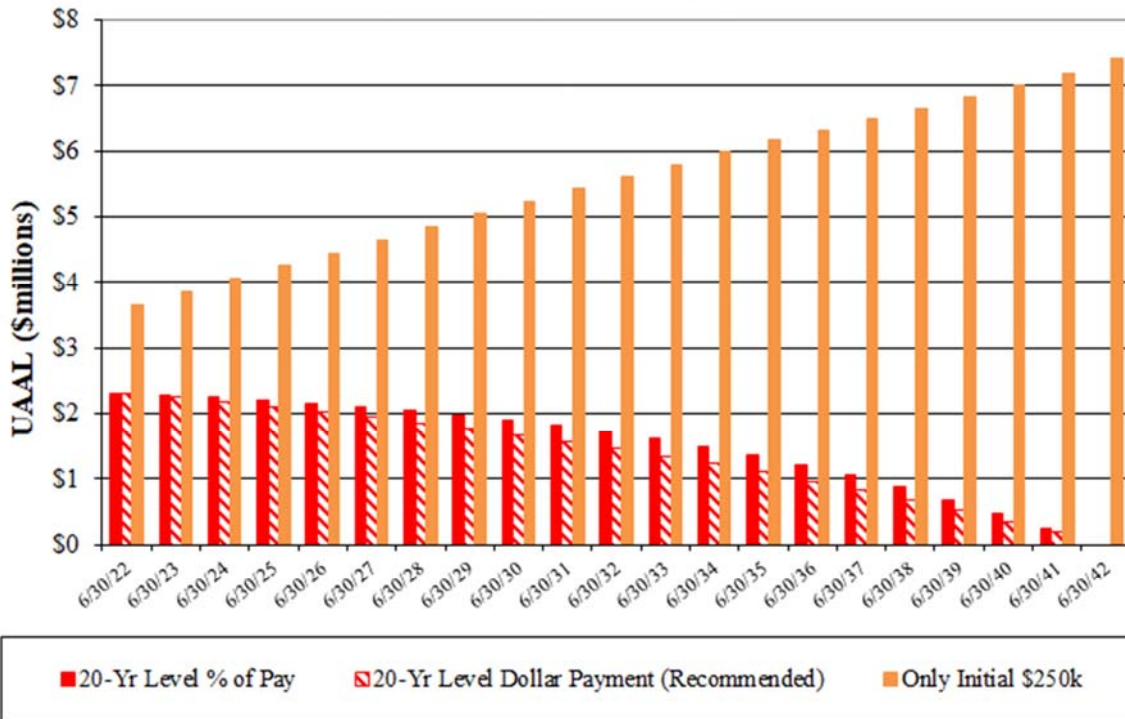
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## ADDITIONAL RESULTS

### Unfunded Actuarial Accrued Liability Projections (UAAL)



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## ADDITIONAL RESULTS

### Amortization Comparison

	20-Yr Level Dollar (recommended)	20-Yr Level Percent of Pay <sup>8</sup>
<b>■ 21/22 ADC - \$</b>		
• Normal Cost	\$104,672	\$104,672
• Administrative Expenses	509	509
• UAAL Amortization	<u>193,289</u>	<u>154,795</u>
• Total ADC	298,470	259,976
<b>■ Total Payroll</b>	5,984,305	5,984,305
<b>■ 21/22 ADC - % of Total Payroll</b>	5.0%	4.3%
<b>■ Unfunded Actuarial Accrued Liability</b>	2,309,881	2,309,881
<b>■ Total Interest Paid over 20 years</b>	<u>1,555,905</u>	<u>1,745,355</u>
<b>■ Total Payments over 20 years</b>	3,865,786	4,055,236

<sup>8</sup> Payments escalate 2.75% every year, approximately equal to expected total payroll growth.



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## ACTUARIAL CERTIFICATION

This report presents the South Bay Regional Public Communications Authority Retiree Healthcare Plan ("Plan") June 30, 2021 actuarial valuation. The purpose of this valuation is to:

- Determine the June 30, 2021 Benefit Obligations,
- Determine the Plan's June 30, 2021 Funded Status, and
- Calculate the 2021/22, 2022/23 and 2023/24 Actuarially Determined Contribution.

The report provides information intended for plan funding, but may not be appropriate for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

Information under Governmental Accounting Standards Board Statement No. 75 (GASBS 75) has been provided under a separate report.

The valuation is based on Plan provisions, participant data, and asset information provided by the Authority as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of my knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As a member of the American Academy of Actuaries meeting the Academy Qualification Standards, I certify the actuarial results and opinions herein.

Respectfully submitted,

*Mary Elizabeth Redding*

Mary Elizabeth Redding, FSA, EA, FCA, MAAA  
Vice President  
Bartel Associates, LLC  
January 5, 2022



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## PREMIUMS

### **2021 PEMHCA Monthly Medical Premiums** **Region 3**

Plan	Non-Medicare			Medicare		
	Single	Two Party	Family	Single	Two Party	Family
Anthem Select	\$639.10	\$1,278.20	\$1,661.66	\$383.37	\$766.74	\$1,150.11
Anthem Traditional	984.21	1,968.42	2,558.95	383.37	766.74	1,150.11
Blue Shield Access+	834.88	1,669.76	2,170.69	n/a	n/a	n/a
Blue Shield Trio	660.49	1,320.98	1,717.27	n/a	n/a	n/a
Health Net Salud y Más	412.88	825.76	1,073.49	n/a	n/a	n/a
Health Net SmartCare	691.48	1,382.96	1,797.85	n/a	n/a	n/a
Kaiser	669.84	1,339.69	1,741.60	324.48	648.96	973.44
UnitedHealthcare	720.89	1,441.78	1,874.31	311.56	623.12	934.68
PERS Choice	761.23	1,522.46	1,979.20	349.97	699.94	1,049.91
PERS Select	459.94	919.88	1,195.84	349.97	699.94	1,049.91
PERSCare	1,036.07	2,072.14	2,693.78	381.25	762.50	1,143.75



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## DATA SUMMARY

### **Medical Plan Participation** **Non-Waived Participants**

Medical Plan	Actives	Retirees		
		< 65	≥ 65	Total
Anthem Select	6%	12%	0%	6%
Anthem Traditional	4%	0%	0%	0%
Blue Shield Access+	21%	0%	0%	0%
Blue Shield Trio	2%	0%	0%	0%
Health Net SmartCare	6%	0%	0%	0%
Kaiser	37%	38%	45%	41%
UnitedHealthcare	0%	12%	22%	18%
PERS Choice	9%	0%	11%	6%
PERS Select	13%	0%	0%	0%
PERSCare	2%	38%	22%	29%
Total	100%	100%	100%	100%



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## DATA SUMMARY

### Active Medical Coverage

Medical Plan	Single	2-Party	Family	Total
Anthem Select	3	-	-	3
Anthem Traditional	2	-	-	2
Blue Shield Access+	7	1	3	11
Blue Shield Trio	-	1	-	1
Health Net SmartCare	1	1	1	3
Kaiser	9	6	4	19
PERS Choice	1	1	3	5
PERS Select	3	-	4	7
PERSCare	1	-	-	1
Waived	-	-	-	15
Total	27	10	15	67



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## DATA SUMMARY

### Retiree Medical Coverage

#### Under Age 65

Medical Plan	Single	2-Party	Family	Total
Anthem Select	1	-	-	1
Kaiser	1	2	-	3
UnitedHealthcare	-	1	-	1
PERSCare	2	1	-	3
Total	4	4	-	8

### Retiree Medical Coverage

#### Over Age 65

Medical Plan	Single	2-Party	Family	Total
Kaiser	4	-	-	4
UnitedHealthcare	1	1	-	2
PERS Choice	1	-	-	1
PERSCare	2	-	-	2
Waived	-	-	-	7
Total	8	1	-	16



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## DATA SUMMARY

### Actives by Age and Authority Service

	Authority Service							
Age	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	Total
< 25	-	2	-	-	-	-	-	2
25-29	3	11	1	-	-	-	-	15
30-34	-	7	4	-	-	-	-	11
35-39	-	-	1	5	-	-	-	6
40-44	-	2	2	2	2	3	-	11
45-49	-	1	-	2	2	4	3	12
50-54	1	-	-	1	3	1	1	7
55-59	-	-	-	-	-	-	1	1
60-64	-	-	-	-	-	-	-	-
≥ 65	-	-	-	-	-	1	1	2
Total	4	23	8	10	7	9	6	67



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## DATA SUMMARY

### Retiree Medical Coverage by Age Group

Age	Single	2-Party	Family	Waived	Total
Under 50	-	-	-	-	-
50-54	-	2	-	-	2
55-59	1	-	-	-	1
60-64	3	2	-	-	5
65-69	4	1	-	3	8
70-74	3	-	-	1	4
75-79	1	-	-	2	3
80-84	-	-	-	1	1
Over 85	-	-	-	-	-
Total	12	5	-	7	24
Average Age	67.5	60.6	n/a	74.6	68.1



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# ADDITIONAL ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Waived Retiree Re-election	■ None	■ Same
■ Surviving Spouse Coverage	■ Actives: current election if covered, 50% if waived ■ Retirees: current election	■ Same
■ Medicare Eligibility	■ 100% ■ Everyone eligible for Medicare will elect Part B coverage	■ Same
■ Spouse Age	■ Males 3 years older than females if spouse birth date not provided	■ Same
■ PPACA Excise tax	■ 2% load on implied subsidy	■ None due to December 2019 repeal of Excise Tax



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# ADDITIONAL ACTUARIAL ASSUMPTIONS

Assumptions	June 30, 2021 Valuation									
■ Medical Claims Costs 2021	■ Sample estimated monthly claims costs (Region 3):									
	Non-Medicare Eligible									
		Anthem Select		Anthem Traditional		Blue Shield Access+		Blue Shield Trio		Health Net SmartCare
	Age	M	F	M	F	M	F	M	F	M F
	25	\$235	\$412	\$334	\$585	\$275	\$482	\$218	\$381	\$235 \$411
	35	300	508	426	722	351	595	278	470	299 507
	45	428	623	608	886	501	729	397	577	427 621
	55	711	825	1,010	1,175	832	967	659	764	709 824
	60	897	938	1,274	1,335	1,049	1,099	831	869	895 936
	65	1,108	1,089	1,575	1,549	1,297	1,275	1,027	1,008	1,106 1,086
	Medicare Eligible									
	65	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a n/a
	70	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a n/a
	75	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a n/a
	80	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a n/a



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### ADDITIONAL ACTUARIAL ASSUMPTIONS

#### ■ Medical Claims Costs 2021

#### ■ Sample estimated monthly claims costs (Region 3):

Age	Non-Medicare Eligible									
	Kaiser		United Healthcare		PERS Choice		PERS Select		PERSCare	
	M	F	M	F	M	F	M	F	M	F
25	\$246	\$430	\$264	\$462	\$216	\$405	\$156	\$309	\$278	\$511
35	313	531	336	570	285	510	211	392	363	638
45	447	651	480	699	426	637	326	495	535	793
55	743	863	797	926	745	865	586	682	919	1,067
60	937	981	1,006	1,053	957	994	762	789	1,174	1,221
65	1,159	1,138	1,243	1,221	1,194	1,162	955	925	1,460	1,422
Medicare Eligible										
65	n/a	n/a	n/a	n/a	273	333	273	333	290	354
70	n/a	n/a	n/a	n/a	305	374	305	374	324	397
75	n/a	n/a	n/a	n/a	329	404	329	404	349	428
80	n/a	n/a	n/a	n/a	341	422	341	422	361	447



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### ADDITIONAL ACTUARIAL ASSUMPTIONS

#### ■ Actuarial Modeling

■ Our valuation was performed using and relying on ProVal, an actuarial model leased from WinTech. Our use of ProVal is consistent with its intended purpose. We have reviewed and understand ProVal and its operation, sensitivities and dependencies

#### ■ Data Quality

■ Our valuation used census data provided by the Authority and CalPERS OPEB data extract. We reviewed the data for reasonableness and resolved any questions with the Authority. We believe the resulting data can be relied on for all purposes of this valuation without limitation

#### ■ COVID-19

■ No adjustments to the assumptions have been made for COVID-19 since there is not yet enough data to evaluate the future impacts



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## ADDITIONAL ACTUARIAL ASSUMPTIONS

### ■ Basis for Assumptions

- No experience study performed for this Plan
- CalPERS 1997-2015 experience study was used
- Mortality improvement is a Society of Actuaries table
- Inflation based on our estimate for the Plan's long time horizon
- Capital market assumptions based on 2021 Bartel Associates stochastic analysis, taking into account capital market assumptions of investment advisory firms
- Short-term medical trend was developed in consultation with Axene Health Partners' healthcare actuaries. Long term medical trend developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends
- Medical coverage and participation based in part on Plan experience



## ADDITIONAL ACTUARIAL ASSUMPTIONS

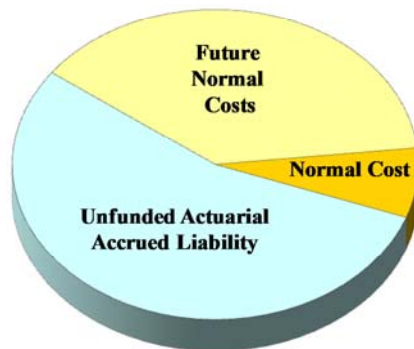
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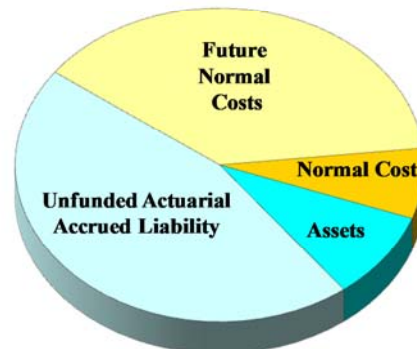
## DEFINITIONS

### Present Value of Benefits (PVB)

**Present Value of Benefits  
(Without Plan Assets)**



**Present Value of Benefits  
(With Plan Assets)**



#### **PVB - Present Value of all Benefits**

- Discounted value, at measurement date (valuation date) of all future expected benefit payments
- Expected benefit payments based on various actuarial assumptions



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## DEFINITIONS

#### ■ **AAL – Actuarial Accrued Liability / Actuarial Obligation**

- Discounted value at measurement date (valuation date) of benefits “earned” through measurement date based on actuarial cost method
- Portion of PVB “earned” at measurement

#### ■ **NC - Normal Cost**

- Value of benefits “earned” during current year
- Portion of PVB allocated to current year

#### ■ **Actuarial Cost Method**

- Determines how benefits are “earned” or allocated to each year of service
- Has no effect on PVB
- Has significant effect on Actuarial Obligations and Normal Cost

#### ■ **Pay-As-You-Go Cost (PayGo)**

- Cash Subsidy – Actual cash benefit payments to retirees
- Implied Subsidy – Difference between cost of retiree benefits and retiree premiums
- PayGo is the expected retiree benefit payments for the year while Normal Cost is the cost of benefits accrued by active employees during the year.



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# Staff Report

## South Bay Regional Public Communications Authority

**MEETING DATE:** January 18, 2022

**ITEM NUMBER:** G-4

**TO:** Board of Directors

**FROM:** Ross Klun, Executive Director  
Vanessa Alfaro, Finance & Performance Audit Manager

**SUBJECT:** FY22 Additional Discretionary Payment in the amount of \$281,864 towards Authority's CalPERS Pension Unfunded Actuarial Liability

**ATTACHMENTS:** 1. CalPERS Rate Plan 1232 UAL Lump Sum Payment Letter  
2. CalPERS Rate Plan 1232 UAL Projection

### **RECOMMENDATION**

Staff recommends that the Board of Directors appropriate funds from the Enterprise Fund unreserved balance and approve an Additional Discretionary Payment ("ADP") in the amount of \$281,864 for Fiscal Year 2021-2022 towards the Authority's CalPERS pension Unfunded Actuarial Liability ("UAL").

### **BACKGROUND**

In September 2019, staff presented information to the Executive Committee about the Authority's unfunded pension and OPEB liabilities and options for addressing these growing liabilities.

During the February 2020 Executive Committee meeting, staff was directed to implement strategies to reduce the Authority's pension UAL. The direction included reducing the amortization period of the existing liability to 15 years and amending the Budgetary Policy to allow the Authority to make ADPs should any budgetary surplus become available beginning in FY20. The goal is to reach and maintain a 90% funded ratio to provide a more secure and stable pension plan, while reducing the chance of an overfunded plan in years that CalPERS achieves investment returns beyond its target.

Due to the economic downturn related to the global COVID-19 pandemic, member cities requested use of FY20 surplus funds to offset FY21 assessments. In September 2020, the Board of Directors approved the use of \$1.3 million from the Enterprise Fund to offset member cities' assessments for FY21 and thus, plans to address the pension UAL were postponed.

## DISCUSSION

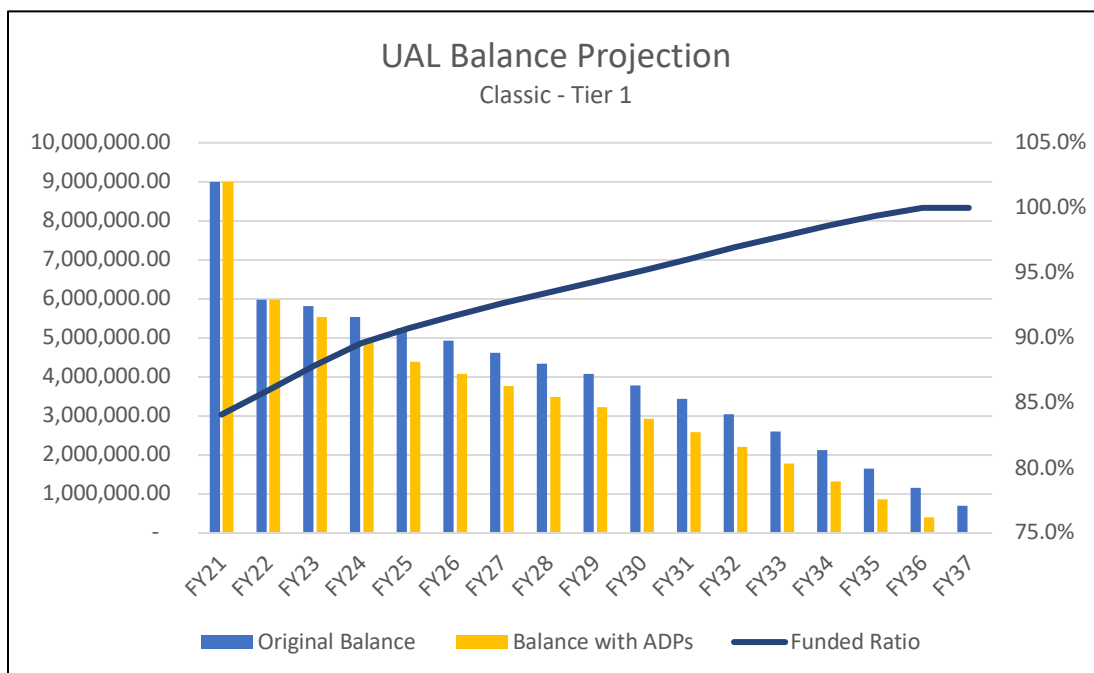
As of the last CalPERS valuation reports dated June 30, 2020 (released in July 2021), the Authority's UAL totaled \$9,152,115 apportioned as follows:

Rate Plan	UAL	%	Funded Ratio
Classic – Tier 1	\$8,990,520	98%	74.7%
Classic – Tier 2	\$77,635	1%	89.0%
PEPRA	\$83,960	1%	88.8%

Utilizing the direction provided by the Executive Committee during the February 2020 meeting, staff worked with the Authority's designated CalPERS actuary to calculate the Authority's ADP by utilizing a "soft" Fresh Start with a shortened amortization period of 15 years. Under such approach, the Authority would make ADPs following CalPERS's Fresh Start schedule without being contractually obligated to CalPERS to make these payments, thereby preserving flexibility for the Authority in future years.

Utilizing the 2019 valuation, the calculated ADP is \$281,864 for FY22 (Attachment 1). In collaboration with the CalPERS actuary, staff determined that applying the ADP to two amortization bases with the longest amortization periods produced the largest interest savings. The Authority's Classic (Tier 1) group's projected funded ratio reaches approximately 90% in FY25 when taking into account the ADPs, CalPERS' investment return of 21.3% for FY21, and a decrease in the discount rate to 6.8%. In other words, the Authority may reach its goal of a 90% funded ratio after just three years of ADPs with interest savings of approximately \$836,000 over the original payment schedule (Attachment 2). Assuming ongoing ADPs over 15 years towards the goal of 100% funded, savings could reach nearly \$2 million.

The graph below compares the UAL balance under the original payment schedule to the UAL balance with ADPs as well as the projected funded ratio for each fiscal year.



Due to CalPERS' investment return of 21.3% for FY21, Tier 2 and PEPRAs rate plans are expected to be over 90% funded in the next valuation and therefore, are not included in this year's ADP plan.

The unreserved (available) Enterprise Fund balance as of June 30, 2021 is \$3,753,131 and staff recommends its use for the CalPERS ADP for Fiscal Year 2021-22.

Staff will bring a recommendation to the Board of Directors to amend the Authority's Budgetary Policy to include the ability to make ADPs following the year there is a budgetary surplus until the plan reaches and maintains a 90% funded ratio. In the event no surplus exists in a given fiscal year, unreserved available balance would be utilized for the ADP. For example, a budgetary surplus for fiscal year ending June 30, 2022, would allow for the ADP for FY2022-23. However, if there is no surplus or it is insufficient, unreserved available balance would be utilized for the ADP. The revision to the Budgetary Policy will be presented to the Executive Committee in February and, if recommended, to the Board of Directors in March for their approval and adoption.

### **FISCAL IMPACT**

The Enterprise Fund balance will decrease by \$281,864 after payment to CalPERS.



G-4

Attachment 1



**California Public Employees' Retirement System**

**Actuarial Office**

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

**888 CalPERS** (or 888-225-7377) | TTY: (877) 249-7442 | [www.calpers.ca.gov](http://www.calpers.ca.gov)

January 11, 2022

CalPERS ID: 2798992660  
Employer Name: SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY  
Rate Plan: MISCELLANEOUS PLAN [1232]

Re: Lump Sum Payment to reduce the Unfunded Accrued Liability

Dear Requestor:

As requested, information on the fiscal year 2022-23 employer contribution requirement following your lump sum payment is shown below.

**If you are aware of others interested in this information (e.g., payroll staff, county court employees, port districts), please inform them.**

The information is based on the most recent annual valuation and assumes payment by *January 21, 2022* and no further contractual or financing changes taking effect before June 30, 2022. The Unfunded Accrued Liability (UAL) will be reduced or eliminated by a lump sum payment in the amount of **\$281,864**. The payment will be applied to the Investment (Gain)/Loss 06/30/2016 and Non-Investment (Gain)/Loss 06/30/2018 base(s).

**There will be no change to your FY 2021-22 contributions.**

Valuation as of June 30, 2020	Pre-Payment	Post-Payment
Projected 6/30/2022 Total Unfunded Liability <sup>1</sup>	\$9,102,337	
Payment on January 21, 2022	\$281,864	
<b>Revised 6/30/2022 Total Unfunded Liability<sup>1</sup></b>		<b>\$8,812,232</b>
FY 2022-23 Employer Contributions		
Base Total Normal Cost for Formula	17.24%	17.24%
Surcharges for Class 1 Benefit		
a) FAC 1	0.55%	0.55%
Phase out of Normal Cost Difference	<u>0.00%</u>	<u>0.00%</u>
Plan's Total Normal Cost	17.79%	17.79%
Formula's Expected Employee Contribution Rate	<u>6.92%</u>	<u>6.92%</u>
Employer Normal Cost Rate	10.87%	10.87%
Payment on Investment (Gain)/Loss 06/30/2016	\$127,840	\$115,796
Payment on Non-Investment (Gain)/Loss 06/30/2018	\$6,050	\$0
Payment on all other bases	<u>\$567,913</u>	<u>\$567,913</u>
Employer Unfunded Liability Payment	\$701,803	\$683,709

The attached schedule of the plan's amortization bases includes the additional discretionary payment(s) listed above.

<sup>1</sup>Calculated amounts were projected from June 30, 2021 to June 30, 2022 based on a discount rate of 6.80% which will be used in the June 30, 2021 valuation, rather than the 7.00% used in the June 30, 2020 valuation.

	Fiscal Year
<b>Required Employer Contribution</b>	<b>2022-23</b>
Employer Normal Cost Rate	10.87%
<i>Plus</i>	
<b>Required Payment on Amortization Bases</b>	
<i>Paid either as</i>	
1) Monthly Payment	\$56,975.75
<i>Or</i>	
2) Annual Prepayment Option*	\$660,966
<p><i>The total minimum required employer contribution is the <b>sum</b> of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) <b>plus</b> the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (<b>which must be received in full no later than July 31</b>).</i></p>	

To initiate this payment, the enclosed Lump Sum Payment Request must be completed and returned to the CalPERS Fiscal Services Division with payment by Electronic Funds Transfer (EFT) or wire transfer by January 21, 2022. A copy should be sent to us.

If you have questions, please call 888 CalPERS (or 888-225-7377).



ALEX GRUNDER, ASA, MAAA  
Associate Pension Actuary, CalPERS

## Schedule of Amortization Bases

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
SHARE OF PRE-2013 POOL UAL	06/30/13	No Ramp		2.75%	15	1,759,743	145,205	1,732,724	149,198	1,696,362	153,301
NON-INVESTMENT (GAIN)/LOSS	06/30/13	100%	Up/Down	2.75%	23	(27,525)	(1,867)	(27,521)	(1,919)	(27,409)	(1,971)
INVESTMENT (GAIN)/LOSS	06/30/13	100%	Up/Down	2.75%	23	2,863,445	194,247	2,862,955	199,589	2,851,373	205,078
NON-INVESTMENT (GAIN)/LOSS	06/30/14	100%	Up/Down	2.75%	24	2,436	161	2,440	166	2,434	170
INVESTMENT (GAIN)/LOSS	06/30/14	100%	Up/Down	2.75%	24	(2,278,529)	(150,672)	(2,282,170)	(154,816)	(2,277,364)	(159,073)
ASSUMPTION CHANGE	06/30/14	100%	Up/Down	2.75%	14	1,348,391	128,217	1,310,150	131,743	1,263,092	135,366
NON-INVESTMENT (GAIN)/LOSS	06/30/15	100%	Up/Down	2.75%	25	(115,643)	(6,049)	(117,481)	(7,769)	(117,441)	(7,982)
INVESTMENT (GAIN)/LOSS	06/30/15	100%	Up/Down	2.75%	25	1,462,264	76,482	1,485,509	98,232	1,485,007	100,933
NON-INVESTMENT (GAIN)/LOSS	06/30/16	100%	Up/Down	2.75%	26	(221,274)	(8,696)	(227,768)	(11,913)	(230,945)	(15,301)
INVESTMENT (GAIN)/LOSS	06/30/16	100%	Up/Down	2.75%	26	1,848,746	72,653	1,903,005	231,562	1,793,104	115,796
ASSUMPTION CHANGE	06/30/16	100%	Up/Down	2.75%	16	555,487	30,243	563,087	41,433	558,558	53,216
NON-INVESTMENT (GAIN)/LOSS	06/30/17	80%	Up/Down	2.75%	27	(47,793)	(1,270)	(49,825)	(1,958)	(51,190)	(2,683)
INVESTMENT (GAIN)/LOSS	06/30/17	80%	Up/Down	2.75%	27	(957,900)	(25,463)	(998,614)	(39,244)	(1,025,963)	(53,765)
ASSUMPTION CHANGE	06/30/17	80%	Up/Down	2.75%	17	647,013	23,594	667,898	36,364	675,735	49,818
NON-INVESTMENT (GAIN)/LOSS	06/30/18	60%	Up/Down	2.75%	28	139,863	1,910	147,678	152,617	0	0
INVESTMENT (GAIN)/LOSS	06/30/18	60%	Up/Down	2.75%	28	(289,698)	(3,957)	(305,884)	(8,131)	(318,281)	(12,532)
METHOD CHANGE	06/30/18	60%	Up/Down	2.75%	18	275,892	5,144	289,883	10,571	298,671	16,292
ASSUMPTION CHANGE	06/30/18	60%	Up/Down	2.75%	18	1,013,234	18,891	1,064,619	38,822	1,096,893	59,834
NON-INVESTMENT (GAIN)/LOSS	06/30/19	No Ramp		0.00%	19	139,185	0	148,928	13,590	145,011	13,590
INVESTMENT (GAIN)/LOSS	06/30/19	40%	Up Only	0.00%	19	134,616	0	144,039	3,149	150,579	6,299
NON-INVESTMENT (GAIN)/LOSS	06/30/20	No Ramp		0.00%	20	111,209	0	118,994	0	127,086	11,619
INVESTMENT (GAIN)/LOSS	06/30/20	20%	Up Only	0.00%	20	627,358	0	671,273	0	716,920	15,704
<b>TOTAL</b>						<b>8,990,520</b>	<b>498,773</b>	<b>9,103,919</b>	<b>881,286</b>	<b>8,812,232</b>	<b>683,709</b>

This schedule assumes an additional discretionary payment is made in the amount and by the date stated on page 1 of this letter.

## Additional UAL Payment Request

Please complete and return this form by either mail or e-mail.

<b>Mail</b>	CalPERS – FRAS Cash and Payments Processing Unit P.O. Box 942703 Sacramento, CA 94229-2703
<b>E-mail</b>	FCSD_public_agency_wires@calpers.ca.gov

Payment may be made by EFT or wire transfer.

Payments may be made by Electronic Funds Transfer (EFT) through myCalPERS or by wire transfer through the State Treasurer's Office.

Visit the [Managing the Unfunded Accrued Liability](#) for payment instructions which are located on our website [www.calpers.ca.gov](http://www.calpers.ca.gov) under the **Employers** tab and **Actuarial Resources** section.

Employer Name: SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY

CalPERS ID: 2798992660

Member Group or Plan: MISCELLANEOUS PLAN

Rate Plan ID: 1232

Amount: **\$281,864**

Purpose:	Pay Down Unfunded Liability
Base(s) to which payment is applied:	Investment (Gain)/Loss 06/30/2016 and Non-Investment (Gain)/Loss 06/30/2018

In recognition of our payment please revise our required employer contribution effective July 1, 2022:

Name and Title (Please Print): \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

G-4

Attachment 2

# CalPERS Rate Plan 1232

## UAL Projection

Fiscal Year  
Investment Return\*

2020 - 2021

21.3%

2021 - 2022

6.8%

Discount Rate:

6.80%

Inflation Rate:

2.30%

Payroll Growth Rate:

2.80%

Risk Mitigation:

Undo Risk Mitigation

21-22 ADP Amount

\$ 281,864

21 - 22 Payment Date

1/1/2022

Total Payments

\$ 8,364,211

Interest Paid

\$ 2,542,645

Total Savings

\$ 836,664

Funded Ratio 2020 val:  
74.7%

Original Schedule

Total ADP

(Valued Mid-year )

Schedule with ADP

Contribution

Difference

Projected Funded  
Ratio End of Year

	Balance	Payment		Balance	Payment		
2020-21	\$ 8,990,520	\$ 498,773	\$ 8,990,520	\$ 498,773	\$ 498,773	\$	84.1%
2021-22	\$ 5,988,173	\$ 600,568	\$ 5,988,173	\$ 600,568	\$ 600,568	\$ 281,864	86.0%
2022-23	\$ 5,821,566	\$ 701,803	\$ 5,821,566	\$ 5,530,414	\$ 683,642	\$ 243,402	87.9%
2023-24	\$ 5,540,306	\$ 654,226	\$ 5,540,306	\$ 4,929,669	\$ 619,343	\$ 192,279	89.6%
2024-25	\$ 5,240,943	\$ 647,046	\$ -	\$ 4,390,073	\$ 593,107	\$ (53,939)	90.7%
2025-26	\$ 4,928,644	\$ 617,018	\$ -	\$ 4,075,658	\$ 561,569	\$ (55,449)	91.7%
2026-27	\$ 4,626,140	\$ 584,466	\$ -	\$ 3,772,454	\$ 527,464	\$ (57,002)	92.7%
2027-28	\$ 4,336,707	\$ 537,093	\$ -	\$ 3,483,879	\$ 478,495	\$ (58,598)	93.5%
2028-29	\$ 4,076,549	\$ 559,123	\$ -	\$ 3,226,286	\$ 498,884	\$ (60,239)	94.3%
2029-30	\$ 3,775,934	\$ 581,769	\$ -	\$ 2,930,106	\$ 519,844	\$ (61,925)	95.2%
2030-31	\$ 3,431,473	\$ 605,050	\$ -	\$ 2,592,125	\$ 541,391	\$ (63,659)	96.1%
2031-32	\$ 3,039,529	\$ 628,983	\$ -	\$ 2,208,894	\$ 563,541	\$ (65,442)	97.0%
2032-33	\$ 2,596,201	\$ 618,489	\$ -	\$ 1,776,712	\$ 551,214	\$ (67,274)	97.8%
2033-34	\$ 2,133,572	\$ 606,718	\$ -	\$ 1,327,881	\$ 537,560	\$ (69,158)	98.6%
2034-35	\$ 1,651,647	\$ 579,054	\$ -	\$ 862,641	\$ 507,960	\$ (71,094)	99.4%
2035-36	\$ 1,165,541	\$ 531,678	\$ -	\$ 396,354	\$ 409,608	\$ (122,070)	100.0%
2036-37	\$ 695,340	\$ 444,404	\$ -	\$ -	\$ -	\$ (444,404)	100.0%
2037-38	\$ 283,358	\$ 164,393	\$ -	\$ -	\$ -	\$ (164,393)	100.0%
2038-39	\$ 132,736	\$ 102,058	\$ -	\$ -	\$ -	\$ (102,058)	100.0%
2039-40	\$ 36,291	\$ 37,505	\$ -	\$ -	\$ -	\$ (37,505)	100.0%
2040-41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2041-42	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2042-43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2043-44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2044-45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2045-46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2046-47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2047-48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2048-49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2049-50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2050-51	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
2051-52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%

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# Staff Report

## South Bay Regional Public Communications Authority

**MEETING DATE:** January 18, 2022

**ITEM NUMBER:** I-1

**TO:** Board of Directors

**FROM:** Ross Klun, Executive Director  
Vanessa Alfaro, Finance & Performance Audit Manager

**SUBJECT:** FISCAL YEAR 2021-2022 MID-YEAR BUDGET REPORT

**ATTACHMENTS:** 1. Revenue Status Report  
2. Expenditure Status Report

### **RECOMMENDATION**

Staff recommends the Board of Directors to receive and to file the Fiscal Year 2021-2022 Mid-Year Budget Performance Report for the period July 1, 2021 through December 31, 2021.

### **DISCUSSION**

Staff has analyzed the Authority's financial activities through December 31, 2021. The Authority has accrued approximately 85% in assessment revenues (Attachment #1) from its member cities and 75% from contract cities in accordance with the FY21-22 budget adopted by the Board of Directors in March 2021.

As it relates to expenses (Attachment #2), a total of \$5,784,571 has been expended from the Enterprise Fund, which represents 46.9% of the budget in the first half of the fiscal year.

Expenses for salary and benefits accounted for 49.8% of their budgeted amounts, across all departments. However, this percentage also includes the CalPERS unfunded actuarial liability (UAL) lump sum payment of \$593,961 for fiscal year 2021-22, which generates interest savings of nearly \$20,500 compared to monthly payments throughout the year. Additionally, the Authority's liability and workers' compensation insurance premiums for the entire fiscal year, totaling approximately \$319,752, were also paid in full in the first quarter of the fiscal year.

Below is a summary of expenses by category and department for all funds:

Department	Adjusted Appropriation	Year-to-date Expenditures	Percent Used	Year-to-date Encumbrances	Balance	Percent Used (w/ encumbrances)
<b>SALARY &amp; BENEFITS</b>						
Administration	\$ 1,274,756	\$ 623,457	48.9%	\$ -	\$ 651,299	48.9%
Operations	7,544,742	3,777,077	50.1%	-	3,767,665	50.1%
Technical Services	762,640	375,499	49.2%	-	387,141	49.2%
<b>Salary &amp; Benefits Total</b>	<b>\$ 9,582,138</b>	<b>\$ 4,776,033</b>	<b>49.8%</b>	<b>\$ -</b>	<b>\$4,806,105</b>	<b>49.8%</b>
<b>SUPPLIES, SERVICES &amp; EQUIPMENT</b>						
Administration	\$ 983,917	\$ 551,061	56.0%	\$ 288,796	\$ 144,060	85.4%
Operations	288,259	61,929	21.5%	11,484	214,846	25.5%
Technical Services	1,248,042	361,980	29.0%	625,353	260,709	79.1%
<b>Total</b>	<b>\$ 2,520,218</b>	<b>\$ 974,971</b>	<b>38.7%</b>	<b>\$ 925,633</b>	<b>\$ 619,614</b>	<b>75.4%</b>
<b>CAPITAL IMPROV. PROJECTS</b>						
	<b>\$ 225,619</b>	<b>\$ 33,567</b>	<b>14.9%</b>	<b>\$ 29,233</b>	<b>\$ 162,819</b>	<b>27.8%</b>
<b>ENTERPRISE FUND TOTAL</b>						
	<b>\$ 12,327,975</b>	<b>\$ 5,784,571</b>	<b>46.9%</b>	<b>\$ 954,866</b>	<b>\$5,588,538</b>	<b>54.7%</b>
<b>ENTERPRISE FUND ADJ. TOTAL</b>						
	<b>\$ 12,327,975</b>	<b>\$ 5,784,571</b>	<b>46.9%</b>	<b>\$ 954,866</b>	<b>\$5,588,538</b>	<b>54.7%</b>

Staff is reporting progress made, during the first half of the fiscal year, on the following FY21-22 work plan objectives:

- Mark43 Computer Aided Dispatch ("CAD") Project  
Continue development and go-live.

*Status: The Authority continues work on a new Mark43 CAD Contract. The Authority's general counsel and Mark43's attorney, are currently reviewing a draft contract. Staff is continuing to meet with Mark43 weekly on the development of the CAD.*

- Contract for Dispatch Services with the City of Culver City  
Work with the City of Culver City to develop a successor agreement for dispatch services. The current agreement expires on March 1, 2022.

*Status: Staff has finished discussions on a successor agreement with Culver City staff. The City of Culver City will be considering, for approval, a new five-year dispatch agreement at their upcoming February city council meeting.*

- Strategic Initiatives to Improve Fire Dispatching  
Continue working with the Fire Departments to refine call processing and dispatch procedures in order to reduce the overall emergency response times and develop plans to improve service delivery.

*Status: A substantial reduction in overall dispatch times has been realized since this initiative began in 2019. In 2021, average call entry times were reduced an additional 16% (8 seconds) resulting in even quicker dispatch times for our fire departments. Staff will continue to monitor dispatch times and evaluate and implement new processes to improve service delivery.*

- Implement Policy for Funding Non-Current Liabilities  
Implement policy established by the Board of Directors to fund the long-term costs of benefits provided to employees and retirees through pension and Other Post-Employment Benefits (OPEB) plans.

*Status: A Section 115 Trust for OPEB has been established. That trust has been funded with an initial transfer of \$250,000 previously held as an OPEB reserve in the Enterprise Fund. Staff has consulted with actuaries to develop ongoing funding strategies that will be presented to the Board of Directors for both the pension and the OPEB liabilities before the end of this fiscal year.*

- Regional Fire Dispatching

Continue to monitor the developments of the Fire Departments in Mutual Aid Areas A & G to determine feasibility of establishing a regional fire dispatching communications center and engage with related stakeholders as appropriate.

*Status: Staff has been contacted by Federal Engineering, a consulting firm, which has been hired to do a feasibility study for a consolidated fire dispatch center. It is Staff's understanding that the cities of Beverly Hills, Santa Monica, Redondo Beach, and Torrance, as well as the fire departments served by the Authority, are the stakeholders in this study. The consulting firm has expressed a strong desire to evaluate the Authority's operations and performance data for inclusion in their study.*

- Interoperability Network of the South Bay (INSB) Sixth Radio Site

Work with the INSB Governance Board to determine funding and final location in Manhattan Beach for the INSB Network sixth radio site.

*Status: The Authority has been actively involved in this discussion. Staff are part of an INSB technical subcommittee tasked with making site recommendations. The subcommittee's report will be presented at a February INSB Governance Board meeting.*

Finally, Staff is reporting on the following projects and notable items:

- The Authority is in active contract negotiations with the Communications Workers of America and the Teamsters Public, Professional and Medical Employees Union Local 911. These two groups represent the Authority's Communications Supervisors, and Communications Operators and Public Safety Communications Specialists.
- The Authority continues to operate under a COVID-19 Continuity of Operations Plan and a COVID-19 Prevention Program to keep employees safe and maintain critical services during the COVID-19 pandemic.
- The recruitment program for Communications Operators has gone virtual. The Authority is now engaging in online job fairs, and other online platforms, as an alternative way to connect with potential applicants.
- With prior approval of the Executive Committee, the Authority made changes to our 457(b) retirement plan. A new agreement was negotiated with MissionSquare Retirement, and an agreement with Shuster Advisory Group, LLC., that resulted in a reduction in plan fees along with superior investment options for our employees.

## **FISCAL IMPACT**

None.

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Attachment 1

## Revenue Status Report

South Bay Regional PCA  
7/1/2021 through 12/31/2021

### 10 SBRPCA Enterprise Fund

<u>Account Number</u>	<u>Adjusted Estimate</u>	<u>Revenues</u>	<u>Year-to-date Revenues</u>	<u>Balance</u>	<u>Prct Rcvd</u>
10-50 Administration					
10-50-111 Administration					
10-50-111-4110 Gardena	2,141,335.00	1,820,134.75	1,820,134.75	321,200.25	85.00
10-50-111-4120 Hawthorne	2,619,842.00	2,226,865.70	2,226,865.70	392,976.30	85.00
10-50-111-4130 Manhattan Beach	1,461,578.00	1,242,341.30	1,242,341.30	219,236.70	85.00
10-50-111-4140 Hermosa Beach	758,305.00	568,728.75	568,728.75	189,576.25	75.00
10-50-111-4145 El Segundo	1,699,634.00	1,274,725.50	1,274,725.50	424,908.50	75.00
10-50-111-4146 Culver City Assessment	2,691,169.00	2,018,376.75	2,018,376.75	672,792.25	75.00
10-50-111-4150 El Camino Community College	790.00	0.00	0.00	790.00	0.00
10-50-111-4153 Medical Director Service/Manhattan Beach	30,500.00	7,625.01	7,625.01	22,874.99	25.00
10-50-111-4210 Investment Earnings (LAIF)	50,000.00	2,839.23	2,839.23	47,160.77	5.68
10-50-111-4220 POST Reimbursements	6,450.00	0.00	0.00	6,450.00	0.00
10-50-111-4240 911 Reimbursements	8,000.00	0.00	0.00	8,000.00	0.00
10-50-111-4241 Redondo Beach Maintenance Agreement	13,000.00	0.00	0.00	13,000.00	0.00
10-50-111-4255 Unrealized Gain/Loss on Investments	0.00	-355.87	-355.87	355.87	0.00
10-50-111-4430 Other Miscellaneous Revenue	2,500.00	5,108.00	5,108.00	-2,608.00	204.32
<b>Total Administration</b>	<b>11,483,103.00</b>	<b>9,166,389.12</b>	<b>9,166,389.12</b>	<b>2,316,713.88</b>	<b>79.83</b>
10-60 Operations					
10-60-211 Communications Center					
10-60-211-4215 DUI Reimbursement-Overtime	2,000.00	0.00	0.00	2,000.00	0.00
10-60-211-4435 Reimbursements Sprint Wireless	70,000.00	0.00	0.00	70,000.00	0.00

## Revenue Status Report

South Bay Regional PCA  
7/1/2021 through 12/31/2021

### 10 SBRPCA Enterprise Fund

<u>Account Number</u>	<u>Adjusted Estimate</u>	<u>Revenues</u>	<u>Year-to-date Revenues</u>	<u>Balance</u>	<u>Prct Rcvd</u>
10-60-211-4440 Reimbursements/Verizon Wireless	50,000.00	0.00	0.00	50,000.00	0.00
<b>Total Operations</b>	122,000.00	0.00	0.00	122,000.00	0.00
10-70 Technical Services					
10-70-311 Technical Services					
10-70-311-4310 Labor-Installation-Member	290,910.00	78,044.72	78,044.72	212,865.28	26.83
10-70-311-4320 Labor-Installation-Non Member	171,162.00	37,164.16	37,164.16	133,997.84	21.71
10-70-311-4360 Reimbursements for Billable Parts	700,000.00	20,454.35	20,454.35	679,545.65	2.92
10-70-311-4370 Reimbursements for GST Software	52,692.00	0.00	0.00	52,692.00	0.00
<b>Total Technical Services</b>	1,214,764.00	135,663.23	135,663.23	1,079,100.77	11.17
<b>Total SBRPCA Enterprise Fund</b>	12,819,867.00	9,302,052.35	9,302,052.35	3,517,814.65	72.56

## Revenue Status Report

South Bay Regional PCA  
7/1/2021 through 12/31/2021

20 Grant Fund

<u>Account Number</u>	<u>Adjusted Estimate</u>	<u>Revenues</u>	<u>Year-to-date Revenues</u>	<u>Balance</u>	<u>Prct Rcvd</u>
20-80 Capital Infrastructure Projects					
20-80-458 COVID-19					
20-80-458-4275 Grant Reimb/COVID-19	0.00	29,750.00	29,750.00	-29,750.00	0.00
Total Grant Fund	0.00	29,750.00	29,750.00	-29,750.00	0.00
Grand Total	12,819,867.00	9,331,802.35	9,331,802.35	3,488,064.65	72.79

I

# Attachment 2



## Expenditure Status Report

South Bay Regional PCA  
7/1/2021 through 12/31/2021

### 10 SBRPCA Enterprise Fund

<i>Account Number</i>	<i>Adjusted Appropriation</i>	<i>Expenditures</i>	<i>Year-to-date Expenditures</i>	<i>Year-to-date Encumbrances</i>	<i>Balance</i>	<i>Prct Used</i>
50 Administration						
50-100 Administration						
50-100-5000 Expenditures						
50-111-5101 Salaries (Full-Time)	870,626.00	420,989.97	420,989.97	0.00	449,636.03	48.35
50-111-5102 Salaries (Part-Time)	0.00	5,149.90	5,149.90	0.00	-5,149.90	0.00
50-111-5104 Acting Pay	1,243.00	0.00	0.00	0.00	1,243.00	0.00
50-111-5107 Longevity Pay	2,350.00	2,350.00	2,350.00	0.00	0.00	100.00
50-111-5108 Sick Leave Payoff	35,271.00	22,743.25	22,743.25	0.00	12,527.75	64.48
50-111-5109 Vacation Leave Payoff	32,242.00	13,325.88	13,325.88	0.00	18,916.12	41.33
50-111-5112 Other Pay	17,200.00	1,330.00	1,330.00	0.00	15,870.00	7.73
50-111-5201 Medical Insurance	94,993.00	27,328.64	27,328.64	0.00	67,664.36	28.77
50-111-5202 Dental Insurance	7,607.00	4,323.84	4,323.84	0.00	3,283.16	56.84
50-111-5203 Vision Insurance	1,726.00	922.02	922.02	0.00	803.98	53.42
50-111-5204 Life Insurance	792.00	372.24	372.24	0.00	419.76	47.00
50-111-5205 Medicare	14,448.00	6,852.65	6,852.65	0.00	7,595.35	47.43
50-111-5207 Workers' Compensation	8,051.00	7,341.00	7,341.00	0.00	710.00	91.18
50-111-5208 PERS Contributions	91,601.00	43,403.13	43,403.13	0.00	48,197.87	47.38
50-111-5209 Retirees' Medical Insurance	6,000.00	2,736.56	2,736.56	0.00	3,263.44	45.61
50-111-5211 Social Security	0.00	382.32	382.32	0.00	-382.32	0.00
50-111-5212 Deferred Comp Matching Benefit	37,500.00	10,800.00	10,800.00	0.00	26,700.00	28.80
50-111-5219 PERS Contributions-UAL	53,106.00	53,106.00	53,106.00	0.00	0.00	100.00
50-111-5301 Communications Contract Services	48,000.00	19,863.18	19,863.18	25,796.77	2,340.05	95.12
50-111-5302 Computer Contract Services/CAD-Tiburon	55,000.00	27,500.00	27,500.00	27,500.00	0.00	100.00
50-111-5304 Accounting/Auditing Services	33,000.00	7,702.00	7,702.00	9,748.00	15,550.00	52.88
50-111-5305 Legal Services	75,000.00	31,469.99	31,469.99	41,592.01	1,938.00	97.42
50-111-5306 Recruitment Costs	46,750.00	15,525.10	15,525.10	25,563.00	5,661.90	87.89
50-111-5307 Software Maintenance Services	64,652.00	30,287.07	30,287.07	20,374.12	13,990.81	78.36
50-111-5308 Banking Services (Fees)	6,000.00	3,800.17	3,800.17	0.00	2,199.83	63.34
50-111-5309 Online/Website Maintenance Services	7,500.00	533.00	533.00	2,742.00	4,225.00	43.67
50-111-5312 Medical Director Services/Paramedics	30,500.00	12,708.35	12,708.35	17,791.65	0.00	100.00

## Expenditure Status Report

South Bay Regional PCA  
7/1/2021 through 12/31/2021

### 10 SBRPCA Enterprise Fund

<i>Account Number</i>	<i>Adjusted Appropriation</i>	<i>Expenditures</i>	<i>Year-to-date Expenditures</i>	<i>Year-to-date Encumbrances</i>	<i>Balance</i>	<i>Prct Used</i>
50-111-5313 Temporary Staffing Services	20,000.00	0.00	0.00	0.00	20,000.00	0.00
50-111-5401 Memberships & Dues	390.00	0.00	0.00	0.00	390.00	0.00
50-111-5402 Publications	750.00	375.70	375.70	0.00	374.30	50.09
50-111-5403 Conferences, Meetings & Travel	16,725.00	8,548.00	8,548.00	0.00	8,177.00	51.11
50-111-5404 Employee Services/EC-BOD	5,500.00	1,736.31	1,736.31	0.00	3,763.69	31.57
50-111-5501 Office Supplies	9,000.00	2,857.86	2,857.86	0.00	6,142.14	31.75
50-111-5502 Miscellaneous Supplies	12,100.00	3,378.64	3,378.64	0.00	8,721.36	27.92
50-111-5507 Postage & Shipping	1,600.00	587.39	587.39	1,179.01	-166.40	110.40
50-111-5509 Reproduction	1,500.00	0.00	0.00	0.00	1,500.00	0.00
50-111-5511 Office Equipment Lease	15,750.00	7,127.99	7,127.99	7,872.01	750.00	95.24
50-111-5513 General Liability Insurance Premium	216,000.00	227,988.53	227,988.53	0.00	-11,988.53	105.55
50-111-5517 Vehicle Operations	2,000.00	77.52	77.52	0.00	1,922.48	3.88
50-111-5601 Telephone - Administration	15,000.00	6,580.71	6,580.71	0.00	8,419.29	43.87
50-111-5701 Maintenance - HQ	161,650.00	51,790.48	51,790.48	108,637.00	1,222.52	99.24
50-111-5703 Electricity - HQ	110,000.00	68,998.07	68,998.07	0.00	41,001.93	62.73
50-111-5704 Electricity - Grandview	2,200.00	1,184.38	1,184.38	0.00	1,015.62	53.84
50-111-5705 Electricity - Punta Place	9,000.00	4,558.20	4,558.20	0.00	4,441.80	50.65
50-111-5706 Gas - HQ	11,000.00	4,714.16	4,714.16	0.00	6,285.84	42.86
50-111-5707 Water - HQ	3,850.00	1,710.91	1,710.91	0.00	2,139.09	44.44
50-111-5715 Electricity-MB Water Tower	3,500.00	865.20	865.20	0.00	2,634.80	24.72
50-111-5810 Office Equipment	0.00	2,446.14	2,446.14	0.00	-2,446.14	0.00
50-111-5830 Furniture & Fixtures	0.00	6,146.43	6,146.43	0.00	-6,146.43	0.00
<b>Total Expenditures</b>	2,258,673.00	1,174,518.88	1,174,518.88	288,795.57	795,358.55	64.79
<b>Total Administration</b>	2,258,673.00	1,174,518.88	1,174,518.88	288,795.57	795,358.55	64.79
51 GASB 68 Pension Expenses						
51-100 Administration						
51-100-5000 Expenditures						
<b>Total GASB 68 Pension Expenses</b>	0.00	0.00	0.00	0.00	0.00	0.00
60 Operations						

## Expenditure Status Report

South Bay Regional PCA  
7/1/2021 through 12/31/2021

### 10 SBRPCA Enterprise Fund

<i>Account Number</i>	<i>Adjusted Appropriation</i>	<i>Expenditures</i>	<i>Year-to-date Expenditures</i>	<i>Year-to-date Encumbrances</i>	<i>Balance</i>	<i>Prct Used</i>
60-200 Operations						
60-200-5000 Expenditures						
60-211-5101 Salaries (Full-Time)	5,025,397.00	2,244,634.28	2,244,634.28	0.00	2,780,762.72	44.67
60-211-5102 Salaries (Part-Time)	0.00	11,333.92	11,333.92	0.00	-11,333.92	0.00
60-211-5103 Overtime	195,539.00	104,766.88	104,766.88	0.00	90,772.12	53.58
60-211-5104 Acting Pay	10,000.00	2,089.71	2,089.71	0.00	7,910.29	20.90
60-211-5105 Bilingual Pay	8,400.00	3,600.00	3,600.00	0.00	4,800.00	42.86
60-211-5108 Sick Leave Payoff	106,350.00	83,125.00	83,125.00	0.00	23,225.00	78.16
60-211-5109 Vacation Leave Payoff	55,000.00	61,039.42	61,039.42	0.00	-6,039.42	110.98
60-211-5110 Training Pay	15,000.00	2,716.83	2,716.83	0.00	12,283.17	18.11
60-211-5114 Holiday Payoff	75,000.00	53,202.38	53,202.38	0.00	21,797.62	70.94
60-211-5115 Education Incentive Pay	116,900.00	55,740.19	55,740.19	0.00	61,159.81	47.68
60-211-5201 Medical Insurance	601,964.00	258,381.64	258,381.64	0.00	343,582.36	42.92
60-211-5202 Dental Insurance	42,265.00	22,074.63	22,074.63	0.00	20,190.37	52.23
60-211-5203 Vision Insurance	16,059.00	7,438.53	7,438.53	0.00	8,620.47	46.32
60-211-5204 Life Insurance	7,524.00	4,483.24	4,483.24	0.00	3,040.76	59.59
60-211-5205 Medicare	80,465.00	37,384.84	37,384.84	0.00	43,080.16	46.46
60-211-5206 Unemployment Insurance	10,000.00	1,313.80	1,313.80	0.00	8,686.20	13.14
60-211-5207 Workers' Compensation	38,242.00	34,870.00	34,870.00	0.00	3,372.00	91.18
60-211-5208 PERS Contributions	596,231.00	262,063.18	262,063.18	0.00	334,167.82	43.95
60-211-5209 Retirees' Medical Insurance	50,000.00	29,405.04	29,405.04	0.00	20,594.96	58.81
60-211-5219 PERS Contributions-UAL	494,406.00	494,406.00	494,406.00	0.00	0.00	100.00
60-211-5220 FSA Expense	0.00	3,007.66	3,007.66	474.50	-3,482.16	0.00
60-211-5401 Memberships & Dues	2,290.00	0.00	0.00	0.00	2,290.00	0.00
60-211-5402 Publications	1,710.00	0.00	0.00	0.00	1,710.00	0.00
60-211-5403 Conferences, Meetings & Travel	19,151.00	1,490.00	1,490.00	4,010.00	13,651.00	28.72
60-211-5404 Employee Services/EC-BOD	2,500.00	162.70	162.70	0.00	2,337.30	6.51
60-211-5405 Employee Awards	500.00	165.33	165.33	0.00	334.67	33.07
60-211-5406 POST Training	12,608.00	1,648.00	1,648.00	0.00	10,960.00	13.07
60-211-5407 Tuition Reimbursement	16,000.00	1,840.00	1,840.00	0.00	14,160.00	11.50
60-211-5506 Uniforms/Safety Equipment	8,000.00	539.56	539.56	6,360.44	1,100.00	86.25
60-211-5509 Reproduction	500.00	0.00	0.00	0.00	500.00	0.00

## Expenditure Status Report

South Bay Regional PCA  
7/1/2021 through 12/31/2021

### 10 SBRPCA Enterprise Fund

<i>Account Number</i>	<i>Adjusted Appropriation</i>	<i>Expenditures</i>	<i>Year-to-date Expenditures</i>	<i>Year-to-date Encumbrances</i>	<i>Balance</i>	<i>Prct Used</i>
60-211-5603 Telephone - El Segundo	3,000.00	1,291.25	1,291.25	0.00	1,708.75	43.04
60-211-5604 Telephone - Gardena	15,000.00	418.95	418.95	0.00	14,581.05	2.79
60-211-5606 Telephone - Hawthorne	6,000.00	6,185.55	6,185.55	0.00	-185.55	103.09
60-211-5607 Telephone - Hermosa Beach	30,000.00	3,269.41	3,269.41	0.00	26,730.59	10.90
60-211-5608 Telephone - Manhattan Beach	6,000.00	1,949.09	1,949.09	0.00	4,050.91	32.48
60-211-5611 Telephone - Punta Place	4,500.00	559.20	559.20	0.00	3,940.80	12.43
60-211-5612 Telephone - RCC	11,000.00	4,644.12	4,644.12	0.00	6,355.88	42.22
60-211-5613 Sprint Wireless Reimbursable	70,000.00	9,130.28	9,130.28	0.00	60,869.72	13.04
60-211-5614 Verizon Wireless Reimbursable	50,000.00	20,850.58	20,850.58	0.00	29,149.42	41.70
60-211-5615 Telephone - Culver City	14,500.00	6,399.67	6,399.67	0.00	8,100.33	44.14
60-211-5810 Office Equipment	0.00	607.54	607.54	638.93	-1,246.47	0.00
60-211-5820 Other Equipment	15,000.00	778.01	778.01	0.00	14,221.99	5.19
<b>Total Operations</b>	<b>7,833,001.00</b>	<b>3,839,006.41</b>	<b>3,839,006.41</b>	<b>11,483.87</b>	<b>3,982,510.72</b>	<b>49.16</b>
70 Technical Services						
70-300 Technical Services						
70-300-5000 Expenditures						
70-311-5101 Salaries (Full-Time)	469,753.00	204,646.53	204,646.53	0.00	265,106.47	43.56
70-311-5103 Overtime	6,850.00	283.98	283.98	0.00	6,566.02	4.15
70-311-5107 Merit Pay	2,000.00	448.00	448.00	0.00	1,552.00	22.40
70-311-5108 Sick Leave Payoff	17,780.00	7,811.69	7,811.69	0.00	9,968.31	43.94
70-311-5109 Vacation Leave Payoff	14,386.00	6,329.18	6,329.18	0.00	8,056.82	44.00
70-311-5201 Medical Insurance	62,000.00	23,073.28	23,073.28	0.00	38,926.72	37.21
70-311-5202 Dental Insurance	2,801.00	2,486.60	2,486.60	0.00	314.40	88.78
70-311-5203 Vision Insurance	1,339.00	798.72	798.72	0.00	540.28	59.65
70-311-5204 Life Insurance	660.00	277.20	277.20	0.00	382.80	42.00
70-311-5205 Medicare	7,431.00	2,937.68	2,937.68	0.00	4,493.32	39.53
70-311-5207 Workers' Compensation	54,344.00	49,552.00	49,552.00	0.00	4,792.00	91.18
70-311-5208 PERS Contributions	56,847.00	23,931.52	23,931.52	0.00	32,915.48	42.10
70-311-5209 Retirees' Medical Insurance	20,000.00	6,473.20	6,473.20	0.00	13,526.80	32.37
70-311-5219 PERS Contributions-UAL	46,449.00	46,449.00	46,449.00	0.00	0.00	100.00
70-311-5302 Computer Contract Services/CAD-Tiburon	145,000.00	72,500.00	72,500.00	72,500.00	0.00	100.00

## Expenditure Status Report

South Bay Regional PCA  
7/1/2021 through 12/31/2021

### 10 SBRPCA Enterprise Fund

<u>Account Number</u>	<u>Adjusted Appropriation</u>	<u>Expenditures</u>	<u>Year-to-date Expenditures</u>	<u>Year-to-date Encumbrances</u>	<u>Balance</u>	<u>Prct Used</u>
70-311-5311 GST Software Reimbursable	52,692.00	39,519.00	39,519.00	13,173.00	0.00	100.00
70-311-5403 Conferences, Meetings & Travel	2,650.00	0.00	0.00	0.00	2,650.00	0.00
70-311-5503 General Technical Supplies	7,500.00	1,911.09	1,911.09	0.00	5,588.91	25.48
70-311-5506 Uniforms/Safety Equipment	2,500.00	0.00	0.00	600.00	1,900.00	24.00
70-311-5507 Postage & Shipping	1,200.00	0.00	0.00	0.00	1,200.00	0.00
70-311-5514 Parts - Billing	700,000.00	105,480.34	105,480.34	420,501.11	174,018.55	75.14
70-311-5517 Vehicle Operations	4,500.00	1,183.37	1,183.37	1,370.00	1,946.63	56.74
70-311-5520 Equipment Repair	5,000.00	0.00	0.00	0.00	5,000.00	0.00
70-311-5521 Outside Technical Serv-Towers & Equip	325,000.00	140,000.00	140,000.00	116,570.00	68,430.00	78.94
70-311-5810 Office Equipment	2,000.00	1,386.41	1,386.41	638.93	-25.34	101.27
<b>Total</b> Technical Services	2,010,682.00	737,478.79	737,478.79	625,353.04	647,850.17	67.78
80 Capital Infrastructure Projects						
80-400 CIP						
80-400-5000 Expenditures						
80-454-5901 CIP Expenditures-IT Infrastructure/Equip	100,618.96	33,566.73	33,566.73	29,232.96	37,819.27	62.41
80-459-5901 CIP Expenditures-HVAC	125,000.00	0.00	0.00	0.00	125,000.00	0.00
<b>Total</b> Expenditures	225,618.96	33,566.73	33,566.73	29,232.96	162,819.27	27.83
<b>Total</b> CIP	225,618.96	33,566.73	33,566.73	29,232.96	162,819.27	27.83
<b>Total</b> Capital Infrastructure Projects	225,618.96	33,566.73	33,566.73	29,232.96	162,819.27	27.83
<b>Total</b> SBRPCA Enterprise Fund	12,327,974.96	5,784,570.81	5,784,570.81	954,865.44	5,588,538.71	54.67

## Expenditure Status Report

South Bay Regional PCA  
7/1/2021 through 12/31/2021

### 20 Grant Fund

<u>Account Number</u>	<u>Adjusted Appropriation</u>	<u>Expenditures</u>	<u>Year-to-date Expenditures</u>	<u>Year-to-date Encumbrances</u>	<u>Balance</u>	<u>Prct Used</u>
80 Capital Infrastructure Projects						
80-400 CIP						
80-400-5000 Expenditures						
<b>Total Grant Fund</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Grand Total</b>	12,327,974.96	5,784,570.81	5,784,570.81	954,865.44	5,588,538.71	54.67

J-1



# Staff Report

South Bay Regional Public Communications Authority

**MEETING DATE:** January 18, 2022

**ITEM:** J-1

**TO:** User Committee

**FROM:** M. Ross Klun, Executive Director

**SUBJECT:** AB 361 FINDINGS FOR SPECIAL BROWN ACT  
REQUIREMENTS FOR TELECONFERENCE MEETINGS

## **SUMMARY:**

Staff has placed this item on the agenda to give the User Committee an opportunity to make findings specific in AB 361 (2021) for special Brown Act requirements for teleconference meetings. These special requirements give local public agencies greater flexibility to conduct teleconference meetings when there is a declared state of emergency and either social distancing is mandated or recommended, or an in-person meeting would present imminent risks to the health and safety of attendees.

## **RECOMMENDATION:**

Staff recommends that the User Committee make the following findings so that meetings of the User Committee will be subject to the AB 361 special Brown Act requirements for teleconference meetings: 1) the User Committee has reconsidered the circumstances of the COVID-19 state of emergency; and 2) state and local officials continue to recommend measures to promote social distancing.

## **BACKGROUND**

On March 4, 2020, Governor Newsom proclaimed a state of emergency to exist in California due to the spread of COVID-19. The Governor subsequently issued numerous executive orders suspending or modifying state laws to facilitate the response to the emergency. Among other things, these executive orders superseded certain Brown Act requirements and established special rules to give local public agencies greater flexibility to conduct teleconference meetings. The special rules included provisions allowing local public agencies to conduct teleconference meetings without having to provide a physical location from which the public may attend or comment, without having to use teleconference locations that are publicly accessible, and without having to identify teleconference locations on the agenda. Those special rules expired September 30, 2021.

On September 16, 2021, in anticipation of the then-imminent expiration of his special rules for teleconference meetings, the Governor signed AB 361. In key part, this bill amends



the Brown Act to establish special requirements for teleconference meetings if a legislative body of a local public agency makes two findings pursuant to Government Code section 54953(e)(3). Like the special rules in the Governor's executive orders, the special Brown Act requirements in AB 361 include provisions allowing public agencies to conduct teleconference meetings without having to provide a physical location from which the public may attend or comment, without having to use teleconference locations that are public accessible, and without having to identify teleconference locations on the agenda. The AB 361 special Brown Act requirements are scheduled to be repealed on January 1, 2024.

In order for a local public agency to be subject to the AB 361 Brown Act requirements for teleconference meetings, a legislative body of a local public agency first must make a finding that it has "reconsidered" the circumstances of a declared state of emergency. Second, the legislative body must find that such emergency continues to directly impact the ability of the legislative body's members to meet in person. Alternatively, for the second finding, the legislative body must find that state or local officials continue to impose or recommend social distancing measures. These findings must be made within 30 days after the legislative body teleconferences for the first time under AB 361 and every 30 days thereafter.

The COVID-19 state of emergency declaration is still in effect. Furthermore, the State of California and the County of Los Angeles have recommended measures to promote social distancing. Thus, the California Division of Occupational Safety and Health still requires that employers provide training on the effectiveness of physical distancing in the workplace. Additionally, the Los Angeles County Department of Public Health still encourages people at risk for severe illness or death from COVID-19 to take protective measures such as social distancing and, for those not yet fully vaccinated, to physically distance from others whose vaccination status is unknown. The County Health Department also continues to recommend that employers take steps to support physical distancing.

#### **FISCAL IMPACT**

None.

J-2

## MINUTES

SEPTEMBER 21, 2021

### SPECIAL MEETING OF THE BOARD OF DIRECTORS AND REGULAR JOINT MEETING OF THE EXECUTIVE COMMITTEE AND THE USER COMMITTEE

A. **CALL TO ORDER**

The Board of Directors convened in a special meeting and the Executive and User Committees convened in a regular joint meeting on September 21, 2021 at 2:01PM by teleconference.

B. **ROLL CALL**

Present: Mayor Pro Tem Hildy Stern, City of Manhattan Beach  
Mayor Pro Tem Rodney Tanaka, City of Gardena  
Councilmember Alex Monteiro, City of Hawthorne  
City Manager Clint Osorio, City of Gardena  
City Manager Bruce Moe, City of Manhattan Beach  
Chief Mike Ishii, Hawthorne Police Department  
Chief Mike Saffell, Gardena Police Department  
Chief Derrick Abell, Manhattan Beach Police Department

Absent: Manhattan Beach Fire Department  
Chief Kenneth Powell, Culver City Fire Department  
Interim Chief Jaime Bermudez, El Segundo Police Department

Also Present: Jennifer Petrusis, Richards Watson Gershon  
Ross Klun, Executive Director  
Shannon Kauffman, Operations Manager  
John Krok, Administrative Services Manager  
Vanessa Alfaro, Finance and Performance Audit Manager  
Laura Kalty, Liebert Cassidy Whitmore

C. **PUBLIC DISCUSSION**

None.

D. **BOARD OF DIRECTORS CONSENT CALENDAR**

Motion: Mayor Pro Tem Stern moved to approve Consent Calendar Item #1. The motion was seconded by Vice-Chair Tanaka and passed by unanimous voice vote.

1. Minutes from July 20, 2021

**APPROVE**

E. **ITEMS REMOVED FROM CONSENT CALENDAR**

None.

F. **BOARD OF DIRECTORS GENERAL BUSINESS**

1. Carryover for Fiscal Year 2020/21 Funds and Purchase Orders Totaling \$25,618.96

**APPROVE**

Motion: Vice-Chair Tanaka moved to approve the Carryover for Fiscal Year 2020/21 Funds and Purchase Orders Totaling \$25,618.96. The motion was seconded by Mayor Pro Tem Stern and passed by unanimous voice vote.

G. **EXECUTIVE COMMITTEE CONSENT CALENDAR**

Motion: Vice-Chair Moe moved to approve Consent Calendar, Items #1-4. The motion was seconded by Chair Osorio and passed by unanimous voice vote.

1. Minutes from August 17, 2021  
**APPROVE**
2. Check Register – August 2021  
**RECEIVE AND FILE**
3. Budget Performance Report – FY 2020-21 Q4  
**APPROVE**
4. Agreement with Bartel Associates, LLC for Actuarial Consulting Services  
**APPROVE**

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

None.

I. **USER COMMITTEE GENERAL BUSINESS**

1. Minutes from July 20, 2021  
**APPROVE**

Motion: Chief Ishii moved to approve the minutes from July 20, 2021. The motion was seconded by Chief Abell and passed by voice vote.

2. Minutes from August 17, 2021  
**APPROVE**

Motion: Chief Ishii moved to approve the minutes from August 17, 2021. The motion was seconded by Chief Abell and passed by voice vote.

J. **EXECUTIVE DIRECTOR'S REPORT**

Mr. Klun reported that on September 10, 2021, Bill Romesburg presented a contract draft to Mark43 CAD. It was confirmed that the first year would carry no fee and would commence on the third year. Vice- Chair Moe inquired after internal process once the contract is final. The Executive Committee would approve after legal review.

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

None.

L. **EXECUTIVE COMMITTEE CLOSED SESSION AGENDA**

The Executive Committee entered into closed session at 2:15PM to discuss the following item below:

1. CONFERENCE WITH LABOR NEGOTIATOR  
Pursuant to Government Code Section 54957.6

Agency Designated Representative: Executive Director and Liebert, Cassidy, Whitmore

Employee Organization: The California Teamsters Public, Professional and Medical Employees Union Local 911

The Executive Committee returned from closed session at 2:54PM with no actions taken.

M. **ADJOURNMENT**

The meeting adjourned at 2:54PM.