



BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

CHRIS DALY - CHAIRPERSON
HAROLD BROWN
ERIN GARNER
JANET LOCKHART
TIM SMITH

PATRICK KWOK - VICE CHAIRPERSON
DAN DUNNIGAN
JERRY HILL
MARK ROSS

WEDNESDAY
SEPTEMBER 27, 2006
9:45 A.M.

FOURTH FLOOR CONFERENCE ROOM
DISTRICT OFFICES

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3*) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to three (3) minutes each.
3. **APPROVAL OF MINUTES OF AUGUST 23, 2006**
4. **FOURTH QUARTER FINANCIAL REPORT**

J. MCKAY/4629
jmckay@baaqmd.gov

Staff will present to the Committee the fourth quarter financial report for Fiscal Year 2005-06.

5. **DEFERRED MAINTENANCE: CARPET, FURNITURE, SERVER SPACE AND ADA COMPLIANCE OF RESTROOM**

J. MCKAY/4629
jmckay@baaqmd.gov

The Committee will consider recommending that the Board of Directors approve the transfer of \$961,860 from the Reserve for Building and Facilities and approve an increase in the Fiscal Year 2006/2007 Building Maintenance Capital Outlay budget of \$961,860, and authorize the Executive Officer/APCO to issue purchase orders not to exceed \$961,860 for deferred maintenance of building.

5. **CONSIDER AMENDING FY 2006/07 BUDGET TO RECOGNIZE INCREASED REVENUE FROM HOMELAND SECURITY GRANT**

G. KENDALL/4932
gkendall@baaqmd.gov

The Committee will consider recommending that the Board of Directors amend the FY 2006/2007 Budget by increasing the Department of Homeland Security (DHS) Grant Revenue from \$1,943,818 to a total of \$2,087,103, and correspondingly increase the budget for Bio Watch (Program 809), and authorize the Executive Officer/APCO to issue a purchase order for monitoring equipment not to exceed \$143,285.

7. **REPLACEMENT OF THE FIELD COMMUNICATIONS SYSTEM**

K. WEE/4760

kwee@baaqmd.gov

The Committee will consider recommending that the Board of Directors transfer \$425,000 from the reserve for radio replacement and approve an increase in the FY 2006/2007 Communications Equipment Capital Outlay Budget by \$425,000, and authorize the Executive Officer/APCO to issue purchase orders not to exceed \$425,000.

8. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2).

9. **TIME AND PLACE OF NEXT MEETING – AT THE CALL OF THE CHAIR – 939 ELLIS STREET, SAN FRANCISCO, CA 94109**

10. **ADJOURNMENT**

CONTACT CLERK OF THE BOARD - 939 ELLIS STREET SF, CA 94109

(415) 749-4965

FAX: (415) 928-8560

BAAQMD homepage:

www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Clerk's Office should be given at least 3 working days prior to the date of the meeting, so that arrangements can be made accordingly.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Daly and
Members of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 19, 2006

Re: Budget and Finance Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of May 30, 2006.

DISCUSSION

Attached for your review and approval are the draft minutes of the May 30, 2006 Budget and Finance Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

**Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109**

DRAFT MINUTES

Summary of Board of Directors
Budget & Finance Committee Meeting
Immediately Following Executive Committee Meeting
Tuesday, May 30, 2006

1. **Call to Order:** Chairperson Chris Daly called the meeting to order at 11:05 a.m.

Roll Call: Chris Daly, Chair; Harold Brown, Roberta Cooper, Jerry Hill, Patrick Kwok, Mark Ross, Tim Smith.

Absent: Dan Dunnigan, Erin Garner.

Also Present: Scott Haggerty (11:28 a.m.), Gayle B. Uilkema.

2. **Public Comment Period:** There were none.

3. **Approval of Minutes of April 26, 2006 and May 10, 2006:** Director Hill moved approval of the minutes; seconded by Director Kwok; carried unanimously without objection.

4. **Third Quarter Financial Report – Fiscal Year 2005-2006:** *The Committee discussed the third quarter financial report for FY 2005-06.*

Jeff McKay, Chief Financial Officer, presented the report and reviewed the General Fund statement of revenue and statement of expenditures; the Transportation Fund for Clean Air (TFCA) fund statement of revenue and expenditures; and the fund balances.

Committee Action: None. This report provided for information only. The Committee received and filed the report.

5. **Consider Amendment to Fiscal Year 2006/2007 Operating Budget:** *The Committee considered recommending that the Board of Directors amend the FY 2006-2007 budget by increasing the Federal BioWatch Grants Funds Revenue from \$478,609 to a total of \$1,943,818 in conjunction with correspondingly increasing the budget for BioWatch (Program 809), and authorizing the Executive Officer to issue a purchase order not to exceed \$1,670,000.*

Mr. Mc Kay presented information on the item and noted that the funding source for this increase is a Department of Homeland Security Grant that had not been awarded in time to include the funds in the proposed fiscal year 2006/2007 budget. Staff recommends that the Committee recommend that the Board of Directors amend the fiscal year 2006/2007 budget

by increasing the Federal BioWatch Grants Funds revenue as stated and authorize the Executive Officer to issue a purchase order not to exceed \$1,670,000.

Committee Action: Director Cooper moved that the Committee recommend that the Board of Directors approve the staff recommendation; seconded by Director Smith.

During discussion, Gary Kendall, Director of Technical Services, explained the Air District's role regarding the Department of Homeland Security BioWatch program. There were no public speakers on this agenda item. The motion then carried unanimously without objection.

6. District Financial Audit Report for Fiscal Year 2004/2005: *A staff member from the CPA firm Caporicci & Larson presented the Audit Report for FY 2004-2005. This is an informational item.*

Gary Caporicci from the CPA firm Caporicci & Larson presented the Audit Report for fiscal year 2004/2005. Mr. Caporicci stated that the Air District is in compliance with Governmental Accounting Standards Board (GASB) 34. The following items were reviewed: The Air District's responsibilities; Caporicci & Larson responsibilities; the audit procedures; and the 2004-2005 audit results.

Director Scott Haggerty arrived at 11:28 a.m.

Mr. Caporicci reported on the findings regarding Federal grants and the Transportation Fund for Clean Air (TFCA) program audits.

Committee Action: None. This report provided for information only.

7. Air District Response to Audit Findings for FY 2004/2005: *Staff provided a response to the auditor's findings.*

Mr. McKay presented the District's response to the audit findings as follows:

1. Utilization Reports have been submitted to the Grant Management Office;
2. Beginning in May 2005, a separate time-code was implemented for the Toxics Monitoring Grant; and
3. An RFP has been issued to provide for bi-yearly audits of all Transportation Fund for Clean Air projects.

Jack Broadbent, Executive Officer/APCO, noted that there will be a retiree health benefit audit and that staff will respond and have a review of this issue later in the year.

Committee Action: None. This report provide for information only.

8. Committee Member Comments/Other Business. In response to Director Kwok and several other Directors, Mr. Broadbent reviewed the budget proposal regarding additional security for the building. The issue will be discussed fully at the next Board meeting.

9. **Time and Place of Next Meeting:** The next Committee meeting is scheduled for 9:45 a.m., Wednesday, June 28, 2006, 939 Ellis Street, San Francisco, CA 94109.
10. **Adjournment:** The meeting adjourned at 11:45 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chairperson Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 12, 2006

Re: Fourth Quarter Financial Report – Fiscal Year 2005-06

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County Revenue receipts were \$16,870,585 (112.1%) of budgeted revenue.
- Permit Fee receipts were \$21,636,234 (113.7%) of budgeted revenue.
- Asbestos Fees were \$1,650,093 (102.0%) of budgeted revenue.
- Toxic Inventory Fees were \$445,875 (87.5%) of budgeted revenue.
- Penalties and Settlements were \$3,467,675 (147.4%) of budgeted revenue.
- Interest Income was \$898,257 (179.6%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$285,226 (156.0%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$35,961,463 (96.1%) of estimated expenditures.
- Operational Services and Supplies were \$9,006,958 (98.6%) of estimated expenditures.
- Capital Outlay was \$610,913 (76.9%) of estimated expenditures.

TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$7,745,668 (76.1%) of estimated revenue and expenditures.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.
- Salary and Benefits were \$1,285,573 (66.9%) of estimated expenditures.
- Operational Services and Supplies were \$6,460,095 (78.3%) of estimated expenditures.

FUND BALANCES

FUND BALANCES	6/30/2004	6/30/2005	6/30/2006
	Audited	Audited	Projected
SPECIAL RESERVES:			
Reserve for Imprest Cash (Cash Revolving Fund)	1,200	1,200	1,200
Reserve for Building and Facilities	2,894,175	2,894,175	2,772,175
Reserve for PERS Funding	3,500,000	3,500,000	3,100,000
Reserve for Radio Replacement	3,500,000	3,500,000	3,500,000
Reserve for State Ozone Modeling Plan	350,000	350,000	0
Reserve for Production System (Best of Breed)	2,100,000	500,000	250,000
Reserve for Prior Year Adjustments	15,000	15,000	15,000
Reserve for Capital Equipment	378,000	378,000	297,925
Reserve for Encumbrances	0	1,760,075	2,000,000
Reserve for Contingencies	265,000	400,000	400,000
Reserve for Workers Compensation Self Funding	1,000,000	1,000,000	1,000,000
TOTAL SPECIAL RESERVES:	<u>14,003,375</u>	<u>14,298,450</u>	<u>13,336,300</u>
MULTI-YEAR APPROPRIATIONS:			
Appropriation – Production System	0	1,485,743	1,555,667
Appropriation - Other	0	37,053	183,325
TOTAL MULTI-YEAR APPROPRIATIONS:	<u>0</u>	<u>1,522,796</u>	<u>1,738,992</u>
UNDESIGNATED:	8,125,285	8,991,610	9,300,950
TOTAL FUND BALANCES	<u>22,128,660</u>	<u>24,812,856</u>	<u>24,376,242</u>

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on Fiscal Year 2005/2006 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael White
Reviewed by: Jeffrey McKay

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chairperson Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 22, 2006

Re: Deferred Maintenance: Carpet, Furniture, Server Space and Compliance of ADA Restroom

RECOMMENDED ACTION:

Consider recommending that the Board of Directors approve staff's recommendation to transfer \$961,860 from the Reserve for Building and Facilities and approve an increase in the FY 2006/2007 Building Maintenance Capital Outlay budget of \$961,860, and authorize the Executive Officer/APCO to issue purchase orders not to exceed \$961,860.

BACKGROUND

The District has substantial deferred requirements for maintenance of office space. In particular, cubicles, carpets and furniture require replacement and repair. Therefore, District staff has prepared for standardization and centralization of furniture and carpet purchasing. The following descriptions of negotiated, standardized carpet and furniture were presented to the Budget and Finance Committee in February of 2006. A first installation of these standardized products was approved by the Board of Directors in February of 2006 with very positive results.

Carpet

The District has historically used a light-to-medium duty broadloom woven carpet. Substantial savings can be obtained with an alternate selection. In particular, the District intends to use high stain resistant, high-to-extreme duty carpet squares. There are multiple sources of savings with this selection. The cost of the carpet itself is substantially less. No padding is required. The cost of installation is less. The life of the carpet (lifetime guarantee) is much greater. The cost of repair and replacement is less. A summary table of these attributes is presented below.

(\$ per yard)	<u>Cost</u>	<u>Pad</u>	<u>Installation</u>	<u>Grade</u>	<u>Total</u>
Broadloom (recent 7th floor)	36.31	3.00	25.00	Light-to-Medium	64.31
Mannington Carpet Squares	22.62	-	22.31	High-to-Extreme	44.93

The cost for the carpet squares was negotiated directly with the manufacturer and is below the General Services Administration (GSA) cost of \$25.33 per square yard.

Furniture Sets

The District has historically used multiple sources to meet its furniture requirements. However, District requirements for both standard offices and cubicles can be met by a single vendor. A

furniture set includes a corner desk, a 30” return, a 72” credenza, two under mount filing cabinets (pedestals size), two overhead storage bins, a personal storage tower, a task light (mounted under overhead storage bins), and a tack board (mounted under overhead storage bins).

After negotiation with various vendors the District considered three offerings presented below.

(\$ / office or cubical)	Cost
Sierra Furniture	3,217
Corner Office	2,264
Commercial Services Group	2,024

Commercial Services Group was selected based on cost and superior support infrastructure. The product supplied is Allsteel brand with a lifetime warranty. The negotiated cost is 64% off list. GSA cost is 63.5 % off list.

DISCUSSION

Following the successful initial use of these standard materials, (primarily on the West wing of the 6th floor) staff recommends the Board of Directors proceed to address the outstanding deferred maintenance issues on other wings.

The District headquarters is a seven story structure with East and West wings. Floors two through six exhibit the majority of the deferred maintenance needs. Of the ten wings requiring work, these funds will provide for five prioritized wings and two special projects (ADA and Server Room).

Cost Breakdown

Wing	Paint and Miscellaneous	Common Space	Floor / Carpet	Furniture and cubicles	Installation and Design	TOTAL
7 (ADA)		\$112,000				\$112,000
6 (IS)		\$75,000				\$75,000
6 East	\$23,101	\$3,000	\$54,831	\$47,961	\$42,632	\$171,525
5 West	\$17,897	\$0	\$45,000	\$50,139	\$44,568	\$157,604
4 East	\$22,152	\$0	\$45,000	\$46,334	\$41,186	\$154,672
3 East	\$28,101	\$10,198	\$54,831	\$32,663	\$29,034	\$154,827
2 West	\$15,000	\$0	\$45,000	\$40,358	\$35,874	\$136,232
TOTAL	\$106,251	\$200,198	\$244,662	\$217,456	\$193,294	\$961,860

Compliance of ADA Restroom (7th floor)

Federal standards call for ADA restrooms on each floor. The District currently provides ADA facilities at the basement level and on the 4th floor. Staff will present a plan to provide ADA facilities on the 7th floor.

Secondary Server Room (6th Floor)

The District’s deferred maintenance includes the rooms that house its IS infrastructure. The current state of these facilities relate directly to District data security and integrity. Staff will present a plan to introduce a secondary server room.

Funding

The District has built the Reserve for Building and Facilities to \$2.9M over a period of several years.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The FY 2006/2007 Building Maintenance Capital Outlay budget will be increased by \$961,860 with a transfer from the Reserve for Building and Facilities.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANGEMENT DISTRICT
Memorandum

To: Chairperson Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 20, 2006

Re: Consider Amending FY 2006/2007 Operating Budget to Recognize
Increased Revenue under a Department of Homeland Security Grant,
and Authorize EO/APCO to Issue Purchase Orders not to exceed
\$143,285 for Monitoring Equipment

RECOMMENDED ACTION:

Consider recommending that the Board of Directors amend the FY 2006/2007 Budget by increasing the Department of Homeland Security (DHS) Grant Revenue from \$1,943,818 to a total of \$2,087,103, and correspondingly increase the budget for BioWatch (Program 809), and authorize the Executive Officer/APCO to issue a purchase order for monitoring equipment not to exceed \$143,285.

SUMMARY:

In accordance with the District's Administrative Code, Division II, Fiscal Policies and Procedures, Section 4.3, staff requests that the Committee recommend that the Board authorize the Executive Officer to amend the FY 2006/2007 budget as indicated and issue a purchase order for monitoring equipment not to exceed the amount of \$143,285. The funding source is an increase in the DHS Grant.

DISCUSSION:

The BioWatch monitoring program began in February of 2003 with eight locations in the San Francisco area. In July of 2003, the monitoring network expanded to 14 locations with 6 additional sites in the San Jose area. In May of 2006, the DHS increased the grant award to expand the number of monitoring sites in the network to provide additional coverage in the Bay Area. This expansion is currently underway.

On September 3, 2006, the DHS awarded additional grant funds to allow purchase of monitoring equipment for possible future expansions into indoor transportation hubs and to provide back-up equipment for the existing network. The DHS negotiated a discounted price with the sole vendor of the monitoring equipment and has provided a methodology to order the equipment through the vendor to receive this discount. The DHS awarded these additional funds to local operators of the BioWatch network to ensure local needs were met and to avoid costs associated with shipping and warehousing of equipment at DHS facilities.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Funds for this Budget Amendment and related purchase order are funded by a DHS Grant that will cover the entire cost of the monitoring equipment. There will be no financial impact on the District's general revenue resources.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay
Gary Kendall

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 27, 2006

Re: Replacement of the Field Communications System

RECOMMENDED ACTION:

Consider recommending that the Board of Directors transfer \$425,000 from the Reserve for Radio Replacement and approve an increase in the FY 2006/2007 Communications Equipment Capital Outlay budget by \$425,000, and authorize the Executive Officer/APCO to issue purchase orders with a total not to exceed \$425,000.

BACKGROUND

Radio Communications

The field inspector's current voice communication system is a two-way, conventional UHF radio system comprised of car radios, radio transmitters, microwave links, and a dispatch console. The system is owned by the District and is similar to ones used by police and fire departments. Constructed in the mid-1970s, this system is used by field inspectors and dispatchers in the Compliance & Enforcement Division to transmit air pollution operational information (complaints, notifications, etc.) and receive the results of investigations (Inspections, NOVs, etc.). The radio system needs replacement because the equipment has become obsolete and replacement parts are becoming unavailable.

Other Communications

Inspectors have very limited use of mobile data systems. They use Nextel Blackberry devices for telephone and email and laptop computers for limited Internet access. DSL connections at four field offices also provide some access to District computers through a secure Virtual Private Network via their laptop computers.

DISCUSSION

As part of efforts to upgrade or replace its current 30-year-old communications system, the District issued a request for proposals (RFP) on 1/17/06, prepared with the assistance of a professional radio consulting firm, Thayer Consulting. Staff sent the RFP to 46 leading communications firms to solicit bids and published it on the District Website. A bidders' conference was held and 15 individuals representing 10 companies attended. The District received 3 proposals, from the Telepath Corporation (Telepath), IP MobileNet (IP Mobile) and

Sprint. Comparative analyses were made by an interdivision RFP selection team from Technical Services, Information Technology, and Compliance & Enforcement.

Goals of the project included: (1) reliable voice communications; (2) coverage that exceeds the current system; (3) safety of inspectors; (4) data functionality that supports field operations; (5) improvement in inspector morale and sense of community; and (6) an implementation strategy that allows for future flexibility.

Proposed Solutions for Radio

Two companies (Telepath and Sprint) presented solutions for voice communications. Sprint's solution is based on a conventional cellular telephone network and is offered as an alternative to UHF radio. Telepath is offering analog voice communications over their FCC-licensed UHF radio tower network. While similar to the District's current radio system, this service is expected to provide increased coverage in all Bay Area counties, compared to the District-owned system. Telepath is a privately owned radio network and under their proposal the District would no longer need to own and maintain radio transmission equipment (microwave backbone and radio towers) or own FCC radio transmission frequencies.

Proposed Solutions for Data Communications

All the RFP bids received presented solutions for data transmission but none of them met an information transfer rate acceptable for District needs. IP Mobile's solution was for data communications only and proposed proprietary mobile radio technology broadcasting via VHF waves. Sprint proposed its i-Den "air-cards," a laptop card, as a data solution. Telepath's data solution is based on using UHF radio subcarrier waves to transmit text messages. These technologies all have a maximum information transfer rate of 56 kilo-bytes per second (kbps), which staff determined to be too slow to meet data transfer needs.

Since this determination, staff has investigated a number of new commercial broadband transmission systems. Of the systems investigated, only Verizon wireless (Verizon) and Sprint's new broadband network provide the data transfer speed determined to meet District needs. Based on field testing and analysis of coverage maps, staff has determined that Verizon provides the most comprehensive coverage for data in the Bay Area. Although Verizon's air-cards are recommended for their superior performance, staff will continue to evaluate and select cost effective products that meet the District's needs.

RFP Analysis and Recommendations

No single company provided a solution that completely met the project goals through an integrated voice/data communications system. The RFP selection team evaluated the proposals received based on the criteria listed in the RFP (system design, implementation, customer support and cost). The selection team evaluated the content of the RFP bids and how well the proposal fulfilled the project goals. The following table presents the results of the RFP evaluation:

Table 1 – Results of RFP Evaluation

Company	RFP Bid Rating (%)	Initial Cost
Telepath	72	\$380,000
Sprint	48	\$124,000
IP Mobile (Data Only)	36	\$670,000

Sprint’s proposal, while the low bid, did not adequately fulfill the project goals through the rating criteria. In particular, Sprint’s proposal did not meet inspector safety requirements because conventional cellular telephone networks are subject to failure during major disasters. In addition, their proposal did not satisfy the District’s information transfer rate needs.

Telepath’s proposal includes access to their private radio network, installation of base-station equipment and car radios, and robust maintenance and equipment warranties. Telepath also proposed to remove and dispose of the District’s 30-year-old radio equipment. Staff performed reference checks on Telepath with Intel Corporation, Cisco Systems (Global Wide), Alameda County, the City of Santa Cruz, the Gilroy and Hayward Police Departments, and the California Communications Officers Association. All the references highly recommended Telepath for both maintenance and service. The RFP selection team also evaluated Telepath’s proposal during a technology demonstration on 6/7/06.

Staff therefore recommends Telepath’s proposal as it will effectively meet field staff’s operational and safety requirements, with increased coverage in all Bay Area counties.

Costs of a New System

The following table displays the costs of the recommended multi-platform solution in comparison to the current communications system:

Table 2 – Capital and Reoccurring Costs for Existing and Proposed Communications

Communications System	Capital Costs	Monthly Costs	Annual
<u>Current</u>			
• Radio			
Tower Leases/Maintenance/WATS Line	N/A	\$6,400	\$76,800
Unplanned Maintenance/Upgrades	N/A	N/A	\$23,000
• Data (None)	N/A	N/A	N/A
Total		\$6,400	\$99,800
<u>Proposed</u>			
• Radio			
Telepath Radio Service	\$380,000	\$3,200	\$38,400
• Data			
Verizon Air-cards	N/A	\$5,000	\$60,000
Transition Plan	\$45,000		
Total	\$425,000	\$8,200	\$98,400

This table shows that an initial capital expenditure of \$380,000 is necessary for a new radio system. However, the current radio system's operational costs, including tower leases and transmitter maintenance, are approximately \$76,800 per year. Telepath's proposal would result in a \$38,400, or 50%, operational cost savings each year over the current District-owned radio system. Staff proposes to utilize the cost savings to provide an expansion of data communication to field inspectors. With mobile data access, District field staff will not have to drive to field offices or the District office to gain computer access, thus increasing District efficiency.

Staff also contracted with Spectrum Resources, an expert in the field of public safety communications, to provide an estimate of the potential value of the District's current FCC radio frequencies. Staff received a report on 5/22/06 indicating the potential value to be, upon auction, somewhere in the region of \$50,000 to \$100,000. These monies could also be applied to offset the capital cost of the Telepath proposal.

Staff has developed a transition plan to move from the existing radio system to the new field communication system, and has estimated the transition costs to be \$45,000 to introduce the data communications capabilities.

Conclusions

Based on analysis of the RFP bids received, Staff recommends:

- Acceptance of Telepath's RFP bid which offers the District a reliable and familiar radio communication technology that meets field staff's operational and safety requirements.
- Use of Verizon's air-cards which offer field staff remote field access to District computer systems and represent a significant opportunity to increase operational efficiency, with the flexibility to switch to better products as technology develops.

Funding

The District has built the Reserve for Radio Replacement to \$3.5M over a period of several years.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

The FY 2006/2007 Communications Equipment Capital Outlay budget will be increased by \$425,000 with a transfer from the Reserve for Radio Replacement.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Kelly Wee