



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

SPECIAL MEETING

DATE: September 15, 2023

TIME: 11:00 a.m.

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

MINUTES

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- 1. Call to Order/Roll Call:** A special meeting of the Finance Committee was held on Friday, September 15, 2023. The meeting was called to order at 11:10 a.m.

Committee Members Present:

T. Dupuis, Chief Information Officer/Registrar of Voters, Alameda County
A. Love, Chief, Oakland Housing Authority
P. Meyer, Chief, San Ramon Valley Fire Protection District
M. Nino, County Administrator, Contra Costa County
S. Perkins, Councilmember, City of San Ramon
D. Swing, Chief, City of Pleasanton Police

Staff Present:

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

2. Public Comments:

Bm. Silva attended a portion of the meeting via phone, as a member of the public. She asked in regard to the item related to the maintenance agreement, the proposed amendment to the budget dated September 2023, the 2022/23 Actual for the Operating Payment versus the one that the Board approved in June dropped by \$1.7 million. Could they explain why the Authority went from estimated Operating Payments of \$7.494 million to an actual of \$5.804 million. What it has done is caused a significant drop in the Authority's Capital Reserve, as well as what is now happening. It is a 47% increase in what the Authority was paying. How many years is the contract for and what are the escalators? The way the cash flow is calculated, the Authority went from having a projected \$17 million at the end of the cash

flow period to \$1 million because of all of this. The Authority will need to have a financial policy related to minimum levels of reserves so they would not get to this level.

3. Approval of Minutes of June 2, 2023, Finance Committee Meeting

Bm. Love asked for clarification on the minutes regarding the equipment from 651 Pine Street, Martinez.

Executive Director McCarthy clarified that the equipment from 651 Pine went to a temporary site in Carquinez while the permanent Carquinez site was being built. That equipment has now all been replaced at the permanent site, and the surplus equipment is being held for the Walton Lane site, if it is built.

On motion of Bm. Love, seconded by Bm. Nino and by unanimous vote, the Operations Committee approved the minutes of the June 2, 2023 Finance Committee meeting, with the above clarification to be reflected in the minutes.

4. Motorola SUA and Maintenance Agreement

Executive Director McCarthy stated that with the original build of sites, EBRCSA entered into a Service Upgrade Agreement with Motorola for 10 years at \$1 million a year; there were no changes to the cost. The Maintenance agreement was for three-year terms and has seen increases in the maintenance terms every 3 years. The Maintenance Agreement and the SUA, have been combined for six years so EBRCSA will know the cost in advance. Motorola had included the NICE recording as part of the original SUA. It has now been broken out as a separate charge. The NICE SUA is a third-party vendor that is authorized by Motorola. Cyber security has also been added. There have been two member agencies that have been hacked. EBRCSA needs to have that kind of security. EBRCSA also needs all the patches done. This will increase the number of security patches that are updated with that security protocol. The SUA covers software, hardware, the maintenance is the actual physical work on the master site and the six prime sites. It is critical to have Motorola do the master site because as technology changes and new equipment is installed, the radio shops do not have the capabilities for some of this work and they need Motorola experts to do it. It is broken out into different items now, the SUA, the SUA maintenance, the MPLS. The MPLS is what is being installed now; it is the multi packet labeling system that has to be maintained. The issue is it is a big fiscal impact to the Authority that is going to raise the Authority's subscriber rates. He discussed two attachments, 4B and 4C, 4B showing the current budget and 4C showing the other items being added to the budget.

Craig Boyer, Auditor, stated Attachment 4B is the budget that was approved by the Board earlier this year and 4C shows the amendment to the budget. In 4C, it shows the breakdown of operating expense detail. The first column is the approved budget for this fiscal year going in, that includes the service agreement of \$1.4 million, the approved SUA of \$985,000. The second column is the amendment which backs out those two items so then adds the five new items that have been discussed, the Astro maintenance, the MDR, the Astro SUA, the MPLS, and the NICE SUA. That increases expenditures by approximately \$1.1 million over what has already been approved for the fiscal year.

Executive Director McCarthy stated some amounts are under operating and some amounts are under capital expenditures. He asked Mr. Boyer to explain that.

Mr. Boyer stated anything that supports operations goes under operating expenses. If it either extends the life of the existing equipment or adds new equipment to the System, it goes under capital because it crosses over multiple fiscal years.

Executive Director McCarthy stated this is how the System is maintained. The SUA ensures that everything that needs to be upgraded gets upgraded. It keeps the network, the core that makes the System function, current. Every two years there would be SUA upgrades. The software is changed out. One of the changes made with the last SUA was replacing all 203 dispatch computers. The reason for six years on the contract is because EBRCSA does not know where technology will be in six years. If given direction from the Board, he and Mr. Boyer will have to develop a new budget of where EBRCSA goes in the next years, what will pricing need to be and are they going to need to change the cost of the radios and services. The Executive Director, Motorola, and their respective attorneys have been working on this agreement since October of 2022.

Chair Meyer stated they had been mentioning that this was coming and it needed to be negotiated.

Mr. Boyer stated, in regard to the questioned posed by Bm. Silva related to the maintenance agreement, in particular the attachment related to the budget, the proposed amendment to the budget dated September 2023, the 2022/23 Actual for the Operating Payment versus the one that the Board approved in June dropped by \$1.7 million. Could they explain to the group why the Authority went from estimated Operating Payments of \$7.494 million to an Actual of \$5.804 million. Mr. Boyer stated if you look at the projected cash reserve balances in Attachment 4B, if you look at the operating payments the budget was \$7.453 million and the projected was \$7.494 million for operating payments. If you go to the same schedule in Attachment 4C, the actuals dropped to \$5.8 million. Once you get to the end of the fiscal year, they start preparing year end numbers which includes doing an allowance for doubtful accounts, any accounts that are more than one year past due. This is what is causing the decrease.

Executive Director McCarthy stated that notices will be sent out to those that have not paid fees.

Bm. Perkins asked that the Finance Committee or Board receive a list of accounts that are more than a year over due

Executive Director McCarthy stated yes, he was working with the Alameda County Auditors Office on the accounts. The total amount in arrears is \$1.7 million.

Bm. Perkins stated when he looks at Attachment 4C, \$2.1 million at the bottom, you divide that by 21,000 radios, that is \$8.67 per radio per month. This does not account for the \$1.7 million missing in revenue. This assumes they get all that revenue. They are going to have to have a plan in place to raise the monthly rates.

Executive Director McCarthy stated there have been past due accounts but not to this extent.

The Finance Committee and Executive Director stated that this was something that needed to be addressed. The last time rates had been raised was in 2020 and 2021. Could the \$1.8 million set aside in the budget for the Antioch site be used to bridge the gap in the budget? With the SUA, some money was going into capital, some into operating. From an

accounting standpoint if it is operating it is strictly confined to the fiscal year that you are budgeting for. If it is capital, it has a life that crosses over multiple fiscal years and basically you want to allocate the cost over the life of the improvement. In essence, there were saying that this is extending the useful life of the equipment another six years therefore they want to account for that.

Bm. Dupuis asked if there was an annual escalator and what was the amount? Was it tied to an index.

Mr. Larson stated it was in the order of 2-1/2 – 3%.

Executive Director McCarthy stated there is a trigger on the CPI. If the CPI goes above 3%, the contract will go up based on the amount above 3% up to 8%. He was going to discuss this with Laura McKinney, EBRCSA's counsel.

Chair Meyer asked what is the Authority Reserve percentage as a percentage to EBRCSA's annual operating budget?

Mr. Boyer stated if you looked at the budget as it is approved, total expenses are \$10 million before the amendment that is before them today. Last year per audited financial statements, EBRCSA had \$15 million in reserves.

Bm. Perkins stated EBRCSA's reserve policy is based upon the operating budget not the capital budget.

Chair Meyer stated EBRCSA could not sign an agreement without a plan on how to pay for it. Motorola needs to figure some things out because this is going to go to the Board, recommended or not. This may not get approved at the September meeting, but if it is going to get approved, they needed to have a plan to pay for it that is reasonable and does not discourage EBRCSA subscribers.

Bm. Perkins stated if it took a special meeting of the Finance Committee meeting he was willing to do that to focus on one or two topics and not an agenda of ten topics.

On motion of Bm. Perkins, seconded by Bm. Nino and by unanimous vote, the Finance Committee recommended the item to the full Board for approval with the exception of the inflation adjustment section on page 73, and with the request that the Executive Director work with Motorola on pricing issues.

5. Contra Costa County ITD Service Agreement

Executive Director McCarthy stated this was a contract with Contra Costa County's radio shop. The radio shop team works on the equipment and out in the field at the sites. This is to extend that contract for one year. It is for time and materials with an increase of 5%, of which is in the budget. This contract will date back to July 1, 2023.

On motion of Bm. Perkins, seconded by Bm. Love and by majority vote (Bm. Nino abstaining), the Finance Committee approved recommending to the full Board that EBRCSA amend/extend its current contract with the Contra Costa County Department of Information Technology and increase the contract value from \$2,290,000 to \$2,635,000, an increase of \$345,000, through June 30, 2024. majority vote for approval.

6. Request Direction regarding Recruitment of Executive Director

Executive Director McCarthy stated he would be retiring on February 29, 2024. What had been discussed with the Chair and Vice Chair was choosing three people as a subcommittee to work on recruitment of a new Executive Director. He will ask HR from Alameda County if they have recruitment companies on contract. He would be willing to be on a minor contract for any assistance needed once a new replacement has been found.

Chair Meyer stated they would like to have overlap with Executive Director McCarthy for experience. Also, they should look at the structure of the administration of EBRCSA.

7. Updates on East Bay Regional Commutation System Projects

- Time Division Multiple Access (TDMA)

All the equipment is in and they are down to about 600 radios in the whole System that have not been upgraded. Executive Director McCarthy will reach out to those agencies and give them a date as to when they need to be upgraded, probably six or seven months.

- Encryption

Encryption has been completed on all consoles. It is up to the agencies now to work with the radio shops to get the encryption put on their radios.

- Microwave/MPLS

This project is about a year over due. They were taking three different microwave rings with some equipment being 25 years old and upgrading them. They are hoping to have it done before Executive Director McCarthy leaves.

- The City of Antioch Site on Walton Lane

Antioch's lease agreement for its tower has expired. Mike Mallone from Antioch has brought an option using the APEX NEXT radios that are equipped with LTE cellular that might work in that area. It would be a less expensive solution to the Antioch site. They are doing testing plans with different radios.

- Carquinez Site Completion

Contra Costa County had to take down a site at 651 Pine in Martinez and built a new site in Carquinez. It has been incorporated into EBRCSA's microwave project and it is up and running.

- Wiedemann Project San Ramon

There was a communication dead spot in Norris Canyon in San Ramon. The City of San Ramon has a policy in place that if a developer builds, the developer is responsible to maintain the 95% on HIP reception. They are working on how to transfer the site to EBRCSA. The Board needs to discuss a policy that it is incumbent

upon the cities' development agencies do this. Either the city or developer build a new site when needed, but EBRCSA will not build it.

- Alameda County Parking Lot next to East Dublin BART

Alameda County is building a parking structure next to the East Dublin BART station that EBRCSA was not aware of. It is an obstruction to EBRCSA's microwave path with reception now at 60%. The Executive Director is working with BART. Executive Director McCarthy was told he needed to do an engineering and a geo report. He has forwarded them to BART with no response. LD Stroebe did modifications to the tower in 2021, so, he had to have reports redone. They were being reviewed now. EBRCSA needs to move the antenna 30 feet up the tower.

8. **Agenda Items for Next Meeting**

- **Aviat Repair and Maintenance Agreement:** Executive Director McCarthy is working on a new contract with Aviat. There is currently a PO for needed purchases. The money is still in the budget.
- **Comments from Members –** Add to agenda for when a comment does not necessitate an agenda item.
- **Status of 10 Year Replacement Plan -** Executive Director McCarthy stated all new equipment is being asset tagged and entered into a spreadsheet. CSI is online to do site visits and recording all current equipment that was not newly installed.
- **When a response has been received from Motorola regarding the contract,** there should be a special Finance Committee meeting to review and recommend rates going into the future.
- **Follow up on unpaid public agencies;** reports will be run and the Executive Director will contact the agencies first.
- **Revisit the potential interest revenue and see how it aligns with what the current interest rate is and EBRCSA's reserve fund balance.**

9. **Adjournment:** With no further business coming before the Finance Committee, the meeting was adjourned at 12:27 p.m.



Caroline P. Soto
Authority Secretary