



East Bay Regional Communications System Authority



Participating agencies include Alameda and Contra Costa Counties and the following cities and special districts: Alameda, Albany, Antioch, Berkeley, 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, Livermore Amador Valley Transit Authority, Moraga-Orinda Fire District, Rodeo-Hercules Fire District, San Ramon Valley Fire District, California Department of Transportation, Ohlone Community College District, Contra Costa Community College District, Dublin-San Ramon Services District and University of California, Berkeley

FINANCE COMMITTEE MEETING

REGULAR MEETING

DATE: April 23, 2021

TIME: 11:00 a.m.

PLACE: Alameda County Office of Homeland Security and Emergency Services,
Room 1013
4985 Broder Blvd., Dublin, CA 94568

MINUTES

- 1. Call to Order/Roll Call:** A Regular meeting of the Finance Committee was held on April 23, 2021, remotely via Zoom Video Communications. The meeting was called to order at 11:01 a.m.

Committee Members Present:

P. Meyer, Vice Chair, Fire Chief, San Ramon Valley Fire Protection District
J. Calabrigo, Town Manager, Town of Danville
T. DuPuis, Chief Information Officer, Alameda County
M. Nino, County Administrator, Contra Costa County
M. Shorr, Chief Information Officer, Contra Costa County
C. Silva, Councilmember, City of Walnut Creek
L. Smith, City Manager, City of Dublin

Staff Present:

T. McCarthy, Executive Director
C. Boyer, Auditor
L. McKinney, Counsel
C. Soto, Administrative Assistant

Public Present:

A. Badawi, Certified Public Accountant
G. Poole, Motorola

- 2. Public Comments:** None.

3. Presentation of EBRCSA Annual Audit for FY 2020

Mr. Badawi presented an overview of the EBRCSA Annual Audit and stated it was fairly presented.

On motion Bm. Silva, seconded by Bm. Nino and by unanimous vote, the Finance Committee accepted the audit for presentation to the full Board.

4. Approval of Minutes of the February 19, 2021 Finance Committee Regular Meeting

On motion of Bm. Calabrigo, seconded by Bm. Silva and by unanimous vote, the Finance Committee approved the minutes of the February 19, 2021 Regular Finance Committee meeting.

5. Provide Direction on Budget Review FY 21/22

C. Boyer, Auditor, stated he would discuss four schedules related to the draft budget for Fiscal Year 21/22. The first schedule summarizes revenues and expenses; on the revenue side, it is fairly consistent with the prior year, with slight increases in operating payments due to changes to radio counts; they went more conservative on the interest rates income estimate as interest rates came down significantly with the onset of COVID 19; on the expenditure side, the two places where there were increases in numbers, 1) was on the administrative costs due to the Board approved increase of the Executive Director's compensation, and an increase in maintenance costs. In terms of the next schedule, it further breaks out expenditures; most of the administrative costs are related to contract staff costs, but there is also a carryover for the planning line to develop a capital budget; on the maintenance side, it is broken out in several line items, many are contract costs, below that is a break out of different projects related to capital expenditures including the TDMA upgrade, and the DC power station upgrade, as well as new control stations. For debt service expenditures, the total amount is consistent from year-to-year. As each year progresses, more is paid to pay down the principal of the outstanding debt service. The following schedule gives a breakdown of the different reserves that the Authority maintains; by policy the Authority has three different reserves: the operating reserve, which is required to be maintained at 50% of budgeted expenditures, for 21/22 that is approximately \$2.3 million; the debt service reserves, which are required to be maintained at \$1 million, is consistent year-to-year. Any remaining reserves get put into the capital reserves which is available for future capital projects. Based on projected end balances for this FY and what is budgeted for next FY, that should be \$10.9 million at the end of budget year. The last schedule shows a ten-year cash flow projection. It begins by projecting out where the Authority should land for this year, and then takes the budget and forecasts for ten years to get a sense where the different reserve balances are trending. They were fairly conservative in the way they calculated the cash flow projections since there is not an anticipation of any significant increases of new members. Membership receipts would be at a constant level through the ten-year forecast period. A 3% increase is generally applied to most expenditures per the life of the forecast. Although for contract costs where it is specifically known what the costs will be from year-to-year, the contract rates are used. The operating reserve is fairly consistent, increasing slightly from year-to-year due to increase expenditures. The debt service reserve ends once the debt matures and shows a gradual increasing trend in capital reserves.

Bm. Nino asked, in regard to receipts from members, does the Authority put, anywhere as part of the budget presentation, what the basis is, and in terms of the 10-Year Cash Flow Projections, what is the basis for assumptions.

Mr. Boyer stated they were very conservative on the cash flow projection with the assumption that membership is where they anticipate it to be going forward; and assuming rates that are in place now, are the rates that will be in place over the life of the forecast. That may be a little conservative, but it also helps to not provide a capital reserve that may potentially be higher than what it will actually turn out to be.

Bm. Calabrigo stated he sees it is presented in a way that is intended to be conservative because the revenues are flat but the expenses are accelerated every year. It is fine for now, until they get the capital replacement package put together because what they are doing in the forecast is simply reducing the amount of the transfer in for capital every year in order to keep that bottom line pretty consistent. In regard to the Operating budget, he appreciated the precision with which they were budgeting all of these expenditures, but had discussed including a small contingency fund. He wanted to put that back on the table. From time-to-time, the Executive Director had to come back to the Committee and the Board to discuss expenses that are pretty standard on-going operating kinds of things. Looking at a total budget of \$4.5 million, they could consider a contingency of \$100K.

Bm. Silva stated she agreed as the Finance Committee had discussed a contingency previously. In regard to the operating revenue, what was the assumption of the number of radios. Also, were they still assuming \$30 per radio, and is another increase set to occur.

Executive Director McCarthy stated another increase was not currently scheduled.

Bm. Silva asked were they factoring in a percentage for uncollectable accounts and what would that percentage be?

Executive Director McCarthy stated they had not finished the policy on that yet. It was being worked on.

Mr. Boyer stated that had been taken into consideration in terms of the numbers that they are reporting as revenue are re

Bm. Silva, asked that for the Board meeting, they could put a footnote at the bottom of the first schedule that indicates what the rate per radio and number of radios are assumed and that no uncollectable rate is currently assumed so it could come to a standing number every year so they could drop to the bottom to see quickly. In terms of the maintenance line, there was a significant increase in the microwave maintenance cost this past year that are now rolling forward, did they add microwaves or was there just a big bump in what Motorola charged for microwave maintenance or was it someone else.

Executive Director McCarthy stated it was contractor Aviat. They added services for monitoring and maintaining the microwaves.

Bm. Silva asked where can they put in a contingency amount?

Bm. Calabrio suggested, using this budget format, add a line item, plug in a dollar amount, if not used at end of year, they roll back into fund balance and re-appropriate the money next year. He suggested adding a line item to FY 21-22, Contingency, for \$100,000; it will increase total budget from \$4,623,000 to \$4,723,000. At the end of the year, look to see how much is spent and see if it needs to be adjusted any further in future years.

Bm. Meyer stated to include the footnote at the bottom of the first schedule that indicates the assumptions underlying the operating.

On motion of Bm. Silva, seconded by Bm. Smith and by unanimous vote, the Finance Committee approved, to recommend to the full Board, the budget as presented today with the changes of a footnote on the first schedule outlining the assumptions underlying the operating payments, and the addition of a contingency line item in the operating expenses of \$100,000.

6. Standard Condition of Approval to Provide Land Mobile Radio Infrastructure to Meet Authority Standards

Executive Director McCarthy stated this item was to ensure cost of new infrastructure needed for the System in areas of new development was borne by the developer, in order to maintain the Authority's radio communications and not passed to all of the Authority agency members. San Ramon has a good model for this that he passed on to Authority Counsel McKinney. She researched and identified some issues, reviewed the JPA, the operating agreements to inform the Authority that it could not control this. It needed to be passed to the cities to control and initiate. For the Authority to build a new site, it would cost \$2 to 2.5 million. This would deplete reserves and the Authority would be passing increases to users. Increased that some cannot bear.

Ms. McKinney, Authority Counsel, stated they were asked to look at the City of San Ramon's condition that the Board heard about in March and investigate whether the Authority could impose a similar condition on its member and non-member users. She reviewed the JPA, and the authority to regulate land use was not delegated to it. It is questionable, even if it was, that it would be consistent with law because it is a police power that local jurisdictions exercise and there is case law that says it really cannot be delegated. She crafted a resolution, and was recommending that the committee adopt a motion recommending that the Board adopt that resolution. In it, is a recommended standard condition of approval that members and non-member users could adopt so that there is consistency across jurisdictions within the Authority service area. That standard condition asks that police and fire be consulted, and determine if there is adequate coverage. If there is not adequate coverage, then they recommend what infrastructure should be constructed by the applicant. That applicant's infrastructure would be inspected by the Authority and certified that it is consistent with its needs and requirements. Once it is accepted, it would be transferred to the Authority for its maintenance

The Finance Committee, Executive Director McCarthy and Ms. McKinney discussed whose responsibility it was to pay for infrastructure is the agency that was developing did not agree to include the draft condition of approval in its conditions; what measures could the Authority legally take; would the Authority be obligated to pay for infrastructure and/or have to serve them? What about green-fill versus in-fill projects? Who would need to pay for infrastructure that had a cumulative effect on radio coverage? They also

discussed who would do the pre and post inspections and what would be the time line that Authority members and non-member users need to respond to the inclusion of the condition of approval.

Ms. McKinney stated they only had the authority to recommend to its members that they adopt it. In terms of if they do not, because they are a member, the Authority would still need to serve them. The Authority would need to find the funds somewhere to develop the infrastructure. The Authority could potentially impose a fee, but in developing that fee, they would have to look at all the jurisdictions. It would be a fairly complex analysis because of the varying needs, and existing infrastructure of each jurisdiction. It is possible as a fall back to pass that cost on. But it would be a very complex analysis.

Executive Director McCarthy stated they could use the developer to write the report and include it as part of their proposal for the building and how they are going to mediate this. The final inspection on any of these properties is done by Fire Marshals where they can take a radio shop person, with what is called ANRITSU, a device where they go out and measure signal strengths.

The Finance Committee, Executive Director McCarthy and Ms. McKinney discussed informing their Community Development departments of the condition, and that unless there were new fees, it would not need to be adopted by City Councils. They could start with this resolution, and then where a city was seeing significant infill development, have the Executive Director figure out if they were going to run into a meaningful concern and then try to address the infill questions.

Ms. McKinney stated the way it was written is it is a standard condition of approval and if it does not apply, it does not apply. The initial analysis if it is applicable would come from initial consultation with Police and Fire. If they needed expertise from the Authority, they could always ask. The changes would include the post construction inspection would be by the fire marshal in consultation with the authority.

Ms. McKinney stated that the only other change was the date certain of the members and non-member users to report back.

On motion of Bm. Smith seconded by Bm. Silva and by unanimous vote, the Finance Committee approved for consideration by the full Board the adoption of a Resolution urging its Members and Non-Member Users to impose a standard condition of approval requiring project applicants to provide Land Mobile Radio infrastructure necessary to meet Authority standards for public safety purposes; with revisions requesting that the members and non-member users return with a report to the Authority on the status of proof of incorporation of this resolution regarding a condition in their standard conditions of approval by December 31, 2021, and that the post-inspection be conducted by the fire marshal of the jurisdiction in consultation with the Authority.

7. Purchase of Additional Control Stations Necessary for EBRCSA Interoperability with the BART Underground Network

Director McCarthy stated when the City of Oakland came on the System, they had to create a method of communicating in the underground areas of BART. It was primarily for the City of Oakland because it was a condition of them coming on the System. The plan was to purchase

six control stations that work underground when interacting with BART. Then the Authority purchased the inter sub system interface (ISSA). The Authority is now getting it installed after three years because BART found it could not be connected to its old system. They got a \$2 million grant and have purchased Motorola infrastructure to put into its underground so that the ISSA will work. BART is paying for all the charges associated with connecting this now. However, with Warm Springs expansion in Fremont, they left out Moraga, Lafayette going through the Caldecott in Berkeley. They are maxing out the six control stations. He got an estimate from Motorola for two more control stations at a cost of under \$25,000. This will ensure that even when they go to the ISSI, that we have a redundant system in case the ISSA fails. The ISSA is a computer server. It is critical. Contra Costa County radio shop will install them. It would expand the number of agencies they could have speaking when underground. It has been put in the FY 21-22 budget. He was asking for approval to purchase two control stations at a cost of \$24,971.

On motion of Bm. Silva, seconded by Bm. Nino and by unanimous vote, the Finance Committee agreed to recommend to the full Board the procurement of the two control stations for the underground sites.

8. Renewal of Agreement with Contra Costa County Department of Information Technology for Two Years

Director McCarthy stated Contra Costa County was one of two shops that worked on the System. Its latest contract is an increase of an amount not-to-exceed of \$470,000, over the next two years. Contra Costa County is the Authority's primary provider of work on radios, master site, prime sites, and all police and fire departments in Contra Costa County. The increase is due to amount of work going up. As more agencies are added, there is more work. This is also in anticipation of more work due to MLPS/Ethernet transition which has begun. They need to be on site with the different vendor technicians. They are the ones that know the System. It is more than last increase.

Ms. Nino asked if they have ever thought of doing a new contract.

Executive Director McCarthy stated that was a good idea and it was about time.

On motion of Bm. Meyer, seconded by Bm. Silva and by majority vote (Bm. Nino abstaining), the Finance Committee agreed to move forward the

9. Receive an Update on the City of Antioch

Executive Director McCarthy stated Antioch is taking the cost of its upgrade to its annual budget review.

10. Receive an Update on the City Vallejo

The Authority turned on the System for the Police Department on Wednesday and it worked great. They thanked EBRCSA for its assistance.

11. Receive and Update on Solano County JPA

They have had two meetings. The previous Police Chief is now the City Manager of Benicia. There is a law firm now drafting the JPOA paperwork.

12. Receive an Update on TDMA – Time Division Multiple Access

They are little behind on the TDMA transition; about 700 radios still need to be worked on. A software issue is also being worked on.

13. Receive an Update on 10 Year Plan

The consultant will be back out on Thursday to continue the inventory.

14. Agenda Items for Next Meeting

Please forward to Executive Director McCarthy.

15. With no further business coming before the Finance Committee, the meeting as adjourned at 12:27 p.m.



Caroline P. Soto
Authority Secretary