



AGENDA

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

FINANCE COMMITTEE MEETING

Monday, October 25, 2010 : 1:00 p.m. – 3:00 p.m.
2525 Corporate Place, Suite 200, Monterey Park, California 91754

AGENDA POSTED: October 21, 2010

Complete agendas are made available for review on the Authority's website at <http://www.la-rics.org>.

1. CALL TO ORDER
2. ANNOUNCE QUORUM – Roll Call
3. APPROVAL OF September 27, 2010 MINUTES
4. OLD BUSINESS
 - 4.1 LA-RICS Public Finance and Revenue Options
5. NEW BUSINESS
 - 5.1 Projections/ Recommendations on Future Grant Revenues for LA-RICS
7. FUTURE MEETING DATES, TIMES, and LOCATIONS
8. PUBLIC COMMENT
9. ADJOURNMENT



FINANCE COMMITTEE MEETING INFORMATION

Members of the public are invited to address the LA-RICS FINANCE COMMITTEE on any item on the agenda prior to action by the FINANCE COMMITTEE on that specific item. Members of the public may also address the FINANCE COMMITTEE on any matter within the subject matter jurisdiction of the FINANCE COMMITTEE. The FINANCE COMMITTEE will entertain such comments during the Public Comment period. Public Comment will be limited to three (3) minutes per individual for each item addressed, unless there are more than ten (10) comment cards for each item, in which case the Public Comment will be limited to one (1) minute per individual. The aforementioned limitation may be waived by the FINANCE COMMITTEE's Chair.

(NOTE: Pursuant to Government Code Section 54954.3(b) the legislative body of a local agency may adopt reasonable regulations, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.)

Members of the public who wish to address the FINANCE COMMITTEE are urged to complete a Speaker Card and submit it to the FINANCE COMMITTEE Secretary prior to commencement of the public meeting. The cards are available in the meeting room. However, should a member of the public feel the need to address a matter while the meeting is in progress, a card may be submitted to the FINANCE COMMITTEE Secretary prior to final consideration of the matter.

It is requested that individuals who require the services of a translator contact the FINANCE COMMITTEE Secretary no later than the day preceding the meeting. Whenever possible, a translator will be provided. Sign language interpreters, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend.

(323) 881-8291 or (323) 881-8295

SI REQUIERE SERVICIOS DE TRADUCCION, FAVOR DE NOTIFICAR LA OFICINA CON 24 HORAS POR ANTICIPADO.



MINUTES

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

FINANCE COMMITTEE MEETING

Monday, September 27, 2010: 1:00 p.m. – 3:00 p.m.
2525 Corporate Place, Suite 200, Monterey Park, California 91754

Official Voting Members Present:

Felipe Perez, Chair, representative for City of Los Angeles Police Department
Erick Lee, Vice Chair, representative for Culver City, At Large
Ed Medrano, Secretary, representative for Los Angeles County Police Chiefs Association
Greg Simay, representative for City of Burbank, At Large
Steve Smith, representative for City of Covina, At Large
Eric E. Tsao, representative for City of Torrance, At Large
James Alther, representative for LAUSD Police Department
Andree Stecker, representative for County of Los Angeles Department of Health Services
Jan Takata, County of Los Angeles Chief Executive Office

Representatives For Official Voting Members Present:

Others Present:

Doug Cline, Los Angeles County Fire Department
Sara Henry, LA-RICS

Official Voting Members Absent:

Dave Culver, representative for County of Los Angeles Sheriff's Department
June Gibson, representative for City of Los Angeles, Chief Legislative Analyst
Debby Prouty, representative for County of Los Angeles Fire Department
Alex Rodriguez, representative for Los Angeles Area Fire Chiefs Association
Andrew Fox, representative for City of Los Angeles Fire Department
Stephen W. Hannah, representative for City of Long Beach
Patty Huber, City of Los Angeles Administrative Office
Alan Shear, representative for California Contract Cities Association



1. CALL TO ORDER

A meeting of the Los Angeles Regional Interoperable Communications System Finance Committee was called to order on September 27, 2010 at 1:08 p.m. by the Committee Chair Felipe Perez.

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 August 9, 2010 Finance Committee Meeting. A motion was made by Vice Chair Erick Lee and second by Secretary Ed Medrano.

MOTION APPROVED.

4. REPORTS

4.1 Recommendation: Financial Model and Financial Plan Timeline

Chair Felipe Perez provided an update on the Broadband Technology Opportunity Program (BTOP). LA-RICS submitted a \$172M grant application for a 290-site wireless broadband data system using a 700 MHz data spectrum. This morning, they were officially awarded \$155M. The item cut was a speculative piece of software and hardware that would have added voice capabilities, which will be explored in the future. The \$155M grant, plus cash and in kind donations from LA County will be used to fund this wireless broadband data system.

The proposal submitted expanded the scope of LA-RICS, so only \$50M of the \$155M award will offset LA-RICS' costs. Of note, this is the first grant award in which LA-RICS will be the direct recipient.

4.2 Recommendation: Voter Approved Revenue

Chair Felipe Perez stated that at the last meeting, the Committee gave permission and the attorneys gave approval to form an Ad Hoc Committee for the purposes of examining voter approved revenue and different financing methods. The Ad Hoc group created the "Key Decision Points for LA-RICS Financial Model and Plan" document and recommends that the Committee work through the questions and suggestions provided in the document, and take its recommendations to the Board.

The Ad Hoc Committee recommends taking to the Board a financial model with a structure for a Financial Plan. In the future, the Committee will present a specific Financial Plan to the Board. Chair Felipe Perez desires to take the Financial Plan to the Board at the December 2nd meeting. Then, in June or July 2011 when negotiations are complete and the Committee has a bottom line number, the final number can be worked into the plan and the amount for each member agency can be calculated; at that point, the countdown for opting out begins.



Secretary Ed Medrano stated that by June or July 2011, the Committee should have information regarding what a voter approved revenue source would provide. The Committee needs to get an estimate from each City of what they currently spend annually on their communications systems, so that cities can understand that the money would have otherwise been invested for their system but will now be for a Countywide integrated system; it's replacing a city's system, not paying in addition to their current system.

A motion was made to brief the Board on October 7, 2010 and receive guidance. The Committee will then present the Financial Plan to the Board on December 2nd, 2010. Motion by Vice Chair Erick Lee, second by Committee Member Greg Simay.

MOTION APPROVED.

4.3 Decision Point #1: Structure of Voter Approved Revenue

Two methods of Voter Approved Revenue are being considered:

1. Ad valorem tax – impose a tax on all properties a set amount per hundreds of thousands of value
2. Special benefit assessment

Committee Member Andree Stecker recommended a tax based on square footage, rather than value.

Committee Member Eric Tsao stated that square footage is not as easy to monitor, while the County assessor tracks value every year.

Committee Member Jan Takata stated that data for square footage is not collected centrally; each city is responsible for reporting it. Since LA County is running out of land, we expect more additions in the future, which means square footage assessments could go up. If square footage were utilized, the County would have to deal with the ongoing cost of hiring a firm to recalculate the benefit assessment each year. The marketing message for a special benefit would have to be tailored to each city. Cities opting out under either model would still pay their share of everybody else, making the opt-out option mute.

Chair Felipe Perez reminded the Committee that the intent is not to make a decision today. He stated that there is a risk of funding being unreliable with an ad valorem tax. An alternative to a straightforward ad valorem tax is a special benefit assessment, such as the 60-30-10 model or square footage model. The Committee can make this a policy decision, or take it to the Board and they can send questions back. He stated that an ad valorem tax is clean and easy and while a special benefit assessment might be considered more fair, it is much more difficult in execution.

Vice Chair Erick Lee stated that an ad valorem tax has independent cities pay more than they would under any other model. A special benefit assessment reflects the independent cities' individual needs.

A motion was made by Vice Chair Erick Lee to take Decision Point #1 to the Board for their feedback, and second by Committee Member Greg Simay.



MOTION APPROVED.

4.4 Decision Point #2: Future Grant Revenues

The majority of funding for LA-RICS has come from UASI/SHSGP funds. LA-RICS' Board happens to have a substantial overlap with the approval authority for UASI and SHSGP funds. The funding streams from these grants have been declining but are relatively stable.

Sara Henry, LA-RICS stated that LA-RICS is currently pursuing an extension for 08 UASI funds. It should be noted that for contingency projects, the funding couldn't necessarily pay for construction.

Chair Felipe Perez stated that if the Committee/Board can predict how much LA-RICS could receive in grants in the next two years, LA-RICS can predict how much to go to the voters for. Through 2012 LA-RICS can predict the amount of grant funding comfortably; after that, it's more uncertain.

Secretary Ed Medrano stated that since the grant funds are uncertain, the Committee does not want to under estimate the needs from voter-approved revenue. The expenditure of grant funds has priority since they must be used in their required performance periods. While the Committee is suggesting aggressively going after UASI funding for the next two years, independent cities will not support 75% of the funding for next couple of years going to LA-RICS.

Committee Member Greg Simay suggested front end loading as a viable funding approach to the system. He suggests the Committee and Board should aggressively seek grant revenues but be pessimistic in financial planning, and to aggressively fund as much of the project before using voter-approved revenue. He cautioned that front end loading the funding could have a political component to consider.

Committee Member Jan Takata stated that the Committee should hold this issue in Committee rather than sending it to the Board for decision.

Chair Felipe Perez suggested that when the Committee does take a financial model to the Board, the Committee's report should explain that the model will include grant projections, and if the Board approves it, the Committee is going to ask the Board to make those grant monies happen.

Vice Chair Erick Lee suggested telling other cities that in 2011, LA-RICS will not be asking for a substantial amount of grant money because in 2012, LA-RICS will be coming back aggressively with an ask for UASI money. That could help LA-RICS gain good will with other cities.

A motion was made by Committee Member Greg Simay to hold this issue in Committee and the Committee will revisit at the next Committee meeting. Sara Henry will bring information back to discuss further. Motion second by Secretary Ed Medrano.

MOTION APPROVED.



4.5 Decision Point #3: Inclusion of User Equipment

Chair Felipe Perez stated that the Committee has been operating under the assumption that LA-RICS would fund shared infrastructure and cities will fund individual user equipment. Questions have come up regarding this issue:

- 1) Is it reasonable to think cities will fund individual user equipment since they probably didn't have funding for participating?
- 2) What if a particular jurisdiction's taxpayers pay an ad valorem tax equal to what they would pay for individual user equipment?
- 3) Does the Committee want to leave user equipment off the table or revisit user equipment in the overall funding plan?

Secretary Ed Medrano questioned what was considered "individual user equipment".

Mike Thayer, Deltawrx, stated that user equipment has been considered to be dispatch consoles, MDCs, radios, etc. The original argument was if cities spend their own money, they will treat it as their own and care for the equipment, as opposed to cities spending the Authority's money and possibly being less careful or frugal with equipment purchasing and use. An additional problem is that agencies replace equipment at different rates. If LA-RICS provides user equipment, it will certainly more than double the cost.

Committee Member Eric Tsao suggested providing an amount to each city and they can spend it how they want to, as long as it's for communications. A policy could be that a portion of the ad valorem tax paid per jurisdiction goes back to that individual jurisdiction for purchasing user equipment.

Committee Member Jan Takata stated that cities could pay every other replacement cycle, to lower bond funds. Assuming a seven-year replacement cycle, this gives a city and the bond term financing the benefit of a fourteen-year cycle, rather than a seven-year cycle. If an open allotment is given to cities, there must be restricted/allowable purchases.

A motion was made by Committee Member Eric Tsao to ask the Board for their consideration based on the memorandum "Key Decision Points for LA-RICS Financial Model and Plan". Second by Committee Member Greg Simay.

MOTION APPROVED.

4.6 Decision Point #4: Operations and Maintenance

Three options have been considered regarding operations and maintenance costs:

- 1) The Committee can recommend that operations and maintenance be paid out of pocket by participating members (savings based on paying for a shared system as opposed to one's own system).
- 2) Operations and maintenance can be covered by a voter approved revenue source.



3) A request can be made of every member agency to make a general fund contribution but the contribution is subsidized by a voter initiative.

Secretary Ed Medrano stated that operations and maintenance has traditionally been more of a priority than user equipment. All present agreed.

Vice Chair Erick Lee suggested that each member of the Finance Committee inquire about the feasibility of their own jurisdictions determining operations and maintenance costs associated with their radio infrastructure and user equipment. This information can be used at the October Finance Committee meeting to determine if it would be beneficial for the Committee to request the same information from all members of the JPA.

A motion was made by Secretary Ed Medrano to inform the Board that operations and maintenance costs are approximately 7% of system, and ideally those costs would be paid by a voter initiative. At the next meeting, Committee Members will bring information about how much agencies are currently spending. Second by Committee Member Steve Smith.

MOTION APPROVED.

5 FUTURE MEETING DATES, TIMES, and LOCATIONS

The next meeting is scheduled for Monday, October 25, 2010 at 1 p.m. in the LA-RICS Conference Room.

6 PUBLIC COMMENT

7 ADJOURNMENT

Motion to adjourn the LA-RICS Finance Committee Meeting at 3:06 p.m. by Committee Member Eric Tsao and second by Committee Member Greg Simay.