

EXHIBIT 3

Deloitte.

October 21, 2005

Mr. Tim O'Donnell
 City Manager
 City of Brea
 1 Civic Center Circle
 Brea, CA 92821
 USA

Deloitte Consulting LLP
 2868 Prospect Park Drive
 Suite 400
 Rancho Cordova, CA 95670
 USA

Tel: +1 916 288 3100
 Fax: +1 916 288 3131
 www.deloitte.com

Dear Mr. O'Donnell:

As discussed at the last City Manager's meeting that we attended, Deloitte has completed the development of a preliminary operating budget for the proposed Orange County Integrated Justice JPA. The costs are made up of two broad categories. The first is general operations, management and overhead costs that can be expected to be incurred. The second is maintenance related costs associated with the existing projects that have been deployed (COPLINK, the subpoena delivery system and the scheduling system).

The costs are still preliminary and therefore we have attempted to put together a very conservative budget to indicate what the costs would be for operating the existing systems in a worst-case scenario. From the perspective of the City Managers, the most important consideration is the impact on each City. Even that is somewhat challenging to get to as the most significant issue faced in developing the costs is the level of participation by the County agencies, the Sheriff's Department and the Sheriff's contract cities. The following table therefore outlines a worst-case scenario (from a cost sharing perspective) where the County, the Sheriff's Department and the contract cities do not participate.

Agency	Cost Share	2006	2007	2008	2009	2010
Superior Court	5%	\$32,000	\$49,000	\$88,000	\$88,000	\$88,000
Anaheim	13.9%	\$87,000	\$136,000	\$243,000	\$243,000	\$243,000
Brea	1.6%	\$10,000	\$16,000	\$28,000	\$28,000	\$28,000
Yorba Linda	2.6%	\$17,000	\$26,000	\$47,000	\$47,000	\$47,000
Buena park	3.3%	\$21,000	\$32,000	\$57,000	\$57,000	\$57,000
Costa Mesa	4.6%	\$29,000	\$45,000	\$80,000	\$80,000	\$80,000
Cypress	2.0%	\$13,000	\$20,000	\$35,000	\$35,000	\$35,000
Fountain Valley	2.3%	\$15,000	\$23,000	\$41,000	\$41,000	\$41,000
Fullerton	5.4%	\$35,000	\$54,000	\$96,000	\$96,000	\$96,000
Garden Grove	6.9%	\$44,000	\$68,000	\$121,000	\$121,000	\$121,000
Huntington Beach	8.1%	\$51,000	\$79,000	\$141,000	\$141,000	\$141,000
Irvine	7.3%	\$46,000	\$71,000	\$127,000	\$127,000	\$127,000
La Habra	2.5%	\$16,000	\$25,000	\$44,000	\$44,000	\$44,000
La Palma	0.6%	\$5,000	\$7,000	\$12,000	\$12,000	\$12,000
Laguna Beach	1.0%	\$7,000	\$10,000	\$18,000	\$18,000	\$18,000
Los Alamitos	0.5%	\$4,000	\$5,000	\$9,000	\$9,000	\$9,000
Newport Beach	3.3%	\$21,000	\$33,000	\$59,000	\$59,000	\$59,000

Member of
 Deloitte Touche Tohmatsu

Agency	Cost Share	2006	2007	2008	2009	2010
Orange	5.5%	\$35,000	\$55,000	\$97,000	\$97,000	\$97,000
Placentia	2.0%	\$13,000	\$20,000	\$36,000	\$36,000	\$36,000
Santa Ana	14.1%	\$89,000	\$138,000	\$247,000	\$247,000	\$247,000
Seal Beach	1.0%	\$7,000	\$10,000	\$18,000	\$18,000	\$18,000
Tustin	2.8%	\$18,000	\$28,000	\$50,000	\$50,000	\$50,000
Westminster	3.7%	\$24,000	\$37,000	\$65,000	\$65,000	\$65,000
Total	100.0%	\$641,006	\$989,007	\$1,761,008	\$1,761,009	\$1,761,010

The above table outlines estimated operating costs across each of the next five years for those municipalities with Police Departments and includes the Superior Court. A more favorable cost allocation (attached as Table 2) provides a scenario based on the participation of the County, the Sheriff and the contract cities.

As mentioned above, the costs are made up of specific technical services costs associated with maintaining the system as well as operational costs to cover the administration and operation of the JPA. We are finding, not unexpectedly, that a significant effort is required to deal with regular administration of the systems including coordinating and conducting training, managing accounts and passwords, overseeing vendors and generally managing the operations and lifecycle of the systems. The operations costs presented in the table below are intended to cover those costs.

Operations Costs	
Management and Consulting (Contract)	\$200,000
Risk Management and Insurance	\$50,000
Security Services	\$100,000
Data Center Operations and Maintenance	\$50,000
Network Costs	\$20,000

The management and consulting costs are a very high level estimate for operations management and associated consulting. Our understanding is that you intend to contract for these services rather than having a permanent staff and this approach is certainly logical for a number of reasons. We believe strongly that this is an important function. The personnel would provide important services including day-to-day administration, vendor coordination, contract management and performance of general agency support, such as coordinating training, demonstrations and other activities.

We also believe that it will likely be necessary to procure some insurance in the near future at least to indemnify the directors and board members of the JPA.

In the past, the justice community has relied on the Sheriff's Department for setting and enforcing security standards. Clearly in the current situation that strategy is no longer appropriate. The JPA members need to take direct responsibility for performing the security due diligence in order to protect the systems and information and to manage the liability of the member agencies.

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At the current time, we are not incurring data center or network operations costs; however, we believe it prudent to have an allowance for such costs in the event that Santa Ana (or other operator) needs to start recovering costs associated with housing the OCILJ systems.

The system specific costs are presented in the table below.

System Maintenance	Annual Maintenance	Periodic Enhancements	Hardware Refresh Reserve
COPLINK	\$300,000	\$300,000	\$75,000
Subpoena Delivery	\$60,000	\$60,000	\$15,000
Scheduling	\$180,000	\$180,000	\$45,000
Network Infrastructure	\$30,000	\$30,000	\$7,500
Data Center Infrastructure	\$20,000	\$20,000	\$5,000

Maintenance is estimated based on our understanding to date. The periodic enhancement amounts are really optional and the participating agencies would have the opportunity to decide to make those expenditures or not. To date these kinds of expenditures have been funded through grant funds and it is possible that you may be able to continue to do so for some time. We felt that for the purposes of fully understanding the potential costs it was important to include some allowance in the event that enhancements would be funded in the absence of grant funding. The hardware refresh reserve is our recommended amount that should be placed in reserve on an annual basis to replace the infrastructure every 4 to 6 years.

The operations costs are not expected to reach these levels immediately. We have structured most of the contracts in a manner that allows for several years of maintenance to be rolled into the capital costs of the system and therefore it will take several years for the fully operational cost impact to be realized. Our initial estimate of how the costs will roll out in the next five years is summarized in the table below.

Year	Operations and Maintenance	Enhancements	Hardware Refresh	Total Operating
2006	\$240,000	\$240,000	\$147,500	\$627,500
2007	\$240,000	\$590,000	\$147,500	\$977,500
2008	\$1,010,000	\$590,000	\$147,500	\$1,747,500
2009	\$1,010,000	\$590,000	\$147,500	\$1,747,500
2010	\$1,010,000	\$590,000	\$147,500	\$1,747,500

The costs incurred by each agency are dependent on a range of factors including the actual costs (The estimates provided here are thought to be very conservative) and the number of agencies that are participating. The table included in the body of this letter outlines the cost allocation to each of the agencies based on the County agencies and the Sheriff's Department not participating. Clearly this is a worst-case scenario.

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Again, I want to reinforce that these costs are conservative. The agencies will have the ability to decide how full featured they want the organization to be, and especially to what degree to pursue enhancements and other initiatives that will increase overall costs. I do think it is important though, to put forward the costs in such a manner to allow stakeholders to understand the range of costs that they may incur to support the systems on a go-forward basis.

Sincerely,

Stephen Lee

Table 1
Cost Distribution without County Participation

Agency	Cost Share	2006	2007	2008	2009	2010
Superior Court	5%	\$32,000	\$49,000	\$88,000	\$88,000	\$88,000
Anaheim	13.9%	\$87,000	\$136,000	\$243,000	\$243,000	\$243,000
Brea	1.6%	\$10,000	\$16,000	\$28,000	\$28,000	\$28,000
Yorba Linda	2.6%	\$17,000	\$26,000	\$47,000	\$47,000	\$47,000
Buena park	3.3%	\$21,000	\$32,000	\$57,000	\$57,000	\$57,000
Costa Mesa	4.6%	\$29,000	\$45,000	\$80,000	\$80,000	\$80,000
Cypress	2.0%	\$13,000	\$20,000	\$35,000	\$35,000	\$35,000
Fountain Valley	2.3%	\$15,000	\$23,000	\$41,000	\$41,000	\$41,000
Fullerton	5.4%	\$35,000	\$54,000	\$96,000	\$96,000	\$96,000
Garden Grove	6.9%	\$44,000	\$68,000	\$121,000	\$121,000	\$121,000
Huntington Beach	8.1%	\$51,000	\$79,000	\$141,000	\$141,000	\$141,000
Irvine	7.3%	\$46,000	\$71,000	\$127,000	\$127,000	\$127,000
La Habra	2.5%	\$16,000	\$25,000	\$44,000	\$44,000	\$44,000
La Palma	0.8%	\$5,000	\$7,000	\$12,000	\$12,000	\$12,000
Laguna Beach	1.0%	\$7,000	\$10,000	\$18,000	\$18,000	\$18,000
Los Alamitos	0.5%	\$4,000	\$5,000	\$9,000	\$9,000	\$9,000
Newport Beach	3.3%	\$21,000	\$33,000	\$59,000	\$59,000	\$59,000
Orange	5.5%	\$35,000	\$55,000	\$97,000	\$97,000	\$97,000
Piacentia	2.0%	\$13,000	\$20,000	\$36,000	\$36,000	\$36,000
Santa Ana	14.1%	\$89,000	\$138,000	\$247,000	\$247,000	\$247,000
Seal Beach	1.0%	\$7,000	\$10,000	\$18,000	\$18,000	\$18,000
Tustin	2.8%	\$18,000	\$28,000	\$50,000	\$50,000	\$50,000
Westminster	3.7%	\$24,000	\$37,000	\$65,000	\$65,000	\$65,000
Total	100.0%	\$641,006	\$989,007	\$1,761,008	\$1,761,009	\$1,761,010

Table 2

Cost Distribution with County Participation

Agency	Cost Share	2006	2007	2008	2009	2010
County of Orange	15%	\$95,000	\$147,000	\$263,000	\$263,000	\$263,000
Superior Court	5%	\$32,000	\$49,000	\$88,000	\$88,000	\$88,000
Anaheim	9.0%	\$57,000	\$89,000	\$158,000	\$158,000	\$158,000
Brea	1.0%	\$7,000	\$11,000	\$19,000	\$19,000	\$19,000
Yorba Linda	1.7%	\$11,000	\$17,000	\$31,000	\$31,000	\$31,000
Buena park	2.1%	\$14,000	\$21,000	\$38,000	\$38,000	\$38,000
Costa Mesa	3.0%	\$19,000	\$30,000	\$52,000	\$52,000	\$52,000
Cypress	1.3%	\$9,000	\$13,000	\$23,000	\$23,000	\$23,000
Fountain Valley	1.5%	\$10,000	\$15,000	\$27,000	\$27,000	\$27,000
Fullerton	3.6%	\$23,000	\$35,000	\$63,000	\$63,000	\$63,000
Garden Grove	4.5%	\$29,000	\$45,000	\$79,000	\$79,000	\$79,000
Huntington Beach	5.3%	\$33,000	\$52,000	\$92,000	\$92,000	\$92,000
Irvine	4.7%	\$30,000	\$47,000	\$83,000	\$83,000	\$83,000
La Habra	1.6%	\$11,000	\$16,000	\$29,000	\$29,000	\$29,000
La Palma	0.4%	\$3,000	\$5,000	\$8,000	\$8,000	\$8,000
Leguna Beach	0.7%	\$5,000	\$7,000	\$12,000	\$12,000	\$12,000
Los Alamitos	0.3%	\$2,000	\$4,000	\$6,000	\$6,000	\$6,000
Newport Beach	2.2%	\$14,000	\$22,000	\$39,000	\$39,000	\$39,000
Orange	3.6%	\$23,000	\$36,000	\$64,000	\$64,000	\$64,000
Placentia	1.3%	\$9,000	\$13,000	\$24,000	\$24,000	\$24,000
Santa Ana	9.2%	\$58,000	\$90,000	\$161,000	\$161,000	\$161,000
Seal Beach	0.7%	\$5,000	\$7,000	\$12,000	\$12,000	\$12,000
Tustin	1.9%	\$12,000	\$19,000	\$33,000	\$33,000	\$33,000
Westminster	2.4%	\$16,000	\$24,000	\$43,000	\$43,000	\$43,000
OCSD						
Aliso Viejo	1.2%	\$8,000	\$12,000	\$21,000	\$21,000	\$21,000
Dana Point	1.0%	\$7,000	\$10,000	\$17,000	\$17,000	\$17,000
Laguna Hills	0.9%	\$6,000	\$9,000	\$16,000	\$16,000	\$16,000
Laguna Niguel	1.7%	\$11,000	\$17,000	\$31,000	\$31,000	\$31,000
Laguna Woods	0.5%	\$4,000	\$5,000	\$9,000	\$9,000	\$9,000
Lake Forest	2.0%	\$13,000	\$20,000	\$36,000	\$36,000	\$36,000
Mission Viejo	2.6%	\$17,000	\$26,000	\$45,000	\$45,000	\$45,000
Rancho Santa Margarita	1.3%	\$8,000	\$13,000	\$23,000	\$23,000	\$23,000
San Clemente	1.7%	\$11,000	\$17,000	\$30,000	\$30,000	\$30,000
San Juan Capistrano	0.9%	\$6,000	\$10,000	\$17,000	\$17,000	\$17,000
Stanton	1.0%	\$7,000	\$10,000	\$18,000	\$18,000	\$18,000
Villa Park	0.2%	\$2,000	\$2,000	\$3,000	\$3,000	\$3,000
Unincorporated	3.1%	\$20,000	\$31,000	\$55,000	\$55,000	\$55,000
Total	100.0%	\$647,000	\$996,000	\$1,768,000	\$1,768,000	\$1,768,000