

NGEN Executive Board

NGEN Executive Board Action Item 23-005

Date: December 14, 2023

Presented by: Alex Zheng **On behalf of:** County of Monterey ITD

Request: Approve and recommend the Board of Supervisors approve a recurring NGEN Capital Fee of \$850,981 starting FY2024-25, which will be used to fund the NGEN operating reserves and asset replacement reserves, for future capital projects.

Summary/Discussion:

Neighboring radio agencies such as EBRCSA and SVRIA all have operating reserves and asset replacement reserves built into their annual fiscal plan. EBRCSA dedicates about 50% of their annual budget to fund their capital account and reserves. SVRIA sets aside 10% of their overall budget to fund the reserves and will likely increase to 50% in the coming years.

NGEN system was introduced about ten years ago and is aged. Some parts of the system already reached end of life and end of support and must be upgraded or replaced. In addition, NGEN system has coverage issues in certain areas that must be addressed. Operating reserves and asset replacement reserves must be set up to sustain the system so that first responders do not suffer from unplanned systems outages or poor radio coverage. County staff has identified a list of major capital projects over the next ten years in Exhibit A. According to the NGEN Services and Governance Agreement, regular system upgrades shall be funded as established by the Executive board and billed to each agency in the Capital Fee, or as a special assessment, as determined by the Executive Board and incorporated into the Emergency Communications Budget as approved by the Board of Supervisors.

NGEN maintains one Capital Fund (Fund 405) as part of its operational and long-term fiscal plan. However, there has been no recurring collection into the Capital Fund since the inception of the NGEN project more than ten years ago. A debt service collection to pay off the loan to fund the buildout of the system has been charged annually with the final debt service collection ending in FY2023-24.

County staff recommends that starting FY2024-25, a recurring NGEN Capital fee of \$850,981 be collected, which will be used to fund the NGEN operating reserves and asset replacement reserves, for future capital projects. Cost allocation (Exhibit B) to member agencies will follow the NGEN Capital Fee cost-sharing formula in the NGEN Services and Governance Agreement, which gives Fire Agencies a 75% weight on true-up device count. Cost allocations by department are summarized in Exhibit C and D.

Based on the last year's NGEN radio true-up of 2,655 and FY 23-24 NGEN Operation and Maintenance budgeted cost of \$1,226,271, per radio cost is about \$38.48 per month. With the proposed Capital fee setup, per radio cost is about \$65.20 per month.

This action item was unanimously approved and supported by the NGEN Operations Board unanimously on Oct. 19, 2023 (see attachment 6). NGEN capital project will be subject to NGEN Board approval yearly.

Staff Recommendation:

County staff recommends that starting FY2024-25, a NGEN Capital Fee of \$850,981 be collected with the plan to continue this fee annually. Cost allocation to member agencies will follow the NGEN Capital Fee cost-sharing formula in the NGEN Services Agreement. NGEN capital project will be subject to NGEN Board approval yearly.

Fiscal Impact: Funding the NGEN Capital Fund (Fund 405) will benefit NGEN fiscal health and make the system more sustainable.

Effect(s) of Failure to Approve Request and/or caveats: NGEN system is aged, and some parts of the system already reached end of life and end of support and need to be upgraded or replaced. In addition, NGEN system has coverage issues in certain areas that must be addressed. Capital fund must be set up to sustain the system so that first responders do not suffer from unplanned systems outages or poor radio coverage.

Executive Board Action

Modification to requested action: Yes ___ No ___

No action. NGEN Executive Board will table this item until February 22, 2024 meeting. NGEN Executive Board likes to see some alternatives, and comparison between the projected revenues and the projected cost over the next 10-year period. NGEN Executive Board requests NGEN Operations Board to prioritize the proposed CIP projects. NGEN user agencies and various County departments need to be made aware of their cost allocation.

Vote Date 12/14/2023

Motion by None 2nd n/a Approved: Yeas n/a Nays n/a

Chair David Sargenti

Yeas: _____

Nays: _____

Exhibit A. Proposed NGEN Capital Projects

Fiscal Year	Project	Estimated Cost
FY 24-25	NGEN radio coverage improvement using Motorola SmartConnect and broadband	\$2.64 million (on-prem core)
FY 25-26	NGEN radio system core upgrade	\$1.71 million
FY 26-28	NGEN analog overlay site equipment upgrade	\$1 million
FY 28-34	NGEN system expansion into areas where radio coverage is insufficient which include North Salinas, Prunedale, Arroyo Seco/Carmel Valley Road, Green Bridge, San Ardo oil field, and Bitter Water Road/Highway 25 intersection.	\$3 million

Exhibit B. Proposed NGEN Capital Fee Allocation by City

	BPTT	Radio Count	Radio + BPTT	Weighted True-up	Proposed Capital Fee	Current Debt Services Payment	Variances
County					\$ 284,178.91	\$ 268,627.64	\$ 15,551.27
Sheriff	68	519	587	587	\$ 202,935.55		
Probation	0	102	102	102	\$ 35,263.08		
District Attorney	7	30	37	37	\$ 12,791.51		
Parks	0	57	57	57	\$ 19,705.84		
Public Works	0	20	20	20	\$ 6,914.33		
Water Resources	0	8	8	8	\$ 2,765.73		
DEM	6	5	11	11	\$ 3,802.88		
EMS	1	100	101	101	\$ 34,917.36	\$ 33,006.56	\$ 1,910.80
City of Carmel by the Sea	0	46	46	41	\$ 14,174.37	\$ 15,032.69	\$ (858.32)
City of Del Rey Oaks	2	14	16	16	\$ 5,531.46	\$ 5,228.76	\$ 302.70
City of Gonzales	6	55	61	53.75	\$ 18,582.26	\$ 19,934.65	\$ (1,352.39)
City of Greenfield	4	75	79	72.75	\$ 25,150.87	\$ 25,817.01	\$ (666.14)
City of King City	3	58	61	53.75	\$ 18,582.26	\$ 19,934.65	\$ (1,352.39)
City of Marina	5	120	125	113.75	\$ 39,325.24	\$ 40,849.70	\$ (1,524.46)
City of Monterey	24	207	231	207.75	\$ 71,822.59	\$ 75,490.25	\$ (3,667.66)
City of Pacific Grove	4	60	64	60.25	\$ 20,829.42	\$ 20,915.05	\$ (85.63)
City of Salinas	61	465	526	481.5	\$ 166,462.46	\$ 171,895.55	\$ (5,433.09)
City of Sand City	2	20	22	22	\$ 7,605.76	\$ 7,189.55	\$ 416.21
City of Seaside	18	123	141	127.25	\$ 43,992.42	\$ 46,078.46	\$ (2,086.04)
City of Soledad	0	37	37	37	\$ 12,791.51	\$ 12,091.51	\$ 700.00
CSU Monterey Bay	0	38	38	38	\$ 13,137.22	\$ 12,418.31	\$ 718.91
Monterey Airport (Billed to MFD)	0	17	17	12.75	\$ 4,407.88	\$ 5,555.56	\$ (1,147.68)
Mid-Coast Fire	0	9	9	6.75	\$ 2,333.59	\$ 2,941.18	\$ (607.59)
Big Sur Volunteer Fire	6	45	51	38.25	\$ 13,223.65		
North County Fire District	4	68	72	54	\$ 18,668.69	\$ 23,529.43	\$ (4,860.74)
Monterey County Regional Fire	6	130	136	102	\$ 35,263.08	\$ 44,444.48	\$ (9,181.40)
Total	227	2428	2655	2461.5	\$ 850,981	\$ 850,981	\$ 0

Exhibit C. Proposed NGEN Capital Fee Allocation by Department (LAW)

	True-up			Weighted True-up	% of Total True-up	Proposed Capital Fee	Current Debt Services Payment	Variances
	BPTT	Radio Count	Radio + BPTT					
County of Monterey						\$ 284,178.91	\$ 268,627.64	\$ 15,551.27
Sheriff	68	519	587	587	23.85%			
Probation	0	102	102	102	4.14%			
District Attorney	7	30	37	37	1.50%			
Parks	0	57	57	57	2.32%			
Public Works	0	20	20	20	0.81%			
Water Resources	0	8	8	8	0.33%			
DEM	6	5	11	11	0.45%			
EMS	1	100	101	101	4.10%	\$ 34,917.36	\$ 33,006.56	\$ 1,910.80
City of Carmel by the Sea	0	26	26	26	1.06%	\$ 8,988.63	\$ 8,496.74	\$ 491.89
City of Del Rey Oaks	2	14	16	16	0.65%	\$ 5,531.46	\$ 5,228.76	\$ 302.70
City of Gonzales	6	26	32	32	1.30%	\$ 11,062.93	\$ 10,457.52	\$ 605.40
City of Greenfield	2	52	54	54	2.19%	\$ 18,668.69	\$ 17,647.07	\$ 1,021.62
City of King City	3	29	32	32	1.30%	\$ 11,062.93	\$ 10,457.52	\$ 605.40
City of Marina	0	64	64	64	2.60%	\$ 22,125.85	\$ 20,915.05	\$ 1,210.80
City of Monterey	18	83	101	101	4.10%	\$ 34,917.36	\$ 33,006.56	\$ 1,910.80
City of Pacific Grove	4	45	49	49	1.99%	\$ 16,940.11	\$ 16,013.08	\$ 927.02
City of Salinas	51	286	337	337	13.69%	\$ 116,506.44	\$ 110,130.80	\$ 6,375.64
City of Sand City	2	20	22	22	0.89%	\$ 7,605.76	\$ 7,189.55	\$ 416.21
City of Seaside	14	72	86	86	3.49%	\$ 29,731.61	\$ 28,104.59	\$ 1,627.02
City of Soledad	0	37	37	37	1.50%	\$ 12,791.51	\$ 12,091.51	\$ 700.00
CSU Monterey Bay	0	38	38	38	1.54%	\$ 13,137.22	\$ 12,418.31	\$ 718.92

Exhibit D. Proposed NGEN Capital Fee Allocation by Department (Fire)

	True-up			Weighted True-up	% of Total True-up	Proposed Capital Fee	Current Debt Services Payment	Variances
	BPTT	Radio Count	Radio + BPTT					
City of Carmel by the Sea	0	20	20	15	0.61%	\$ 5,185.75	\$ 6,535.95	\$ (1,350.21)
City of Gonzales	0	29	29	21.75	0.88%	\$ 7,519.33	\$ 9,477.13	\$ (1,957.80)
City of Greenfield	2	23	25	18.75	0.76%	\$ 6,482.18	\$ 8,169.94	\$ (1,687.76)
City of King City	0	29	29	21.75	0.88%	\$ 7,519.33	\$ 9,477.13	\$ (1,957.80)
City of Marina	5	40	45	33.75	1.37%	\$ 11,667.93	\$ 14,705.89	\$ (3,037.96)
City of Monterey	6	87	93	69.75	2.83%	\$ 24,113.72	\$ 30,392.18	\$ (6,278.46)
City of Pacific Grove	0	15	15	11.25	0.46%	\$ 3,889.31	\$ 4,901.96	\$ (1,012.65)
City of Salinas	10	168	178	133.5	5.42%	\$ 46,153.14	\$ 58,169.98	\$ (12,016.83)
City of Seaside	4	51	55	41.25	1.68%	\$ 14,260.80	\$ 17,973.87	\$ (3,713.07)
Monterey Airport (Billed to MFD)	0	17	17	12.75	0.52%	\$ 4,407.88	\$ 5,555.56	\$ (1,147.67)
Mid-Coast Fire	0	9	9	6.75	0.27%	\$ 2,333.59	\$ 2,941.18	\$ (607.59)
Big Sur Volunteer Fire	6	45	51	38.25	1.55%	\$ 13,223.65	\$ -	\$ 13,223.65
North County Fire District	4	68	72	54	2.19%	\$ 18,668.69	\$ 23,529.43	\$ (4,860.74)
Monterey County Regional Fire	6	130	136	102	4.14%	\$ 35,263.08	\$ 44,444.48	\$ (9,181.40)