

**REGULAR MEETING OF THE
EXECUTIVE COMMITTEE AND THE USER COMMITTEE
TUESDAY, JANUARY 17, 2023, 2:00 PM
SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS**

PLEASE NOTE: PURSUANT TO GOVERNOR NEWSOM'S EXECUTIVE ORDER NOS. N-25-20 AND N-29-20, MEMBERS OF THE 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 EXECUTIVE COMMITTEE, AND/OR USER COMMITTEE BY JOINING:

Link: <https://us02web.zoom.us/j/88058916556?pwd=SUtwV29icStxUXhEUUnNkU3pOZ1d5Zz09>

Meeting ID: [871 1587 7514](#)

Access Code: [393077](#)

A. CALL TO ORDER

B. ROLL CALL

1. Executive Committee
2. User Committee

C. PUBLIC DISCUSSION

In the interest of maintaining appropriate social distancing, members of the 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 cmanley@rcc911.org by 7:30 AM, the day of the meeting to have your comment available to the Executive Committee, User Committee, and 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 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 December 13, 2022
APPROVE
2. AB 361 Findings for Special Brown Act Requirements for Teleconference Meetings
MAKE FINDINGS PURSUANT TO AB 361
3. Check Register – December 2022
RECEIVE AND FILE

4. Preapproval of Travel Expenses in an Amount Not to Exceed \$2,500.00 for the Executive Director to Attend the Liebert Cassidy Whitmore Annual Conference

APPROVE

5. Agreement with CSG Consultants, Inc. to Conduct a Facility Condition Assessment in the Total Amount Not to Exceed \$41,500.00

APPROVE AND AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE THE AGREEMENT ON BEHALF OF THE AUTHORITY

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

F. **EXECUTIVE COMMITTEE GENERAL BUSINESS**

1. Fiscal Year 2021-2022 Annual Financial Report
RECEIVE AND FILE
2. Executive Director's Update on the Status of the Mark43 Project
RECEIVE AND FILE
3. Executive Director's Update on Staffing and Recruitment
RECEIVE AND FILE

G. **USER COMMITTEE CONSENT CALENDAR**

1. AB 361 Findings for Special Brown Act Requirements for Teleconference Meetings
MAKE FINDINGS PURSUANT TO AB 361

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

I. **EXECUTIVE DIRECTOR'S REPORT**

J. **EXECUTIVE COMMITTEE AND USER COMMITTEE COMMENTS**

K. **ADJOURNMENT**

Posting Date/Time:

January 12, 2023/ 5:00 p.m.

Signature:



M. Ross Klun, Executive Director

D-1

**MINUTES
SPECIAL MEETING OF THE EXECUTIVE COMMITTEE**

DECEMBER 13, 2022

A. CALL TO ORDER

The Executive Committee convened in a special meeting on December 13, 2022 at 2:33 PM by teleconference.

B. ROLL CALL

Present:

City Manager Bruce Moe, City of Manhattan Beach
City Manager Vontray Norris, City of Hawthorne
City Manager Clint Osorio, City of Gardena

Absent:

Also Present: Executive Director Ross Klun
Executive Assistant Cristina Manley
Jennifer Petrusis RWG Law

C. PUBLIC DISCUSSION

None.

D. EXECUTIVE COMMITTEE CLOSED SESSION AGENDA

1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code section 54957(b)(1)
Title: Executive Director
2. CONFERENCE WITH LABOR NEGOTIATOR
Pursuant to Government Code section 54957.6
Agency Representative: Jennifer Petrusis
Unrepresented Employee: Executive Director

The Executive Committee returned from closed session at 2:48 PM with no actions taken.

E. ADJOURNMENT

The meeting adjourned at 2:48 P.M.

D-2



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: January 17, 2023

ITEM: D-2

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.

D-3



Check Register FY 2022-23

December 2022

<u>Accounts Payable Check Issued Date</u>	<u>Total Check Amount</u>	<u>Notes</u>
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December 2, 2022	\$165,669.36	
December 9, 2022	\$68,865.50	
December 16, 2022	\$101,315.65	
December 23, 2022	\$172,305.78	
December 30, 2022	<u>\$102,999.62</u>	

Accounts Payable Total	\$611,155.91	
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<u>Payroll Checks Issued Date</u>	
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December 2, 2022	\$167,166.66
December 16, 2022	\$156,269.85
December 30, 2022	<u>\$168,590.37</u>

Payroll Total	\$492,026.88
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Bank : bow BANK OF THE WEST

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
20521	12/2/2022	00696	GUARDIAN	533654-12	11/18/2022	GUARDIAN - DENTAL,VISION,	6,568.57	6,568.57
20522	12/2/2022	00058	CALPERS	1000000170004	11/14/2022	HEALTH PREMIUMS - DECEM	51,260.99	51,260.99
20523	12/2/2022	00219	INTERNAL REVENUE SERVICE	Ben35324	12/2/2022	FEDERAL WITHHOLDING TAX	41,156.69	41,156.69
20524	12/2/2022	00223	EMPLOYMENT DEVEL DEPT	Ben35328	12/2/2022	STATE DISABILITY INSURANC	15,880.59	15,880.59
20525	12/2/2022	00222	STATE DISBURSEMENT UNIT	Ben35332	12/2/2022	SUPPORT: PAYMENT	184.62	184.62
20526	12/2/2022	00058	CALPERS	Ben35326	12/2/2022	PERS RETIREMENT: PAYMEN	32,695.27	32,695.27
20527	12/2/2022	00221	MISSIONSQUARE RETIREMENT	Ben35322	12/2/2022	DEFERRED COMPENSATION	15,979.47	15,979.47
56825	12/2/2022	00217	CALIFORNIA TEAMSTERS UN	Ben35320	12/2/2022	UNION DUES TEAMSTERS: P	1,477.50	1,477.50
56826	12/2/2022	00218	CWA LOCAL 9400	Ben35318	12/2/2022	UNION DUES CWA: PAYMENT	269.42	269.42
56827	12/2/2022	00996	WAGEWORKS INC., HEALTHCARE	Ben35330	12/2/2022	HEALTH CARE FSA: PAYMEN	196.24	196.24
Sub total for BANK OF THE WEST:							165,669.36	

10 checks in this report.

Grand Total All Checks: 165,669.36

Bank : bow BANK OF THE WEST

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
1981	12/9/2022	00012	CALIFORNIA WATER SERVICE5550731926	11/30/2022	FIRE PROTECTION SERVICE,	101.00	101.00
1982	12/9/2022	00070	GAS COMPANY, THE 059 194 8982 2	12/6/2022	GAS SERVICE HQ/ 11/1/22-12	1,742.06	1,742.06
1983	12/9/2022	00651	FRONTIER 209-188-0077-04	12/1/2022	PHONE SERVICE 12/1/22 - 12	362.76	362.76
56828	12/9/2022	00867	& INVESTIGATION SERVICES,2022-08-012	8/12/2022	PRE-EMPLOYMENT POLYGR,	225.00	
			2022-11-023	11/23/2022	PRE-EMPLOYMENT POLYGR,	225.00	
			2022-11-028	11/28/2022	PRE-EMPLOYMENT POLYGR,	225.00	
			2022-11-030	11/30/2022	PRE-EMPLOYMENT POLYGR,	225.00	
			2022-12-003	12/3/2022	PRE-EMPLOYMENT POLYGR,	225.00	1,125.00
56829	12/9/2022	00392	ALLEN MANUFACTURING, LLINV278387	11/16/2022	RAY ALLEN MANUFACTURING,	1,495.34	1,495.34
56830	12/9/2022	00297	AT&T, ATT CALNET 000019170768	12/3/2022	PHONE SERVICE 11/03/22-12	549.28	549.28
56831	12/9/2022	00064	AT&T, ATT PAYMENT CENTER960 461-1623 55	12/1/2022	PHONE SERVICE 12/01/2022-	1,588.98	1,588.98
56832	12/9/2022	00014	CDW GOVERNMENT, INC. FC29766	11/5/2022	CDW-G BILLABLE PARTS	4,663.99	
			DN70687	10/20/2022	CDW-G BILLABLE PARTS	3,156.71	
			FH17313	11/24/2022	CDW-G BILLABLE PARTS	2,959.89	10,780.59
56833	12/9/2022	00017	CHEM PRO LABORATORY, ININ97691	11/11/2022	WATER TREATMENT SERVIC	168.68	
			IN99719	12/1/2022	WATER TREATMENT SERVIC	91.50	260.18
56834	12/9/2022	00879	CROWN CASTLE 1247135	12/1/2022	REDUNDANT INTERNET SER	1,100.00	1,100.00
56835	12/9/2022	00449	DIGI-KEY ELECTRONICS 246593623751	11/9/2022	DIGI-KEY ELECTRONICS BILL	8.93	8.93
56836	12/9/2022	00785	EXPERIAN CD2308002552	11/25/2022	CREDIT CHCEK	35.36	35.36
56837	12/9/2022	00008	FEDERAL SIGNAL CORP 8183304	11/18/2022	FEDERAL SIGNAL CORP BILL	2,109.42	
			8176141	11/9/2022	FEDERAL SIGNAL CORP BILL	936.00	
			8174997	11/8/2022	FEDERAL SIGNAL CORP BILL	624.00	3,669.42
56838	12/9/2022	00651	FRONTIER 7002Z664-S-223	11/5/2022	PHONE SERV 11/05/22-12/04/	188.77	
			7002Z664-S-223	12/5/2022	PHONE SERV 12/05/22-1/04/2	188.77	
			7002Z665-S-223	11/5/2022	PHONE SERV 11/05/22-12/04/	129.76	
			7002Z665-S-223	12/5/2022	PHONE SERV 12/05/22-1/04/2	129.76	637.06
56839	12/9/2022	00322	GEOSPATIAL TECHNOLOGIES18575	12/1/2022	SOFTWARE MAINTENANCE S	13,173.00	13,173.00
56840	12/9/2022	00199	GOVT FINANCE OFFICERS A52253769	11/30/2022	GFOA ANNUAL MEMBERSHIP	160.00	160.00
56841	12/9/2022	00027	HAVIS INC. SIN190541	11/2/2022	HAVIS INC BILLABLE PARTS	347.65	347.65
56842	12/9/2022	00880	JUAN CHAVEZ LANDSCAPINGINV0925	11/27/2022	HQ MAINTENANCE - LANDSC	450.00	450.00

Bank : bow BANK OF THE WEST		(Continued)						
Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
56843	12/9/2022	00799	LA UNIFORMS & TAILORING	14365	11/7/2022	UNIFORM SETS	324.74	
				14367	11/8/2022	UNIFORM SETS	211.35	
				14328	11/3/2022	UNIFORM SETS	209.14	
				14385	11/9/2022	UNIFORM SETS	209.14	
				14411	11/11/2022	UNIFORM SETS	209.14	
				14558	11/30/2022	UNIFORM SETS	209.14	1,372.65
56844	12/9/2022	00442	LAWSON PRODUCTS, INC.	9310123382	11/18/2022	LAWSON PRODUCTS BILLAB	317.52	317.52
56845	12/9/2022	00671	MARC R. COHEN, MD	FY22-23-5	11/30/2022	MEDICAL DIRECTOR SERVIC	2,541.67	2,541.67
56846	12/9/2022	00331	MITSUBISHI ELECTRIC INC	440040	12/1/2022	HQ MAINTENANCE - ELEVATC	761.27	761.27
56847	12/9/2022	00047	MOTOROLA SOLUTIONS, INC.	8281502347	11/3/2022	MOTOROLA SOLUTIONS INC	647.61	647.61
56848	12/9/2022	00819	OCCUPATIONAL HEALTH CEN	77347623	11/11/2022	PRE-EMPLOYMENT MEDICAL	494.00	494.00
56849	12/9/2022	00144	SAXE-CLIFFORD PHD, SUSAN	22-1204-10	12/1/2022	PRE-EMPLOYMENT PSYCHO	400.00	400.00
56850	12/9/2022	00145	SETINA MFG CO INC	255087	11/16/2022	SETINA MANUFACTURING CO	4,091.71	4,091.71
56851	12/9/2022	00824	SMART JANITORIAL, COMPLE	22960	12/1/2022	JANITORIAL SUPPLIES	73.99	73.99
56852	12/9/2022	00803	SPARKLETTS	18193479	11/25/2022	HQ MAINTENANCE~	43.00	43.00
56853	12/9/2022	00074	STAPLES INC.	8066778082	7/2/2022	PAYMENT FOR RETURNED C	260.46	
				8066552266	6/11/2022	PAYMENT FOR RETURNED C	124.97	385.43
56854	12/9/2022	00044	TYLER TECHNOLOGIES, INC.	045-400423	12/1/2022	TYLER TECCHNOLOGIES AN	14,603.46	14,603.46
56855	12/9/2022	00171	VERIZON WIRELESS	9921270340	11/23/2022	DAC CHARGES HPD/ 10/24/22	1,997.47	
				9921332529	11/23/2022	GPD DAC CHARGES/ 10/24/22	1,784.16	
				9921254434	11/23/2022	MODEM SVC. MBPD/ 10/24/22	842.58	
				9920881811	11/18/2022	CELL PH. CHGS: 10/19/22-11/	762.85	
				9921254435	11/23/2022	MODEM SVC. MBPD/ 10/24/22	78.02	5,465.08
56856	12/9/2022	00996	WAGeworks INC., HEALTHE	INV4454376	11/23/2022	MONTHLY COMPLIANCE FEE	81.50	81.50
Sub total for BANK OF THE WEST:							68,865.50	

32 checks in this report.

Grand Total All Checks: 68,865.50

Bank : bow BANK OF THE WEST

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
20528	12/16/2022	00219	INTERNAL REVENUE SERVICE	Ben35399	12/16/2022	FEDERAL WITHHOLDING TAX	37,284.29	37,284.29
20529	12/16/2022	00223	EMPLOYMENT DEVEL DEPT	Ben35403	12/16/2022	STATE DISABILITY INSURANC	14,655.05	14,655.05
20530	12/16/2022	00222	STATE DISBURSEMENT UNIT	Ben35407	12/16/2022	SUPPORT: PAYMENT	184.62	184.62
20531	12/16/2022	00058	CALPERS	Ben35401	12/16/2022	PERS RETIREMENT: PAYMEN	31,434.00	31,434.00
20532	12/16/2022	00221	MISSIONSQUARE RETIREMEI	Ben35397	12/16/2022	DEFERRED COMPENSATION	15,907.40	15,907.40
56857	12/16/2022	00217	CALIFORNIA TEAMSTERS UN	Ben35395	12/16/2022	UNION DUES TEAMSTERS: P	1,477.50	1,477.50
56858	12/16/2022	00218	CWA LOCAL 9400	Ben35393	12/16/2022	UNION DUES CWA: PAYMENT	215.03	215.03
56859	12/16/2022	00996	WAGEWORKS INC., HEALTHE	Ben35405	12/16/2022	HEALTH CARE FSA: PAYMEN	157.76	157.76
Sub total for BANK OF THE WEST:							101,315.65	

8 checks in this report.

Grand Total All Checks: 101,315.65

Bank : bow BANK OF THE WEST

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
1984	12/23/2022	00073	STATE BOARD OF EQUALIZAT012-6555960	12/23/2022	SALES & USE TAX 2022 Q4 PI	1,841.00	1,841.00
1985	12/23/2022	00069	SOUTHERN CALIFORNIA EDI\$700440732476	12/14/2022	ELEC SERV / 11/02/22 - 12/11/	12,458.45	
			700383926852	12/19/2022	ELEC SERV PUNTA/ 11/18/22	848.70	
			700610392752	12/6/2022	ELECT SERV GRANDVIEW/ 1	215.32	13,522.47
1986	12/23/2022	00012	CALIFORNIA WATER SERVICE4675328235	12/16/2022	WATER SERV HQ/ 11/16/22-12	471.19	471.19
1987	12/23/2022	00621	FIRST BANKCARD				
		00014	CDW GOVERNMENT, INC.	1C963NP	11/17/2022	OFFICE EQUIPMENT	584.16
		00074	STAPLES INC.	9844772164	11/5/2022	TAX ENVELOPES	47.39
		00228	COSTCO MEMBERSHIP	224	11/14/2022	EMPLOYEE SERVICES: COST	161.08
		00228	COSTCO MEMBERSHIP	111522	11/15/2022	COSTCO MEMBERSHIP	119.99
		00228	COSTCO MEMBERSHIP	181318401	11/15/2022	OFFICE & JANITORIAL SUPPL	357.76
		00087	LIEBERT CASSIDY & WHITMO4174	11/21/2022	LCW TRAINING	75.00	
		00087	LIEBERT CASSIDY & WHITMO3854	10/31/2022	LCW WEBINAR: COMPENSAT	75.00	
		00311	APCO, AFC INC.	932194	10/31/2022	APCO MEMBERSHIP RENEW.	51.00
		00311	APCO, AFC INC.	926992	10/27/2022	APCO MEMBERSHIP RENEW.	80.00
		00466	AMAZON MARKETPLACE	112-8848211-569	11/11/2022	OFFICE SUPPLIES	42.86
		00466	AMAZON MARKETPLACE	112-7522395-61	11/10/2022	OFFICE SUPPLIES	36.37
		00466	AMAZON MARKETPLACE	112-8892125-40	11/3/2022	OFFICE SUPPLIES	34.16
		00466	AMAZON MARKETPLACE	113-3109361-78	11/9/2022	OFFICE SUPPLIES	29.76
		00466	AMAZON MARKETPLACE	111-5482189-810	11/14/2022	OFFICE SUPPLIES	59.50
		00466	AMAZON MARKETPLACE	112-8311900-129	11/1/2022	OFFICE SUPPLIES	54.31
		00466	AMAZON MARKETPLACE	112-8132555-67	11/1/2022	RETURNED OFFICE SUPPLIE	-77.38
		00466	AMAZON MARKETPLACE	111-6560828-49	11/22/2022	PARTS - BILLING	117.60
		00466	AMAZON MARKETPLACE	111-5106305-38	11/16/2022	JANITORIAL SUPPLIES	129.62
		00466	AMAZON MARKETPLACE	111-7605535-68	11/9/2022	PARTS - BILLING	121.24
		00466	AMAZON MARKETPLACE	112-7571067-83	10/28/2022	OFFICE SUPPLIES	268.62
		00466	AMAZON MARKETPLACE	112-0059923-22	11/15/2022	OFFICE SUPPLIES	247.14
		00466	AMAZON MARKETPLACE	112-4882893-67	11/3/2022	OFFICE SUPPLIES	164.76
		00704	FEDEX OFFICE	1012122798223	11/10/2022	OFFICE SUPPLIES	149.39
		00761	BOX	INV10524883	11/26/2022	SOFTWARE SERVICES	90.00
		00762	KIM TURNER LLC	2186	11/9/2022	POST TRAINING - WILLIAMS	298.00
		00141	POWERPHONE INC	78614	10/31/2022	EMD COURSES & ANNUAL M	129.00
		00826	LA TIMES	110722	11/7/2022	LA TIMES MONTHLY SUBSCR	15.96
		00610	DIRECTV	065190124X221	11/5/2022	CABLE SERVICE	231.99

Bank : bow BANK OF THE WEST		(Continued)						
Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
		00795 MEDIA TEMPLE	324775-52	11/23/2022	MONTHLY WEBSITE HOSTING	60.00		
		01046 PELOTON	110122	11/1/2022	EMPLOYEE SERVICES - PELC	44.00		
		01054 SMARTSIGN	SMT-546131	11/1/2022	OFFICE SUPPLIES	18.52		
		01036 CLOUDFLARE INC.	CFUSA5546853	10/28/2022	SOFTWARE SERVICES	200.00		
		01036 CLOUDFLARE INC.	CFUSA5748976	11/28/2022	SOFTWARE SERVICES	200.00		
		01040 GOOGLE ADS	520-390-4641	11/1/2022	RECRUITMENT: DISPATCHER	303.85		
		01059 FLOWCODE	2916-9351	11/22/2022	RECRUITMENT	108.00		
		01058 SCRUBS & BEYOND	P1112391335	11/4/2022	POSTAGE FOR RETURNED U	8.95	4,637.60	
1988	12/20/2022	01057 ROBERT HALF	61111072	11/22/2022	TEMPORARY STAFFING - ADI	1,221.00	1,221.00	
56860	12/23/2022	00810 & ASSOCIATES, MAX PARKER	9558	12/13/2022	WEBSITE MAINTENANCE SEI	2,000.00	2,000.00	
56861	12/23/2022	00297 AT&T, ATT CALNET	000019208642	12/13/2022	PHONE SERV 11/13/22-12/12/	2,887.10		
			000019212778	12/13/2022	PHONE SERV 11/13/22-12/12/	231.65		
			000019215842	12/13/2022	PHONE SERV 11/13/22-12/12/	205.31	3,324.06	
56862	12/23/2022	01004 BOB & MARC PLUMBING CO	76906	12/13/2022	HQ MAINTENANCE	2,980.00	2,980.00	
56863	12/23/2022	00225 COMMLINE INC	0387629-IN	12/12/2022	MONTHLY FEE FOR TECH SE	65,000.00		
			0386246-IN	11/30/2022	MONTHLY FEE FOR TECH SE	15,000.00	80,000.00	
56864	12/23/2022	00101 CORDOVA, TONY	122322	12/23/2022	RETIREE MED PREM/JAN 202	599.00	599.00	
56865	12/23/2022	00081 COSTON, SHANDER	122322	12/23/2022	RETIREE MED PREM/JAN 202	349.00	349.00	
56866	12/23/2022	00103 DIVINITY, TANJI	122322	12/23/2022	RETIREE MED PREM/JAN 202	599.00	599.00	
56867	12/23/2022	00834 GOVERNMENTJOBS.COM, IN	INV-31131	12/25/2022	ANNUAL SUBSCRIPTION	1,117.61	1,117.61	
56868	12/23/2022	00148 HAWTHORNE, CITY OF	IT-22-02-rcc	12/14/2022	COMPUTER SERVICES/ CAD	50,000.00	50,000.00	
56869	12/23/2022	00577 NEW LOOK AUTO DETAIL	2805	12/16/2022	VEHICLE MAINTENANCE & D	70.00	70.00	
56870	12/23/2022	00121 PINELA, ELIZABETH	122322	12/23/2022	RETIREE MED PREM/JAN 202	599.00	599.00	
56871	12/23/2022	00818 RICHARDS,WATSON & GERSI	240352	12/9/2022	GENERAL COUNSEL & LEGAL	5,604.45	5,604.45	
56872	12/23/2022	00060 RIVERA, JOSE	122322	12/23/2022	RETIREE MED PREM/JAN 202	605.21	605.21	
56873	12/23/2022	00074 STAPLES INC.	8068637090	12/17/2022	STAPLES SUPPLIES - OFFICE	882.46		
			8068560994	12/10/2022	STAPLES SUPPLIES - OFFICE	11.00	893.46	
56874	12/23/2022	00034 STEVENS, GARY	122322	12/23/2022	RETIREE MED PREM/JAN 202	599.00	599.00	
56875	12/23/2022	00735 XEROX FINANCIAL SERVICES	3671222	12/10/2022	OFFICE EQUIPMENT LEASE	1,272.73	1,272.73	
Sub total for BANK OF THE WEST:							172,305.78	

21 checks in this report.

Grand Total All Checks: 172,305.78

Bank : bow BANK OF THE WEST

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total	
20533	12/30/2022	00219	INTERNAL REVENUE SERVICE	Ben35480	12/30/2022	FEDERAL WITHHOLDING TAX	38,809.83	38,809.83
20534	12/30/2022	00223	EMPLOYMENT DEVEL DEPT	Ben35484	12/30/2022	STATE DISABILITY INSURANC	15,487.58	15,487.58
20535	12/30/2022	00222	STATE DISBURSEMENT UNIT	Ben35488	12/30/2022	SUPPORT: PAYMENT	184.62	184.62
20536	12/30/2022	00058	CALPERS	Ben35482	12/30/2022	PERS RETIREMENT: PAYMEN	32,131.77	32,131.77
20537	12/30/2022	00221	MISSIONSQUARE RETIREMEI	Ben35478	12/30/2022	DEFERRED COMPENSATION	11,921.70	11,921.70
56876	12/30/2022	00002	AFLAC	Ben35476	12/30/2022	AFLAC INSURANCE: PAYMEN	4,308.12	4,308.12
56877	12/30/2022	00996	WAGEWORKS INC., HEALTHE	Ben35486	12/30/2022	HEALTH CARE FSA: PAYMEN	156.00	156.00
Sub total for BANK OF THE WEST:							102,999.62	

7 checks in this report.

Grand Total All Checks: 102,999.62

D-4



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: January 17, 2023

ITEM NUMBER: D-4

TO: Executive Committee

FROM: M. Ross Klun, Executive Director

SUBJECT: PREAPPROVAL OF TRAVEL EXPENSES IN AN AMOUNT NOT TO EXCEED \$2,500.00 FOR THE EXECUTIVE DIRECTOR TO ATTEND THE 2023 LIEBERT CASSIDY WHITMORE ANNUAL CONFERENCE

ATTACHMENT: 1. 2023 LCW Annual Conference Flyer

RECOMMENDATION

Staff recommends that the Executive Committee preapprove travel expenses in an amount not to exceed \$2,500.00 for the Executive Director to attend a Liebert Cassidy Whitmore Conference for three days.

DISCUSSION

The Liebert Cassidy Whitmore Annual Conference is the premier public sector employment and labor relations educational event in California. This year the event is being held in-person in San Diego the week of March 13th. This year's conference sessions include: Human Resources Bootcamp; Managing a Hybrid Workplace; Workplace Investigations: The Do's and Don'ts from Our Time in the Trenches; Recruitment and Hiring Challenges for Public Safety Departments; and Navigating a New Era for Mental Health in the Workplace.

Resolution 250, on travel and attendance at conferences and meetings, requires the Executive Director obtain preapproval from the Executive Committee for all travel expenses. The Executive Director plans to attend the conference for three days and incur expenses for conference registration, and overnight lodging.

FISCAL IMPACT

Funds for this expense are available in the adopted Fiscal Year 2022-2023 budget.

D-4

Attachment 1



LCW/2023

Public Sector Employment Law Annual Conference

March 16, 2023 – March 17, 2023

[About](#)

[Agenda](#)

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Join us at LCW's 2023 *In-Person* Public Sector Employment Law Conference!

We're thrilled to announce that registration is now open for the 24th Annual LCW Conference taking place March 16-17, 2023. After a couple of years of Zoom meetings and virtual hangouts, we're looking forward to seeing you **in-person** for the 2023 LCW Conference in San Diego!

Event details

March 16, 2023
– March 17,
2023

The LCW Conference is California's premier public sector employment and labor relations educational event. Our speakers are California labor relations and employment law attorneys who have dedicated their careers to representing and supporting California's cities, counties, special districts, public safety agencies and public educational institutions.

We are also excited to announce **two Pre-Conference Sessions!**

Pre-Conference Session:

Costing Labor Contracts

March 15, 2023

Interested in attending our **Pre-Conference Session: Costing Labor Contracts?** No problem! [Click here to register.](#)

Pre-Conference Session:

Human Resources Bootcamp

March 15, 2023

Interested in attending our **Pre-Conference Session: Human Resources Bootcamp?** No problem! [Click here to register.](#)

Please note that you must register for a pre-conference session separately from the LCW Conference. Please visit the links above to register for a pre-conference session.

2023 LCW Conference attendees will gain access to:

Top-notch Employment and Labor Relations Presentations. As always, the LCW Conference will offer the best and most timely information on California employment and labor relations topics available presented by our expert speakers.

MCLE, HRCI and POST Credit. Do you need MCLE, HRCI, or POST credit? Don't worry, we've got you covered!

Fun Activities. It wouldn't be the LCW Conference with some fun activities mixed in! We're creating exciting ways for attendees to decompress and have some fun. Stay tuned!

Hilton San Diego
1 Park Boulevard
San Diego, CA
92101

Add to Calendar

REGISTER

Contact Us

D-5



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: January 17, 2023

ITEM NUMBER: D-5

TO: Executive Committee

FROM: M. Ross Klun, Executive Director

SUBJECT: AGREEMENT BETWEEN SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY AND CSG CONSULTANTS, INC., TO CONDUCT A FACILITY CONDITION ASSESSMENT

ATTACHMENT: 1. Professional Services Agreement with CSG Consultants, Inc.

RECOMMENDATION

Staff recommends that the Executive Committee authorize the Executive Director to execute the attached Agreement with CSG Consultants, Inc. (CSG), on behalf of the Authority in the total amount not to exceed \$41,500.00.

BACKGROUND

The Authority's headquarters facility is now more than 20 years old, having its opening dedication back in June 2002. While the mechanical systems for the building, such as electrical, heating, air conditioning, fire protection, etc., all undergo regular preventative maintenance and repairs, they all have a functional service life expectancy. The Authority can reasonably anticipate the need to replace and modernize these systems over the next five to ten years as equipment reaches end of useful service life. The fact is the building itself is now more than 20 years old and its physical condition should also be examined as part of a holistic evaluation of the Authority's assets.

DISCUSSION

The facility condition assessment will report on the status of the Authority's headquarters facility, as well as three off-site radio communications shelters, noting existing conditions and estimated useful remaining service life of the various mechanical systems and infrastructure. It will include information on the deficiencies noted and recommended repairs and/or replacements, along with an opinion of cost. A capital expenditure forecast spreadsheet, for projected building maintenance and modernization needs over the next five years, will be prepared along with Rough Order of Magnitude (ROM) cost

estimates. Lastly, the assessment will provide the Authority with vital information on any repairs or replacements requiring immediate attention.

Some of the major components and systems included in the assessment are:

- Roof systems.
- Heating, ventilating, air conditioning (HVAC) systems.
- Electrical distribution systems, grounding, lighting, and emergency back-up systems.
- Water service supplies, potable water distribution systems, sanitary and storm drain systems, gas distribution, and other plumbing components.
- Fire and life safety elements to include structural fire protection and means of egress.
- A complete evaluation of the fire alarm system, standpipes, sprinkler system, auto closing assemblies, elevators, fire escape, and emergency lighting systems.
- Hardscapes to include parking lots, sidewalks, perimeter walls, curb and gutter, courtyards, etc.

The Authority contacted several consultants with mechanical and engineering expertise and experience with facilities assessments. Four firms were interviewed by the Executive Director and quotes were obtained from three of them. CSG was chosen on the basis of their qualifications and experience. In addition, CSG's quote was \$15,000 less than the nearest competitor. In the Authority's Purchasing Policy, contracts for professional services are exempt from bidding but require Executive Committee approval if they exceed \$25,000. The Agreement with CSG has been reviewed by General Counsel.

CSG is a California based firm that has been in business since 1991 exclusively serving public agencies. CSG offers a wide variety of engineering, design, planning, and project management services including comprehensive building and construction inspection, and Capital Improvement Plan development. CSG has done projects for El Segundo, Huntington Beach, Inglewood, Anaheim, and Sacramento, to name a few.

FISCAL IMPACT

Funds for this consulting work are available in the adopted Fiscal Year 2022-2023 budget.

D-5

Attachment 1

**AGREEMENT BETWEEN THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS
AUTHORITY AND CSG CONSULTANTS, INC. FOR STATISTICAL AND ANALYTICAL
FACILITY CONDITION ASSESMENT REPORT SERVICES.**

This Professional Services Agreement ("Agreement") is dated _____ ("Effective Date") and is between the South Bay Regional Public Communications Authority ("Authority"), a Joint Powers Authority, and CSG Consultant Inc., a California corporation ("Contractor"). Authority and Contractor are sometimes referred to herein as the "Parties", and individually as a "Party".

RECITALS

A. Authority desires to utilize the services of Contractor as an independent contractor to perform statistical and analytical facility condition assessment report services.

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

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

The Parties therefore agree as follows:

1. Contractor's Services.

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

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

C. Time for Performance. Contractor shall commence the Services on the Effective Date and shall perform all Services by the deadline established by the Authority Representative or, if no deadline is established, with reasonable diligence.

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

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

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

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

2. Term of Agreement. The term of this Agreement shall be from the Effective Date through December 31, 2023, ("Termination Date") unless sooner terminated as provided in Section 12 of this Agreement or extended. The Executive Director may extend the term of agreement in writing for two additional one year terms or such other term not to exceed four years from the Termination Date pursuant to the same terms and conditions of this Agreement.

3. Compensation.

A. Compensation. As full compensation for Contractor's Services rendered, Authority shall pay Contractor at the rates described in the Scope of Services attached hereto as **Exhibit A** and as limited according to the Approved Compensation attached hereto as **Exhibit B**. In no event shall Contractor be paid more than \$41,500.00 (the "Maximum Compensation").

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

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

4. Method of Payment.

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

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

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

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

6. Information and Documents.

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

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

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

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

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

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

A. Indemnities.

1) To the fullest extent permitted by law, Contractor shall, at its sole cost and expense, defend, hold harmless and indemnify Authority and its officers, attorneys, agents, employees, designated volunteers, successors, assigns, and members of its committees (collectively "Indemnitees") from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith and the payment of all consequential damages (collectively "Liabilities") in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Contractor, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that Contractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. Contractor shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Contractor shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

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

result of Contractor's failure to promptly pay to Authority any reimbursement or indemnification arising under this subparagraph A.2).

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

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

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

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

9. Insurance.

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

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

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of \$1,000,000.00 per accident for bodily injury and property damage. If Contractor does not use

any owned, non-owned or hired vehicles in the performance of Services under this Agreement, Contractor shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under subparagraph A.1) of this Section.

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

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

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

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

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

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

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

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

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

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

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

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

10. Mutual Cooperation.

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

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

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

12. Termination of Agreement.

A. Right to Terminate. Authority may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to Contractor at least five calendar days before the termination is to be effective. Contractor may only terminate this Agreement for cause if Authority fails to cure a breach of this Agreement within 60 days after Contractor gives written notice to Authority of the breach.

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

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

14. Default.

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

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

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

If to Authority:
Attn: M. Ross Klun, Executive Director

If to Contractor:
Attn: Peykan Abbassi

SBRPCA
4440 W. Broadway
Hawthorne, California 90250
Telephone: 310-973-1802
Email: rklun@rcc911.org

CSG Consultants, Inc.
3707 W. Garden Grove Blvd Ste. #100
Orange, California 92868
Telephone: 818-568-1000
Email: peykana@csgengr.com

16. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Contractor shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Contractor will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

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

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

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

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

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

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

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

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

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

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

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

28. Business Days. “Business days” means days Authority is open for business.

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

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

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

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

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

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

Authority:

South Bay Regional Public
Communications Authority
a Joint Powers Authority

Contractor:

CSG Consultants Inc.
a California corporation

By: _____

Name: M. Ross Klun
Title: Executive Director

By: _____

Name: Cyrus Kianpour
Title: President/CEO

ATTEST:

By: _____

Name: Nourdin Khayata
Title: Secretary

EXHIBIT A

SCOPE OF SERVICES

Services

Facility Condition Assessment and 5-Year CIP

1. CSG shall visit the project site at 4440 W. Broadway, Hawthorne, to inspect, collect and review available manufacturer information and work with the City staff to gain historic maintenance documentation to determine age and condition of buildings and equipment. In addition, three off-site properties will be evaluated (not to include IT and communications equipment):
 - 1) 1718 West 162nd Street, Gardena
 - 2) 1700 ½ Punta Place, Palos Verdes Estates
 - 3) 3516 Grandview Avenue, Manhattan Beach
2. CSG shall assess the age, condition and functional life expectancy and projected replacement costs of these systems then visually evaluate the conditions of each of these elements and include documentation of findings with photographs and graphs.
3. CSG will document deficiencies in building code compliance of equipment and ADA requirements per building code in reports.
4. An all-inclusive comprehensive report for the facility will be provided to the SBRPCA in electronic and hard copy formats.

EXHIBIT B

APPROVED COMPENSATION

Schedule of fees

1.	Review available documentation	\$7,800.00
2.	Site Visits	\$6,500.00
3.	Prepare and generate report	\$14,900.00
4.	Fire alarm system, fire protection, access and control evaluation	\$7,500.00
5.	Evaluation of three off-site buildings	<u>\$4,800.00</u>

Total \$41,500.00

Compensation

As full compensation for Contractor's services provided under this Agreement, Authority shall pay contractor in an amount not to exceed \$41,500, including labor, taxes, and expenses more particularly described in this Agreement.

F-1



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: January 17, 2023

ITEM: F-1

TO: Executive Committee

FROM: Ross Klun, Executive Director
Vanessa Alfaro, Finance & Performance Audit Manager
Robert Ridley, Interim Finance & Performance Audit Manager

SUBJECT: FISCAL YEAR 2021-2022 ANNUAL FINANCIAL REPORT

ATTACHMENTS: 1. Audited Annual Financial Report for the Fiscal Year Ended June 30, 2022

2. Separate Auditor Letter dated December 5, 2022 regarding audit matters

RECOMMENDATION

Staff recommends that the Executive Committee receive and file the attached audited Financial Statements and auditor communication for the Fiscal Year Ended June 30, 2022.

BACKGROUND

The Authority's Budgetary Policy (Resolution No. 344) 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, 2022. 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, 2022. In their opinion, the financial statements present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2022 and 2021, 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 \$3,922,676 for the fiscal year ended June 30, 2022 reflecting an increase of approximately 28.95% since June 30, 2021. The change in net position is primarily the result of a reduction in the net pension and OPEB liabilities of \$4 million and \$1.1 million, respectively. The reduction of the net pension liability is as a result of the better than expected CalPERS investments returns in excess of 20% for the valuation measurement date used of 6/30/21. Similarly, the reduction of the net OPEB liability is as a result of the use of a higher discount rate of 5.5% due to the Authority's prefunding plan for the CERBT Trust. Before the prefunding plan was adopted, the Authority's actuary used a 2.21% municipal bond rate for the valuation.

Operating revenues for the Authority increased 15.55% to \$12,399,891 and operating expenses decreased by 8.12% to \$10,715,420. The increase in operating revenues is primarily due to member cities' use of FY20 budget surplus funds to reduce assessment amounts in FY21. In FY22, full assessments amounts were received. The decrease in expenses in FY22 is primary due to the GASB68 accounting entry for pension expense which reported pension income of approximately half a million dollars.

As illustrated in the Required Supplementary Information (RSI) of the financial statements, the Authority's net pension liability decreased by \$3,985,009 to \$4,140,085 as of June 30, 2022 for the measurement date of June 30, 2021. 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/income systematically over time.

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 \$2,309,880 using a June 30, 2021 measurement date, a decrease of \$1,161,767 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, 2021. Prior to FY22, the Authority funded OPEB obligations on a pay-as-you-go basis (i.e., as medical insurance premiums become due). In FY21, the Authority established an irrevocable trust with the California Employers' Retiree Benefit Trust (CERBT) and pre-funded \$250,000.

In FY22, the Board of Directors approved an ongoing funding policy to address pension liabilities and to prefund OPEB liabilities. Pursuant to Section 6, Excess Funds of Resolution 344, the unreserved Fund 10 Enterprise Fund balance shall be eligible to be remitted to each member agency 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.

Furthermore, following each year there is a budgetary surplus, surplus funds will be used towards an Additional Discretionary Payment (ADP) to the CalPERS pension Unfunded Actuarial Liability (UAL) until the plan reaches and maintains a 90% funded ratio, and towards an Actuarially Determined Net Trust Contribution to the Authority's Section 115

Trust for OPEB for a period of 20 years or until the trust is fully funded, whichever occurs first. Therefore, staff expects to remit the FY23 ADP and net trust contribution of \$261,563 and \$192,691, respectively, in January 2023. The available cash balance as of Fiscal Year 2022-2023 is \$3,571,985.

Fund 10 - Enterprise Fund		
Cash Balance as of June 30, 2022	\$	5,310,354
Operating and Capital Reserve		(1,284,115)
Pension and OPEB Funding		(454,254)
Available Cash	\$	3,571,985
Gardena - 32.08%		1,145,893
Hawthorne - 45.07%		1,609,894
Manhattan Beach - 22.85%		816,198

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

There are two additional communications from the auditors which are normal for a governmental audit. The first is on the final two pages of the financial statements and is entitled "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." In this report the auditors advised that they did not identify any deficiencies in internal control that they consider to be material weaknesses, nor did they identify any instances of noncompliance which would require their reporting upon.

The second letter from the Auditors calls to the Board of Directors' attention important aspects of the audit, such as the use of estimates, whether management consulted other independent auditors, and that there were no disagreements with the auditors.

In summary, all reports indicated positive clean results of the Authority's audit.

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, 2022 and 2021





Board of Directors as of June 30, 2022

Name	City Represented	Title
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, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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



To the Board of Directors
of the South Bay Regional Public Communications Authority
Hawthorne, California
Report on the Audit of the Financial Statements

www.pungroup.cpa



Opinion

We have audited the financial statements of the business-type activities of the South Bay Regional Public Communications Authority (the "Authority") as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental 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 GAAS, 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 5, 2022 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.

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

Santa Ana, California
December 5, 2022

South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2022 and 2021

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, 2022 and 2021. 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 2022, the Authority's net position increased 28.95%, or \$880,670, due primarily to a reduction of \$4 million in the net pension liability as a result of better than expected investment returns for the measurement date 6/30/21, and a reduction of \$1.1 million in the net other post-employment benefits (OPEB) liability as a result of the use of a higher discount rate of 5.5% due to the Authority's prefunding plan with the CERBT trust (the 2.21% municipal bond rate was used before the trust was established and funded).
- 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 2022, the Authority's operating revenues increased 15.55% or \$1,668,642, due to member cities' use of unrestricted balance in the Enterprise Fund to offset assessments in FY21. FY22 includes receipt of the full amount of assessments per the Cost Allocation Policy.
- 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 2022, the Authority's operating expenses decreased 8.12% or \$947,297 due primarily as a result of the GASB68 accounting entry for pension expense. FY22 experienced a GASB68 pension income entry of approximately half a million dollars.
- 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.

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, 2022 and 2021

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

	June 30, 2022	June 30, 2021	June 30, 2020
Assets:			
Current assets	\$ 5,896,252	\$ 5,514,814	\$ 5,934,406
Capital assets, net	7,959,624	8,688,104	9,165,625
Total assets	13,855,876	14,202,918	15,100,031
Deferred outflows of resources	3,432,657	3,129,376	2,403,064
Liabilities:			
Current liabilities	744,391	1,305,328	1,011,249
Noncurrent liabilities	6,843,868	12,000,032	10,544,712
Total liabilities	7,588,259	13,305,360	11,555,961
Deferred inflows of resources	5,777,598	984,928	1,276,748
Net position:			
Investment in capital assets	7,959,624	8,688,104	9,165,625
Unrestricted (Deficit)	(4,036,948)	(5,646,098)	(4,495,238)
Total net position	\$ 3,922,676	\$ 3,042,006	\$ 4,670,387

As noted earlier, net position 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 \$3,922,676 and \$3,042,006 as of June 30, 2022 and 2021.

South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2022 and 2021

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 2022 and 2021, the Authority shows a negative balance in its unrestricted net position of (\$4,036,948) and (\$5,645,098) respectively, which is due primarily to the net pension liability on the statement of net position of \$4,140,085 and \$8,125,094, and the net other post-employment benefits liability of \$2,309,880 and \$3,471,647, 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. In fiscal year 2022, the Board of Directors amended the Authority's budget policy to allow ongoing funding for pension and OPEB unfunded liabilities.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Revenues:			
Operating revenues	\$ 12,399,891	\$ 10,725,579	\$ 13,362,094
Non-operating revenues	(64,598)	14,179	102,602
Total revenues	<u>12,335,293</u>	<u>10,739,758</u>	<u>13,464,696</u>
Expenses:			
Operating expenses	10,715,420	11,662,716	12,967,570
Depreciation expense	739,203	705,423	730,208
Total expenses	<u>11,454,623</u>	<u>12,368,139</u>	<u>13,697,778</u>
Change in net position	<u>880,670</u>	<u>(1,628,381)</u>	<u>(233,082)</u>
Net Position:			
Beginning of year	<u>3,042,006</u>	<u>4,670,387</u>	<u>4,903,469</u>
End of year	<u><u>\$ 3,922,676</u></u>	<u><u>\$ 3,042,006</u></u>	<u><u>\$ 4,670,387</u></u>

The Statement of Revenues, Expenses, and Changes in Net Position shows how the Authority's net position changed during the fiscal year. In the case of the Authority, net position increased by \$880,670 and decreased by \$1,628,381, respectively, as of June 30, 2022 and 2021.

In 2022, a closer examination of the sources of changes in net position reveals that the Authority's total revenues increased by \$1,595,535 due primarily to the collection of the full assessment amounts as calculated using the Cost Allocation Policy. Member cities utilized surplus funds from the prior budget year in FY21 to reduce assessment amounts.

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.

**South Bay Regional Public Communications Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2022 and 2021**

Capital Asset Administration

Capital assets balances consisted of the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Non-depreciable assets	\$ 495,554	\$ 495,554
Depreciable assets	15,711,962	15,801,202
Accumulated depreciation	<u>(8,247,892)</u>	<u>(7,608,652)</u>
Total capital assets, net	<u>\$ 7,959,624</u>	<u>\$ 8,688,104</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, 2022 and 2021

ASSETS	Business-Type Activities	
	2022	2021
Current assets:		
Cash and investments	\$ 5,310,354	\$ 4,984,223
Accounts receivable	416,870	428,092
Accrued interest receivable	10,656	3,995
Prepaid items	7,089	13,375
Materials and supplies inventory	151,283	85,129
Total current assets	<u>5,896,252</u>	<u>5,514,814</u>
Noncurrent assets:		
Capital assets, not being depreciated	495,554	495,554
Capital assets, being depreciated, net	7,464,070	8,192,550
Total noncurrent assets	<u>7,959,624</u>	<u>8,688,104</u>
Total assets	<u>13,855,876</u>	<u>14,202,918</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	2,303,161	2,199,673
Deferred outflows of resources related to other postemployment benefits	1,129,496	929,703
Total deferred outflows of resources	<u>3,432,657</u>	<u>3,129,376</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	114,015	338,940
Accrued salaries and benefits	499,075	407,048
Member deposits and unearned revenue	-	424,909
Compensated absences, due within one year	131,301	134,431
Total current liabilities	<u>744,391</u>	<u>1,305,328</u>
Noncurrent liabilities:		
Compensated absences, due within more than one year	393,903	403,291
Net pension liability	4,140,085	8,125,094
Net other postemployment benefits liability	2,309,880	3,471,647
Total noncurrent liabilities	<u>6,843,868</u>	<u>12,000,032</u>
Total liabilities	<u>7,588,259</u>	<u>13,305,360</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	3,992,723	458,834
Deferred inflows of resources related to other postemployment benefits	1,784,875	526,094
Total deferred inflows of resources	<u>5,777,598</u>	<u>984,928</u>
NET POSITION		
Investment in capital assets	7,959,624	8,688,104
Unrestricted (Deficit)	(4,036,948)	(5,646,098)
Total net position	<u>\$ 3,922,676</u>	<u>\$ 3,042,006</u>

South Bay Regional Public Communications Authority
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	Business-Type Activities	
	2022	2021
Operating revenues:		
Assessments revenues	\$ 11,371,863	\$ 9,579,431
Charges for services	922,917	1,050,239
Reimbursement revenue	76,804	94,932
Other revenue	28,307	977
Total operating revenues	12,399,891	10,725,579
Operating expenses:		
Administration	1,661,282	2,495,579
Operations	7,530,561	7,375,895
Technical services	1,504,027	1,743,879
Other projects	19,550	47,363
Depreciation expense	527,597	493,817
Depreciation expense -- grant funded	211,606	211,606
Total operating expenses	11,454,623	12,368,139
Operating Income (loss)	945,268	(1,642,560)
Nonoperating revenues and (expenses):		
Investment income (loss)	(38,219)	8,509
Intergovernmental revenue	29,750	5,670
Loss on disposal of assets	(56,129)	-
Total nonoperating revenues (loss)	(64,598)	14,179
Changes in net position	880,670	(1,628,381)
Net position:		
Beginning of year	3,042,006	4,670,387
End of year	<u>\$ 3,922,676</u>	<u>\$ 3,042,006</u>

South Bay Regional Public Communications Authority

Statements of Cash Flows For the Years Ended June 30, 2022 and 2021

	Business-Type Activities	
	2022	2021
Cash flows from operating activities:		
Cash receipts for dispatching services	\$ 11,986,204	\$ 10,565,435
Cash paid to vendors and suppliers for materials and services	(3,308,361)	(2,462,136)
Cash paid for salaries and wages	(8,269,730)	(8,535,678)
Net cash provided by (used in) operating activities	408,113	(432,379)
Cash flows from non-capital financing activities:		
Intergovernmental revenue	29,750	5,670
Net cash provided by non-capital financing activities	29,750	5,670
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(66,852)	(227,902)
Net cash used in capital and related financing activities	(66,852)	(227,902)
Cash flows from investing activities:		
Interest received	(44,880)	17,872
Net cash provided (used in) by investing activities	(44,880)	17,872
Net increase (decrease) in cash and cash equivalents	326,131	(636,739)
Cash and cash equivalents:		
Beginning of year	4,984,223	5,620,962
End of year	<u>\$ 5,310,354</u>	<u>\$ 4,984,223</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating loss	\$ 945,268	\$ (1,642,560)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	739,203	705,423
Operating assets, deferred outflows of resources, liabilities and deferred inflows of resources		
(Increase) decrease in accounts receivable	11,222	(211,618)
(Increase) decrease prepaid items	6,286	(6,692)
(Increase) decrease materials and supplies inventory	(66,154)	(8,199)
(Increase) decrease pensions related deferred outflows of resources	(103,488)	13,720
(Increase) decrease OPEB related deferred outflows of resources	(199,793)	(740,032)
Increase (decrease) accounts payable and accrued expenses	(224,925)	190,802
Increase (decrease) accrued salaries and benefits	92,027	70,450
Increase (decrease) member deposits and unearned revenue	(424,909)	51,474
Increase (decrease) compensated absences	(12,518)	(74,589)
Increase (decrease) net pension liability	(3,985,009)	789,698
Increase (decrease) net other postemployment benefits liability	(1,161,767)	721,564
Increase (decrease) pensions related deferred inflows of resources	3,533,889	(225,515)
Increase (decrease) OPEB related deferred inflows of resources	1,258,781	(66,305)
Total adjustments	(537,155)	1,210,181
Net cash provided by (used in) operating activities	\$ 408,113	\$ (432,379)

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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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021

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, 2022

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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

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, 2022 and 2021

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, 2022

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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

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, 2022 and 2021.

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, 2022 and 2021

Note 2 – Cash and Investments

Cash and Cash Equivalent at June 30, 2022 and 2021 consisted of the following:

Description	June 30, 2022	June 30, 2021
Cash on hand	\$ 500	\$ 500
Demand deposits with financial institutions	800,229	694,218
Investments	4,509,625	4,289,505
Total cash and investments	<u>\$ 5,310,354</u>	<u>\$ 4,984,223</u>

Demand Deposits

At June 30, 2022 and 2021, the carrying amount of the Authority's demand deposits was \$800,229 and \$694,218, respectively, and the financial institution balance was \$873,262 and \$755,482, respectively. The differences of \$73,033 and \$61,264 at June 30, 2022 and 2021, 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, 2022 and 2021

Note 2 – Cash and Cash Equivalent (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, 2022, and 2021 none of the Authority's deposits and investments was exposed to custodial credit risk.

Investments

The Authority's investments as of June 30, 2022 and 2021 were as follows:

Investments	Credit Rating	Maturity - 12 Months or Less	
		June 30, 2022	June 30, 2021
California Local Agency Investment Fund (LAIF)	Not Rated	\$ 4,509,625	\$ 4,289,505

Investment in California – Local Agency Investment Fund (LAIF)

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

The Authority's investments with LAIF at June 30, 2022 and 2021, 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 \$4,509,625 and \$4,289,505 invested in LAIF, which had invested 1.88% and 2.31% of the pooled investment funds at June 30, 2022 and June 30, 2021, 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, 2022 and 2021

Note 3 – Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Nondepreciable assets:				
Land and easements	\$ 495,554	\$ -	\$ -	\$ 495,554
Total nondepreciable assets	495,554	-	-	495,554
Depreciable assets:				
Buildings and improvements	6,389,356	-	-	6,389,356
Vehicles and equipment	9,411,846	66,852	(156,092)	9,322,606
Total depreciable assets	15,801,202	66,852	(156,092)	15,711,962
Accumulated depreciation:				
Buildings and improvements	(3,113,344)	(179,098)	-	(3,292,442)
Vehicles and equipment	(4,495,308)	(560,105)	99,963	(4,955,450)
Total accumulated depreciation	(7,608,652)	(739,203)	99,963	(8,247,892)
Total depreciable assets, net	8,192,550	(672,351)	(56,129)	7,464,070
Total capital assets, net	\$ 8,688,104	\$ (672,351)	\$ (56,129)	\$ 7,959,624

Depreciation Expense for the year ended June 30, 2022 was charged as follows:

Authority depreciable assets	\$ 527,597
UASI Grant and other equipments	211,606
	<u>\$ 739,203</u>

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

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 3 – Capital Assets (Continued)

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>

Note 4 – Member Deposits and Unearned Revenue

As of June 30, 2021, 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.

Note 5 – Compensated Absences

A summary of changes in compensated absences for the year ended June 30, 2022 and 2021 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, 2022	<u>\$ 537,722</u>	<u>\$ 604,045</u>	<u>\$ (616,563)</u>	<u>\$ 525,204</u>	<u>\$ 131,301</u>	<u>\$ 393,903</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>

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, 2022 and 2021 was \$5,741,963 and \$6,273,869, 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, 2020 and 2019 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, 2022 and 2021

Note 7 – Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Members Covered by Benefit Terms

At June 30, 2020 and 2019, valuation dates, the following members were covered by the benefit terms:

Plan Members	2020			2019		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Active members	38	6	23	39	7	19
Transferred and terminated members	75	11	24	76	9	19
Retired members and beneficiaries	74	1	-	73	1	-
Total plan members	187	18	47	188	17	38

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, 2022 and 2021

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, 2021, 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 6.75% of annual pay, respectively, and the employer contribution rates are 11.031%, 8.794% and 7.732% of annual payroll, respectively.

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.

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, 2020 and 2019 valuations were rolled forward to determine the June 30, 2021 and 2020 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 ¹	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

¹The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 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 2020 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 under Forms and Publications.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

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 2021 and 2020, 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:

Asset Class¹	Assumed Asset Allocation	Real Return Years 1 - 10²	Real Return Years 11+³
Public 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%
	100.00%		

¹In the CalPERS' Annual Comprehensive Financial Report (ACFR), 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

²An Expected inflation of 2.00% used for this period

³An Expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the 2021 and 2020 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, 2022 and 2021

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, 2021 and 2020 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, 2021	\$ 9,157,603	\$ 4,140,085	\$ (7,826)
June 30, 2020	\$ 12,887,352	\$ 8,125,094	\$ 4,190,189

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, 2020 (Valuation Date)	\$ 35,786,116	\$ 27,661,022	\$ 8,125,094
Balance as of June 30, 2021 (Measurement Date)	38,002,605	33,862,520	4,140,085
Net Changes during 2020-2021	\$ 2,216,489	\$ 6,201,498	\$ (3,985,009)
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
Net Changes during 2019-2020	\$ 1,882,324	\$ 1,092,626	\$ 789,698

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, 2021 and 2020.

- (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, 2020 and 2019). 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, 2022 and 2021

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, 2021 and 2020). 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, 2021 and 2020 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement periods (2020-2021 and 2019-2020).
- (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:

2022		2021	
Measurement Date		Measurement Date	
June 30, 2020	0.074680%	June 30, 2019	0.071590%
June 30, 2021	0.076550%	June 30, 2020	0.074680%
Change - Increase		Change - Increase	
(Decrease)	0.001870%	(Decrease)	0.003090%

For the years ended June 30, 2022 and 2021, the Authority recognized pension expense in the amount of \$872,586 and \$1,656,594, 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, 2021 and 2020 are 3.7 and 3.8 years, which was obtained by dividing the total service years of 561,622 and 548,581 (the sum of remaining service lifetimes of the active employees) by 150,648 and 145,663 (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, 2022 and 2021

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, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 1,427,194	\$ -	\$ 1,078,691	\$ -
Adjustment due to differences in proportions	411,700	-	460,903	-
Differences between expected and actual experience	464,267	-	418,710	-
Differences between projected and actual earnings on pension plan investments	-	(3,614,075)	241,369	-
Difference between actual and proportionate share of employer contributions	-	(378,648)	-	(400,883)
Changes in assumptions	-	-	-	(57,951)
Total Deferred Outflows/(Inflows) of Resources	\$ 2,303,161	\$ (3,992,723)	\$ 2,199,673	\$ (458,834)

Deferred outflows of resources related to pensions resulting from Authority's contributions subsequent to the measurement date in the amount of \$1,427,194 and \$1,078,691 will be recognized as a reduction of the collective net pension liability in the years ending June 30, 2023 and 2022, 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
	2022		2021
2023	\$ (632,825)	2022	\$ 119,522
2024	(687,080)	2023	237,624
2025	(798,108)	2024	189,235
2026	(998,743)	2025	115,767
2027	-	2026	-
Thereafter	-	Thereafter	-
Total	\$ (3,116,756)	Total	\$ 662,148

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

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 retire directly from the Authority under CalPERS at age 50 (52 for miscellaneous PEPRAs) and have 5 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, \$149 and \$143 per month for 2022 and 2021 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 2022 and 2021 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, \$149 and \$143 per month for 2022 and 2021 calendar year, respectively.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

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, 2021 valuation date:

	2021
Active employees	67
Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to, but not yet receiving benefits	7
Total	91

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, 2022 and 2021, the average contribution rate was not applicable. Employees are not required to contribute to the plan. 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.

Net OPEB Liability

The Authority’s 2022 and 2021 net OPEB liabilities were measured as of June 30, 2021 and 2020, respectively, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2021 and June 30, 2019, respectively.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

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

General Information about the OPEB Plan (Continued)

Actuarial Assumptions

Total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions

Actuarial Valuation Date	June 30, 2021			
Contribution Policy	Full actuarial determined contribution			
Discount Rate	5.50% at June 30, 2021 (pre-funded with CalPERS diversified trustStrategy 2) 2.21% at June 30, 2020 (Bond Buyer 20-year index)			
Expected Long-term Rate of Return on investment	Expected sufficient plan assets to pay all benefits from trust			
General Inflation	2.50% per annum			
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study			
Mortality Improvement	Mortality projected fully generation with Scale MP2020 for post-retirement mortality			
Salary increases	Aggregate 2.75% annually Merit - CalPERS 1997-2015 Experience Study			
Medical Trend	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years Medicare - 5.8% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years			
PEHHCA Minimum Increase	4.00% 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 5.50% and 2.21% were used during measurement periods June 30, 2021 and 2020, respectively. The Authority used the Bond Buyer 20-Bond GO index along with the assumed long-term inflation assumption to set the discount rate.

Change of Assumptions

The changes in assumptions of \$1,457,595 are due to the following:

- Discount rate was changed to expected long term rate of return on assets to reflect Authority's prefunding
- Decreased inflation, medical and PEMHCA minimum trends, and salary increases
- Medicare Advantage Plans age-related claims removed
- Mortality improvement scale was updated to Scale MP-2020

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

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

Net OPEB Liability (Continued)

Change in Total OPEB Liability

2022			
Increase (Decrease)			
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 (measurement date)	\$ 3,471,647	\$ -	\$ 3,471,647
Changes Recognized for the Measurement Period:			
Service Cost	218,323	-	218,323
Interest on the total OPEB liability	80,605	-	80,605
Change of benefit terms	-	-	-
Difference between expected and actual experience	332,432	-	332,432
Changes in assumptions	(1,457,595)	-	(1,457,595)
Contribution from the employer	-	335,588	(335,588)
Net investment income	-	186	(186)
Administrative expenses	-	(242)	242
Benefit payments	(85,350)	(85,350)	-
Net changes during measurement 2020-21	(911,585)	250,182	(1,161,767)
Balance at June 30, 2021 (measurement date)	\$ 2,560,062	\$ 250,182	\$ 2,309,880
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	547,573	-	547,573
Changes in assumptions	-	-	-
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

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

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, 2021 and June 30, 2020:

Measurement Date	Plan's Total OPEB Liability		
	Discount Rate -1% (4.50%)	Current Discount Rate (5.50%)	Discount Rate +1% (6.50%)
June 30, 2021	\$ 2,629,148	\$ 2,309,880	\$ 2,041,310
Measurement Date	Discount Rate -1% (1.21%)	Current Discount Rate (2.21%)	Discount Rate +1% (3.210%)
	June 30, 2020	\$ 4,033,951	\$ 3,471,647
			\$ 3,019,995

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, 2021 and June 30, 2020:

Measurement Date	Plan's Total OPEB Liability		
	Healthcare Cost Trend Rate -1%	Current Healthcare Cost Tread Rate	Healthcare Cost Trend Rate +1%
June 30, 2021	\$ 2,033,595	\$ 2,309,880	\$ 2,653,515
June 30, 2020	\$ 2,931,348	\$ 3,471,647	\$ 4,191,400

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

For the years ended June 30, 2022 and June 30, 2021, the Authority recognize OPEB expense in the amounts of \$190,084 and \$250,816, respectively. At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 292,862	\$ -	\$ 335,588	\$ -
Changes in assumptions	534,131	(1,563,367)	594,115	(276,898)
Differences between expected and actual experience	302,211	(221,508)	-	(249,196)
Net Difference between projected and actual earnings on plan investments	291	-	-	-
Total	\$ 1,129,495	\$ (1,784,875)	\$ 929,703	\$ (526,094)

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, 2021 and June 30, 2020 are 10.9 and 11.1 years, which were obtained by dividing the total services years of 918 by 84 covered participants and the total services years of 863 by 78 covered participants, respectively.

South Bay Regional Public Communications Authority
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

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

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

Deferred outflows of resources related to OPEB resulting from Authority’s contributions subsequent to the measurement date in the amounts of \$292,862 and \$355,588 will be recognized as a reduction of the net OPEB liability in the years ending June 30, 2023 and 2022, respectively.

Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources 2022	Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources 2021
2023	\$ (108,536)	2022	\$ (6,321)
2024	(108,536)	2023	(6,321)
2025	(108,536)	2024	(6,321)
2026	(108,537)	2025	(6,321)
2027	(108,609)	2026	(6,321)
Thereafter	(405,488)	Thereafter	99,626
Total	<u>\$ (948,242)</u>	Total	<u>\$ 68,021</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 \$1,641,432 and \$1,430,000 as of June 30, 2022 and 2021, 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, 2022 and 2021

Note 10 – Assessment Revenues

For the year ended June 30, 2022 and 2021, the assessment from member and nonmember cities consisted of the following: Gardena, Hawthorne, Manhattan Beach, Hermosa Beach, El Segundo, and Culver City. The Surplus column represents the amount of budget surplus from each city as of June 30, 2020 that is used to reduce the assessment billing in the year ended June 30, 2021.

Cities	2022	2021		
	Assessment Charged	Assessment Charged	Surplus	Net Assessment
Gardena	\$ 2,141,335	\$ 2,083,118	\$ 417,040	\$ 1,666,078
Hawthorne	2,619,842	2,552,293	585,910	1,966,383
Manhattan Beach	1,461,578	1,387,975	342,500	1,045,475
Hermosa Beach	758,305	742,528	-	742,528
El Segundo	1,699,634	1,493,738	-	1,493,738
Culver City	2,691,169	2,665,229	-	2,665,229
Total	<u>\$ 11,371,863</u>	<u>\$ 10,924,881</u>	<u>\$ 1,345,450</u>	<u>\$ 9,579,431</u>

Note 11 – 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.

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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, 2022 and 2021

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement date	June 30, 2014 ¹	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%

¹ Historical information is presented only for measurement periods for 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, 2022 and 2021

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement date	June 30, 2019	June 30, 2020	June 30, 2021
Authority's proportion of the net pension liability	0.071590%	0.074680%	0.076550%
Authority's proportionate share of the net pension liability	\$ 7,335,396	\$ 8,125,094	\$ 4,140,085
Authority's covered payroll	\$ 5,408,034	\$ 5,838,063	\$ 6,005,530
Authority's proportionate share of the net pension liability as a percentage of covered payroll	135.64%	139.17%	68.94%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.26%	75.10%	88.29%

South Bay Regional Public Communications Authority
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Years Ended June 30, 2022 and 2021

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	2013-14 ¹	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%

¹ Historical information is presented only for measurement periods for 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 2021 and 2020, 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, 2022 and 2021

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>	<u>2021-22</u>
Actuarially determined contribution	\$ 807,058	\$ 957,115	\$ 1,078,691	\$ 1,145,330
Contribution in relation to the actuarially determined contribution	<u>(807,095)</u>	<u>(957,115)</u>	<u>(1,078,691)</u>	<u>(1,427,194)</u>
Contribution deficiency (excess)	<u>\$ (37)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (281,864)</u>
Authority's covered payroll	<u>\$ 5,408,034</u>	<u>\$ 5,838,063</u>	<u>\$ 6,005,530</u>	<u>\$ 5,834,801</u>
Contributions as a percentage of covered payroll	<u>14.92%</u>	<u>16.39%</u>	<u>17.96%</u>	<u>24.46%</u>

Notes to the Schedule:

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

Change of Assumptions: In 2021 and 2020, 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, 2022 and 2021

Measurement Period	Last Ten Fiscal Years				
	2016-2017 ¹	2017-2018 ¹	2018-2019	2019-2020	2020-2021
Total OPEB Liability					
Service Cost	\$ 163,778	\$ 143,129	\$ 138,260	\$ 156,598	\$ 218,323
Interest on the total OPEB liability	88,136	103,266	111,541	100,283	80,605
Changes in benefit terms	-	-	5,100	-	-
Difference between expected and actual experience	-	-	(304,572)	-	332,432
Changes in assumptions	(307,074)	(113,847)	117,179	547,573	(1,457,595)
Contribution from the employer	-	-	-	-	-
Benefit payments	(126,836)	(137,416)	(122,659)	(82,889)	(85,350)
Net changes in total OPEB liability	(181,996)	(4,868)	(55,151)	721,565	(911,585)
Total OPEB liability, beginning	2,992,097	2,810,101	2,805,233	2,750,082	3,471,647
Total OPEB liability, ending (a)	\$ 2,810,101	\$ 2,805,233	\$ 2,750,082	\$ 3,471,647	\$ 2,560,062
Plan fiduciary net position:					
Employer contribution	\$ 126,836	\$ 137,416	\$ 122,659	\$ 83,145	\$ 335,588
Employee contributions	-	-	-	-	-
Net investment income	-	-	-	-	186
Administrative expenses	-	-	(232)	(256)	(242)
Benefit payments	(126,836)	(137,416)	(122,659)	(82,889)	(85,350)
Other	-	-	-	-	-
Net changes in fiduciary net position	-	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-	-
Plan fiduciary net position, ending (b)	\$ -	\$ -	\$ -	\$ -	\$ 250,182
Plan net OPEB liability - ending (a) - (b)	\$ 2,810,101	\$ 2,805,233	\$ 2,750,082	\$ 3,471,647	\$ 2,309,880
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	9.77%
Covered employee payroll	\$ 5,996,321	\$ 7,010,558	\$ 6,722,179	\$ 7,264,866	\$ 6,322,182
Plan Net OPEB liability as a percentage of covered employee payroll	46.86%	40.01%	40.91%	47.79%	36.54%

¹Historical 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, 2022 and 2021

Last Ten Fiscal Years						
Other Postemployment Benefits ("OPEB")						
Fiscal year	2016-17 ¹	2017-18	2018-19	2019-20	2020-21	2021-22
Actuarially determined contribution	\$ 126,836	\$ 140,536	\$ 122,891	\$ 83,145	\$ 85,588	\$ 298,470
Contribution in relation to the actuarially determined contribution	(126,836)	(140,536)	(122,891)	(83,145)	(335,588)	(292,863)
Contribution deficiency / (excess)	\$ -	\$ -	\$ -	\$ -	\$ (250,000)	\$ 5,607
Authority's covered payroll ²	\$ 5,996,321	\$ 7,010,558	\$ 6,722,179	\$ 7,264,866	\$ 7,482,812	\$ 6,425,816
Contributions as a percentage of covered payroll	2.12%	2.00%	1.83%	1.14%	1.14%	4.64%

²Payroll 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, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level dollar
Amortization Period:	20-year fixed period for 2021/22
Asset Valuation Method:	Market value of assets
Inflation:	2.50% per year
Investment return/discount rate:	5.50% at June 30, 2021 (pre-funded with CalPERS diversified trust Strategy 2) 2.21% at June 30, 2020 (Bond Buyer 20-year index)
Medical Trend	Non Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years Medicare - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality:	CalPERS 1997-2015 Experience Study
Mortality Improvement:	Mortality projected fully generational with ScaleMP-2020

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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 (“*Government Auditing Standards*”), 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, 2022, 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 5, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (“internal control”) as 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.

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

Report on 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*.

Purpose of this Report

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

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

Santa Ana, California
December 5, 2022

F-1

Attachment 2



December 5, 2022

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

We have audited the financial statements of the business-type activities of South Bay Regional Public Communications Authority (the “Authority”) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 31, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2022. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management’s estimate of the depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated the key factors and assumptions used to develop the depreciation on capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the net pension liabilities is based on the proportionated share of actuarial valuation on total pension liability and based on the proportionated share of fiduciary net position for CalPERS plan. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the net other postemployment benefits (“OPEB”) liability is based on the actuarial valuation on the total OPEB liability. We evaluated the key factors and assumptions used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 1 – Reporting Entity and Summary of Significant Accounting Policy
- Note 7 – Defined Benefit Pension Plan
- Note 8 – Other Postemployment Benefits (“OPEB”)
- Note 11 – Commitments and Contingencies

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 5, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

To the Board of Directors
of the South Bay Regional Public Communications Authority
Hawthorne, California
Page 3

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of 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 Benefit Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Very truly yours,

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

Santa Ana, California

G-1



Staff Report

South Bay Regional Public Communications Authority

MEETING DATE: January 17, 2023
ITEM: G-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.