

MARIN EMERGENCY RADIO AUTHORITY

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DATE: March 10, 2021
TO: MERA Finance Committee
FROM: Dave Jeffries, Deputy Executive Officer for the Next Gen Project
SUBJECT: AGENDA ITEM D: Finance Subcommittee Report on Next Gen Project Revised Budget

Recommended Action: Review and recommend moving item for Governing Board consideration.

Introduction

At the Finance Committee meeting on 02/17/2021, a Subcommittee on the Budget was assigned that included Mr. Hymel, Mr. Eilerman, Mr. Gaffney and me.

The Subcommittee met on 02/25/21 and again on 03/04/21. Based on those discussion and additional research, an updated Budget Summary was developed, as well as a Non-Public Safety Budget Summary and a review of contract and Contract Change Order expenses.

Contract and Contract Change Order Costs

This overview involved researching the original Motorola contract, as well as each of the subsequent Contract Change Orders to determine total costs and then to divide those total costs for each item as either a System, System Upgrade Agreement (SUA, or Radio cost. The radio costs were then further divided into Public Safety and Non-Public Safety radios to address the Measure A vs Non-Measure A funding requirement.

- The contract assumed 8.45% sales tax, while all the Contract Change Orders assumed 9% sales tax. For this budget, I recalculated the Contract taxes at 9% as well.
- The original Motorola Contract Proposal Pricing Form included a discount of \$500,000 that assumed we would take delivery of all radios in 2017, which we did not do. This \$500,000 has been added back into the contract cost.
- The original list of Public Safety users was augmented by adding the District Attorney's Office, which was an oversight and both Marin County Probation and the Marin County Park Rangers. While those appear to be appropriate additions, we are seeking concurrence from MERA Counsel on those adjustments.
- The breakdown between Public Safety and Non-Public Safety radios was determined by using the total count of radios assigned to each group. (Public Safety 69% and Non-Public Safety 31%)

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Contract and CCO Costs				Subsets of Radios		
SOURCE	TOTAL	SYSTEM	SUA	RADIOS	PS RADIOS	NON PS RADIOS
ORG Contract	\$34,868,576.06	\$18,308,978.00	\$8,301,299.49	\$8,258,298.90	\$5,698,226.24	\$2,560,072.66
CCO #1	\$2,777,880.00	\$1,889,270.00	\$888,610.00	\$0.00	\$0.00	\$0.00
CCO #2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CCO #3	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CCO #4	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CCO #5	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CCO #6	\$501,615.50	\$445,888.98	\$55,726.52	\$0.00	\$0.00	\$0.00
CCO #7	\$631,403.15	\$0.00	\$0.00	\$631,403.15	\$435,668.17	\$195,734.98
CCO #8	\$1,367,839.86	\$676,160.86	\$691,677.00	\$0.00	\$0.00	\$0.00
CCO #9	\$214,174.70	\$214,174.70	\$0.00	\$0.00	\$0.00	\$0.00
CCO #10	\$3,528,384.42	\$0.00	\$0.00	\$3,528,384.42	\$2,434,585.25	\$1,093,799.17
CCO #11	\$423,313.42	\$0.00	\$0.00	\$423,313.42	\$292,086.26	\$131,227.16
TOTAL:	\$44,313,187.11	\$21,534,472.54	\$9,937,313.01	\$12,841,399.89	\$8,860,565.92	\$3,980,833.97

Contract and CCO Costs	
SOURCE	Description
ORG Contract	Original Motorola Contract
CCO #1	Fire Station Alerting
CCO #2	Staff Change by Motorola
CCO #3	EOF Power Re-Design
CCO #4	Training Update
CCO #5	MV Tank and Tiburon Site Add ons
CCO #6	Site Readiness and Sonoma Microwave
CCO #7	Radio Management, WiFi, OTAP and AES/DES Encryption
CCO #8	MPLS
CCO #9	Spares and NICE Redundancy
CCO #10	Subs accessories and early order subs
CCO #11	Mobile radio upgrade from APX6500 to APX 8500

For Budget Summary:	AMOUNT
CONTRACT SYSTEM - MEASURE A	\$18,308,978.00
CONTRACT RADIOS - PS	\$5,698,226.24
CONTRACT RADIOS - NON PS	\$2,560,072.66
CONTRACT SUA	\$8,301,299.49
CCO SYSTEM	\$3,225,494.54
CCO RADIOS - PS	\$3,162,339.68
CCO RADIOS - NON PS	\$1,420,761.31
CCO SUA	\$1,636,013.52
TOTAL:	\$44,313,185.44

Revised Budget Summary

The Budget Summary has been updated in several ways for the format we have used in the past. Some of these updates were shared with the Finance Committee at their last meeting.

- Budget Sections: The revised budget places all line items into one of three categories.
 - o Active Line Items: These are Line Items in which we expect expenditures between now and the end of the Implementation Project in Q1 of 2024. In two cases, Admin Fees and Financing Bond Costs, expenditures will extend beyond that date.
 - o Closed Costs: These are Line Items in which we do not anticipate any additional expenditures.
 - o Future Costs: Line Items that will not require any expenditures until after Q1 of 2024.
- Line Items:
 - o 1-A: Vendor Contract – System: These are System costs associated with the original Motorola Contract.
 - o 1- B: Vendor Change Orders – System: These are System costs associated with the Contract Change Orders.
 - o 1- C: Vendor Contract – Public Safety Radios: These are Radio costs associated with the original Motorola Contract, specific to the Public Safety radios funded by Measure A. The Non-Public Safety radios are not included here.
 - o 1-D: Vendor Change Orders – PS Radios: These are Radio costs associated with the Contract Change Orders, specific to the Public Safety radios funded by Measure A. The Non-Public Safety radios are not included here.
 - o 1-E: Construction: This is the budget for the MERA Construction at the 18 sites, based on the AECOM Budget estimate.
 - o 1-F: FE Project Management – Phase II: These are the contract cost for Federal Engineering assistance, post-RFP to assist MERA with the Implementation Project.
 - o 1- G: AECOM Consulting Task 2 (Const.): These are the contract cost for AECOM assistance, post-Customer Design Review, to assist MERA with the Implementation Project.
 - o 1- H: RGS MERA Staffing: This covers costs for the Executive Officer associated with the Next Gen Project, and all costs associated with the Deputy Executive Officer, Administrative Assistant and Implementation Coordinator.
 - o 1- I: Marin County Real Estate Services: This covers costs for Marin County staff assisting with lease negotiations for MERA Next Gen sites.
 - o 1- J: MERA Legal: This covers costs for MERA Counsel associated with the Next Gen Project.
 - o 1- K: Admin Fees: This covers fees associated with parcel tax collection and other purposes.
 - o 1- L: Financing Bond Interest: This covers Bond Interest payments associated with the Next Gen System,
 - o 2 - A: CEQA: Costs associated with the Subsequent Environmental Impact Report.
 - o 2 - B: AECOM CDR Services: Contract costs associated with AECOM’s review of the Customer Design Review documents.
 - o 2 - C: Public Outreach and Awareness: Costs associated with the public education effort for the Measure A Parcel Tax.

- 2 - D: Other Capital Costs: Costs associated with a variety of minor expenses, earlier on the project.
- 2 - E: DPW Project Implementation: This covered Marin DPW costs for implementation of the Next Gen Project thru 06/30/2020.
- 2 - F: Marin DPW: Minor costs associated with other DPW related efforts earlier on the project.
- 2 - G: FE Consultants – Phase I: This covers contract costs associated with Federal Engineering’s work on the Request for Proposal (RFP).
- 3 - A: System Upgrade Agreement (SUA): These are Service Upgrade Agreement (SUA) costs associated with the original Motorola Contract.
- 3 - B: SUA from Contract Change Orders: These are Service Upgrade Agreement (SUA) costs associated with the Contract Change Orders.

Proposed Budget Adjustments:

The Proposed Budget Summary includes the following proposed changes:

- Line Items 1 - A, 1 - B, 1 - C, 1 – D, 3 - A and 3 - B: Adjusted based on the Contract and Change Order Costs assessment.
- Section #2 – Closed Costs: All budget amounts proposed to match expenditures as no further expenses are anticipated.

Non-Public Safety Radios

This document includes three key items:

- The expected balance of the MERA Replacement Fund #70036 on 06/30/2021.
- The Contract costs associated with the Non-Public Safety radios.
- The Contract Change Order costs associated with the Non-Public Safety radios.

Staff is researching additional options to reduce costs in this area:

- Other than the agencies mentioned above, there do not appear to be any additional opportunities to move users out of the Non-Public Safety group.
- Stepping the Non-Public Safety mobile radios to a lesser model. Depending on the available options, this could reduce costs from approx. \$139,000 to \$560,000. This would also extend radio installation past cutover.
- Reviewing accessories. This may produce some but not likely extensive savings.

MERA: Budget Summary				
	Line Item Descriptions of Items Funded Under Measure A Funds	Project Budget 3/03/2021	Paid & Payables thru 12/31/2020	% of Funds Expended
1	Active Line Items (2021-2024)			
1-A	Vendor Contract - System	\$18,308,978	\$3,430,724	19%
1-B	Vendor Change Orders - System	\$3,225,495	\$564,648	18%
1-C	Vendor Contract - Public Safety Radio	\$5,698,226	\$4,360,144	77%
1-D	Vendor Change Orders - PS Radios	\$3,162,340	\$0	0%
1-E	Construction (NEW - eff 07/01/20)	\$10,474,438	\$92,047	1%
1-F	FE Project Management - Phase II	\$2,134,730	\$1,340,410	63%
1-G	AECOM Consulting Task 2 (Const.)	\$2,430,000	\$398,531	16%
1-H	RGS MERA Staffing	\$1,005,000	\$839,297	84%
1-I	Marin County Real Estate Services	\$50,000	\$25,000	50%
1-J	MERA Legal	\$400,000	\$215,761	54%
1-K	Admin Fees	\$3,200,000	\$736,782	23%
1-L	Financing Bond Interest	\$10,366,480	\$2,913,780	28%
	Sub Total	\$60,455,686	\$14,917,124	25%
2	Closed Costs (Pre 2021)			
2-A	CEQA	\$905,799	\$905,799	100%
2-B	AECOM CDR Consulting Services	\$201,853	\$201,853	100%
2-C	Public Outreach and Awareness	\$398,999	\$398,999	100%
2-D	Other Capital Costs	\$28,966	\$28,966	100%
2-E	DPW Project Implementation	\$918,930	\$918,930	100%
2-F	Marin DPW	\$11,640	\$11,640	100%
2-G	FE Consultants - Phase I	\$305,456	\$305,456	100%
	Sub Total	\$2,771,643	\$2,771,643	100.00%
3	Future Costs (Post 2025)			
3-A	System Upgrade Agreement (SUA)	\$8,301,299	\$0	0%
3-B	SUA from Contract Change Orders	\$1,636,014	\$0	0%
	Sub Total	\$9,937,313	\$0	0%
	Total Project Budget:	\$73,164,642	\$17,688,767	24%
4	Contingencies and Reserves			
4-A	Budgeted Project Contingency	\$0	% of Project Total	0%
4-B	Unappropriated Project Reserve	\$1,128,055	% of Project Total	2%
	Project Total:	\$74,292,697		

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MERA: Non-Public Safety Radios			
Funding Sources:		MERA Replacement Fund # 70036	
Date:	Balance	Notes: Fund balance projected for 06/30/21.	
6/30/2021	\$3,975,583		
Expenses:		NON-PUBLIC SAFETY RADIOS	
TYPE:	BUDGET	Expended	%
CONTRACT	\$2,560,072.66	\$0.00	
CHANGE ORDERS	\$1,420,761.31	\$0.00	
TOTALS:	\$3,980,833.97	\$0.00	
Notes:			