



MINUTES

LOS ANGELES
REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

FINANCE COMMITTEE MEETING

Thursday, February 24, 2011: 1:00 p.m. – 3:00 p.m.
2525 Corporate Place, Suite 200, Monterey Park, CA 91754

Official Voting Members Present:

- | | |
|-------------------------------|---------------------------------------------------------------------|
| Greg Simay, Chair | - At Large #3, Burbank |
| Ed Medrano, Vice Chair | - Los Angeles County Police Chiefs Association |
| Rick Provencio | - City of Los Angeles / Police Chief |
| Jan Taketa | - County of Los Angeles / Chief Executive Office |
| Dave Culver | - County of Los Angeles / Sheriff |
| Andree Stecker | - County of L.A. Dept. of Health Services/Director (via Conf. Call) |
| Dan Jordan | - California Contract Cities Association |
| Eric E. Tsao | - At Large #1, Torrance |
| Steve Smith | - At Large #4, City of Covina |

Representatives for Official Voting Members Present:

- | | |
|----------------------------|--------------------------------------|
| Kevin Nida (Fox) | - City of Los Angeles / Fire Chief |
| Doug Cline (Prouty) | - County of Los Angeles / Fire Chief |

Official Voting Members Absent:

- | | |
|-----------------------------|-------------------------------------------------------------|
| June Gibson | - City of Los Angeles / Office of Chief Legislative Analyst |
| Stephen W. Hannah | - City of Long Beach / Long Beach Police Department |
| Erick Lee, Secretary | - At Large #2, Culver City |
| James Ather | - Los Angeles Unified School District |
| Patty J. Huber | - City of Los Angeles / City Administrative Office |
| David Lantzer | - Los Angeles Area Fire Chiefs Association |



1. CALL TO ORDER

A meeting of the Los Angeles Regional Interoperable Communications System Finance Committee was called to order on February 24, 2011 at 1:09 p.m. by the Committee Chair Greg Simay.

2. ANOUNCE QUORUM – Roll Call

Formal roll call performed with an acknowledgement of a quorum.

3. APPROVAL OF MINUTES

Motions were made for approval of the Minutes from the January 27, 2011 Finance Committee Meeting. A Motion was made by Committee Member Rick Provencio and second by Committee Vice Chair Ed Medrano.

MOTION APPROVED.

4. OLD BUSINESS

- 4.1 LA-RICS Public Finance and Revenue Options
- 4.2 Projections/Recommendations on Future Grant Revenues for LA-RICS
- 4.3 Upfront Cost of Implementing Finance and Revenue Options
- 4.4 Potential Timeline for Finance and Revenue Options
- 4.5 Investigating a Phased Approach: The Finance Committee can input its phasing preferences into the vendor evaluation process

Committee Member Jan Takata stated that the County of Los Angeles Chief Executive Office (CEO) Office is focusing on a Mello-Roos, a Community Facilities District, as a finance option which requires 2/3 approval. In order to accomplish getting a 2/3 vote, the Los Angeles Regional Interoperable Communication System (LA-RICS) Authority will need to demonstrate the benefits from this system. Proceeds from bonds issued to a Community Facilities District can be used to purchase, build assets, buy equipment, and for maintenance and operations of the assets. The tax would require a special tax consultant to construct it; and it can be based on any reasonable basis. A countywide Community Facilities District can be created and everyone can participate in that assessment, providing funds for the basic infrastructure. LA-RICS can then look at a second Mello-Roos for each agency's status of their equipment and tie in individual bond sales. He stated that cities could align the amount of the fee and the timing of the fee with each agency's actual participation. This would likely require the Joint Powers Authority (JPA) to issue a separate series of bonds for that agency/group of agencies and tie it to those specific landowners. The CEO's office anticipates that LA-RICS can align participation and timing of participation with specific expense and timing of debt service, providing operation and ongoing maintenance.

The timing of this is a lengthy process. The JPA would have to issue approval of a resolution of intent after the full vetting of phasing and cost assessments. The JPA then approves a resolution; and 30 days later, a public hearing occurs. Only once those steps and required length of time elapses, the Measure can then proceed to a General Election. If LA-RICS is looking at November 12, 2012 to have this go to the voters, LA-RICS needs to have the resolution adopted



by the JPA in November 2011 to realistically do this. LA-RICS anticipates having a contract in place by November 2011.

Committee Member Jan Takata will give a presentation to the Board of Directors next week on this information. He states that LA-RICS should keep in mind that even if voter approval is achieved in November 2012, LA-RICS would not see any money until December 2013 through this option.

Committee Member Eric Tsao questioned if the initial Measure requires 2/3 approval, would each city, or the county, need 2/3 approval for the second layer Mello-Roos?

Questions were then asked by Committee Members regarding the grant funding: 1) if there is enough grant funding to extend the time before LA-RICS would need to take it to the voters; 2) and what is each individual city likely to be willing/able contribute?

Felipe Perez, DeltaWrx, stated that LA-RICS has approximately two (2) years from the contract signing before LA-RICS will need the voter funding, taking into account the estimates of how much this will cost, grant amounts, and the amount spent thus far. This estimate does not take into account any future grant funds that LA-RICS might receive and it does not include the data component. Mr. Perez provided the Committee with a "Preliminary Grant Allowability Cash Flow Analysis" handout, which will be presented to the Board.

Mike Thayer, DeltaWrx suggested that an ad hoc committee could meet with the Evaluation Team to get more information. Committee Vice Chair Ed Medrano suggested that this Committee also meet with the Operations and Technical Committees so the Finance Committee can understand the full scope of the project and develop an appropriate funding plan. When the Finance Committee is looking at a financial plan using Mello-Roos, it is going to have to start looking at all the different models discussed before, such as the property values, etc.

A Motion was made by Committee Vice Chair Ed Medrano to hold a joint meeting with the Operations and Technical Committees, at least once per year, and have an ad hoc committee meeting with the Evaluation Team; Second made by Committee Member Eric Tsao. **MOTION APPROVED.**

4.6 Revenue Opportunities from private sector participation, including developer fees

Committee Chair Greg Simay stated that if a large development comes to Los Angeles, they would probably want to be involved in the LA-RICS system, but LA-RICS and the Finance Committee cannot count on that. The jurisdiction that houses that development should probably be the one that makes the decision on that pass-through funding.

Committee Member Eric Tsao stated that the ports, MTA, Cal Trans, any universities, and Los Angeles Unified might also be considered at a later date as organizations that want to participate. If they participate, it should help reduce overall costs or reduce future costs. LA-RICS should have a model to pick up those agencies.



4.7 Assuring that Contract Cities would not be double-charged

Committee Chair Greg Simay stated the County would pick up all property owners of contract cities. Therefore, Mello-Roos would have to be worked through in order to ensure contract cities are not double-charged. In addition, there will also have to be some adjustment with County contracts; maybe the contract cities pay more in Mello-Roos but less in County contracting.

5. NEW BUSINESS

5.1 Discussion Item: Financial Audit

Connie Yee and Rachelle Anema, Los Angeles County Auditor Controller's Office, provided a presentation as a follow up regarding the Auditor's role, per the JPA. The Auditor's role is to perform a function and contract out an independent audit of LA-RICS, as well as maintain the accounting records of LA-RICS. For the accounting portion of this requirement, the Auditor will develop accounting policies and guidelines to have control over receipts and disbursements for LA-RICS. Ms. Yee and Ms. Anema provided the Committee with two statements of receipts and disbursements: July 1, 2010 through December 31, 2010 and for the month of January 2011.

The Broadband Technology Opportunities Program (BTOP) is an LA-RICS grant and will go through the JPA's funds. The Urban Area Security Initiative (UASI), Public Safety Interoperable Communications (PSIC), and State Homeland Security Grant Program (SHSGP) funds are with member agencies and are run through the agency that is the named recipient of the grant. The Auditor can provide the Committee with a historical accounting of what is spent prior to the grant funds transferring to the JPA, naming the JPA as the grant sub-recipient. Future grant allocations will have the JPA as the direct recipient, such as the 2011 UASI. Currently, expenses are approved and reviewed by Interim Director Scott Poster.

The Auditor Controller's Office is also working on getting a report of in-kind contribution from Los Angeles City and Los Angeles County, such as the labor. This report will be ready in approximately March/April.

Committee Vice Chair Ed Medrano stated that the Auditor should consider the in-kind donation match for grants to include the time of the members of the Committees, but it would require that people track their time. Politically it would be a good idea to demonstrate how much every agency has contributed. An LA-RICS time sheet is currently being created.

Ms. Yee and Ms. Anema stated that the \$500,000 cash flow loan from the County to LA-RICS will be repaid as future grant payments come in. In total, the loan is for approximately \$10M. The cash reports will be provided to the Committee on a quarterly basis. Committee Chair Greg Simay requested that the cash reports be an attachment to the Finance Committee's report for the Board meeting.

The audit will be performed for Fiscal Year 2010-11. The Auditor's role is to contract out with an independent auditor, hopefully by September 30, 2011. Once the contract is awarded, the Auditor can come back to the Finance Committee with the specifics of the audit. A single audit, which is due nine (9) months after the end of the fiscal year, is required since the federal grant fund expenditures total more than \$500,000.



The County has requested that the Finance Committee include a budget to pay for the audit fee; and currently, an estimate for this work is being created.

5.2 Report on presentation of financial option at Beverly Hills hosted LA-RICS status meeting on February 17, 2011

Committee Chair Greg Simay stated that Beverly Hills hosted a status update of LA-RICS, which resulted in the question: "Will the independent cities benefit from LA-RICS as much as other agencies that have a clear need to replace their system in the short term?" Chair Simay gave the report at the meeting on the financial plan, and stated that there will come a time when independent cities need to say if they are in or out. If there is tension between wanting to get a contract with a vendor opposed to getting a plan of policies together, the Committees will need to come together.

This meeting made independent cities more aware of the huge project on the horizon, which might require city assessments or countywide voter mechanisms for approval. It also means that any finance plan should be resilient, so if there's anything less than full participation, the agencies that stay in can still see a system come to fruition.

Committee Vice Chair Ed Medrano stated that subsequent to the meeting in Beverly Hills, the Los Angeles County Police Chiefs' Association (LACPCA) Board met with the Sheriff and in the next several weeks the LACPCA Board will meet with Chief Beck, Los Angeles Police Department, Chief McDonnell, Long Beach Police Department and the Sheriff. In addition, LACPCA has a meeting scheduled with the Los Angeles County Fire Chiefs. These associations are trying to do a better job of having public safety leaders in the County be more proactive, informing their city managers; the city managers can then educate their councils about what this means to the region.

6. PUBLIC COMMENT

7. FUTURE MEETING DATES, TIMES, and LOCATIONS

The next meeting is scheduled for:

Date/Time: Tuesday, March 22 at 9 a.m.

Meeting: **Joint Finance, Operations, and Technical Committees**

Please note location: ~~LA-RICS Conference Room~~
Grace E. Simons Lodge
1025 Elysian Park Drive
Los Angeles, CA 90012

8. ADJOURNMENT

Motion to adjourn the LA-RICS Finance Committee Meeting at 2:40 p.m. by Committee Chair Greg Simay and Second by Committee Vice Chair Ed Medrano.