



County of Los Angeles
**CHIEF EXECUTIVE OFFICE
OPERATIONS CLUSTER**

REVISED

DATE: September 13, 2012
TIME: 1:00 p.m.
LOCATION: Kenneth Hahn Hall of Administration, Room 830

AGENDA

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.
Three (3) minutes are allowed for each item.

1. Call to order – Ellen Sandt
 - A) **Board Letter – CELLULAR PHONE AND DATA STIPEND PROGRAM PILOT**
CEO – Martin Zimmerman or designee
 - B) **Board Letter – COUNTY CELLULAR TELEPHONES AND OTHER WIRELESS DATA DEVICES USAGE POLICY, AS APPROVED BY THE AUDIT COMMITTEE**
CEO – Martin Zimmerman or designee
Auditor-Controller – Wendy Watanabe or designee
 - C) **Update on Administrative Interns and the Management Fellows Program**
Human Resources – Lisa Garrett or designee
 - D) **Update on the Workers' Compensation Third Party Administrator RFP Process**
CEO Risk Management – Steven NyBlom or designee
 - E) **Board Letter – LONG-TERM CAPITAL PROJECT BOND FINANCING**
TTC – Mark Saladino or designee
2. Public Comment
3. Adjournment



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

October 2, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

CELLULAR PHONE AND DATA STIPEND PROGRAM PILOT (ALL DISTRICTS) (3 VOTES)

SUBJECT

Approval of the recommended action will authorize the Chief Executive Officer to implement a pilot cellular phone and data stipend program (Pilot) at the Auditor-Controller. The Pilot allows Auditor-Controller employees to use a personal cellular device in lieu of a County-issued device, as a cost-effective option to reduce County cellular equipment and administrative costs.

JOINT RECOMMENDATION WITH AUDITOR-CONTROLLER THAT THE BOARD:

1. Approve and delegate authority to the Chief Executive Officer to implement a six-month Pilot Cellular Phone and Data Stipend Program at the Department of Auditor-Controller, as an alternative to issuing County cellular equipment to authorized employees.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

To reduce cellular phone and administrative costs, the County plans to provide a taxable stipend to eligible employees in lieu of their existing County-issued cellular equipment. Before a cellular stipend program is implemented countywide, a smaller, department-level pilot program is recommended to refine the policies and procedures related to the full implementation of the stipend program. Auditor-Controller is ideally suited to be the pilot department as it currently has a small number of County-issued cellular phones, and is best situated to adjust/refine payroll-related issues expeditiously. Although the Pilot is

"To Enrich Lives Through Effective And Caring Service"

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Board of Supervisors
GLORIA MOLINA
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Second District

ZEV YAROSLAVSKY
Third District

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MICHAEL D. ANTONOVICH
Fifth District

comprised of only non-represented employees, the stipend will be available to eligible represented and non-represented employees, if implemented countywide. The stipend for represented employees will need to be negotiated with bargaining units.

The attached draft Personal Electronic Communication Devices Stipend Program Policy (Attachment I), Terms and Acceptable Use Agreement (Attachment II), and Stipend Activation Form (Attachment III) were created by the Auditor-Controller in consultation with the Chief Executive Office, Chief Information Office, and County Counsel. The draft policy and forms will be used to initiate and guide the Pilot, and adjusted according to its progress and results. Should the results of the Pilot justify a recommendation to implement the policy on a countywide basis, we would then work through the Audit Committee to propose a Board Policy for the Board's subsequent consideration.

Implementation of Strategic Plan Goals

Approval of the recommended action is consistent with the County's Strategic Plan Goal 1 of Operational Effectiveness and Goal 2 of Fiscal Sustainability. The recommendation also supports the County's Efficiency Initiative for achieving cost-savings, cost-avoidance, and time savings for County employees. This Pilot was developed by a project team from the Auditor-Controller's Management Mentoring Program, which was established to develop the pool of Auditor-Controller managers, and supports the department's long term succession planning and strategic objectives.

FISCAL IMPACT/FINANCING

Approval of the recommended Pilot will result in an estimated 11 percent reduction in the Auditor-Controller's cellular phone costs, saving approximately \$2,000 per year. Savings are calculated by comparing the current cost of cell phone carrier charges to the projected cost of the stipend program, including the stipend.

In Fiscal Year 2011-12, the County spent approximately \$11.6 million for County-issued cellular phones and data services that employees use to carry out County business. Based on the Auditor-Controller's projected savings rate of 11 percent, the County could reduce cellular phone carrier charges by approximately \$1.3 million per year by implementing a Cellular Stipend Program countywide. In addition, although not quantifiable, the County could also realize a significant reduction in "soft" costs related to the administration of County-issued cellular devices such as reviewing and processing monthly statements, replacing broken and defective phones, and recovering the costs associated with personal use of County-issued cellular phones.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Cellular Stipend Program encourages the utilization of a stipend to reduce County cellular equipment and administrative costs. The stipend is not intended to compensate an employee for the actual dollar-for-dollar cost of the cellular service, but to instead offset the costs of business use. In addition, the stipend program is not intended to increase the population of employees who have a County-issued cellular device. Instead, only employees who have a certified business need for a County-issued cell phone and/or data device would be eligible for a stipend.

The attached draft policy and forms provide uniform and consistent standards for the use of personal cellular equipment for County business purposes, and define the employee's responsibilities for the costs of personal cellular phone service and/or remote access to County email, network files and other information resources.

The stipend will be paid starting the first full month of cellular phone service coverage following receipt of the request form approved by the department head or his/her designee. No retroactive requests will be processed. The stipend will be split and paid on a semi-monthly basis. Proposed monthly stipend rates for the Pilot are as follows:

- a. Voice ONLY \$25
- b. Data ONLY \$15
- c. Voice and Data \$40

Authorized employees receiving the stipend will be solely responsible for the costs of private ownership, including but not limited to the purchase, activation, maintenance, support, monthly usage, late fees, interest, term commitment obligations and replacement of such devices, as well as any increase in personal income tax liability. Any employee who receives the stipend may add extra services, equipment or features as desired at his/her own expense. The employee shall pay any costs exceeding the amount of the cellular phone stipend to maintain service coverage.

The Pilot will become effective immediately upon Board approval. The policy contains all necessary provisions and has been approved by County Counsel and the Chief Information Office.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on Auditor-Controller's ability to provide current services to its customers. When implemented countywide, the Cellular Stipend Program could lower the County's cellular phone service and equipment costs, and reduce the efforts required to administer County-issued cellular devices.

The Honorable Board of Supervisors
October 2, 2012
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Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WENDY L. WATANABE
Auditor-Controller

WTF:EFS:MKZ:FC:ib
WLW:JET:RC:JG:ak

Attachments (3)

c: Executive Office, Board of Supervisors
County Counsel
Chief Information Office

**COUNTY OF LOS ANGELES
PERSONAL ELECTRONIC COMMUNICATION DEVICES STIPEND PROGRAM POLICY**

PURPOSE

The County's Personal Electronic Communication Devices Stipend Program (Cellular Telephone Stipend) encourages the utilization of a stipend to reduce County cellular equipment, service and administrative costs. This policy is intended to provide uniform and consistent standards for the use of personal cellular telephones¹ for County business purposes and to define the responsibilities for the costs of personal cellular telephone service.

Implementation of this policy is intended to achieve countywide cost savings while providing a fair and practical reimbursement plan for employees conducting County business on personal communication devices. Participation in this program is voluntary and may be terminated by the employee and/or the department at any time, for any reason.

JUSTIFICATION

The County will provide a taxable stipend to eligible employees for the purpose of offsetting the costs for business use of personal cellular telephones. The person receiving the stipend will be solely responsible for the costs of private ownership including but not limited to the purchase, activation, maintenance, support, monthly usage, late fees, interest, term commitment obligations and replacement of such devices and any increase in personal income tax liability. Any employee who receives a taxable stipend may add extra services, equipment or features as desired at his/her own expense. The stipend is not intended to compensate the employee for the actual dollar-for-dollar cost of the cellular telephone service. The employee shall pay any costs exceeding the amount of the cellular telephone stipend to maintain service coverage.

ELIGIBILITY

At the discretion of the department head or his/her designee, employees who have a business need for cellular telephone service and/or remote access to their County email, network files and other information resources may be authorized to use a personal telephone, smart phone or tablet device in lieu of a County-issued device.

Requests for a stipend to offset the costs of using a personally-owned cellular telephone to conduct County business must be approved by the department head or his/her designee. Authorized employees must maintain cellular phone service in order to remain eligible for the monthly stipend. Authorized employees shall provide documentation to the department coordinator, when requested, to verify continued ownership and business use of a personal cellular telephone.

¹ Includes any personal phone, smart phone, tablet or other similar device and broadband cards/hotspots used pursuant to this program.

COMPLIANCE WITH APPLICABLE LAWS AND COUNTY POLICIES

In accordance with the Terms and Acceptable Use Agreement (Attachment II), participants must adhere to the Board of Supervisors (BOS) policies and the County's Mobile Devices Security Standards with respect to County-related data accessed, transmitted, received or stored on the participant's device:

- a. BOS 6.100 Information Technology and Security Policy
- b. BOS 6.101 Use of County Information Technology Resources (County Acceptable Use Agreement)
- c. BOS 6.102 Countywide Antivirus Security Policy
- d. BOS 6.104 Use of Electronic Mail by County Employees
- e. BOS 6.105 Internet Usage Policy
- f. BOS 6.109 Security Incident Reporting
- g. BOS 6.110 Protection of Information on Portable Computing Devices
- h. BOS 6.112 Secure Deposition of Computing Devices
- i. Chief Information Office-Smartphone Security and Privacy Requirements Standard
- j. Chief Information Office-Portable Device Strategy

TAXABLE INCOME

The cellular telephone stipend will be paid through the County payroll system as taxable. For determination of individual taxability, the employees should check with their tax advisor.

STIPEND RATES AND PAYMENT

The department head shall determine the appropriate stipend type/amount for each eligible employee within their area of responsibility. Cellular telephone stipends will be paid through the County eHR system. A Stipend Activation Form (see Attachment III) must be completed for any new, change or cancellation of services or eligibility.

The stipend will be paid starting the first full month of cellular telephone service coverage following activation in eHR. Each department will be responsible for approving and entering the authorized employee's information in eHR. No retroactive requests will be processed. Payments will be split and paid on a semi-monthly basis. Monthly Compensation rates are as follows:

- a. Voice ONLY for \$25
- b. Data ONLY for \$15
- c. Voice and Data for \$40

**Stipend rates will be reviewed periodically by the Chief Executive Office and Auditor-Controller, and the rates adjusted as deemed appropriate and necessary.*

Paid/Unpaid Leave Status

In order to receive the stipend, an employee must have a business need for cellular telephone service and/or remote access to the County's network for the entire pay period. No stipend will be paid once an employee is placed on an unpaid leave status (i.e., Absence Without Pay or AWOP) for an entire pay period. The stipend will be automatically suspended by the eHR system for employees who report AWOP for all scheduled hours for a pay period.

If an employee is on a paid or unpaid long-term leave (e.g., sabbatical, etc.) and is not expected to use their cellular phone for County related business, the employee's department must suspend the stipend. The stipend may be reactivated when the employee returns for a full pay period.

STIPEND CHANGES/CANCELLATION

An employee must be active on the last day of a pay period to receive the stipend for the pay period. The stipend will be automatically suspended by the eHR system if an employee is not active on the last day of the pay period.

An employee that has a job, assignment or responsibility change resulting in the employee not requiring cellular phone access for County business for the entire pay period, will not receive the stipend for that pay period. When this occurs, the department must cease the stipend.

Department coordinators shall enter and transmit the approved activation form for any stipend change or cancellation into eHR as instructed by the Auditor-Controller's Payroll Division. Changes/cancellations will be effective the first full month after the change. No retroactive adjustments will be processed.

If an employee terminates cellular service and/or becomes ineligible (i.e., there is no longer a business need) but does not report the change to his department timely, the County has the authority to recover the stipend from the time the service terminates or the employee otherwise becomes ineligible.

ACCOUNTABILITY

Each department head, operating under the authority of this policy, will have the responsibility to maintain accountability over business cellular telephone usage and the related stipends. Departments must establish adequate internal controls to ensure 1) only authorized employees are approved to receive the stipend; and 2) employees are following cellular telephone policies, including the Board of Supervisors and County Mobile Device Security Standards.

The Auditor-Controller may review departmental policies and compliance with the Personal Electronic Communication Devices Stipend Policy.

Specifically, departmental policies should include, but not be limited to, the following:

- Annual verification that the employee has a valid contract in effect;
- Maintenance of a current listing of all active (authorized) cellular telephone accounts;
- Periodic review of supported cellular telephone usage to eliminate stipends for unnecessary cellular telephones; and
- Periodic review of cellular telephone stipends to ensure appropriate level of payment.

SECURITY AND REPORTING REQUIREMENTS

Under the Terms and Acceptable Use Agreement (see Attachment II), participants must report to their management or departmental designee, within one business day, whenever any personal device used pursuant to this program is suspected or known to be lost or stolen. Upon notification of loss/theft, the employee's department may issue a *remote wipe* of the device to ensure that County-related data is safeguarded. Participants consent to use this function and agree the County is not liable for the potential loss of personal (e.g., contacts, apps, photos, etc.) data, including the potential to restore the device to factory default settings.

PROCEDURES

This policy requires the following steps for obtaining a stipend:

1. The department head identifies eligible employees;
2. The department coordinator completes a Stipend Activation Form;
3. The employee reads and signs the Terms and Acceptable Use Agreement;
4. The department head or his/her designee approves the authorization/request form, indicating the approved monthly stipend amount based on guidelines;
5. The department coordinator inputs the information into the eHR payroll system for automatic payment. (*Note: The deadlines to enter will be based on the annual memo "Payroll Deadline Schedule" provided by the Auditor-Controller's Payroll Division to all departments.*)

**COUNTY OF LOS ANGELES
PERSONAL ELECTRONIC COMMUNICATION DEVICES STIPEND PROGRAM**

Terms and Acceptable Use Agreement

At the discretion of the department head or his/her designee, employees who have a business need for cellular telephone service and/or remote access to their County email, network files and other information resources may be authorized to use a personal phone, smart phone or tablet device in lieu of a County-issued device. Employees authorized by management to participate in this program must agree and adhere to the following terms and conditions:

1. Participation in this program is voluntary and may be terminated by the employee and/or the department at any time, for any reason.
2. Any personal phone, smart phone, tablet or other similar device (air card, broadband card, etc.) used pursuant to this program shall be expressly defined as the personal property and sole responsibility of the employee. The County assumes no liability for damage, loss or theft of the employee's device, under any circumstances.
3. Participants receiving the stipend will be solely responsible for the costs of private ownership, including but not limited to the purchase, activation, maintenance, support, monthly usage, late fees, interest, term commitment obligations and replacement of such devices, as well as any increase in personal income tax liability. The cellular telephone stipend will be paid through the County payroll system as taxable income. Any participant who receives the stipend may add extra services, equipment or features as desired at his/her own expense. The participant shall pay any costs exceeding the amount of the cellular phone stipend to maintain service coverage.
4. The County is not liable for the loss or corruption of personal data on the employee's device, loss of use, or any repairs or maintenance arising from the use of the device for County business. Updates to, maintenance, repair and replacement of the device are the sole responsibility of the participant.
5. Participants must report to their management/departmental designee, within one business day, when the following events take place:
 - a. Whenever any personal device used pursuant to this program is suspected or known to be lost or stolen;
 - b. Participants terminate employment with or retire from the County of Los Angeles;
 - c. Participants' job responsibilities changed and is no longer eligible to participate in the stipend program;
 - d. Participants change/transfer position that is not eligible to participate in the stipend program; or
 - e. Participants elect to stop participation in the stipend program

Upon notification of loss/theft or change in status as indicated above, the employee's department may initiate a remote wipe of the device to ensure that County-related data is safeguarded. Participants consent to remote wiping when one of the events listed above has taken place and remote wiping is deemed necessary by the department. Participants also agree the County will not be liable for any personal data loss. When the remote wipe command is issued, all data including personal data such as contacts, apps, picture/data files, etc. may be deleted and the device may be restored to factory default settings.

6. Participants understand that County-related data and correspondence accessed or received via the a personal device may be subject to disclosure pursuant to the California Public Records Act,

and may also be compelled via a discovery request, subpoena or other legal process. In addition, in some cases, personal email transmissions may also be subject to such disclosure.

7. Participants must adhere to the Board of Supervisors policies (BOS) and the County's Mobile Device Security Standards with respect to County-related data, correspondence and communications accessed, transmitted, received or stored on the participant's device:
 - a. BOS 6.100 Information Technology and Security Policy
 - b. BOS 6.101 Use of County Information Technology Resources (County Acceptable Use Agreement)
 - c. BOS 6.102 Countywide Antivirus Security Policy
 - d. BOS 6.104 Use of Electronic Mail by County Employees
 - e. BOS 6.105 Internet Usage Policy
 - f. BOS 6.109 Security Incident Reporting
 - g. BOS 6.110 Protection of Information on Portable Computing Devices
 - h. BOS 6.112 Secure Deposition of Computing Devices
 - i. Chief Information Office-Smartphone Security and Privacy Requirements Standard
 - j. Chief Information Office-Portable Device Strategy
8. The County reserves the right to inspect, at any time and without prior notice, any personal device connected to any County mobile enterprise servers such as BlackBerry Enterprise Server (BES) or Microsoft Exchange ActiveSync (AS) server. Other inspections shall be in accordance with Board-adopted Information Technology Security Policies.
9. Participants must not allow others to use or access County resources/data via their personal device(s).
10. Participants must activate a password lock and autolock (30 minute maximum), and shall not disable it at any time.
11. Participants must not use personal devices connected to County networks or information resources for illegal activity.
12. Participants must maintain cellular phone service in order to remain eligible for the monthly stipend. Participants must provide documentation to the department coordinator, when requested, to verify continued ownership and business use of a personal cellular device.
13. Participants will not be paid once an employee is placed on an unpaid leave status (Absence Without Pay or AWOP) for an entire pay period. The stipend will automatically be suspended by the eHR system for employees who report AWOP for all scheduled hours for a pay period. In addition, participants must be active on the last day of a pay period to receive the stipend for the pay period. The stipend will automatically be stopped by the eHR system if participants are not active on the last day of the pay period.
14. Participants must submit to their management/departmental designee or department coordinator a revised Stipend Activation Form, when they:
 - a. Change or terminate cellular carriers
 - b. Replace or retire their mobile device
 - c. Sell or transfer device to another individual

If participants do not report the change to the department in a timely manner, the County has the authority to recoup the stipend from the time the service coverage terminates or the employee otherwise becomes ineligible. Participants are required to bring the old device to their department and perform the data wipe procedure in the presence of the Departmental Information Security Officer or designee to ensure that all County confidential/sensitive data is properly sanitized.

- 15. Participants must disable Bluetooth pairing/discovery when not in use.
- 16. Participants must not store County data on a memory card (e.g., MicroSD card) used in the portable device.
- 17. Participants agree to the following monthly stipend compensation:
 - a. Voice ONLY for \$25
 - b. Data ONLY for \$15
 - c. Voice and Data for \$40

The participant acknowledges that they have read, understand and agree to abide by the terms and conditions stated above. Participants who violate these terms and conditions will be disconnected from the mobile enterprise servers such as BES or AS and may be subject to disciplinary action. I understand that this agreement will be placed in my official personnel folder.

Print Name

Employee ID

Signature

Date

County of Los Angeles
**PERSONAL ELECTRONIC COMMUNICATION DEVICES
 STIPEND ACTIVATION FORM**

ACTIVATION REQUEST

 ADD

 MODIFY

 REMOVE

PARTICIPANT INFORMATION SECTION

LAST NAME	FIRST NAME	M.I.	EMPLOYEE NO.	DEPT CODE
PAYROLL TITLE	ITEM # / SUB	DIVISION / UNIT		WORK TEL. NO.
BUSINESS STREET ADDRESS			CITY-STATE-ZIPCODE	
DIVISION MANAGER'S/DESIGNEE NAME			WORK TEL. NO.	

ELECTRONIC DEVICE INFORMATION

DEVICE PHONE CARRIER	DEVICE MODEL	OPERATING SYSTEM
STIPEND TYPE	STIPEND START DATE	DEVICE PHONE NO.
<input type="checkbox"/> Voice ONLY <input type="checkbox"/> Data ONLY <input type="checkbox"/> Voice and Data	STIPEND STOP DATE:	DEVICE SERIAL #

JUSTIFICATION FOR THE STIPEND

 Signature of Department Head or Designee

 Date

POLICY ACKNOWLEDGMENT

I understand that this form will be placed in my official personnel folder.

By signing this form, I acknowledge that I have received, read, and signed the Personal Electronic Communication Devices Stipend Program Terms and Acceptable Use Agreement.

 Signature of Participant

 Date

 Signature of Division Manager or Designee

 Date

 Signature of Department Information Security Officer or Designee

 Date

 Signature of Departmental Administrative Deputy or Designee

 Date

DRAFT

October 2, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL AND ADOPTION OF BOARD POLICY 3.160
COUNTY CELLULAR TELEPHONES AND OTHER WIRELESS DATA DEVICES
USAGE POLICY
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

Proposed Board Policy to establish uniform rules across all County departments regarding the acquisition and usage of County-provided cellular telephones and other wireless data devices.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and adopt Board Policy 3.160 – County Cellular Telephones and Other Wireless Data Devices Usage Policy, as approved by the Audit Committee on July 19, 2012 to establish uniform rules across all County departments regarding the acquisition and usage of County-provided cellular telephones and other wireless data devices.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On January 4, 2011, on motion of Supervisors Antonovich and Molina, the Board directed the Chief Executive Officer, Auditor-Controller and the Director of Internal Services to develop and implement a uniform countywide policy for adherence by all County departments, to ensure that proper controls are in place for the issuance and use of County cellular telephones and other wireless data devices. The attached recommended Board Policy (Attachment I), as well as associated County Fiscal Manual sections to be modified by the Auditor-Controller (Attachment II), were reviewed and approved by the Audit Committee on July 19, 2012.

The recommended Policy, in conjunction with internal controls procedures contained in

[Filename]

the County Fiscal Manual, would create consistent County-issued cellular device procedures in the areas of equipment assignment and acquisition, appropriate usage, device security, plan and feature selection, inventory tracking, annual certification and plan evaluation, monthly administrative review of carrier statements, and reimbursement by employee for personal use.

Implementation of Strategic Plan Goals

The adoption of a countywide policy on the usage and control of County-provided cellular telephone and other wireless data devices supports the County's Strategic Plan Goal 1 of Operational Effectiveness and Goal 2 of Fiscal Sustainability. The establishment of fiscal and operational policy will ensure that departments follow consistent procedures in the issuance, appropriate use, and monitoring of County-issued cellular equipment and associated charges, reducing overall costs and minimizing possible waste and abuse.

FISCAL IMPACT/FINANCING

Adherence to the recommended Board Policy will result in County cost savings due to reduced equipment expenses through County master agreements, as well as lower monthly charges via selection of cost-effective pricing plans, elimination of unnecessary features, and regular monitoring of employee usage.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In 2010, the Auditor-Controller issued an audit report that found weaknesses in controls over cellular telephones and mobile data cards at a County department. Specifically, the Auditor-Controller reported that the department did not maintain accurate cellular telephone inventory and assignment records, paid service charges for devices that were not used or assigned to staff, and paid fees for features and services that were not used by employees. The Auditor-Controller also identified instances where the department paid for long distance calls, text messages and directory assistance calls that did not appear to be work-related, and the department did not follow fiscal policies, procedures, and internal controls related to cellular telephones as outlined in the County Fiscal Manual.

The findings indicated a lack of oversight over cellular telephone issuance and usage, and actions were needed to ensure that public funds are not wasted on unnecessary equipment and services, and inappropriate personal use of County cellular telephones are identified and minimized.

A working group was established in 2011 consisting of representatives from the Auditor-Controller, Internal Services Department, and Chief Executive Office to assess existing policies, guidelines, and practices across County departments on the issuance and monitoring of County-issued cellular telephones and other mobile data devices. The working group subsequently developed the Board Policy and associated County Fiscal Manual modifications to address the shortcomings revealed by the audit report, and upon the Board's adoption, will be implemented countywide immediately.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended policy establishes uniform rules on cellular telephone acquisition and usage management across County departments, and does not impede or unreasonably limit the usage of cellular telephones to conduct County business. Most departments are already following the procedures being recommended and therefore no impact on current services is anticipated.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:EFS:MKZ
FC:ib

Attachments (2)

c: Executive Office, Board of Supervisors
Auditor Controller
Chief Information Office
County Counsel



Los Angeles County
BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
0.000	County Cellular Telephones and Other Wireless Data Devices Usage Policy	00/00/00

PURPOSE

The purpose of this policy is to provide uniform rules across all County departments, regarding the acquisition and usage of County cellular telephones and other wireless data devices. The Policy addresses who may be issued a County cellular telephone or other wireless data device, when it may be used, management responsibilities to monitor and check usage and cost, and reimbursement for personal use. This policy applies to both handheld portable and vehicle-installed units.

REFERENCE

January 4, 2011: Board Order 3

January 6, 2011: Chief Executive Office Memo "Cell Phone and Data Card Use"

February 4, 2011: Chief Executive Office Memo "Cellular Phone Usage – Status Report"

County Fiscal Manual Section 4.7.0

POLICY

Cellular telephones and other wireless data devices (such as pagers, mobile hot spots, air cards, etc.) issued and paid for by the County must be assigned based on operational need and not employee level. The department head or his/her designee must limit assignment of such devices to circumstances in which the employee's use of a non-cellular telephone or other form of communication is inadequate to meet departmental needs. Examples of such circumstances include a frequent, urgent need to contact the employee, a finding that employees can more efficiently and productively complete their duties by using a cellular telephone or other wireless data device, or circumstances where an employee's personal safety may be at risk if the employee does not have a cellular telephone. The use of County issued cellular telephones and other wireless data devices is to be minimized, and conventional communication means are to be used when practical and more cost-effective. County-issued devices should primarily be used for County business purposes, and department management must follow the internal controls contained in the County Fiscal Manual to monitor and regulate the usage and cost associated with County issued cellular telephones and other wireless data devices.

If additional costs are incurred due to personal use of County issued devices, department's administrative staff shall notify management, and the employee shall reimburse the County for such additional costs. County employees must follow all laws and regulations regarding the use of County issued cellular telephones and other wireless data devices. Annually, the department head or his/her designee must certify that the cellular telephone and other wireless data device assignments are individually justified and approved by an appropriate level of department management.

Applicability

This policy applies to users of County-provided cellular telephones and other wireless data devices.

Definition(s)

Cellular telephones are defined as any handheld, portable, or vehicle-mounted, two-way communication device in which there is a per-minute, per-message, and/or a monthly service charge for usage.

Other wireless data devices are defined as any portable data device (e.g., data card, air card, mobile hot spot) in a laptop computer, or free-standing, that provides two-way data communication in which there is a per-minute, per-message, and/or a monthly service charge for usage.

Internal Controls

The requirements for departmental internal controls over the use of County-issued cellular telephones and other wireless data devices are included in the County Fiscal Manual. Departments are required to ensure that employees with County-issued cellular telephones or other wireless data devices comply with those controls.

RESPONSIBLE DEPARTMENT

Chief Executive Office

Auditor-Controller

Internal Services Department

DATE ISSUED/SUNSET DATE

Issue Date: October XX, XXXX

Sunset Date: October XX, XXXX

COUNTY FISCAL MANUAL

Section 4.7.0

4.7.0 CELLULAR TELEPHONES AND OTHER WIRELESS DATA DEVICES USAGE POLICY

4.7.1 Description of Cellular Telephones and Other Wireless Data Devices Usage Policy

The usage policy for the County's cellular telephones and other wireless data devices addresses: who may have a County cellular telephone or other wireless data device; when it may be used; management responsibilities to monitor and check usage and cost; and reimbursement for personal usage. This policy applies to handheld portable and vehicle installed cellular telephones, as well as other wireless data devices.

Cellular telephones and other wireless data devices (such as pagers, mobile hot spots, air cards, etc.) issued and paid for by the County must be assigned based on operational need and not employee level. The department head or his/her designee must limit assignment of such devices to circumstances in which the employee's use of a non-cellular telephone or other form of communication is inadequate to meet departmental needs. Examples of such circumstances include a frequent, urgent need to contact the employee, a finding that employees can more efficiently and productively complete their duties by using a cellular telephone or other wireless data device, or circumstances where an employee's personal safety may be at risk if the employee does not have a cellular telephone. The use of County-issued cellular telephones and other wireless data devices is to be minimized, and conventional communication means are to be used when practical and more cost effective. Department management must control County-issued cellular telephones and other wireless data devices usage and cost through monthly bill reviews and annual needs evaluation. Personal usage made by employees from County-issued cellular telephones or other wireless data devices may require reimbursement as referenced below in Section 4.7.3.

4.7.2 Internal Controls Over Cellular Telephones and Other Wireless Data Devices

The County standard for departmental internal controls over the use of County-issued cellular telephones and other wireless data devices is as follows:

4.7.2.1 Selection and Approval

- Costs for cellular telephones and other wireless data devices are to be monitored and controlled as part of each department's operating budget.

- Services for cellular telephones and other wireless data devices are to be acquired at rates available through County master agreements negotiated by the Internal Services Department.
- Departments should choose the most cost-effective pricing plan for the employee. Unnecessary cost features (such as international calling, and downloads of recreational programs) should be disabled to prevent accidental charges.
- Assignments for cellular telephones and other wireless data devices are to be individually justified and approved by an appropriate level of departmental management.
- Pricing plan selection should be determined solely based on anticipated minutes/data usage for business purpose and assume zero personal use by employee.
- Multiple use or pool phones must be controlled by a specific individual assigned responsibility for controlling use of each pool phone, through a) logging use by each individual with access to the phone and/or b) utilization of electronic coding of caller and calls such as in "Call Accounting" programs, when available from the service provider.

4.7.2.2 Monitoring and Reporting

- The department head or his/her designee must, at least annually, re-evaluate individual cellular telephone and other wireless data device assignments to certify continued need. This evaluation should also include a review of the pricing plan to ensure the most cost-effective plan continues to be used. For example, the department should not be paying for a plan that offers 2,000 anytime minutes a month if the employee does not use more than 500 minutes a month on County business, and vice versa.
- A detailed departmental inventory of cellular telephones and other wireless data devices must be maintained at all times for each device which includes at a minimum: identification code (e.g., serial number), state of activation, service provider, plan type, account number, user assignment, user identification number, and assignment location.
- Cellular telephone and other wireless data device bills and usage must be reviewed by administrative staff, or distributed through immediate supervisors to users within one month of receipt.
- Any bill that exceeds plan rates must be reviewed by individual users to verify that the charges are correct and identify any personal usage/calls. Using the guidelines in Section 4.7.3 below, employees must reimburse the County for the

cost of all reimbursable personal usage/calls within 30 days of bill receipt. Recurring patterns of excessive personal usage should be documented and may result in disciplinary action.

- Department management must review verified bills to ensure that usage is appropriate and the cost of personal usage is being reimbursed, if required under Section 4.7.3. The appropriate level of management must review all cellular telephone and other wireless data device bills over a normal usage amount as determined by the department head.
- Inappropriate call patterns that may indicate misuse of the device by unauthorized individuals ("cloning" or stolen numbers) must be reported to the service provider.
- Security measures available through service providers must be considered as a means of additional protection. For example, electronic coding of devices to prevent use unless a personal identification number (PIN) is entered by the user.
- Departments must establish internal controls to ensure that departmental/County policies for use of cellular telephones and other wireless data devices are followed.
- Departments must maintain documentation of cellular telephone and other wireless data device expenditures consistent with Auditor-Controller expenditure control guidelines contained in Section 4.1.3.
- Departments may maintain a reasonable number of unassigned activated cellular telephones for use only in emergencies with appropriate security controls to prevent misuse.

4.7.3 Reimbursement Policy

County-issued cellular telephones and other wireless data devices should primarily be used for County business purposes. If an employee does use his/her County-issued device(s) for personal purposes, and that usage results in additional charges to the County, the employee must reimburse the department for the actual cost incurred over the base plan.

- Flat Rate Plans - Flat rate plans charge a specified per-minute rate for all calls made from a cellular telephone. Per minute charges begin with the first minute used. Employees will reimburse the County for each personal call at the per-minute rate specified in the cellular telephone service agreement.
- Anytime Minutes Plans - Anytime Minutes Plans provide cellular telephone users with a specified number of minutes for a fixed monthly fee. The cellular telephone service provider bills each minute used above the specific number of minutes in

the Plan at a predetermined, per-minute rate. Under this Plan, employees are required to reimburse the County for personal calls only if the employee used more than the specified number of minutes in the Plan. If the employee used more than the specified number of minutes in the Plan, the employee must reimburse the County for the lesser of 1) all personal calls or 2) all additional minutes.

- Shared/Pooled Plans - For departments using shared/pooled minute plans, usage must be routinely analyzed to determine the appropriate number of minutes for each department's plan. The nature of these plans makes it difficult to establish equitable reimbursement guidelines for excess usage. Therefore, departments must ensure they actively monitor individual usage under these plans.
- Data Plans - Data plans provide users with a specified amount of data for a fixed monthly fee. The data service provider bills usage above the specific amount of data in the Plan at a predetermined, per-byte rate. Under this Plan, employees are required to reimburse the County for personal use only if the employee used more than the specified amount of data in the Plan due to personal use.

Note: If a Plan includes roaming charges, they are generally in addition to the base rate. Departments must ensure that all roaming charges related to a user's personal calls are identified and reimbursed by the employee.

The following is an example of reimbursement under an Anytime Minutes Plan:

Facts: Based on an analysis of the employee's cellular telephone needs, Department A assigned a cellular telephone with a 500 Anytime Minutes Plan to the employee. The fixed monthly fee is \$45 and the provider bills each additional minute used at 30 cents per minute.	
Minutes Used	Reimbursable Amount
The employee utilized 450 minutes in a monthly period.	No reimbursement is necessary because the number of minutes used (450) is less than the number of minutes in the plan.
The employee utilized 550 minutes in a monthly period. As the employee used 50 more minutes than included in the plan, the Department requires the employee to review the bill and identify personal calls. The employee reviewed the bill and identified 80 minutes of personal calls and 470 minutes of County-business calls.	The employee utilized 50 more minutes than were in the plan, which is less than the 80 minutes of personal calls he or she identified. Therefore, the employee reimburses the lesser amount of 50 minutes, at 30 cents per minute, or \$15.

<p>The employee utilized 550 minutes in a monthly period. As the employee used 50 more minutes than included in the plan, the Department requires the employee to review the bills and identify personal calls. The employee reviewed the bill and identified 40 minutes of personal calls and 510 minutes of County-business calls.</p>	<p>The employee utilized 50 more minutes than were in the plan, which is greater than the 40 minutes of personal calls he or she identified. Therefore, the employee reimburses the lesser amount of 40 minutes, at 30 cents per minute, or \$12.</p>
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Departments should consider assignment of a County cellular telephone or other wireless data device to an employee only when expected usage warrants. If usage is expected to be low, employees may use personal cell phones and receive reimbursement from their departments at a pre-determined rate.



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District
MARK RIDLEY-THOMAS
Second District
ZEV YAROSLAVSKY
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

October 2, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

The Honorable Board of Directors
Los Angeles County Public Works Financing Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ISSUANCE AND SALE OF
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS (MULTIPLE CAPITAL PROJECTS II) SERIES 2012
(ALL DISTRICTS) (4 VOTES)**

SUBJECT

The Chief Executive Officer and Treasurer and Tax Collector are seeking authorization to issue up to \$400 million of lease revenue bonds to finance multiple health service, public safety and general government capital projects. Proceeds from the sale of the bonds will be utilized to fund approximately \$339 million of capital expenditures (including the redemption of tax-exempt commercial paper notes previously issued to fund project costs), provide for the payment of costs of issuance, and establish a debt service reserve fund.

The financing will be structured using tax-exempt lease revenue bonds with a final principal amortization period of not more than thirty years. As has been the case with prior long-term debt financings, the final size of the issuance may be adjusted to reflect market conditions at the time of the sale and to ensure compliance with State and federal law for municipal borrowings. The par amount of the lease revenue bond

issuance is currently estimated at \$327 million, which is below the maximum authorization of \$400 million.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the resolution authorizing: a) the issuance and sale of not to exceed \$400 million in tax-exempt lease revenue bonds to finance multiple capital projects and to refund outstanding tax-exempt commercial paper notes; and b) the execution and delivery of various legal documents required to issue the bonds and complete the proposed transaction.
2. Ratify a public hearing on the financing held by the Treasurer and Tax Collector on [September 27, 2012] in accordance with Section 6586.5 of the California Government Code.

IT IS RECOMMENDED THAT YOUR BOARD, ACTING AS THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY:

1. Adopt the resolution authorizing: a) the issuance and sale of not to exceed \$400 million in tax-exempt lease revenue bonds to finance multiple capital projects and to refund outstanding tax-exempt commercial paper notes; and b) the execution and delivery of various legal documents required to issue the bonds and complete the proposed transaction.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the above recommendations will authorize the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II) Series 2012 (the "2012 Bonds") and the execution and delivery of all related documents. The proceeds from the sale of the 2012 Bonds will be used to finance a total of seven capital projects (the "Projects"). Your Board has previously authorized the construction and financing of each of these seven projects.

Based on a review of existing capital projects, it is the recommendation of the Chief Executive Officer (CEO) to finance \$339 million of capital expenditures with the proceeds of long-term bonds. A summary of these project costs is provided in the table shown below:

Project	New Project Costs	TECP Refunding	Total Cost
MLK MACC	\$99,427,793	\$63,396,983	\$162,824,776
MLK Medical Center Data Center Move	221,275	5,278,725	5,500,000
High Desert MACC	103,511,333	37,768,575	141,279,908
Fire Station 128	0	4,780,344	4,780,344
Fire Station 132	0	7,715,580	7,715,580
Fire Station 150	1,190,612	8,522,439	9,713,051
Fire Station 156	0	7,117,214	7,117,214
TOTAL	\$204,351,014	\$134,579,858	\$338,930,872

As referenced above, approximately \$134.6 million of bond proceeds will be used by the County to refund outstanding tax-exempt commercial paper (“TECP”) notes previously issued in relation to the Projects. The remaining \$204.3 million of project fund deposits will be applied towards the future capital expenditures necessary to complete the Projects. A more detailed description of each of the seven Projects included in this bond sale is provided below.

MLK Multi-Service Ambulatory Care Center

The new Multi-service Ambulatory Care Center (“MACC”) project to be located on the MLK Medical Center campus was approved by your Board on August 18, 2009. The new MLK MACC will consist of facility construction and site improvements for a new 136,500 square-foot four-story outpatient services building. The building provides an ambulatory surgery center, pharmacy, walk-in clinic, outpatient imaging center, and various other outpatient clinics. The project also includes 34,000 square-feet of tenant improvements to the existing North Support Building, which will be used for administrative services. The site improvement portion of the project includes parking, sidewalks, and landscaping for both the MACC and the MLK Medical Center campus. The project cost is estimated to be \$162,824,776, and such project is expected to be completed in June 2014.

MLK Medical Center Data Center Move

The new data center on the MLK Medical Center campus will occupy approximately 2,100 square feet adjacent to the current data center located within the North Support Building. The project was approved by your Board on June 29, 2010 and consists of demolition and remodeling work in an unused portion of the existing data center, as well as architectural, mechanical, and electrical upgrades in the proposed location. The

project cost is estimated at \$5,500,000, and such project is expected to be completed in December 2012.

High Desert Multi-Service Ambulatory Care Center

The High Desert MACC was approved by your Board on January 15, 2008. It will occupy a 142,000 square-foot facility that includes a two-story MACC building and two separate one-story service buildings (including a central plant) with surface parking and other related site and infrastructure improvements. The new MACC will provide various outpatient medical services, including primary care, urgent care, specialty care, and other outpatient services. The facility is being developed on approximately 14.91 acres located adjacent to the intersection of Avenue I and 3rd Street East in the City of Lancaster. The project cost is estimated at \$141,279,908, and such project is expected to be completed in July 2014.

Fire Station 128

Fire Station 128 was approved by your Board on August 7, 2007. It is a new 9,600 square-foot fire station located on 1.3 acres at 28450 Whites Canyon Road in Santa Clarita, and consists of a two-bay apparatus room, main office, day room, kitchen, exercise room, and dormitory quarters for seven personnel. The facility was completed in March 2012 and the project is currently in the close-out phase. The amount being financed is estimated to be \$4,780,344.

Fire Station 132

Fire Station 132 was approved by your Board on May 13, 2008, and is a new 9,400 square-foot fire station located on one acre at 29310 Sand Canyon Road in Santa Clarita. It consists of a two-bay apparatus room, main office, day room, kitchen, exercise room, and dormitory quarters for seven personnel. The facility was completed in March 2012 and the project is currently in the close-out phase. The amount being financed is estimated to be \$7,715,580.

Fire Station 150

Fire Station 150 was approved by your Board on May 13, 2008 and is to be located at 19190 Golden Valley Road in Santa Clarita. Fire Station 150 will be a new 19,667-square-foot Battalion Headquarters that consists of a three-bay apparatus room, main office, training room, day room, Battalion Chief's office with dormitory, Assistant Fire Chief's office with dormitory, and dormitory quarters for 10 shift personnel. The project cost included in this financing is estimated to be \$9,713,050, and such project is expected to be completed in January 2013.

Fire Station 156

Fire Station 156 was approved by your Board on May 13, 2008 and is a new 11,050 square-foot fire station that will be constructed on 1.27 acres adjacent to an existing temporary fire station located at 24505 Copper Hill Drive in Santa Clarita. The new fire station consists of a two-bay apparatus room, main office, day room, kitchen, exercise room, dormitory quarters for seven personnel, and a detached dozer team facility containing dormitory quarters for three personnel, kitchen, day room, and bathroom. The facility was completed in September 2011 and the project is currently in the close-out phase. The amount being financed is estimated to be \$7,117,214.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This action supports the County's Strategic Plan Goal #2: Fiscal Sustainability through the use of cost-effective financing for the construction of essential County infrastructure.

FISCAL IMPACT/FINANCING

It is estimated that approximately \$327 million of lease revenue bonds will need to be issued in order to finance the cost of the Projects. Because the 2012 Bonds are expected to be sold at a significant premium to current yields, the total amount of proceeds generated from the bond sale will be approximately \$362 million. In addition to the \$339 million of capital expenditures that are being financed, bond proceeds will also be used to establish a debt service reserve fund and pay for costs of issuance.

Current Market Conditions

The timing of the proposed bond sale is very favorable to the County due to historically low interest rates in the municipal bond market. It is the objective of the Treasurer to enter the bond market soon after your Board's approval and to price the 2012 Bonds on October 11, 2012. The forward calendar of pending bond sales indicates that October is likely to see a significant increase in supply as many issuers rush to enter the market prior to the November 6th General Election. The State of California, in particular, is planning to sell \$548 million of lease revenue bonds on October 17th and \$500 million of general obligation bonds on October 24th. In order for the County to secure the most favorable interest rates, the Treasurer recommends pricing the 2012 Bonds prior to the State's October bond sales.

Estimated Borrowing Costs

The Resolutions being presented to your Board require that the 2012 Bonds be issued at a true interest cost that is not to exceed 6.0 percent. Given the current interest rate environment, it is anticipated that actual borrowing costs will be significantly lower and should result in a true interest cost to the County of less than 4.5 percent. With an estimated par amount of \$328 million, this structure will result in average annual

principal and interest payments of approximately \$22 to \$24 million (actual debt service will depend on market conditions at the time of sale). The first debt service payment will not occur until the 2013-14 Fiscal Year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Lease Revenue Structure and Pledged Assets

The legal structure that will be employed to issue the 2012 Bonds is that of a lease-leaseback agreement between the County and the Los Angeles County Public Works Financing Authority (the "Authority"). The Master Lease and Master Sublease that will provide the framework for this transaction were originally entered into by the County and the Authority in December 2010, when the County completed its last major long-term bond financing. The advantage of utilizing the existing Master Lease is that the County can leverage the value of the asset (the LAC+USC Medical Center) that was pledged as security for the 2010 Lease Revenue Bonds (the "2010 Bonds"). Because the fair rental value associated with the LAC+USC Medical Center exceeded the debt service on the 2010 Bonds, this asset can also be used as partial security for the 2012 Bonds. One additional asset that will be added to the Master Lease in support of the current bond issuance is the High Desert MACC, which is also being financed with proceeds of the 2012 Bonds. Each of these two pledged assets is considered to be highly essential to the County and will therefore be viewed as a credit positive by investors looking to purchase the 2012 Bonds. As is required by State Law, the 2012 Bonds will be issued by the Authority and not the County. It is, however, the base rental payments made by the County to the Authority (pursuant to the Master Sublease) that will be used to pay debt service on both the 2012 Bonds and the outstanding 2010 Bonds.

Financing Team

Given the complexity of the current transaction, the Treasurer is recommending that the sale of the Bonds be conducted on a negotiated basis. Based on the results of a competitive solicitation process, Citigroup was selected as the senior managing underwriter, with Goldman, Sachs & Co. and J.P. Morgan serving as co-senior managers for the transaction. Public Resources Advisory Group has been selected as the financial advisor and Hawkins Delafield & Wood will serve as bond counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The issuance and sale of the Bonds will help ensure the completion of essential capital improvement projects in the areas of health service, public safety and general government.

CONCLUSION

Upon approval of the attached resolutions, it is requested that the Executive Officer of the Board return two originally executed copies to the Chief Executive Office and Treasurer and Tax Collector.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

Respectfully submitted,

MARK J. SALADINO
Treasurer and Tax Collector

Attachments

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller
- Public Works
- Internal Services
- Health Services
- Fire Department