

May 15, 2007

**MINUTES OF A REGULAR JOINT MEETING  
OF THE BOARD OF DIRECTORS,  
EXECUTIVE COMMITTEE AND USER COMMITTEE**

1. **CALL TO ORDER**

The Board of Directors, Executive Committee and User Committee convened in a regular joint session at 8:43 a.m. on Tuesday, May 15, 2007, in the second floor conference room of the South Bay Regional Public Communications Authority, 4440 W. Broadway, Hawthorne, CA.

**ROLL CALL**

Present: Councilman Steve Bradford, City of Gardena  
Mayor Larry Guidi, City of Hawthorne  
Councilmember Portia Cohen, City of Manhattan Beach  
City Manager Steve Burrell, City of Hermosa Beach  
City Manager Mitch Lansdell, City of Gardena  
Finance Director Bruce Moe, City of Manhattan Beach  
City Manager Jag Pathirana, City of Hawthorne  
Chief Dennis Groat, Manhattan Beach Fire Department  
Chief Mike Heffner, Hawthorne Police Department  
Chief Ed Medrano, Gardena Police Department  
Chief Greg Savelli, Hermosa Beach Police Department  
Chief Rod Uyeda, Manhattan Beach Police Department

Absent: None.

Also Present: Executive Director Ralph Mailloux  
Personnel/Training Manager Bonnie Agee  
Operations Manager Janey Hall  
Technical Services Manager Jose Rivera  
Finance Manager Agnes Walker  
Mr. Kunle Aderonmu, Legal Counsel for the Authority  
Lt. Mike Saffell, Gardena Police Department

2. **PUBLIC DISCUSSION**

None.

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Chief Groat announced that Mr. Cesar Viveros, Cozumel Civil Protection Director, here on a Manhattan Beach Rotary Exchange, was touring the communications center during the meeting.

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3. **ACTION ITEMS**

3a. **APPROVAL OF MINUTES – APRIL 17, 2007**

**MOTION:** City Manager Lansdell moved for the approval of the April 17, 2007 Minutes as written. The motion was seconded by City Manager Pathirana and passed by unanimous voice vote.

3b. **BUDGET PERFORMANCE REPORT – APRIL 2007**

Finance Manager Walker advised that, as of April 30, 2007, all of the member cities' assessments have been recorded; that expenses are on track; that some accounts are overdrawn, but will be offset from savings in other accounts; that salary increases for all approved memoranda of understanding are now reflected in the Budget Performance Report; and that the estimated budgetary savings at year-end is approximately \$220,000.

**MOTION:** City Manager Lansdell moved to receive and file the Budget Performance Report as of April 2007. The motion was seconded by City Manager Pathirana and passed by unanimous voice vote.

3c. **FISCAL YEAR 2007-2008 BUDGET**

With the aid of a Power Point presentation, Executive Director Mailloux highlighted various aspects of the Authority's approved 2007-2008 Budget. He provided input on the following: the Authority's operations; the service statistics; the total Budget amount of \$7,762,663; the 10.5% Budget increase over the previous year; and the capital outlay, including the approximately \$900,000 for the Punta Place Infrastructure Upgrade Project, the approximately \$128,000 for the Tiburon Computer Aided Dispatch (CAD) upgrade, the approximately \$57,446 for a new Motorola radio dispatch work station, the approximately \$48,000 for the replacement of carpet tiles in the communications center and the approximately \$26,640 for the replacement of the CAD work station. Mr. Mailloux outlined the following accomplishments during Fiscal Year 2006-2007: the Gardena Police Department Infrastructure Upgrade Project; the status

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of the Grandview Infrastructure Upgrade Project, which is scheduled to be completed in June 2007; the efforts to obtain grant funding for the Punta Place Infrastructure Upgrade Project, currently in the planning review process; the 166,000 calls for service; the 173 vehicle installations; the 761 repairs of telecommunications equipment; the installation of the EDEN accounting system; the implementation of the prior year's audit recommendations; and the completion of labor negotiations with the Unrepresented and Management/Confidential bargaining groups. Director Mailloux reviewed the objectives for Fiscal Year 2007-2008 as follows: to develop a request for proposal for the Punta Place Infrastructure Upgrade Project; to update the Strategic Action Plan; to complete the transition to the EDEN accounting system; and to recruit for a new Operations Manager.

Finance Director Moe stated his understanding that, at the last Executive Committee meeting, there was much discussion about the potential for a five-year rolling average assessment formula and that the City of Manhattan Beach "took one for the team this year." He related Manhattan Beach's recommendation that the member cities' Finance Directors examine the potential for a five-year rolling average assessment formula and present their input to the Board of Directors in approximately four months.

City Manager Pathirana indicated that he could support Finance Director Moe's recommendation.

Executive Director Mailloux clarified that the idea of implementing a five-year rolling average assessment formula was discussed by the Executive Committee approximately three years ago and it was considered again this year, but both times a decision was made to retain the existing formula, and that, prior to this meeting, he and City Manager Lansdell agreed to recommend that the five-year rolling average assessment formula be discussed before December so that a recommendation could be made at the next Board of Directors' meeting (since a change in the Bylaws with Board action would be necessary).

**MOTION:** Finance Director Moe moved for the approval of the Fiscal Year 2007-2008 Budget as written, with the stipulation that the member cities' Finance Directors examine the potential for a five-year rolling average assessment formula and present their input for consideration at the next Board of Director's meeting. The motion was seconded by Councilman Bradford and passed by unanimous voice vote.

3d. **ARBITRAGE REBATE CALCULATION REPORTS**

Finance Manager Walker advised that the arbitrage rebate calculation reports were necessary to verify that the investment earnings on the tax-exempt bonds issued in 2001 to Gardena, Hawthorne and Manhattan Beach to finance the acquisition and construction of the Authority's facility were not higher than the interest paid on the bonds. She reported that the consultants hired to perform the arbitrage rebate calculation determined that, on all three bonds, no arbitrage rebate is due and explained that Gardena's (Series A) and Manhattan Beach's (Series C) calculations are through January 1, 2006 and Hawthorne's (Series B) is through March 1, 2007 because their bonds were defeased, which requires another calculation in 2011. Ms. Walker offered that copies of the arbitrage rebate calculation reports are available for review.

**MOTION:** City Manager Pathirana moved to receive and file the Arbitrage Rebate Calculation Reports for Revenue Bonds 2001 Series A, B and C. The motion was seconded by City Manager Lansdell and passed by unanimous voice vote.

3e. **REQUEST FOR PROPOSAL FOR AUDIT SERVICES**

Finance Manager Walker related that, as explained in a memorandum from Executive Director Mailloux previously distributed to the Executive Committee, a request for proposal for audit services was distributed to six firms with a due date of May 25, 2007 and that a recommendation for the award of the contract will be presented to the Executive Committee at the June meeting.

Finance Director Moe asked for information on the process for selecting a firm and he questioned how an award will be made in June when the Board of Directors does not meet again until December.

Finance Manager Walker clarified that she emailed the member cities' finance managers to obtain their recommendations for the selection process, but has not heard back as of this time, and that the recommendation for the award of the contract will be presented to the Executive Committee, not the Board of Directors. She noted that the timeline is tight due to the importance of maintaining the audit schedule and related her anticipation that some firms will decline.

Councilman Bradford recommended expanding the RFP pool if too few firms respond.

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Finance Manager Walker affirmed that, if need be, additional RFPs could be distributed after the original response deadline of May 25<sup>th</sup>.

City Manager Lansdell related his understanding that there was an option for a one-year extension remaining on VTD's contract and that, after meeting with Authority staff to discuss their billings, VTD offered their resignation.

Finance Manager Walker explained that VTD refused to provide documentation for various billings she questioned; that, during a meeting to discuss the matter, they offered to resign if the Authority was questioning their integrity; and that, after the meeting, staff discussed the situation and decided that, due to VTD's non-responsiveness, it would be appropriate to distribute a RFP.

City Manager Lansdell observed that VTD's first audit for the Authority included many things that had been going on at the Authority, which necessitated extra charges, on which Authority staff signed off.

Finance Manager Walker further explained that VTD was non-responsive when questioned about some charges; that the first year of the original contract with VTD was \$9,995 and the Authority was billed approximately \$29,000; that VTD cancelled their final invoice for last year's audit after she called their attention to the over billing; and that she also asked for a refund of \$825 for an overpayment on last year's audit.

Executive Director Mailloux acknowledged that, because the first year of VTD's audit included many issues which necessitated additional work, their billing for the first year exceeded the amount of the contract. However, according to the contract, the Authority was to receive written notification of extra work, which never occurred, and VTD said they cleared the questionable charges with him (other than the first year audit charges and the fraud audit charges), which he does not recall. Mr. Mailloux voiced his opinion that Finance Manager Walker was performing due diligence by asking for documentation on charges, and VTD was non-responsive. He related his understanding that the Executive Committee previously agreed to exercise the last one-year option of VTD's contract due to concerns over maintaining the audit schedule; but, Finance Manager Walker indicated that it would be possible to distribute a RFP and stay on track with the schedule.

Mayor Guidi related his opinion that Authority staff did their job and that VTD took themselves out of the game. He agreed with moving forward and selecting a new audit firm.

Finance Manager Walker noted that, in terms of experience and qualifications, audit firms are basically the same -- it is the staff that makes a difference.

Mr. Kunle Aderonmu, legal counsel for the Authority, noted that Authority staff did not previously have a Finance Director to take care of things such as this.

Finance Director Moe pointed out that the City of Manhattan Beach used VTD for a number of years and found them to be above-board at all times. He stressed the importance of monitoring future audit charges.

Finance Manager Walker advised that, in all her years of experience, auditors have not charged extra without authorization; that she was uncomfortable with VTD's non-responsiveness; and that one purpose of the meeting with VTD was to tell them that all future charges must be authorized. She mentioned that she had to beg VTD for an exit meeting at the end of this year's audit and related her opinion that the Authority was not treated right during the audit, possibly because they are not a big client.

Noting that experiences can be different for everyone, Finance Director Moe said that the Authority's experience with VTD was certainly foreign to what Manhattan Beach has experienced.

**MOTION:** City Manager Pathirana moved to receive and file the staff report on the Request for Proposal for Audit Services. The motion was seconded by Mayor Guidi and passed by unanimous vote.

Finance Manager Walker requested input on the process for selecting a new audit firm.

Finance Director Moe recommended that a subcommittee composed of the member cities' finance directors, including the Authority's Treasurer, be formed to select a new audit firm.

Finance Manager Walker confirmed that copies of the proposals for audit services will be sent to the member cities' finance directors and that a meeting of the finance directors will be scheduled to review the proposals and make a recommendation.

3f. **EXECUTIVE DIRECTOR'S CONTRACT**

Mr. Kunle Aderonmu, legal counsel for the Authority, advised that the Executive Director's employment contract is identical to the previous contract, with a 5% increase in compensation. He clarified that it is a one-year contract which expires August 1st.

**MOTION:** Mayor Guidi moved for the approval of the Executive Director's contract for the period of August 1, 2006 to August 1, 2007. The motion was seconded by City Manager Pathirana and passed by unanimous voice vote.

3g. **GRANDVIEW EQUIPMENT CONTRACT AWARD**

Executive Director Mailloux advised that this request for tower work and radio transmission equipment that will go inside the new structure at the Grandview site are part of the Infrastructure Upgrade Project previously approved by the Executive Committee; that the Beach Cities Health District and Gardena Police Department Infrastructure Upgrade Projects have been completed; and that the Grandview site is scheduled to be completed in June 2007. Mr. Mailloux related staff's recommendation that contracts be awarded to Inland Valley Construction Company for the tower work (\$7,475.00) and to Advanced Electronics for the radio transmission equipment (\$37,035.31), for a total of \$44,510.31 (\$42,489.69 under the budgeted amount of \$87,000).

**MOTION:** Mayor Guidi moved to approve the award of contracts to Inland Valley Construction Company in the amount of \$7,475.00 and Advanced Electronics in the amount of \$44,510.31. The motion was seconded by Councilman Bradford and passed by unanimous vote.

4. **EXECUTIVE DIRECTOR'S REPORT**

4a. Executive Director Mailloux reported that the Grandview Infrastructure Upgrade Project is scheduled to begin next week; that it should be completed in June 2007; that the plans for the Punta Place Infrastructure Upgrade Project are under way; and that Authority staff is actively pursuing grant funds for Punta Place.

4b. Executive Director Mailloux mentioned that negotiations with the Teamsters' bargaining group should begin in the near future.

5. **NEW BUSINESS**

5a. Chief Groat welcomed Manhattan Beach Councilmember Portia Cohen, Alternate Board representative, to the meeting.

5b. Mayor Guidi announced the following: the Children's Safety Awareness Fair on Saturday, May 19<sup>th</sup>, at Home Depot in Hawthorne; the Kids' Youth Race on Saturday, May 20<sup>th</sup>; and the upcoming Italian Festival, which will include a Bocce tournament, at Hawthorne Memorial Center on Saturday, June 16<sup>th</sup>.

5c. Mayor Guidi noted the planned reinstatement of Air 55. He invited the member cities to request it for assistance.

6. **ADJOURNMENT**

The meeting was adjourned at 9:35 a.m.