



# East Bay Regional Communications System Authority



Participating agencies include Alameda and Contra Costa Counties and the following cities and special districts: Alameda, Albany, Antioch, Brentwood, Clayton, Concord, Danville, Dublin, El Cerrito, Emeryville, Fremont, Hayward, Hercules, Lafayette, Livermore, Martinez, Moraga, Newark, Oakley, Pinole, Pittsburg, Pleasant Hill, Pleasanton, Richmond, San Leandro, San Pablo, San Ramon, Union City, Walnut Creek, East Bay Regional Park District, Kensington Police Community Services District, Rodeo-Hercules Fire Protection District and San Ramon Valley Fire Protection District

## AGENDA ITEM 3

### DRAFT MINUTES

### FINANCE COMMITTEE MEETING

### SPECIAL MEETING – JUNE 30, 2008

#### 1. **Call to Order/Roll Call:**

*A special meeting of the East Bay Regional Communications System Authority Operations Committee was held on Monday, June 30, 2008, in Room 1013 of the Alameda County Office of Homeland Security and Emergency Services, 4985 Broder Boulevard, Dublin, CA. The meeting was called to order at 10:04 a.m. by Chair Shinn.*

#### **Present:**

*Committee members Anderson, Arner, Jermanis, Lockhart (who left the meeting at 11:04 a.m.), Shinn, Whittington (Alt for Cm. Cullen) and Wilson*

#### **Absent:**

*Committee member Haggerty*

#### **Staff Present:**

*Executive Director Bill McCammon and Secretary Fawn Holman*

#### 2. **Comments from the Public**

*No comments were made by any member of the public at this time.*

#### 3. **Approval of Minutes: Regular Meeting of February 1, 2008**

*On motion of Cm. Anderson, seconded by Cm. Jermanis and by unanimous vote, the Committee approved the minutes of the February 1, 2008, Finance Committee meeting.*

#### **4. Presentation on Financing Options for the Remaining Infrastructure Build-out**

*Robert Larkins, Wedbush Morgan Securities, made a PowerPoint presentation (hardcopies distributed to those present) outlining financing options for the remaining infrastructure build-out and reviewed the basic ingredients of a bond financing, which included:*

- 1. Project – What will the money be used for?*
- 2. Obligor – Who is going to pay back the debt?*
- 3. Legal Structure – What are the terms and conditions of repayment? What sources of revenue are pledged? What recourse, and against whom, do investors have?*
- 4. Bond Structure – How is the loan repaid and over what terms?*

*Executive Director McCammon advised that, in terms of process, CTA Communications would conduct a Phase I assessment of all current EBRCSA assets. Phase II would include development of design and costs, and the determination of whether to go out to bid or negotiate with Motorola to complete the build out of the system. At that point, it would be appropriate to engage a consultant to assist in determining suitable financing. It was estimated that this phase would take place by the end of the current calendar year, at which time the project would come back before the Finance Committee for review and recommendation to the Board of Directors.*

*The Committee asked for periodic progress updates in the process.*

*The Committee, Staff and Mr. Larkins discussed the various aspects of financing options, including whether the “wholesale” or the “retail” approach to bond financing would be the most practical and equitable. The Committee also discussed the need for an easy to understand and transparent option so all member agencies involved would be clear on costs involved, as well as to make certain the transaction had the right appeal for investors in the bond marketplace.*

*Mr. Larkins recommended that the EBRCSA take the next steps within an approximate timeline:*

- Confirm grant funding and cost estimates prior to financing.*
- Decide between “wholesale” and “retail” funding approach.*

- *Once project costs were defined and the nature of obligor was determined, it would take about 3-4 months to implement bond financing.*
- *Bring preliminary plan of finance to the Board six (6) months before funds are needed for conceptual approval.*
- *Bring “final” plan to Board one (1) month prior to needing funds.*

*Mr. Larkins advised the Committee that his firm was not currently under contract with the EBRCSA and understood that they would have to compete with other firms for the contract.*

**5. Review Scope of Work for Solano County Needs Evaluation/Assessment and Potential Future Sharing of EBRCSA Infrastructure and Make Recommendation for Board Approval**

*Executive Director McCammon presented the staff report and advised that agencies within Solano County formed the Solano County Emergency Communications Activity (SECA), and has been working to address interoperability issues in Solano County. SECA members have expressed a willingness to partner with the EBRCSA. The EBRCSA’s RFP for an engineering consulting firm included a section requesting an evaluation of the existing systems in Solano County and how they might connect to the EBRCSA. The Bay Area SUASI has committed to provide the \$92,933 needed to complete the study. Staff recommended that the Finance Committee review and support the scope of work and make a recommendation to the Board of Directors that Staff move forward with the work.*

*The Committee and Staff reviewed the scope of work, and discussed that SECA would build its own infrastructure and use the EBRCSA master controller.*

*On motion of Cm. Arner, seconded by Cm. Lockhart and by unanimous vote, the Finance Committee agreed to recommend to the Board of Directors that Staff and CTA Communications move forward with the work as outlined in the scope of work.*

**6. Review Proposal to Expand CTA’s Contract to Complete the Scope of Work for an Engineering Study of the City of Oakland’s Emergency**

## **Radio Communications System and Make Recommendation for Board Approval**

*Executive Director McCammon presented the staff report and advised that the issue of Oakland joining the EBRCSA or remaining on its own had been discussed over the last few years without any resolution. In recent discussions between representatives from the SUASI, City of Oakland and EBRCSA, it was agreed that it would be prudent to develop a scope of work (attached in staff report) and expand the CTA contract to complete a study of the Oakland system and address the issues that have been identified as obstacles to the City of Oakland joining the EBRCSA. The cost of the proposed scope of work was \$233,236 and would be funded through the SUASI.*

*The Committee and Staff discussed that the cost of the Oakland scope of work was significantly more than Solano County's because the scope was much broader. It was also noted that both the Oakland and Solano studies would be completed concurrently.*

*On motion of Cm. Jermanis, seconded by Cm. Whittington and by unanimous vote, the Finance Committee agreed to recommend to the Board of Directors that the CTA Communications contract be expanded to include the City of Oakland scope of work.*

*Cm. Lockhart and Cm. Shinn noted that they had each, on separate occasions, had an opportunity to discuss the situation with the City of Oakland with San Francisco Mayor Newsom. Mayor Newsom indicated a willingness to work with the EBRCSA to encourage Oakland to join the system.*

*The Committee and Staff discussed the benefits of having Mayor Newsom's support and agreed that a meeting should be set up as soon as possible.*

## **7. Review Draft Resolution Authorizing the EBRCSA to Join the Special District Risk Management Authority (SDRMA) and Make Recommendation for Board Approval**

*Executive Director McCammon presented the staff report and advised that the EBRCSA had been approved by the Special District Risk Management Authority (SDRMA) to become a member and purchase insurance through SDRMA. As part of the application process, the EBRCSA was required to adopt a resolution to join the SDRMA Joint Powers Authority (JPA).*

*SDRMA quoted a premium of \$13,717 for \$5 million in coverage. Once the resolution was adopted, Staff would complete the application process and submit the required documentation for the insurance.*

*On motion of Cm. Arner, seconded by Cm. Jermanis and by unanimous vote, the Finance Committee agreed to recommend to the Board of Directors that it adopt the resolution to join the SDRMA JPA and complete the application process with SDRMA to purchase the required insurance.*

**8. Discuss Adoption of a Resolution Replacing the Annual Special Audit with an Audit Covering Two Years, as Allowed in California Code Section 6505 (f), and Make a Recommendation to the Board for Approval**

*Executive Director McCammon presented the staff report and advised that Government Code 6505(f) allowed agencies replace its annual special audit with an audit covering a two-year period. Any audit conducted for FY 2008 would be simple, as there was limited activity during this fiscal year and an RFP to obtain an auditing firm would need to be completed. Therefore, Staff recommended that the Finance Committee recommend to the Board that a two-year replace the annual audit.*

*The Finance Committee and Staff clarified that this would be a one-time approval for an audit to cover a two-year timeframe. After that, annual audits would be completed.*

*On motion of Cm. Arner, seconded by Cm. Wilson and by unanimous vote, the Finance Committee agreed to recommend to the Board of Directors that a resolution be adopted to replace the annual special audit with an audit covering two years as allowed in California Code Section 6505 (f).*

**9. Discuss Definitions of Terms (Member Agency vs Subscriber Agency), as well as Methods to Accept New Agencies into the EBRCSA**

*Executive Director McCammon presented the staff report and advised that, at its March 21, 2008 meeting, the Board of Directors directed the Operations and Finance Committees to discuss and recommend definitions for "member" and "subscriber" and formal procedures for admitting new users. The Board also requested that the Finance Committee consider how new members would be charged. At this time, until the ongoing operational*

*maintenance, upgrade and replacements cost have been determined, it was premature to determine the subscriber fees.*

*Executive Director McCammon advised that the Joint Powers Authority agreement mentioned “members” and “subscribers” in a number of sections throughout the agreement and, in order to consider whether or not there was a category of system user called “subscriber,” there were a number of issues that should be considered.*

*The Committee and Staff discussed “members” vs. “subscribers and noted the following as a starting point for future discussions:*

- *“Members” should be defined as those who make a long term financial commitment and would be responsible for their portion of the debt incurred by the EBRCSA and should be limited to cities and special districts within Alameda and Contra Costa. As such, it would be important get those cities and special districts who are not currently members on board before any debt was incurred. Only members would have Board representation.*
- *“Subscribers” should be defined as those who contract for services, pay for services on a monthly basis and could opt out of the system at any time. Subscribers would include state and federal agencies and be state, federal or private emergency responders, such as ambulance services. Subscribers might pay a substantially different fee structure than members.*

*Chair Shinn advised that this issue would come back before the Committee for further discussion at a future Finance Committee meeting.*

**10. Discuss Adherence to California Environmental Quality Assessment (CEQA) for EBRCSA Site Development and Establishment of a Consultant List to Recommend to the Board for Contract Consideration**

*Executive Director McCammon presented the staff report and advised that, working with EBRCSA legal counsel on the development of the Brittany site in Western Dublin, it was determined that the development of new sites for the EBRCSA would require some level of environmental review. There were no categorical exemptions in CEQA to allow the construction of a repeater*

sites without some level of review. The first step would be to have a consultant prepare an Initial Study to determine whether a Negative Declaration could be used or if there was a need to prepare an Environmental Impact Report (EIR). Then, either a Negative Declaration or a full EIR would be prepared, depending on the determination. This project would be for the West Dublin site only and serve as a model when it was time to develop other new sites in Alameda and Contra Costa Counties.

Executive Director McCammon advised that Legal Counsel Robin Donohue indicated that Jerry Haag, whose resume was included in the staff report, had a lot of communication site work experience and had contracted with the City of Dublin on several projects. Staff asked that the Finance Committee assist with the establishment of a short list of consultants for interview and cost comparison, and also recommended that the Finance Committee support asking to the Board to contract with one of the consultants without going through a full RFP process.

(Note: Cm. Lockhart left the meeting at 11:04 a.m.)

Cm. Arner indicated that John Romero did the Marin Environmental Impact Review.

The Committee and Staff discussed that only new sites would have to go the CEQA process. The consultants understood the environmental issues and were looking for sites on public property that would accommodate the towers without causing environmental concerns.

By consensus, the Committee directed the Executive Director to get two or three consultant proposals to include in a staff report for Board consideration and approval at a future Board of Directors meeting.

**11. Review Subscriber Fees for Similar Agencies (Model agency information to be distributed at meeting)**

Executive Director McCammon distributed subscriber per radio per month fee structure information from South Carolina's Palmetto System, San Diego County – Imperial County Regional Communications System and Sacramento County Regional Communications System and advised that he would bring back a staff report with more complete information once he received responses from other systems. Each system had other types of fees along with the per radio per month fee, such as buy-in fees and annual

*operations/maintenance fees. CTA Communications would do a comprehensive fee study as part of the City of Oakland scope of work.*

*The Committee and Staff noted that the more members in the EBRCSA, the more likely that the overall cost to all members would come down. Therefore, it was imperative to bring BART, Oakland and Berkeley into the system before making a decision on subscriber fees.*

**12. Receive Presentation Reviewing County of Riverside's Public Safety Enterprise Communication Project (PSEC) System**

*Executive Director McCammon distributed a handout of the County of Riverside's PSEC System presentation that he and representatives of the SUASI received on a recent trip to view the PSEC system, and advised that the system purchase had been a competitive bid process between Motorola and Maycom. Motorola won the bid by including many extras in their package, which made the overall system very economical. The handout included information regarding the project background, timelines, project specifications, costs, system design and coverage, and interoperability. Motorola was also doing the site development.*

*Executive Director McCammon further advised that Laura Phillips, with the Bay Area SUASI, recommended a competitive master bid for the entire Bay Area, which would bring the costs way down. The master bid would include the EBRCSA, San Francisco and Santa Clara County. When the EBRCSA was ready to develop a site, it would just buy off of that master bid.*

**13. Receive Verbal Update of Grants Status (PSIC, COPS, SUASI)**

*Executive Director McCammon distributed and reviewed a copy of the status of the SUASI Interoperability Funding East Bay Allocation for 2007 advised that originally the EBRCSA was to receive \$2.6 million, which was to be split between Alameda and Contra Costa Counties. The SUASI, however, determined that it did not have enough money, so the total was reduced to approximately \$2.3 million.*

*Executive Director McCammon reminded that Committee that the Board had recently approved entering into a subgrantee MOU with the SUASI to receive the 2007 grant funding that, in the past, accrued to the two counties. It was recently learned that the Contra Costa County Sheriff's Department*

*had requested that they receive their portion, \$598,425, of the interoperability funds that would have accrued to the EBRCSA. The SUASI indicated that the EBRCSA needed to solve the issue and advise them of the outcome.*

*Executive Director McCammon advised that he and Chair Shinn would be meeting with Sheriff Rupf to discuss the Sheriff's reasoning for making this request, which seemed to be based on equipment ownership. The JPA speaks to the issue of maintenance, operation and ownership.*

*The Committee discussed the issue and expressed concern over the potential impacts of the money being diverted out of the EBRCSA, such as reducing the Authority's regional strength and credibility with granting agencies.*

*Executive Director McCammon advised that if discussions with Sheriff Rupf did not resolve the issue, the EBRCSA may ultimately need to approach the Contra County Board of Supervisors, as they would have the final say in the matter because they would have to approve the MOU between the county and the SUASI.*

**14. Receive Verbal Project Status Update**

*Executive Director McCammon distributed a handout outlining progress to-date and briefly reviewed the status regarding access easements, the Harris Microwave, PG&E design and permitting process, site development and coverage studies.*

**15. Agenda Items for Next Meeting**

- *Update on member fees, for both FY 2007-08 and FY 2008-09.*

**16. Adjournment**

*The meeting adjourned at 11:40 a.m. The next regular Finance Committee meeting will be held on August 1, 2008, at 1:00 p.m., at the Alameda County Office of Homeland Security and Emergency Services, 4985 Broder Boulevard, Dublin, CA 94568.*

APPROVED BY A MOTION OF THE EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY THIS xx DAY OF xx, 2008.

Respectfully submitted,

Fawn Holman  
Secretary

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