



AGENDA

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

FINANCE COMMITTEE MEETING

Monday, July 12, 2010 : 9:00 a.m. – 11:00 a.m.
2525 Corporate Place, Suite 200, Monterey Park, California 91754

AGENDA POSTED: July 9, 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 JUNE 22, 2010 MINUTES
4. REPORTS
 - 4.1 LA-RICS Public Finance and Revenue Options
Jan Takata, Chief Executive Office, Los Angeles County
 - 4.2 LA-RICS Estimated Cash Outflows
Mike Thayer, LA-RICS
5. FISCAL MANUAL REVIEW
 - 5.1 ACTION ITEM: Approve the Fiscal Manual to provide guidance to the LA-RICS organization.

Attachment – Draft Fiscal Manual
6. FUTURE MEETING DATES, TIMES, and LOCATIONS
7. PUBLIC COMMENT
8. 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

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DRAFT as of 07/09/10

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM (LA-RICS) JOINT POWERS AGREEMENT FISCAL MANUAL

Introduction

The Los Angeles Regional Interoperable Communications System (LA-RICS) Joint Powers Authority (Authority) Fiscal Manual is a resource guide of fiscal policies, procedures, and internal controls to safeguard and manage Authority assets. The LA-RICS Director and management team will use this Fiscal Manual as a day-to-day guide to manage and control fiscal operations and to meet their responsibilities to manage funds and other LA-RICS assets.

This Fiscal Manual was initially approved by the Authority Board of Directors (Board) on _____, 2010 and will be updated and maintained by the LA-RICS Director in accordance with procedures detailed within the Fiscal Manual.

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Chapter 1 – Governing Regulations and Guidelines

1.1.0 Governing Regulations and Guidelines

1.1.1 Introduction and Summary

LA-RICS Joint Powers Agreement (Agreement) was approved in January 2009 and provides overall guidance on administrative matters. Section 4.04 states “All common powers exercised by the Board shall be exercised in a manner consistent with, and subject to, the restrictions and limitations upon the exercise of such powers as applicable to the County of Los Angeles (County), as may be amended from time to time.”

Section 3.02 of the Agreement states the County Treasurer and Tax Collector and the Auditor-Controller shall be the Treasurer and Auditor-Controller for the Authority, respectively.

1.1.2 Los Angeles County Fiscal Manual

The Los Angeles County Fiscal Manual is the primary resource guide for all County fiscal matters. Therefore, based on the direct connection between the JPA and the County in fiscal matters cited above, the County Fiscal Manual provides the overall governing regulations and guidelines for all Authority fiscal matters.

The Authority Fiscal Manual specifically addresses several of the subjects included in the County Fiscal Manual. For subjects not specifically included in this document, the County Fiscal Manual will provide specific guidance and instruction.

1.1.3 Maintenance and Updates to the Authority Fiscal Manual

The LA-RICS Director shall be responsible for maintaining and updating the Authority Fiscal Manual. The LA-RICS Director may make routine minor changes administratively. Significant updates, such as signature and expenditure authority rules, will be submitted to the Authority Finance Committee and, upon their approval, finally to the Board.

Chapter 2 – Payroll

2.1.0 Payroll

2.1.1 Decentralization of Payroll

The Authority will not directly employ any employees. Any LA-RICS member staff assigned to the Authority will remain employees of their member department/city/agency. All payroll responsibilities will therefore be decentralized and will remain the responsibility of the member agencies.

2.1.2 Authority of the Director

The LA-RICS Director may at their discretion, review specific administrative items, such as time records and invoices from agencies seeking reimbursement for employee services, to ensure the accurate and appropriate accounting of Authority expenditures.

2.1.3 Contract Employees

The Authority may directly retain contractors to perform services. County procurement procedures and the County Fiscal Manual will govern the fiscal aspects of solicitation, contracting, and payment of these contractors.

Chapter 3 – Procurement and Contracting

3.1.0 PROCUREMENT AND CONTRACTING

3.1.1 Procurement and Contracting Procedures

Overall Authority procurement and contracting policies and procedures will be governed by County procurement policies and procedures in accordance with Section 4.04 of the Authority Agreement. Exceptions may be made for specific items (e.g., expenditure authority limitations outlined below) as approved by the Board.

The County Board of Supervisors has adopted certain policies and programs to be applied to County purchase orders and service contracts. These policies and programs are specifically excluded because they do not directly relate to the Authority's procurement of goods and services.

3.1.2 Expenditure Approval Authorizations

The Board is responsible for establishing appropriate limits of expenditure approval authorization. Only the Board, the LA-RICS Director or their designee may approve Authority contracts, invoices, and other expenditures.

3.1.3 Expenditure Authorizations Limits

As approved at the Board meeting on May 6, 2010, the expenditure authorization limits are as follows:

- For contracts previously approved by the Board, the LA-RICS Director, or their designee, is authorized to approve payment of invoices in an individual amount of less than \$100,000.
- For purchases of supplies and equipment, the LA-RICS Director, or their designee, is authorized to approve purchases up to \$50,000.

The Board shall approve all contracts and payments above the LA-RICS Director's levels established by the Board.

Chapter 4 – Grant Management

4.1.0 Grant Management

4.1.1 Introduction

Due to importance of federal and State grants to the development of the Authority, the Board and the LA-RICS Director will adhere to and pay particular attention to the availability, processes, and timelines for grant applications, approvals, and payments.

4.1.2 Policies and Procedures

The Authority shall be guided in the various grant processes by the grantor's and the designated fiscal agent's relevant policies and procedures. The LA-RICS Director shall ensure that grants are aggressively pursued and rigorously managed to ensure that all available grant funds are awarded to the Authority and expended in a timely manner.

4.1.3 Reporting Procedures

The LA-RICS Director shall report to the Board at least monthly on the status of all grant funding.

Chapter 5 – Capital Assets Management

5.1.0 Capital Assets Management

5.1.1 Introduction

The LA-RICS Authority will have the responsibility for numerous capital assets with exceptionally high value. It is imperative that the Board and the LA-RICS Director pay particular attention to the safeguarding, custody, replacement, documentation, and accountability for all capital assets.

5.1.2 Responsibility for Policies and Procedures

The LA-RICS Director shall be responsible for establishing capital asset policies and procedures that are consistent with the County Fiscal Manual and sound management practices. Internal controls will focus on budgetary control, accurate inventory and tagging of all capital assets, assignment of an LA-RICS capital asset custodian, and clear accountability and responsibility for LA-RICS capital assets, including replacement there of.

Chapter 6 – Travel and Training Policy

6.1.0 Travel and Training Policy

6.1.1 Policy

The LA-RICS Director shall ensure that personnel assigned to LA-RICS follow all County travel and training regulations to ensure the effective control and cost management of these expenditures.

6.1.2 Approval Procedures

All Authority members' LA-RICS related travel and training outside Los Angeles County shall receive prior approval of the LA-RICS Director. The LA-RICS Director, within the guidelines and expenditure limits established by the County, shall approve all claims for reimbursement of travel and training expenditures.



MINUTES

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

FINANCE COMMITTEE MEETING

Tuesday, June 22, 2010 : 9:00 a.m. – 11:00 a.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
James Alther, representative for LAUSD Police Department
Andrew Fox, representative for City of Los Angeles Fire Department
Stephen W. Hannah, representative for City of Long Beach
Debby Prouty, representative for County of Los Angeles Fire Department
Alex Rodriguez, representative for Los Angeles Area Fire Chiefs Association
Alan Shear, representative for California Contract Cities 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

Representatives For Official Voting Members Present:

Mark Davis, representing Patty Huber, City of Los Angeles Administrative Office
Sheila Williams, representing Jan Takata, County of Los Angeles Chief Executive Office

Others Present:

Scott Poster, Task Force Leader
Wendy Quintero, Board Secretary

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
Andree Stecker, representative for County of Los Angeles Department of Health Services



1. CALL TO ORDER

A meeting of the Los Angeles Regional Interoperable Communications System Finance Committee was called to order on June 22, 2010 at 9:00 a.m. by the Committee Member 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 March 22, 2010, Finance Committee Meeting.

Committee Member Erick Lee asked that the name of attendees be place in the Minutes for all future meetings and requested the Minutes from the last meeting, March 22, to be amended to include those names. Secretary Mark Davis will amend March 22nd Minutes to include the names of attendees at that meeting.

MOTION APPROVED.

4. REPORTS

4.1 No reportable action

5. NEW OFFICERS SELECTION

5.1 ACTION ITEM: Election of officers for new term from July 2010 through June 2011.

New officers for term of July 2010 through June 2011:

- CHAIR: Felipe Perez
- VICE CHAIR: Erick Lee
- SECRETARY: Ed Medrano

MOTION APPROVED.

As the newly elected Chair, Felipe Perez continued with the meeting.

6. FISCAL MANUAL REVIEW

6.1 DISCUSSION ITEM: Review of the Fiscal Manual to provide guidance to the LA-RICS organization.



Attachment – Updated Draft Fiscal Manual

Chair Felipe Perez stated that at the last Board of Director's meeting, Board Member Mark Alexander asked that the fiscal manual be reviewed by the Finance Committee for approval. He stated that the fiscal manual incorporates by reference LA County's fiscal policies and procedures. He mentioned that LA-RICS will be using LA County's Auditor Controller for the organization and that the purchasing and spending will be done under the County's regulations.

The Fiscal Manual was discussed and reviewed by the Finance Committee in regards to the language of the manual.

Chapter 3 – Section reference 3.1.1 Procurement and Contracting Procedures, section "Certain policies and programs that were adopted by the County Board of Supervisors to be applied to County purchase orders and service contracts that are not specifically related to the procurement of goods, services are purposely excluded, and are not applicable to Authority procurement and contracting activities" will be reviewed by ISD before a second review of the fiscal manual.

Chair Felipe Perez stated that upon review of ISD and the LA County Auditor Controller, an updated draft will be reviewed at the next Finance Committee meeting, which is scheduled for July 12, 2010. Once the fiscal manual is approved by the Finance Committee, it would be presented to the Board of Directors for final approval.

7. FINANCIAL PLAN

7.1 DISCUSSION ITEM: Financial Plan – Project Funding

Scott Poster, Task Force Leader, stated that the Finance Committee has been tasked with providing a financial plan for the LA-RICS radio system. He stated that proposals for the RFP are due on August 4th and a finance plan needs to be established. He asked that the Finance Committee provide a model that the JPA would follow to fund the project. Once a plan and a recommendation have been established by the Committee, it would be presented to the Board for further action and approval.

Secretary Ed Medrano gave an informed perspective on the funding plan and stated that different financing options need to be recommended. He stated that a bond would be an option, yet had some uncertainties as to the financing aspect of it. He stated that the scenarios described in the cost allocation spreadsheet would not be viable for some cities.

Committee Member Greg Simay and Secretary Ed Medrano expressed concerns about the member agencies and their dedication to the project if they are unable to be part of the financing option. Secretary Ed Medrano stated that it would be a challenge to devise a plan



if some agencies will eventually not be part of the project. Committee Member Greg Simay stated that the plan must be resilient in the case that some members are unable to afford the sharing cost or the cost allocation is unfair to which they will decide to not take part in.

Scott Poster stated that the money due to the chosen vendor will be over a period of time, and the time estimate of the system build out is 3 to 5 years. He stated that the actual cost of the system would be known later in the year.

Secretary Ed Medrano stated that the idea of a bond was leery and unrealistic. He stated that unless an assessment or tax is added to a ballot, then all options are unworkable. He stated that this is not a reality for the member cities, but that they would be useful in playing a significant role in marketing the project. He stated that another option needs to be recommended instead of asking the member cities for money.

Committee Member Stephen Hannah suggested presenting the financing option as an amount of dollars per year for the next 30 years, where everyone will buy access to, and it becomes manageable and budgetable.

Committee Member Steve Smith suggested that a contingency plan is also needed.

Committee Member Greg Simay suggested a cash flow model per year as a first step.

The Financial Plan was tabled until the next meeting.

Scott Poster reviewed items discussed in the meeting, and which would be reviewed at the next meeting: (1) a bond with a debt service, (2) special tax, (3) participants, and (4) review of the cost allocation.

Scott Poster stated that grants have been earmarked for the funding of the project as well.

Vice Chair Erick Lee asked that the information for the financing options be provided prior to meetings in order to review and bring recommendations back at the Finance Committee meetings.

Committee Member Greg Simay asked for a rough cash flow in order to give the members a better idea of options, to which Scott Poster stated that a projection would be provided to the members.

Scott Poster reiterated that funding options were needed in August or September to be provided to the Board. He also stated that he would provide any information needed to the members and schedule persons to come in as guest speakers to speak to the Committee in regards to the funding options.



Upcoming meetings were scheduled for the Finance Committee meetings for Monday, July 12 and Monday July 26 from 9:00am to 11:00am at the LA-RICS office.

Chair Felipe Perez stated that the members would receive an updated Fiscal Manual before the next meeting. He also tasked the members to work on 3 different models. He asked that the members come up with a simplified model where there is one bond issued and who would issue that bond. He also asked for a special assessment tax and parcel tax model. He stated that they come up with at least 3 to 4 models based on a \$600 million dollar amount based on \$150 million dollars as a down payment on grants, based on a 5 year build out with a 7% annual maintenance cost and a 15 or 30 year repayment cycle in order to see the number the committee will be working with.

Scott Poster stated that he would talk to the CEO's office before the next meeting to bring someone from the CEO's office to give additional information on what was discussed at the meeting. He also stated that he would provide more information to the members a week before the next meeting.

8. PUBLIC COMMENT

9. ADJOURNMENT AND NEXT MEETING: The next meeting, Monday July 12, 2010, at 9:00 a.m. in the LA-RICS Office Conference Room.