

G.B. 1/23/19 Agenda Item A-1

MARIN EMERGENCY RADIO AUTHORITY

c/o Novato Fire Protection District

95 Rowland Way, Novato, CA 94945

PHONE: (415) 878-2690 FAX: (415) 878-2660

WWW.MERAONLINE.ORG

GOVERNING BOARD

Minutes of December 12, 2018 Regular Meeting

DRAFT: 1/16/19

Call to Order and Introductions

The meeting was called to order by President Pearce on December 12, 2018, at 3:33 p.m. at the Novato Fire Protection District Administration Office; Heritage Conference Room, 95 Rowland Way, Novato, CA 94945. Self-introductions followed.

Governing Board Members & Alternates Present:

City of Belvedere	Craig Middleton
City of Larkspur	Scott Shurtz
City of Novato	Pam Drew
Town of Ross	Tom Gaffney
Town of San Anselmo	Doug Kelly
City of San Rafael	Robert Sinnott (Alternate)
County of Marin	Matthew Hymel
Town of Tiburon	Michael Cronin
Bolinas Fire Protection District	Anita Tyrell-Brown
Inverness Fire Protection District	Jim Fox
Kentfield Fire Protection District	Mark Pomi, Ron Naso (Alternate)
Marinwood Community Services District	Eric Dreikosen
Novato Fire Protection District	Steve Metcho, L. J. Silverman (Alternate)
Ross Valley Fire Department	Tim Grasser
Stinson Beach Fire Protection District	Kenny Stevens
Tiburon Fire Protection District	Richard Pearce
Central Marin Police Authority	Hamid Khalili

Governing Board Member Agencies Absent:

Town of Corte Madera
Town of Fairfax
City of Mill Valley
City of Sausalito
Marin Community College District
Marin Transit
Marin Municipal Water District
Southern Marin Fire Protection District

Staff Present:

MERA Executive Officer	Maureen Cassingham
MERA General Counsel	Trisha Ortiz
MERA Deputy Executive Officer – Next Gen Project	Dave Jeffries
MERA Administrative Assistant – Next Gen Project	Alex Anderson
MERA Operations Officer	Ernest Klock
Marin County DPW Communications Interim Representative	Ethan Simpson
Recording Secretary	Lauren Pallas

Guests Present:

Maher Accountancy	John Maher
Federal Engineering	David Mortimer
Novato Fire Protection District	Dan Hom/Joe Valenti

Pearce noted Anderson would be leaving MERA for a new position with the City of Sebastopol and invited Jeffries to recognize his accomplishments and time with the Authority. Jeffries said Anderson joined the Outreach Consulting Team in 2013 and was a huge help in reaching out to the public to acquaint them with what MERA does. He also participated in 2 rounds of meetings with all the MERA member agencies to provide presentations on the Next Gen Project. As Administrative Assistant to the Deputy Executive Officer – Next Gen Project, he worked on Project Oversight Committee meetings, conducted special surveys and performed numerous other Next Gen assignments.

Jeffries and Cassingham extended their great appreciation for all of Anderson's contributions. Cassingham said the Project would not be where it is without him and wished him all the best with his new position. Anderson expressed his gratitude, noting he wished he could have finished the Project with us.

A. Closed Session

Public Employee Performance: Executive Officer Evaluation, Pursuant to Government Code Section 54947.

Pearce asked if any members wished to go into Closed Session. No session was requested. He added that the Executive Officer Work Plan Committee of Hymel, Gray and himself had reviewed the 2018 Plan Performance and Proposed 2019 Work Plan with the Executive Officer.

B. Consent Calendar

All matters on the Consent Calendar are to be approved with one motion unless a Member of the Governing Board or the public requests that separate action be taken on a specific item:

- 1) Minutes from November 28, 2018 Governing Board Regular Meeting
- 2) Proposed CY2019 Agreement for Management and Administrative Services with Regional Government Services (RGS) for MERA Executive Officer and Proposed 2019 Executive Officer Work Plan
- 3) 2018 Annual Progress Report on Authority Operations and Activities
- 4) MERA 2018 Auditor Communication with Governing Board and FY17-18 Audited Financial Statements and Auditors' Report
- 5) Report No. 75 on Strategic Plan Implementation

Pearce asked to remove Item B-4 from the Consent Calendar for presentation by Auditor Maher.

M/S/P Hymel/Kelly to approve Consent Calendar Items 1, 2, 3 and 5 as presented.

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

Cassingham introduced Maher, noting he has been MERA's Auditor since 2007. She thanked him and his Team for all their efforts and patience in producing the FY17-18 Audit in the required compressed schedule to present it to the Finance Committee and Governing Board by the December 5 deadline. She also recognized District Finance Director Hom for his accounting contributions. She added that Maher also performed the Measure A Independent Compliance Audit in parallel schedule to MERA's Audited Financial Statements.

Gaffney noted the Finance Committee had reviewed the Audit with the sole input to extend the current System's useful life to 2022. Maher commented on the quick staff turnaround to help complete the Audit. He said the noteworthy Audit item was the adjusted System Depreciation Schedule which was accelerated a few years ago in anticipation the new system would be completed in 2019. He added the Audit is a clean opinion.

M/S/P Gaffney/Middleton to accept the MERA 2018 Auditor Communication with Governing Board and MERA's Final Audited Financial Statements and Auditors' Report for FY17-18 and direct the Executive Officer to transfer \$225,000 from the June 30, 2018 Fund 70030 (Operating) Balance to Fund 70036 (Replacement) per Governing Board Resolution dated May 9, 2018.

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

C. Executive Officer's Report – (Cassingham)

1) Report No. 49 on Next Gen System Project – (Jeffries)

Jeffries recapped activities since the November 28 Governing Board meeting including the Project Team call, Motorola meeting and Muir Beach presentation scheduled for later tonight. He added that most of the staff effort has been on Change Orders #7, #8, #10 and #11, which are on today's Agenda and have been reviewed by the Finance Committee in conjunction with the Project Budget and Cash Flow Projections. He noted the December 19 Citizens Oversight Committee meeting, wherein Measure A revenues and expenditures since their last meeting on September 19, 2018 will be reviewed.

2) Report on Reinvestment of 2016 Bond Proceeds –
New Guaranteed Investment Contract (GIC)

Cassingham said with the November 30 expiration of the current GIC with Natixis as reported on November 28, she has worked with Gaffney, Sperry Capital Financial Advisors and Bond Counsel Reyes with Kutak Rock to reinvest the remaining Bond proceeds by competitive bid process. Bids were submitted on December 10 with 2 bids received. The bid was awarded to Bayerische Landesbank at 3.042% interest. The new Investment Agreement is under review by the parties and we are on track for closing and settlement on Monday, December 17.

Cassingham added the new GIC interest rate was three times greater than the original interest rate of 1.19% which reflected the 2016 bid climate. Financial Advisor fees will be paid by the provider. She thanked Gaffney for his efforts with the Reinvestment. Gaffney said these are unexpended Bond proceeds, the investment of which, is very important to Project financing. He said the higher interest rate adds about \$1M to funds available for the Project.

Pearce asked about restrictions on earnings from Bond proceeds. Gaffney said we can't earn more than the arbitrage on the Bonds. We will be earning 3% with Bond interest at 2.5%. For the first 2 years, we only earned 1.19% and arbitrage will be reported after 5 years. However, no payback to the Treasury is expected. Tyrell-Brown asked if the increased interest would be recognized in the Project Budget and cash flow. Gaffney confirmed it is being recognized in the projections.

D. Operations Reports – (Klock)

1) Update on Next Gen System Project Budget – (Jeffries)

Jeffries presented the updated Next Gen Project Budget which incorporated Change Orders (C.O.s) #5, #6 and #9 approved by the Governing Board on October 24. These C.O.'s were deducted from the Budgeted "Vendor Contingency" line item. The latest Budget iteration shows the impact of approving proposed Change Orders #7, #10 and #11. The MERA Finance Committee met on December 6 and determined there are sufficient funds available to approve them along with an increase in the Project Contingency to \$4M. The Committee supported the increased Contingency given the unknowns of the Project.

Pearce noted he attended the Finance Committee meeting. He said it was a good discussion and the Project financing is in good shape and well monitored. Hymel said there was discussion around maintaining a minimum reserve balance and a policy to establish it at \$4M at least through the first 10 years of the Project. As the out years approach, the minimum can be revisited and revised.

M/S/P Kelly/Hymel to accept the latest Next Gen Project Budget as presented and approve the Finance Committee's recommended minimum Project Contingency of \$4M.

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

2) Motorola Contract Change Order #7 – AES/DES Encryption, Radio Management, WiFi, OTAP (Jeffries)

Jeffries reported this C.O. has been presented to the Governing Board several times and has not changed. Pearce reiterated that C.O.'s #7, #10 and #11 have also been reviewed by the Finance Committee and confirmed #10 and #11 have discount deadlines associated with them. He added that C.O. #7 will reduce the Project Schedule and provide for future efficiencies with remote programming. In response to Middleton, who asked if the \$4M Contingency would be maintained if we did #7, #8, #10 and #11, Gaffney said no action is planned at the time on #8.

Hymel said the cost of C.O.'s #7, #10 and #11 retained a \$963K of Unappropriated Project Reserve above the \$4M Contingency. Regarding C.O. #8 MPLS, he said a number of vendor cost and timing options will be explored by the Project Oversight Committee before this matter is re-presented to the Governing Board. The Board can look at the remaining balance as part of that. Pearce added that with so many

moving parts to C.O. #8 and given no immediate urgency, it was agreed more review and time should be taken with it before proceeding.

Gaffney said the reserve reflects 20 years of revenue coming in so we don't have all the funding now. He continues to do cash flow separately from the Project Budget. At this point, it is working. Hymel added that, if needed, a short-term borrowing could be arranged and financing expense would be another Project cost. Borrowing would be minimized to the extent possible. Gaffney commented with the additional GIC interest, additional financing may not be needed but certain expenses like Site Construction remain unknown. Middleton confirmed C.O. #7 cost as \$631,403.15.

M/S/P Kelly/Gaffney to approve Motorola Contract Change Order #7 as presented.

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

3) Update on Motorola Contract Change Order #8 – Multi-Protocol Label Switching (MPLS) for the Microwave Network

By consensus, this Item is on hold for future discussion and action.

4) Motorola Change Order #10 – Radio Accessories and Mobile Portable Chargers – (Jeffries)

Jeffries said this was a repeat presentation of C.O. #10 to the Finance Committee and Governing Board. He said Portable Chargers had been listed in the Motorola Contract as an optional cost and not required equipment and the Contract only provided for lower capability radio batteries. The additional radios inventory portion of this C.O. has been updated and reflects 126 total additional radios which is reduced from the original count. As a result, the total cost of #10 is reduced to \$3.5M.

Jeffries said a question had been posed about using an outside vendor for the chargers to reduce costs. The Radio Shop got a quote from Endura which reflects certain equipment cost decreases. However, Motorola chargers include a proprietary feature called Impress which they claim provides 60% more charges over the life of the radio. It also provides faster charging and capacity diagnostics. There is a value going with Impress and its capabilities but Endura offers pricing differences.

Kelly asked what Endura thought about Impress and whether they concurred. Simpson said he was not able to find much clarification about this. Endura chargers are considered smart chargers that provide some monitoring like battery

temperature, capacity and remaining life. There are some Endura chargers in use and they seem okay.

Kelly asked Jeffries to calculate the overall cost difference. Pearce said the Motorola batteries have a conditioning feature that Endura may not have. Gaffney noted that there could be issues if we don't buy the Motorola chargers. Grasser asked if Motorola had considered subsidizing the cost difference due to not having chargers in the bid. Jeffries responded that Motorola had tried unsuccessfully to get discounts into this C.O. as they have with other C.O.s.

Kelly said he was leaning toward opposing this C.O. Motorola is selling radios and should be selling chargers. They are not treating as fairly on this even though they have made other concessions. His no vote would be in protest. Grasser added that the Impress battery is replaced for free if it doesn't hold a charge after 18 months. After-market batteries may not be warranted the same. Hymel suggested further study of this part of the C.O. since it would not affect a discount. Jeffries said he calculated about an \$83K savings with Endura. He added that this C.O. is date sensitive for approval. With C.O.s #10 and #11, if we commit by December 15, there is an additional \$1M in discounts.

Gaffney asked if we have to commit to all of the C.O. package. Jeffries said a reworking of the package would take time beyond 12/15. If we wanted to preserve the discounts, Governing Board approval would be needed by mid-month. Cost implications of reworking C.O.s #10 and #11 are unknown as negotiations with Motorola would be required.

Kelly said since chargers are not needed now, more time could be taken to study the Endura. Jeffries said the removal of chargers from the C.O. would require new pricing and clear Board direction on it. Klock reiterated Motorola's December 15 deadline to retain #10 and #11 discounts. Grasser asked about Federal Engineering's (FE's) role in this as they didn't include the chargers as required in the RFP. Tyrell-Brown asked for clarification of F.E.'s responsibility. She added she was concerned about their accountability going forward as well. This is a huge miss and greatly time-consuming financial issue.

Jeffries said, had the chargers been included in the Motorola Contract, the Contract cost would have increased. Klock said, per the Contract, chargers were treated as accessories and no detailed inventory had been done on all radios and accessories prior to the RFP going out. Jeffries said a survey was done after the RFP with varying degrees of response from member agencies. He added that FE was there to guide us and should have been pointing out potential landmines. At minimum, these costs would have been known up front. The various Change Orders reflect a long list of items we have been negotiating with Motorola for months. The C.O.'s are now finalized for Board decisions.

Middleton asked about technology getting cheaper over time and whether radios and battery costs would come down. Kelly said proprietary technology costs tend to stay the same. Simpson said today's pricing probably reflects some cost reduction. Jeffries said a new radio model may be on the horizon with features we will not need. Simpson added the after-market batteries have much higher turnaround. Cronin said he had noticed the difference between the Motorola and after-market batteries but could not confirm the 60% differential. Grasser added circuit contacts were worn down using after-market batteries so there is a tradeoff. Jeffries noted agencies have a choice to use after-market batteries when replacing originals.

Mortimer said he has spoken with Jhaver who was involved with the RFP development and final negotiation of the Motorola Contract. He said not requiring chargers was not a miss by FE or the Board. Whether the idea was to include them in the Contract later, he can't speculate. The RFP required that all accessory costs were to be priced as separate line items by Motorola. After the RFP was issued, a radio and accessories survey was to be conducted for ordering purposes.

In response to Gaffney, Jeffries, said Governing Board options are to approve or disapprove C.O. #10 as presented. Anything in between would require clear Board direction. Staff would need to be given the authority to work on and approve a revised C.O. within those parameters to preserve the discounts. Hymel said we either decide on Motorola chargers or another brand but funding would still need to be approved at a later date. Cronin said for the possibility of saving \$80K with another charger, we are risking an unknown amount of discount and perhaps ending up with substandard equipment. Either way, this will cost MERA.

Hymel said we could separate the motions on C.O. #10 package components. Jeffries said chargers are just one part of the accessories component. Kelly said there should be at least one protest vote. Cronin said he understood, but here we are, plus under a deadline. Tyrell-Brown inquired about the mobile radio upgrade to APX 6500 and the noted limitations with the 4500s and whether this is related to the dual. Jeffries said the feature set for the 6500s matched MERA's needs more closely, especially on the public safety side. He added the simplification of what we have is also a factor, including minimizing the number of models and control heads we have and maintenance thereof. She asked about cost differential. Jeffries said, after considerable study, this model best meets our specs and is accordingly most cost-effective.

In response to Pomi, Jeffries said the base is 6000 which is a single band portable radio. Pomi requested clarification of the Motorola Solutions Change Order #10 Items 1-6. Jeffries said, Item 5 cleans up a mistake in the early San Rafael radio order for 3 APX 8000s but does not move all the radios to the 8000s.

Gaffney said the charger cost is around \$230K of the total C.O. cost of \$3.5M. He

suggested approving the C.O. with the exception of the chargers. Jeffries said removing this item could affect the overall discount even though the charger amount is small by comparison. Gaffney said we could always buy Motorola chargers later. Kelly said it is clear Motorola wants this sale in this calendar year. He suggested approving C.O. #10 as is and giving staff the authority to negotiate better pricing on the chargers. Pearce added we could approve C.O. #10 in its entirety, not to exceed \$3.25M.

Silverman noted Motorola's previous response to our question about how many systems like this they sell without radio chargers. Their answer is none. In response to Pomi, charger costs were recalculated as \$436K. Gaffney suggested we deduct the \$83K cost difference between Motorola's chargers and Endura. Hymel supported Kelly's suggestion to approve #10 as presented with authority to staff to seek a further charger price reduction. Klock said original Motorola charger costs were \$1M which are reduced by over 50% with this C.O. He added the C.O. locks in unit pricing and not the dollar amount, which is awaiting a final detailed inventory of what we want.

Klock said Motorola is very clear about signing a Contract that did not include chargers. The root of all the Change Orders is that these were items not included in the Contract. Hymel said the Contract was an up to amount and that chargers were not included in it. Kelly said radios without chargers was a miss. Pearce added we need to circle back to find the source of the miss.

M/S/P Kelly/Middleton to approve Motorola Change Order #10 with the provision that MERA staff negotiate better pricing to the best of their abilities.

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

Hymel said the Finance Committee will follow-up on nonpublic safety radios and equipment after a detailed inventory since this will be funded by non-Measure A Revenues. The Government Code Section used for Measure A limited expenditures to public safety only. \$1M has been budgeted for non-safety equipment.

5) Motorola Contract Change Order #11 – Early Order Mobile Radios (Jeffries)

Jeffries said the cost for C.O. #11 is \$423,313.42 and works in conjunction with C.O. #7. The idea is to bring in the mobiles early. The final Project Schedule will identify a cutover date 10 months before, when we will take delivery of the mobiles which will be dual band. Installation will begin across the fleet while we are still on Gen I. Moving all the MERA users to Next Gen will only require a few days. The

current cutover plan would start installation upon cutover and this C.O. would reduce the Project schedule by 8 months.

In response to Gaffney, Jeffries clarified that the cost of this C.O. was reduced from its original \$1M due to a cost shift to C.O. #10. Gaffney said the Finance Committee unanimously supported #10.

M/S/P Kelly/Stevens to approve Motorola Change Order #11 as presented.

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

6) Federal Engineering Contract Update - Review

Klock presented his report noting F.E.s Contract started in March 2017. Almost \$700K has been expended in Phase II of their Contract, leaving a balance of about \$300K. Duration of Phase II was project to be 2.5 years, which is no longer valid. Updated duration is 5 years. They are through about 75% of Task 2, which is Preliminary and Final Design Review. Tasks 3-6 deal with system installation, coverage testing, and documentation.

Klock said he will be negotiating with F.E. over the next few months to extend their Contract through Project duration. He is aware that MERA would like to see a no-cost extension. He added FE is seeking compensation for performance of out-of-scope work. He will negotiate and align the remaining tasks to meet the new schedule. These discussions will be presented for Project Oversight Committee review and recommendation to the Governing Board.

Pearce asked about Jhaver's statement to finish the Project with no further negotiations. Klock said he agreed to the updated schedule, but not without further negotiations. His agreement was based on no further out-of-scope work. Cassingham asked who authorized the out-of-scope work. Klock said he did as he manages FE's Contract and this work was necessary to move the Project forward.

Gaffney asked about the full-time FE Project Manager's hours being scaled back due to delays in the Project Schedule. Klock said we have not yet found opportunities to scale back his time due to the extra work required in working with Motorola. This includes extensive delays in design submittals and changes required. FE has been key to flushing this out.

Hymel said it is important to present the Project Manager's hours and FE Contract changes to the Project Oversight Committee for input. Jeffries said a Committee meeting will hopefully be scheduled prior to the next Governing Board meeting on

January 23 to discuss this, along with a CEQA update. Pearce asked for the lack of inclusion of radio chargers in the Contract along with other misses, to be included in the FE Contract review.

Cassingham said, for the record, she objects to the FE report citation of “extensive assistance with lease documentation preparation”. Klock acknowledged the concern.

7) MERA System Operations Update – November – (Simpson)

Simpson said November went well. Some PG&E power issues were experienced. The traffic jam over Thanksgiving led to 3 rectifier failures. Also, a DAS hard drive was replaced. There also were calls received related to Fire Station Alerting. None of these were threatening. There were spares and he does not foresee issues going forward. Pearce noted 32 seconds of busies for the year.

8) Other Information Items

Pearce inquired about Motorola Legacy System support and providing us help with locating parts, ideally at discounts. Simpson said the Shop is sorting out what is available as surplus and what may be needed. Pearce said Motorola committed to providing assistance until Next Gen came online. Klock confirmed a letter from Motorola to provide support. Pearce asked if there was a sunset provision in it. Jeffries and Simpson said Motorola responds to our inquiries regarding surplus item compatibility. They have committed to vetting spares by using third-party personnel once we locate them and group them efficiently for consultant review.

Jeffries distributed the December 2018 member handout on the Next Gen Project. He asked for members to distribute them to their Boards and appointed staff. Future editions will generate more attention as the draft SEIR is issued. They will include information about the 5G system implementation and that it has nothing in common with Next Gen. Hymel asked for 5G sample language for MERA members to use to differentiate it should it come up.

Pearce wished good luck with the MERA Muir Beach presentation tonight and thanked all for the hard work on the Change Orders.

E. Open Time for Items Not on Agenda

None.

F. Adjournment

The meeting was adjourned at 4:43 p.m.

Respectfully submitted by:

Maureen Cassingham
MERA Executive Officer
and Secretary