



Board Report

File #: 18-081, **Version:** 1

- a. Adopt a resolution to authorize the Auditor-Controller to amend the FY 2017-18 Next Generation (NGEN) Radio Project adopted budget, Fund 405, Appropriation Unit EME002, to increase appropriations by \$1,718,986, financed by \$1,718,986 in assigned fund balance (Fund 405) (4/5ths vote required);
- b. Approve and authorize an increase in the cap on project costs for the NGEN Radio System Project from \$13,950,000 to \$16,595,974 to account for expenditures made through FY 2016-17 and expected expenditures through the end of FY 2017-18 (4/5ths vote required); and
- c. Receive a report on the plan to recover uncollected User Agency funds advanced by the County for the operation of the Monterey County Emergency Communications Center, including correction of billing errors and recovery of uncollected User Agency funds, and the transfer of NGEN Operations and Maintenance fees for NGEN Project costs made in FY 15/16.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Adopt a resolution to authorize the Auditor-Controller to amend the FY 2017-18 Next Generation (NGEN) Radio Project adopted budget, Fund 405, Appropriation Unit EME002, to increase appropriations by \$1,718,986, financed by \$1,718,986 in assigned fund balance (Fund 405) (4/5ths vote required); and
- b. Approve and authorize an increase in the cap on project costs for the NGEN Radio System Project from \$13,950,000 to \$16,595,974 to account for expenditures made through FY 2016-17 and expected expenditures through the end of FY 2017-18 (4/5ths vote required); and
- c. Receive a report on the plan to recover uncollected User Agency funds advanced by the County for the operation of the Monterey County Emergency Communications Center, including correction of billing errors and recovery of uncollected User Agency funds, and the transfer of NGEN Operations and Maintenance fees for NGEN Project costs made in FY 15/16.

SUMMARY/DISCUSSION:

The County, along with local government agencies and non-County agencies in Monterey County, is a Party to the Next Generation (NGEN) Radio System Project. The Emergency Communications Department (ECD) serves as the project administrator. In December 2010, the Board of Supervisors approved the NGEN Radio System Purchase Agreement.

On May 12, 2009, Participating Agencies (as identified in the attached Memorandum of Agreement RE Next Generation Radio System Joint Governance and Financing) agreed to an upper limit of \$12 million in estimated costs for the Next Generation Radio System.

Project delays, involving site and frequency acquisition, required that the project cap be increased by \$1,950,000, bringing the project cap to \$13,950,000. Increases in NGEN Project costs were also approved by the Emergency Communications User Advisory Council (ECUAC) in December 2013. The additional costs were billed out to Participating Agencies in eight quarterly payments beginning in FY 2014-15 and ending in FY 2015-16.

Completion of the NGEN project was expected by June 30, 2017. Project issues related to general interface capabilities and Acceptance Plan testing, which had earlier delayed the project, were resolved in November 2016. Since the project was expected to be completed by the end of the fiscal year, the Emergency

Communications Department did not request appropriations for the NGEN Radio Project during the development of the FY 2017-18 recommended budget. However, Final Acceptance Testing occurring between January and May 2017 did not meet the project contract deliverables and the NGEN project has thus continued into FY 2017-18. As of the date of this report, the anticipated project completion date is April 12, 2018.

On October 25, 2017, the Emergency Communications Department appeared before the Budget Committee and requested support for a request that the Board of Supervisors authorize the Auditor-Controller to amend the FY 2017-18 Adopted Budget to increase appropriations for the NGEN Radio Project. The Budget Committee supported this request for the appropriation change and directed that a reconciliation of the project expenses be completed and submitted concurrent with this Board Report. During discussions with the CAO's Budget Office, other issues pertaining to the NGEN project funding were identified as needing correction. A summary of the NGEN project funding reconciliation and a report on the plan to recover uncollected User Agency funds advanced by the County for the operation of the Monterey County Emergency Communications Center, as requested by the Budget Committee are attached.

The NGEN Project is currently scheduled for completion in April of 2018. The project plan is attached. The reconciliation summary shows expenses through FY 2016-17 and expected expenses through FY 2017-18. Total expenses through FY 2016-17 were \$14,876,987, which are above the existing approved project cap. Estimated costs during FY 2017-18 total \$1,718,986, bringing the total cost of the project to \$16,595,974.

NGEN Project expenditures for FY 2015-16 and FY 2016-17 were made from NGEN Radio System Operations and Maintenance funds, as approved by the ECUAC. Earlier, in FY 13/14, User Agencies paid NGEN Operations & Maintenance (NGEN O&M) fees in the amount of \$1,023,240 which were not expended and considered surplus fees. The ECUAC and the Board of Supervisors approved these funds to be transferred to Fund 020 for future use on the NGEN project.

In FY 15/16, \$845,506 in expenses related to the NGEN Radio project were charged to the General Fund with the understanding that the costs would be paid for using the \$1,023,240 in previously collected NGEN O&M fees in Fund 020. In FY 16/17 \$19,211 in expenses related to the NGEN Radio project were charged to the General Fund. The transaction transferring the \$19,211 expended in FY 16/17 has been completed. The transaction to recognize the restricted revenue for FY15/16 expenses related to the NGEN Radio Project in the amount of \$845,506 has been initiated, as of January 23, 2018, in the County finance system and should be complete within 30 days pending normal County processing times.

The Memorandum of Agreement RE Next Generation Radio System Joint Governance and Financing requires the parties to the agreement to meet and confer should the project cost exceed the project cap. To expedite the meet-and-confer process, the Monterey County Emergency Communications Center Executive Board approved obtaining concurrence by the Parties to the agreement via email. The requirement to meet and confer has been met and the Parties have approved recommending to the Board of Supervisors that the NGEN project cap be raised from \$13,950,000 to \$16,595,974.

The NGEN project will be funded by NGEN Fund 405 fund balance. The current fund balance will sustain the new project cap through FY 2018. The Fund Balance currently totals \$2,316,962; the anticipated expenditures through the close of FY18 total \$1,718,986. The disposition of the remaining estimated fund balance of \$597,976 will be determined by the Parties to the funding agreement.

OTHER AGENCY INVOLVEMENT:

Emergency Communications has continuously worked with the project stakeholders, the NGEN Implementation Team, and the Information Technology Department Radio Shop throughout the completion of

the NGEN project. Emergency Communications has appeared before the Budget Committee to request support of the current request for changes in appropriations.

FINANCING:

The requested appropriation is financed with fund balance in Fund 405, Appropriation Unit EME002, designated for the NGEN project. As of the date of this report, the assigned fund balance is estimated to have \$2,316,962. After a year-by-year revenue and expense analysis, the Emergency Communications Department has determined that in addition to the original loan amount secured for the project, grant funds from various sources have been credited to the project contributing to the current Fund Balance: specifically, a Community Oriented Policing Services (COPS) Grant in the amount of \$2,780,625 plus Assistance to Firefighters Grant (AFG) Program grants in the amount of \$376,031. Additionally, rent due from local communication companies for space at County radio sites totaling \$25,000 has also contributed to the fund balance.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Reinstating the appropriation for the NGEN Radio Project to enable completion of the project will provide for the creation of a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crime in general. The NGEN project enhances the function and interoperability of emergency and first responder communications.

- ☐ Economic Development
- ☐ Administration
- ☐ Health & Human Services
- ☐ Infrastructure
- ☒ Public Safety

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Attachments:

Resolution

Memorandum of Agreement RE Next Generation Radio System Joint Governance and Financing

Emergency Communications NGEN Project Reconciliation Summary

NGEN Site-based Project Schedule

FY 1415 1516 ECD Billing Errors

Billing Error Payments Tracking Sheet

Report on the Repayment of General Fund Contributions