

**MINUTES SPECIAL MEETING OF THE
EXECUTIVE COMMITTEE
February 28, 2023**

A. CALL TO ORDER

The Executive Committee special meeting on Tuesday, February 28, 2023 at 1:01 PM via teleconference.

B. ROLL CALL

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

Also present: Executive Director Ross Klun
Operations Manager Shannon Kauffman
PT Finance Manager Bob Ridley
Executive Assistant Cristina Manley
Jennifer Petrusis, RWG Law

C. PUBLIC DISCUSSION

None.

D. EXECUTIVE COMMITTEE GENERAL BUSINESS

1. Fiscal Year 2023 – 2024 Preliminary Budget

PROVIDE DIRECTION

PT Finance Manager Bob Ridley discussed concerns from previous meeting on February 21, 2023. Specific question: Where do the numbers come from?

1. Cost Allocation Policy adopted refined over the last several years with quite a few changes – last approved by the Board of Directors on 9.20.2022 (Resolution 350).

2. Started with hiring Matrix Consulting and developed a detailed Excel model that is to develop the Budget annually 2020-2021, 2021-2022, 2022-2023 & 2023-2024= Year 4

Redo this study every 5 to 7 years and currently on year 3 of utilizing this study.

3. Staff has a large amount of input with the details of items that will increase/decrease & cost savings.

Comment: Would like to see an equipment replacement fund?

- Agreed, in a sense these is one informal cash accumulated

- Cost Allocation Policy includes allocating depreciation (>700k/year) assessments. Since depreciation is a non-cash expense when member cost allocation assessment paid cash grows. CIP study seems prudent.

South Bay Regional Public Communications Authority – Statements of Net Position

<u>NET POSITION</u>	<u>2022</u>	<u>2021</u>
Investment in capital assets	7,959,624	8,688,104
Unrestricted (Deficit)	(4,036,948)	(5,646,098)
Total net position	\$3,922,676	\$3,042,006

Capital reserves and operation reserves (10% of expenses)
Two largest liabilities - CalPERS ADP & OPEB.

City Manager Bruce Moe addressed a concern about presenting a budget to the Board of Directors that is absent of addressing the Capital Improvement Plan. Acknowledge interim plan for addressing infrastructure and funding's set aside assessment for the cities. Planning for the future.

Executive Director Klun explained having a plan/section for the Board of Directors where these concerns and information are included is a plan of action. One item that the Treasurer identified modifying the policy 10% reserve for operating and capital. Treasurer feels that this number should be much higher. The Board of Directors would have to adopt an amended budgetary policy to change those numbers. Initial phases of a CIP document, engineering firm company assessing our building. Develop a 5-Year Capital Improvement Plan (CIP). Work with the Authority's Treasurer on the CIP funding strategy. Preliminary numbers for CIP (IT & Radio Infrastructure) 2.7 million for capital needs over the next five years.

City Manager Moe expressed concerns about generating surpluses each year and building up fund balance at our Authority. As an owner city, developing a strategy would help to understand a plan of action for the first steps of funding CIP. Allocating more money to CIP and planning ahead. 5 year fund balance projections increasing in (6.2 million) FY27-28, Bruce recommended to see this balance allocated in some sort of plan for future capital improvements. Presenting the budget (allocating funds) and then recommendations for changing policies to the Board of Directors. Executive Director Klun stated that a presentation will be given to the Board of Directors at the March meeting on the allocation of capital and operating reserves and Budgetary Policy recommendations.

E. **EXECUTIVE COMMITTEE CLOSED AGENDA**

The meeting was adjourned at 1:27 PM.