

C.O.C. 12/19/18 Agenda Item A
MARIN EMERGENCY RADIO AUTHORITY

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DRAFT: 11/15/18

Measure A Citizens Oversight Committee

Minutes of September 19, 2018 Regular Meeting

Call to Order

The meeting was called to order by Chair Herrerias at 4:02 p.m. on September 19, 2018 at the Marin Civic Center CAO Conference Room 315, San Rafael, California 94903.

Committee Members Present:

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|-------------|----------------|
| District #2 | Bill Levinson |
| District #3 | Chuck Reite |
| District #4 | Larry Luckham |
| District #5 | Paul Herrerias |

Committee Members Absent:

District #1

Staff Present:

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| MERA Executive Officer | Maureen Cassingham |
| MERA Deputy Executive Officer – Next Gen Project | Dave Jeffries |

A. **Minutes of June 20, 2018 Citizens Oversight Committee Regular Meeting**

M/S/P Luckham/Reite to approve the minutes as presented.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

B. Review of Funds 70038 and 70039-Next Gen Project Revenues and Expenditures – FY17/18: June 15, 2018 to June 30, 2018 – FY18-19: July 1, 2018, to August 29, 2018

Cassingham presented the Balance Sheet, P&L Summary and Detail for Funds 70038 and 70039 and revenues and expenditures that occurred since June 15, 2018, through August 29, 2018. She noted the revision of the reporting period from September 12, 2018 back to August 29, 2018 due to staff vacations.

Hard copies of all invoices for the FY17-18 and FY18-19 P&Ls listed on the agenda were provided to the Committee for review. Cassingham noted the P&Ls do not reflect any adjustments associated with year-end closing. She said she is still working on invoicing issues with the County, which will result in further audit adjustments. Cassingham said there were no expenses for FY18-19 Fund 39 through August 29.

Levinson asked if there was any 38 or 39 income or expenses that the Committee should be concerned about. Cassingham said no, with Luckham noting activity is very close to the prior quarter. Cassingham said the Committee had requested at the last meeting a report on where the Project is by budget line item in terms of percentage of completion against Project milestones. She said Jeffries will provide a status on this in his report.

In response to Luckham, Cassingham said the Budget is not recorded in QuickBooks, only in the P&Ls by budget categories. Herrerias noted the \$614K in fixed assets in Fund 38 and \$1.97M in Fund 39. Cassingham reviewed the flow of the Parcel Tax to 39. She confirmed for Herrerias that the total capitalization for the Project to date is \$2.6M. She said 38 will continue to be Measure A non-capitalizable expenses and 39 will be capitalizable.

Cassingham confirmed Maher's attendance at the Committee's December meeting wherein he can further explain capitalization of both Funds. In response to Herrerias, she said the final adjustments will also be presented in December. She added that her handwritten comments next to Fund 39 expenses were due to the County's use of more extensive invoice memo titles which took up more of the memo fields. These notes were meant to provide better invoice descriptions and dates.

In response to Luckham, Cassingham said she will work with Hom and Maher to move 38 and 39 budgets into QuickBooks format, using Fund 30 category format. Luckham said what is still missing for him is the comparison between expenditures against budgeted line item and Project progress. He looks forward to the Budget being transferred to QuickBooks. Herrerias said what we are seeking may not need to be put into QuickBooks format. Jeffries said given where we are with the Project, this may be premature, which he will further discuss under his report.

C. Update on Status of Measure A Utility Parcel Payments

Cassingham said, since her last report to the Committee on this in September 2017, there

has been considerable progress in the collection of delinquent payments using Legal Counsel. However, there has been significant backsliding with payments from Northwestern Pacific Railroad. While MERA had collected some of their taxes while they were still reviewing maps of some of their parcels to confirm ownership. Not only have they not honored their promise to complete this, they have stopped paying for parcels previously paid for.

Cassingham said she will work with Legal Counsel again on collection. She said, on the Aging Detail, Leonardi Properties continues to be non-collectable and she will work with the County Assessor accordingly. Luckham said these amounts are small. Cassingham responded that owners who stop paying need to be addressed. She said weighing the legal costs to collect also becomes a factor but recommended one more try. Reite asked if there was a lien capacity with the Parcel Tax. Cassingham said if this was part of the Property Tax bill, it would, but MERA, through NBS, must bill these parcels separately. The Committee concurred with revisiting our good faith efforts after this next collection attempt.

D. Update on Status of Next Gen System Project – (Jeffries)

Jeffries reported the Next Gen Project is still in CEQA and as a result there is no Motorola Project schedule update until the Governing Board approves the final EIR later this year. The schedule ties to Motorola milestones. He distributed the latest Project Budget, which was revised for presentation to the Governing Board on September 26. The MERA Finance Committee Chair and Vice Chair, along with staff, reviewed each line item. Some line items were reduced and some increased, which reduced the overall budget by \$1M.

Jeffries noted the decrease in the Site Acquisition/Construction line item which reflects more certainty about the sites and no new green sites being needed. Some existing sites will only require upgrades and tower reinforcements. He also cited the increase in Administrative Fees as a result of extending those costs through the 20-year Bonds life. He reviewed Project funding sources, noting the \$1M in MERA reserve funds for non-public safety radios that cannot be paid by Measure A funds.

Jeffries said the vendor Contract line item has milestones in it but they will need to be updated post-CEQA. Vendor radios will be invoiced as ordered. Early orders were processed for agencies in urgent need of replacement. Subsequent early orders will be considered by the Governing Board. Luckham asked about the advantages of larger radio orders. Jeffries said Motorola included a second band at no extra cost for the early orders so they can work on current and Next Gen Systems. Motorola is still considering discounts on future orders.

Jeffries said some RFPs for site construction will be issued after CEQA to construction firms outside the Motorola Contract. These Contracts will have their own payment milestones. DPW and Federal Engineering monthly invoicing are paid for Project

oversight and management services as rendered. RGS MERA staffing represent contract services in support of the Next Gen Project. Cassingham clarified the Marin DPW Budget line item is for frequency and other licensing fees. Other Capital costs were for completion of the Dollar Hill tower reinforcement project.

Jeffries said the MERA Legal line item is for CEQA, lease and Project contract services. Public Outreach expenses were completed before Measure A was placed on the ballot. Levinson asked where ongoing Project updates were charged. Jeffries said they are included in RGS costs. Levinson inquired about the increase in Admin Fees. Cassingham said the original budget only extended these costs through June 2019. The increase reflects extension of tax collection, Trustee and NBS costs through the life of the Bonds. Jeffries noted inclusion of the Financing cost line item for bond issuance and interest.

Jeffries described the System Upgrade Agreement (SUA) line item as not a Project development cost but a system warranty for years 4-15. A \$2.2M vendor contingency is included along with an unappropriated Project reserve of \$8M for proposed and unidentified Change Orders and unforeseen Project costs. Levinson requested inclusion of an expenditures-to-date column in the Budget document to better understand what is left. Luckham said this would be the benefit of adding the Budget to QuickBooks.

Levinson said this approach to the Project Budget will not only speak to Project progress but will identify areas when questions can be asked. Jeffries said a good example of this is the SUA line item where there will be no expenditures until Year 4. Levinson asked if there were subcomponents to the Motorola Contract. Jeffries said the Contract milestones will provide this once we have dates for them. We can present those milestones at the December meeting and provide Schedule dates for them in March.

Reite asked about Legal expenses. Jeffries said we have budgeted for legal advice during the CEQA process, potential CEQA challenges and vendor contract issues. Cassingham added advice on site contracts is also included in this line item. Luckham confirmed there have been no CEQA challenges to date. Jeffries said CEQA Scoping has concluded with few comments. Public information presentations have been made at Tomales, Mill Valley, Marinwood and Federated Indians of Graton Rancheria, with Muir Beach pending. The draft SEIR is under development with its separate studies underway on visual impacts, RF and more. The draft should be ready for public comment in November/December, which lasts 30 to 45 days, followed by a public hearing. The final SEIR will include responses to comments.

Levinson said recent disasters may have increased public awareness and support for public safety communications. Luckham said there will always be some who will have their issues or concerns. Reite said there is opposition to the 5G System in Mill Valley. Jeffries noted opposition to Gen 1 due to distrust of Federal guidelines and less information. Unlike 5G, MERA's is not a commercial venture and a spread-out microcell system much closer to residences. MERA's sites are remote, most of which have been operating for decades.

Jeffries presented the proposed Motorola Contract Change Orders (CO) #5-#9. #5-#8, which are presented as required and #9 is recommended. #9 was separated from C.O. #6. Total costs did not change but the items were repackaged. Cassingham said the C.O.s will be discussed by the Governing Board at the September meeting with action scheduled in October. In response to Herrerias about dropped sites, Jeffries said the sites presented for CEQA could potentially change during the process. He added there have been no site changes since Scoping. Herrerias asked if sites might be added if funds are available. Jeffries said if the proposed sites are cleared through CEQA, they will constitute the final design to be constructed. He added some existing sites will be retained, some added and some decommissioned.

Jeffries summarized C.O. details. C.O. #5 reflects a change in Motorola's original design as required by the Regional Planning Committee (RPC). Motorola is providing equipment for the Tiburon and Mill Valley sites at no cost. Site development costs will be MERA's CO #6 which includes Sonoma Mt. equipment to send microwave in and out. Tomales, upon further study, was blocked in sending microwave. Given this change, Sonoma Mt. will only be a microwave site and no RF. Site readiness is the other major part of this C.O. Motorola would be engaged to move line equipment, which was not clearly covered in the Contract, to accommodate for Next Gen equipment installation. These 2 changes cost \$500K after discounts. Both are required for system implementation. Herrerias asked if the \$500K cost covered all sites. Jeffries said only those existing sites that require equipment movement. Levinson asked if shelters could be expanded to accommodate this. Jeffries said most are prefabbed that have been trucked in. In some cases, these buildings are privately owned.

Jeffries presented C.O. #7, which is recommended for Radio Management and Early Equipment delivery to permit dual-band installation before cutover thereby reducing the Project Schedule. Consideration of early radio orders awaits an updated Motorola discount presentation. Bringing them early is a \$2M cost which may be offset by discounts. New dual-bands will have to have current System encryption and NextGen. The radio management part of the C.O. will permit radio programming via wi-fi hotspots and OTAP. Current manual reprogramming costs \$100K per round. Radio management is \$630K. Luckham said radio management is well worth it. Jeffries said CO details are posted on the MERA website for further review. Cassingham will send a link to the Committee.

Jeffries summarized C.O. #8 which deals with the microwave system. The Motorola Contract specified Layer 2, which primarily covers voice traffic. Other system users were subsequently identified, whose uses include data users like the FBI and County Fire Cameras. An upgrade to Layer 3 or Multi-Protocol Label Switching (MLS) has been strongly recommended to minimize conflict risk between voice and data traffic usage and provides for additional future microwave data usage. Cost is \$2M.

Levinson noted the original Budget called for \$10M in site acquisition. The revised Budget is \$5.3M. He asked how comfortable MERA is with this line item reduction. Jeffries said the original budget included more sites than are now being proposed. As we go forward, these costs are regularly being reevaluated. Levinson said it is important to be reassured the \$5.3M cost is accurate. Cassingham said site development costs will be refined by DPW in December. Levinson said the breakdown of C.O. details is very important, which Jeffries said are in the staff reports on the website. Levinson cautioned about sufficiency of contingency for site development.

Jeffries said C.O. #9 included, not required but recommended items, like an extra voice logging recorder, additional licenses, jail back-up repeater, battery backup, extra dispatch speakers, volunteer fire department pager features with TDMA technology, a backup server and spare server. Total of all C.O. costs is \$3.3M. Luckham noted his support adding that all C.O. costs are not billable up front. Cassingham said they do, however, affect system design so timely approval is needed.

Levinson recommended a specific reserve for site development due to unforeseen circumstances and what might go wrong. Cassingham said the plan is to group the easier site construction projects and proceed with them first. Levinson said it is important to anticipate the worst happening. In response to Herrerias, Jeffries confirmed every site has been tested and confirmed by the system design.

Jeffries, in response to Herrerias, said completion is estimated for mid-2021. Reite confirmed that the FCC deadline was 2022. He also asked about Motorola discounts and what incentivizes them. Jeffries and Cassingham noted Motorola sales targets, which are booked quarterly, with the largest being at calendar year-end. Jeffries reviewed one C.O., citing the various levels of discounts, including system discounts and free upgrades. Herrerias asked about charging other microwave users for cost recovery purposes. Cassingham said this is being reviewed, noting some users were carried over from the old County System to Gen I. Jeffries, said by Governing Board policy, existing microwave users will be carried over to Next Gen with agreements, leaving it open to the Board to charge for future use. All are currently public safety users who benefit MERA and charging them for the little recovery that might be involved is problematic.

Luckham commented on the effects of tariffs on China and possible impacts on Motorola pricing and parts availability. Jeffries said Motorola pricing lists are part of the Contract. Luckham said this was good, noting there could still be equipment delivery impacts on the Project. Most is produced on a just-in-time basis. Some components may or may not be single-sourced, which factors in. Jeffries said he would bring his concerns to the MERA Team's attention, including FE and then on to Motorola to respond.

E. Other Informational Items

None.

F. Open Time for Items Not on Agenda

None.

G. Adjournment

The meeting was adjourned at 5:17 p.m.

Respectfully submitted by:

Maureen Cassingham
MERA Executive Officer
and Secretary