

MARIN EMERGENCY RADIO AUTHORITY

c/o Town of Corte Madera
300 Tamalpais Drive, Corte Madera, CA 94925
PHONE: (415) 927-5050
WWW.MERAONLINE.ORG

DATE: January 8, 2020
TO: MERA Executive Board
FROM: Ernest Klock, Operations Officer
SUBJECT: AGENDA ITEM C-1: Proposed Federal Engineering Phase Two Contract Amendment No. 2

Recommended Action: Recommend that the Governing Board Approve the Federal Engineering Phase Two Contract Amendment No. 2.

On December 14, 2016, the Governing Board approved Federal Engineering’s (FE) Phase 2 contract which subsequently started in March of 2017 and concluded in August of 2019. This was a fixed fee contract based on an assumed contract duration of 30 months. The Governing Board approved a first amendment to this contract at their June 26, 2019 meeting which extended FE’s services through January 31, 2020 at a total cost of \$144,000. The current recommendation is to extend FE’s contract by 11 months with a second amendment to continue services through 2020 until December 31, 2020 at a fixed price of \$351,120 or \$31,920 per month.

FE’s Phase 2 contract includes a fixed monthly rate for performing six main tasks overseeing the design and implementation (not including construction oversight) of the Next Gen system. The tasks in FE’s scope are: 1) Implementation Project Management; 2) Preliminary Design Review and Final Design Review; 3) Factory Testing, Equipment Delivery, and Installation Verification; 4) Coverage and System Testing; 5) System Acceptance and Cutover; and 6) Documentation. Task 1 and 6 are ongoing, and Task 2 will be complete upon the acceptance of the final system design (Customer Design Review – CDR) which is anticipated to occur in March or April of 2020. Task 3 (the main scope of work to be completed under the proposed second amendment) is anticipated to be largely complete through the end of 2020 (Factory Testing and Equipment Delivery) however, Installation Verification would be partially complete pending the construction and equipment installation at all Next Gen sites. Once equipment is installed at all sites, Task 4 (Coverage and System Testing) may begin.

The following is an estimate of FE’s expenditures to date as billed against the Next Gen Budget FE line item, \$1,798,603. The Phase 2 Contract Amendment No. 1 was billed against DPW Implementation monies and is therefore not included in the summary below. This was a onetime adjustment as FE largely supported DPW implementation activities (CEQA review, construction document assistance, and draft lease document assistance) during the term of the first amendment (September 2019 through January 2020). However, this would not be the case moving forward as FE and DPW have separate scope to perform to further the Next Gen Project.

Phase 1 Contract	\$305,456.00 (Next Gen Budget FE Line Item)
<u>Phase 2 Base Contract</u>	<u>\$989,250.00 (Next Gen Budget FE Line Item)</u>
Total Contracts	\$1,294,706
FE Line Item Balance	\$503,903

Several pricing options were explored with FE per the table below.

Proposed Contract Type	Proposed Contract Duration (Months)	Proposed Contract End Date	Estimated Monthly Marin Invoice @ 2020 Rates Time & Materials	Estimated Annual Marin Invoice @ 2020 Rates Time & Materials	Estimated Monthly Marin Fixed Price Invoice @ Discounted Rates	Estimated Annual Marin Fixed Price Invoice @ Discounted Rates	Annual Savings	Monthly Invoice Savings
Fixed	11	12/31/2020	\$33,600 (rates increase annually)	\$403,200	\$31,920	\$383,040	\$20,160	\$1,680
Fixed	17	6/30/2021			\$31,248	\$374,976	\$28,224	\$2,352
Fixed	23	12/31/2021			\$30,912	\$370,944	\$32,256	\$2,688
Fixed	29	6/30/2022			\$30,240	\$362,880	\$40,320	\$3,360
Fixed	35	12/31/2022			\$29,904	\$358,848	\$44,352	\$3,696

A time and materials or hourly contract model was explored with FE, but determined by FE to be unfeasible as they are not currently staffed to accomplish this and would require a minimum monthly hours guarantee that would push charges past the currently offered monthly rates (see \$33,600/month above).

One potential option for MERA is to enter into a long-term commitment with FE per the rates above \$29,904/month x 35 months = \$1,046,640 and utilizing the FE line item balance (\$503,903), the sum of \$542,737 would be needed to fund FE services through the end of 2022. This has not been recommended due to the uncertainties associated with future phases of the project and potential costs/delays associated with a longer project implementation timeline. If MERA does continue with FE on an annual contract renewal basis, rates are assumed to increase by the CPI or approximately 3% per year. Under that scenario, 2020 FE services would be \$351,120, 2021 FE services may be \$394,800, and 2022 FE services may be \$406,800 resulting in total expenditures of \$1,152,720. MERA should weigh the \$106,080 long-term contract option savings against a potential extended implementation timeline.

The recommended second amendment of \$351,120 would bring the total FE estimated expenditures to \$1,645,826 at the end of 2020, leaving an estimated budget of \$152,777 (\$1,798,603-\$1,645,826) for that line item. The shorter term second amendment gives MERA the flexibility to re-assess the need for FE services on an annual basis. If the second amendment is not approved, FE services will cease on January 31, 2020 and finalization of the CDR package will not occur by March or April of 2020. The CDR package is the next big project milestone and needs to be approved by MERA prior to ordering and factory testing of the Next Gen Radio Communication System.