

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

1. **CALL TO ORDER**

The Executive Committee and the User Committee convened in a regular joint session at 2:00 p.m. on Tuesday, August 16, 2011, in the second floor conference room of the South Bay Regional Public Communications Authority, 4440 W. Broadway, Hawthorne, CA.

ROLL CALL

Present: City Manager Steve Burrell, City of Hermosa Beach
City Manager Dave Carmany, City of Manhattan Beach
City Manager Mitch Lansdell, City of Gardena
Acting City Manager Arnold Shadbehrr, City of Hawthorne
Chief Robert Espinosa, Manhattan Beach Fire Department
Chief Eve Irvine, Manhattan Beach Police Department
Captain Mike Ishii, Hawthorne Police Department
Chief David Lantzer, Hermosa Beach Fire Department
Chief Ed Medrano, Gardena Police Department
Chief Greg Savelli, Hermosa Beach Police Department
Captain Bob Turnbull, El Segundo Police Department

Absent: Chief Bob Fager, Hawthorne Police Department
Chief Kevin Smith, El Segundo Fire Department
Chief Mitch Tavera, El Segundo Police Department

Also Present: Executive Director Ralph Mailloux
Operations Manager Shannon Kauffman
Administration Manager Bonnie Agee
Technical Services Manager Jose Rivera
Finance Manager Agnes Walker
Staff Services John Krok
Mr. Kunle Aderonmu, Legal Counsel for the Authority
Councilman Carl Jacobson, City of El Segundo
Lead Communications Technician Ken Shearen

2. **PUBLIC DISCUSSION**

None.

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3. **ACTION ITEMS**

3a. **Approval of Minutes – May 17, 2011 & June 21, 2011**

The minutes of May 17, 2011 and June 21, 2011 were approved as written.

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At this time, those present introduced themselves.

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3b. **Budget Performance Report – July 31, 2011**

Finance Manager Walker related staff's recommendation to receive and file the Budget Performance Report as of July 31, 2011. She advised that, since this is the first Budget Performance Report for Fiscal Year 2011-2012, there is nothing significant to report.

The Budget Performance Report as of July 31, 2011 was received and filed.

3c. **Cash & Investments Report – June 30, 2011**

Finance Manager Walker related staff's recommendation to receive and file the Cash & Investments Report as of June 30, 2011. She noted that this is an unaudited report, with the audit for Fiscal Year 2010-2011 scheduled the first week in September; that the cash balance reflects some of the fund balance used at year end; that all of the Authority's idle cash is invested with the State Local Agency Investment Fund (LAIF) and interest rates continue to decline; that a history of investment earnings for the last five years is attached to the staff report; and that the Authority's investment with LAIF provides liquidity to fund the Authority's expenses for the next six months, assuming that the member agencies pay their assessments on time. In response to a question from City Manager Carmany, Ms. Walker explained her understanding that interest rates will be close to zero for the next few years and that the Authority's cash balances have declined due to numerous projects.

The Cash & Investments Report as of June 30, 2011 was received and filed.

3d. **Budget Carryovers from Fiscal Year 2010-2011**

Finance Manager Walker related staff's recommendation to approve the recommended budget carryovers from Fiscal Year 2010-2011. She advised that the allocations to Hawthorne and Manhattan Beach for equipment replacement for the prior year are included in the balances and that this is considered an amendment to the budget for Fiscal Year 2011-2012 and, if approved, will be submitted for the Board of Directors' consideration. In response to an inquiry from City Manager Carmany, Ms. Walker clarified that a portion of the carryovers were allocated for computers, monitors and a server.

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Technical Services Manager Rivera added that some of the carryover funds were for an in-house server to comply with CLETS requirements, but the project has not been completed.

Executive Director Mailloux pointed out that the CLETS requirements are for a higher level of security and that Authority staff is verifying with CLETS what is needed to complete this project.

MOTION: City Manager Lansdell moved to carry over the year-end balances for capital projects and other capital outlay appropriations to the current fiscal year, per the schedule attached to the staff report. The motion was seconded by Acting City Manager Shadbehrr and passed by unanimous vote.

3e. **Budget Amendment**

Executive Director Mailloux explained that, during discussion of the Fiscal Year 2011-2012 Budget, the ideas of restructuring the Authority's Finance Department and eliminating the Authority's legal counsel were considered. However, through staff research, it was determined that this would probably not come to fruition. Therefore, an amendment to the Fiscal Year 2011-2012 Budget to include a full-time Finance Manager and legal services is recommended. He outlined the options to acquire the \$180,000 needed for these expenses in the staff report.

Finance Manager Walker offered that Option 2 of the staff report includes estimated budgetary savings in the amount of approximately \$450,000 in personnel, facility maintenance and conferences from the prior fiscal year; that, had the cost for a full-time Finance Manager and legal services not been deleted from the Fiscal Year 2011-2012 Budget, they would have been part of the member cities' assessments; and that, contrary to information provided at previous meetings, staff determined there will be budgetary savings, mainly in personnel, facility maintenance and conferences/meetings, which could be used to fund the Finance Manager and legal services' positions.

City Manager Carmnay related his hesitation to use operating reserves, as in Option 3 of the staff report.

City Manager Lansdell related his understanding that no budgetary savings for Fiscal Year 2010-2011 were previously anticipated, but there will be budgetary savings in personnel costs.

Finance Manager Walker clarified that staff's previous estimates were very conservative and that some of the maintenance budgeted for the main facility did not happen.

MOTION: City Manager Lansdell moved to appropriate \$180,000 from estimated budgetary savings from the prior fiscal year to provide funding for a full-time Finance Manager and legal services, per Option 2 in the staff report. The motion was seconded by Acting City Manager Shadbehrr and passed by unanimous vote.

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3f. **OPEB Liability Funding**

Finance Manager Walker related staff's recommendation that the Executive Committee discuss increasing liability for other post-employment benefits (OPEB) and consider setting aside some of the estimated budgetary savings from the prior fiscal year to begin funding the liability for retirees' medical. She recalled that, when the Fiscal Year 2010-2011 Budget was adopted, the Committee agreed to discuss this matter during consideration of the Fiscal Year 2011-2012 Budget; but, because of other priorities, no direction was received from the Executive Committee. Since there will be budgetary savings for Fiscal Year 2010-2011, it would be prudent financial management to begin funding the OPEB liability.

City Manager Lansdell related his understanding that no money was put aside during the first year of the OPEB valuation; that the total obligation for retiree medical as of June 30, 2011 is approximately \$297,000; and that approximately \$270,000 in budgetary savings from Fiscal Year 2010-2011 is available.

For City Manager Carmany, Finance Manager Walker advised that some budgetary savings for FY 2010-2011 could be set aside for the OPEB liability and, if the resolution is adopted, staff would bring back a recommendation on establishing a trust (such as those administered by PERS, PARS or banks) when three years of funding is available. She noted that Hermosa Beach, Manhattan Beach and El Segundo have already begun setting aside funds in a trust for OPEB liability.

City Manager Carmany related his understanding that, in terms of synergy of group investments and the critical mass of their investment portfolio, PERS is the strongest in the world.

MOTION: City Manager Lansdell moved to set aside a portion of the \$270,000 in budgetary savings from Fiscal Year 2010-2011 as the first contribution to OPEB and to direct staff to bring back recommendations regarding the establishment of a trust, including suggestions as to who will administer it. The motion was seconded by Acting City Manager Shadbehr and passed by unanimous vote.

Finance Manager Walker requested clarification on the amount to be set aside.

City Manager Lansdell reiterated that a portion of the estimated budgetary savings should be set aside to fund OPEB.

City Manager Carmany recommended that \$250,000 be set aside.

Finance Manager Walker noted that the yearly cost for active retirees is approximately \$45,000, which can be taken out of the trust.

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3g. **Resolution No. 282 Re Employer Paid Contributions**

Finance Manager Walker related staff's recommendation that the Executive Committee adopt Resolution No. 282, setting the Authority's Employer Paid Member Contribution (EPMC) with the Public Employees' Retirement System (PERS). She explained that, in researching the process of amending the contract with PERS during contract negotiations with the Teamsters' bargaining group, it came to light that PERS does not have a resolution on file regarding the Authority's EPMC and this resolution must be submitted before the Authority can proceed with other contract amendments related to EPMC.

Mr. Kunle Aderonmu, the Authority's legal counsel, advised that this resolution must be on the agenda for two consecutive meetings before the Executive Committee can act on it.

Finance Manager Walker stated her impression that, since this is an after-the-fact approval, the requirement of two consecutive meetings would not apply.

City Manager Carmany said he would prefer bringing it back at the next meeting.

Mr. Aderonmu further advised that a certification verifying the resolution was considered at two consecutive meetings before being passed is required.

Finance Manager Walker clarified that there is a waiting period after resolutions are approved, which will prolong the effective date.

The Executive Committee agreed to continue Resolution No. 282 to the next meeting.

3h. **Resolution No. 283 Re Revised Rules & Regulations & Repeal Resolution No. 40**

Continued to a future meeting.

4. **EXECUTIVE DIRECTOR'S REPORT**

Executive Director Mailloux shared information on the status of the contract negotiations with the Teamsters' bargaining group and the updating of the Authority's Vesta 9-1-1 telephone system, which has been in place since 1998.

5. **COMMENDATIONS**

Chief Savelli mentioned a commendation he sent to the Authority for assistance provided Hermosa Beach Police Department over July 4th.

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6. **NEW BUSINESS**

None.

7. **CLOSED SESSION**

Per Government Code Section 54957.6 (Conference Re: Anticipated Litigation) the Executive Committee entered into a closed session to discuss anticipated litigation pertaining to the termination of probationary employee Casey Ruby. The meeting returned to open session at 2:45 PM, with no action taken in closed session.

8. **ADJOURNMENT**

The meeting was adjourned at 2:45 PM.