

MARIN EMERGENCY RADIO AUTHORITY

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Attachment B-1 MERA Finance Committee Report #B - Budget Summary 02/17/2021
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DATE: December 09, 2020

TO: MERA Governing Board

FROM: Dave Jeffries, Deputy Executive Officer for the Next Gen Project

SUBJECT: AGENDA ITEM B-2: Proposed Revisions to Next Gen Project Budget Line Items

Recommended Action: Consider approval of the following budget transfers, budget summary format changes and to schedule a Finance Committee meeting:

- 1) Budget Summary Changes
 - a) Re-title Line Item #2 from Vendor Radios to Vendor Radios – Public Safety.
 - b) Create a separate table to track Vendor Radios – Non-Public Safety and funding from the Replacement Account.
 - c) Re-title Line Item #3 – Site Acquisition/Construction/CEQA to CEQA, retaining \$904,299 in budgeted funds.
 - d) Establish a new Line Item #4 – Construction, using \$4,395,701, the remainder from the existing Line Item #3.
 - e) Renumber existing Line Items #4-14 to #5-15.
- 2) Budget Transfers
 - a) Move \$964,432.60 from Vendor Radios (Line Item #2) to the new Construction Line Item #4.
 - b) Move \$4,000,000.00 from Budgeted Project Contingency to the new Construction Line Item #4.
 - c) Move \$1,114,304.40 from Unappropriated Project Reserve to the new Construction Line Item #4.
- 3) Instruct the Finance Committee to meet to review all updated cost items and evaluate cash flow impacts prior to the next Governing Board meeting, including funding of the Non-Public Safety Radios.

Introduction

At the 09/23/2020 Governing Board meeting, the Governing Board reviewed the Project Budget and Expenditures summary, dated 09/08/2020. (See attachment B-2a) While there are several routine updates in the current proposed Project Budget and Expenditures summary, this report focuses on two specific areas that have been recently reviewed in detail and updated as a result of those reviews. These involve Line Item #2 – Vendor Radios and Line Item #3 – Site Acquisition/Construction/CEQA.

Review of Line Item #2 – Vendor Radios

This line item includes Mobile, Portable and Base Radios with their related accessories for the Next Gen system. In addition, MERA is restricted to only using Measure A Parcel Tax funds for public safety radios. Local Government Radios (Public Works, Transit, etc.) are funded by MERA’s Replacement Fund (Fund # 70036) account.

As of 09/08/2020, this line item was budgeted at \$11,993,316 with expenditures at \$219,072. In addition, the budget summary includes an estimated contribution from the Replacement Fund for the non-public safety radios of \$1,000,000. This non-public safety amount had been viewed as a place holder figure until further calculations were completed.

Based on my review of line item costs and quantities from the recently completed Field Survey, I estimate the total cost of the Next Gen Mobiles, Portables and Base radios with accessories and a 5% contingency at \$14,240,377.98. Of this, the Measure A Parcel Tax portion is \$10,028,883.40 and the Non-Measure A portion is \$4,211,494.98. (See attachment B-2b)

To better track these Public Safety and Non-Public Safety radios, it is recommended that Line Item #2 – Vendor Radios be limited to Public Safety Radios and that the Non-Public Safety Radios and their funding sources be tracked separately.

While the Vendor Radio line item was set at \$11,993,316, this presumed \$1,000,000 for non-public radios from non-Measure A sources, resulting in \$10,993,316 in Measure A contributions. In consideration of the restrictions on using Measure A funds only for public safety radios, this can allow us to reallocate \$964,432.60 from Vendor Radios to other Measure A purposes. As mentioned below, I recommend that these funds be reallocated to Construction Costs. In addition, the non-Measure A funding needs to be increased by \$3,211,494.98 to a total of \$4,211,494.98, which we will be tracking separately in the future.

Review of Line Item #3 - Site Acquisition/Construction/CEQA

This line item was established to track the budget for and costs resulting from Site Acquisition, Construction and CEQA costs. As MERA has completed the CEQA process, those costs are paid, and no further costs anticipated. Site Acquisition costs are limited to involvement by County Staff and contracted staff on Lease Negotiations with a contracted cost of \$50,000. The third portion of this line item is for Construction Costs which is the primary issue in this report and will be the primary source of all future costs for this item.

Prior to the transition of the Next Gen Project from the County of Marin to MERA, the Line Item Budget of \$5,300,000 had been discussed in several board meetings with assurances that this was enough for site construction as well as a healthy contingency amount within the line item in addition to CEQA costs. Based on current expenditures, primarily for CEQA, that left \$4,395,701 available for remaining Site Acquisition costs and Construction Costs.

Following the transition of the Next Gen project back to MERA, AECOM was brought on board to provide project and construction management. Their initial tasks were to develop a construction schedule, prepare bid packages and develop an updated Construction Budget. After internal review, AECOM provided MERA with a draft budget. MERA staff worked with AECOM to refine estimates and clarify details. Due to a multimillion-dollar difference between the existing budget and the AECOM estimates, the draft of the AECOM budget was provided to the County of Marin to understand the gap.

During this recent review MERA was advised that the County had reviewed their estimates in 2019 and because of the recent discussions with MERA and AECOM conducted an additional review in 11/2020. (See attachment B-2c. County Construction Cost Revised Estimates)

County (Original Estimate):	\$4,395,701
County 2019 Revised Estimate:	\$5,140,000
County 11/2020 Revised Estimate:	\$6,490,000

Following feedback from County staff, AECOM made additional revisions and produced the current Construction Cost estimate. (See attachment B-2d. AECOM Construction Cost Revised Estimates)

AECOM Current Estimate: \$10,474,438 (Includes Muir Beach adjustment noted below).

While there are some differences in hard cost estimates for the work to be performed, the most significant difference between the County and AECOM estimates is in the soft and contingent costs. This essentially deals with what level of risk MERA wishes to assume in this Construction Phase. AECOM was instructed to develop an estimate with the goal of ensuring that there would not be any need to return to the Governing Board for any additional Construction Cost increases.

Comparison of Hard and Soft Costs			Totals:
Marin County (11/2020)			
	Hard Costs	\$5,490,000	\$6,490,000
	Soft Costs	\$1,000,000	
AECOM (11/2020)			
	Hard Costs	\$6,777,523	\$10,634,444
	Soft Costs	\$3,686,921	

Note: The Muir Beach calculations for these tables were conducted prior to PG&E agreeing to upgrade their system near Muir Beach, an estimated savings to MERA of \$160,006 that is not reflected in these two tables.

Construction Cost Variance by Site (Hard Costs)		
Site	Variance	Higher Estimate
Big Rock	6%	AECOM
Civic Center	27%	Marin
Coyote Peak	36%	AECOM
Dollar Hill	8%	AECOM
EOF	48%	Marin
Mill Valley	10%	AECOM
Mt. Barnabe	13%	Marin
Mt. Tamalpais	29%	AECOM
Muir Beach	29%	AECOM
OTA	8%	Marin
Pt. Reyes	13%	AECOM
San Pedro	8%	AECOM
Skyview Terrace	3%	Marin
Sonoma Mountain	35%	Marin
Stewart Point	34%	AECOM
Tiburon	12%	AECOM
Tomales	2%	Marin
Wolfback Ridge	32%	AECOM
TOTAL Hard Costs	20%	AECOM
TOTAL Costs	39%	AECOM

It is with this understanding of the County estimates as well as AECOM’s estimates that recommendations have been developed to support the larger AECOM estimate as part of the Project Budget and Expenditures Summary.

Further, this is a budget based on assumptions and estimates, as is any budget. As we move forward, the MERA Boards will be provided data on each site to include, once its available:

- 1) Engineers Estimate per Site
- 2) Awarded Bid cost per Site
- 3) Approved Contingency Costs per Site

Comparison of these numbers as we proceed though the Next Gen Project will provide on-going feedback to assess the Project Budget against actual costs.

Recommendations

- 1) Budget Summary Changes
 - a) Re-title Line Item #2 from Vendor Radios to Vendor Radios – Public Safety.
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Attachments:

B-2a. Budget and Expenditure Summary, GB 09/23/2020

B-2b. Vendor Radio Estimates

B-2c. County Construction Cost Revised Estimates

B-2d. AECOM Construction Cost Revised Estimates